NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
Moody's: MIG 1
Standard & Poor's: SP-1+
Fitch: F1+
(See "RATINGS" herein.)

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series A Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series A Notes is exempt from personal income taxes of the State of California. Interest on the Series A Notes may be subject to certain federal taxes imposed only on certain corporations. See "TAX EXEMPTION" herein.

$1,300,000,000
COUNTY OF LOS ANGELES
2010-11 Tax and Revenue Anticipation Notes, Series A
2.00% Priced to Yield 0.85%
CUSIP No. 544657 HC6

Dated: July 1, 2010 **Due: June 30, 2011**

The County of Los Angeles 2010-11 Tax and Revenue Anticipation Notes, Series A (the "Series A Notes") will be issued as fixed rate notes in fully registered form. The Series A Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series A Notes. Purchases of beneficial interests in the Series A Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Series A Notes purchased. The Series A Notes will bear interest at a fixed rate per annum from their dated date and will be priced as set forth above. Principal of and interest on the Series A Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Series A Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Series A Notes are being issued to provide moneys to help meet Fiscal Year 2010-11 County General Fund Expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Series A Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 18, 2010 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2010-11 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Series A Notes pursuant to the Resolution. In accordance with California law, the Series A Notes are general obligations of the County, payable only from unrestricted taxes, income, revenue, cash receipts and other moneys of the County attributable to the Fiscal Year 2010-11 and lawfully available for the payment of the Series A Notes. The Series A Notes and the interest thereon are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys. The County is not authorized, however, to levy or collect any tax for the repayment of the Series A Notes. See "THE SERIES A NOTES – Security for the Series A Notes" herein.

Concurrently with the issuance of the Series A Notes, the County will issue its 2010-11 Tax and Revenue Anticipation Notes, Series B (the "Series B Notes") in the aggregate principal amount of $200,000,000. The Series A Notes and the Series B Notes are parity obligations payable from Pledged Moneys (herein defined), as described herein. See "THE SERIES A NOTES – Parity Obligations" herein.

The Series A Notes are not subject to redemption prior to maturity.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series A Notes will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Squire, Sanders & Dempsey L.L.P., Bond Counsel, and the approval of certain legal matters for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed upon for the County by County Counsel. It is expected that the Series A Notes will be available for delivery through the facilities of DTC on or about July 1, 2010.

Citi

J.P. Morgan **Wells Fargo Securities**

M.R. Beal & Company **Siebert Brandford Shank & Co., LLC** **Southwest Securities, Inc.**

The date of this Official Statement is June 11, 2010.

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES

2010-11 TAX AND REVENUE
ANTICIPATION NOTES, SERIES A

Board of Supervisors

Gloria Molina
First District, Chair

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer-Clerk
Board of Supervisors

County Officials

William T Fujioka
Chief Executive Officer

Andrea Sheridan Ordin
County Counsel

Wendy L. Watanabe
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series A Notes, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series A Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES A NOTES OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES A NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

CUSIP data set forth herein are for convenience of reference only. Neither the County nor the Underwriters assume any responsibility for the accuracy of such data.

TABLE OF CONTENTS

COUNTY OF LOS ANGELES
CALIFORNIA

OFFICIAL STATEMENT

$1,300,000,000

COUNTY OF LOS ANGELES
2010-11 TAX AND REVENUE ANTICIPATION NOTES, SERIES A

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery of $1,300,000,000 in aggregate principal amount of 2010-11 Tax and Revenue Anticipation Notes, Series A (the "Series A Notes") of the County of Los Angeles, California (the "County"). The Series A Notes will be issued as fixed rate notes bearing interest as set forth on the cover page of this Official Statement. Issuance of the Series A Notes will provide moneys to help meet Fiscal Year 2010-11 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Series A Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 18, 2010 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2010-11 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $1,500,000,000" (the "Resolution"). The Series A Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2010-11 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Series A Notes pursuant to the Resolution. Pursuant to California law, the Series A Notes and the interest thereon will be general obligations of the County payable from the unrestricted taxes, income, revenue, cash receipts and other moneys of the County attributable to the Fiscal Year 2010-11 and lawfully available therefor as specified in the Resolution and the Financing Certificate. See "THE SERIES A NOTES – Security for the Series A Notes." The County is not authorized, however, to levy or collect any tax for the repayment of the Series A Notes.

Concurrently with the issuance of the Series A Notes, the County will issue its 2010-11 Tax and Revenue Anticipation Notes, Series B (the "Series B Notes" and, together with the Series A Notes, the "Notes") in the aggregate principal amount of $200,000,000. The Series A Notes and the Series B Notes are parity obligations payable from Pledged Moneys (herein defined), as described herein. See "THE SERIES A NOTES – Parity Obligations" herein.

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For additional economic and demographic information with respect to the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program's inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to $1,850,000,000. The Resolution authorizes the County to issue and sell up to $1,500,000,000 aggregate principal amount of 2010-11 Tax and Revenue Anticipation Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. See "THE SERIES A NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow." The County reserves the right to undertake such a borrowing under the Resolution. See "THE SERIES A NOTES – Security for the Series A Notes," "– Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program."

THE SERIES A NOTES

General

The Series A Notes will be issued in the aggregate principal amount of $1,300,000,000. The Series A Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series A Notes. Purchasers of the Series A Notes will not receive certificates representing their ownership interest in the Series A Notes purchased. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." Beneficial ownership interests in the Series A Notes may be transferred only in accordance with the rules and procedures of DTC.

The Series A Notes will be dated July 1, 2010, will mature on June 30, 2011 and will be issued in fully registered form. The Series A Notes are not subject to redemption prior to maturity.

The Series A Notes will be issued in denominations of $5,000 and any integral multiple thereof ("Authorized Denominations") and will bear interest at the rate set forth on the cover page hereof. Interest on the Series A Notes will be payable at their stated maturity and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds, upon presentation and surrender of the Series A Notes at the office of the Treasurer, serving as the Paying Agent with respect to the Series A Notes.

Authority for Issuance

The Series A Notes are being issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Financing Certificate.

Purpose of Issue

Issuance of the Series A Notes will provide moneys to help meet Fiscal Year 2010-11 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The proceeds of the Series A Notes may be invested in Permitted Investments, as set forth under "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE - Permitted Investments." The County expects to invest proceeds of the Series A Notes in the Pooled Surplus Investments Fund of the Los Angeles County Treasury Pool (the "Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *Los Angeles County Pooled Surplus Investments*".

Security for the Series A Notes

The Series A Notes and the Series B Notes will be issued under and pursuant to the Resolution and the Financing Certificate and will be ratably secured by a pledge of "Pledged Moneys" as follows:

(a) the first $465,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2010-11 to be received by the County on and after December 20, 2010;

(b) the first $405,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2010-11 to be received by the County on and after January 1, 2011;

(c) the first $150,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2010-11 to be received by the County on and after February 1, 2011;

(d) the first $120,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2010-11 to be received by the County on and after March 1, 2011; and

(e) the first $360,000,000 (plus an amount equal to (i) the interest that has accrued, less any amount of such accrued interest on the Notes that has been paid by the County from funds other than from amounts on deposit in the Notes Repayment Fund Subaccounts (herein defined), and (ii) the interest that will accrue on the Notes, of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2010-11 to be received by the County on and after April 20, 2011.

Pursuant to Section 53856 of the Act, the Notes and the interest thereon will be a lien and charge against and will be payable from such Pledged Moneys. In addition to Pledged Moneys, pursuant to Section 53857 of the Act, the Notes will be general obligations of the County, and to the extent not payable from Pledged Moneys, shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. See "THE SERIES A NOTES – Available Sources of Payment." The County is not authorized to levy or collect any tax for the repayment of the Notes.

In accordance with the terms of the Resolution, the County Auditor-Controller (the "Auditor-Controller") will deposit the Pledged Moneys with the Treasurer in the 2010-11 TRANs Repayment Fund (the "Repayment Fund"). There will be established separate Repayment Fund subaccounts for the Series A Notes (the "Series A Subaccount") and the Series B Notes (the "Series B Subaccount" and, together with the Series A Subaccount, the "Note Repayment Fund Subaccounts"). Pledged Moneys for the payment of the Notes will be deposited into the Notes Repayment Fund in the amount and at the times described above. The Auditor-Controller will allocate the amounts deposited in the Repayment Fund in the Series A Subaccount and in the Series B Subaccount on a pro rata basis between the Series A Notes and the Series B Notes, based upon the principal amount thereof. The Treasurer will hold such Pledged Moneys until the Notes are paid. The Resolution provides that such amounts may not be used for any other purpose and may be invested in Permitted Investments (herein defined). Interest on amounts in the Notes Repayment Fund will be credited to the General Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments."

As more particularly described under the heading "THE SERIES A NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow," the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the Notes) is paid from such revenues.

Available Sources of the County

The Series A Notes, in accordance with State law, are general obligations of the County, and, to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the County pledged for the payment thereof shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of the Series A Notes. Pursuant to the Act, no obligations, including the Series A Notes, may be issued thereunder if the principal of and interest on such obligations is in excess of 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts and other moneys which will be available for the payment of such principal and interest. See "THE SERIES A NOTES – Security for the Series A Notes."

The County estimates that the total unrestricted taxes, income, revenue, cash receipts and other moneys to be received by the County during Fiscal Year 2010-11 (the "Unrestricted Revenues") to be available for payment of the principal of and interest on the Series A Notes and the Series B Notes, including the Pledged Moneys, will be in excess of $6.4 billion, as indicated in the table below. Except for Pledged Moneys, the Unrestricted Revenues will be expended during the course of the County's fiscal year, and no assurance can be given that any moneys, other than the Pledged Moneys, will be available to pay the Series A Notes and the interest thereon. To the extent that the Unrestricted Revenues are insufficient to pay the Series A Notes, the County may, under certain circumstances, access certain borrowable resources in order to satisfy its payment obligations. See the table entitled "County of Los Angeles Borrowable Resources – Fiscal Year 2010-11" on pages 10-11 for a detailed summary of the borrowable resources available to the County for Fiscal Year 2010-11. Such amounts are not pledged for payment of the Series A Notes or the Series B Notes and the interest thereon. The amount of borrowable resources could change based on the final form of the County's 2010-11 Budget, when adopted, and the County's actual revenues and expenditures.

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2010-11 (1)

Source	Amount
Property Taxes	$3,656,941,900
Other Taxes	137,076,600
Subvention and Grants	
Motor Vehicle (VLF) Realignment	424,360,400
Homeowner's Exemptions	21,674,000
Fines, Forfeitures and Penalties	255,033,900
Licenses, Permits and Franchises	46,524,800
Charges for Services	1,578,059,400
Investment and Rental Income	142,586,400
Miscellaneous Revenue and Tobacco Settlement	209,088,800
Total	$6,471,346,200
Less amount pledged for payment of the Notes(2)	($1,527,623,056)
Net total in excess of pledged moneys	$4,943,723,144

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2010-11. Information subject to change to reflect the impact of any revisions to the 2010-11 State Budget and other matters. See "THE SERIES A NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT".
(2) Based on $1,500,000,000 aggregate principal amount of Notes, plus an amount equal to interest thereon.

Parity Obligations

Concurrently with the issuance of the Series A Notes, the County will issue its Series B Notes in the aggregate principal amount of $200,000,000. The Series B Notes will evidence a loan to the County in the aggregate principal amount of $200,000,000. The Loan will carry the same yield as the Series A Notes and will not be subject to prepayment. The Series A Notes and the Series B Notes are parity obligations payable from Pledged Moneys on a pro rata basis. The principal of and interest on the Series A Notes and the Series B Notes will be payable on the same date.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2010-11 State Budget (the "2010-11 State Budget") will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot reliably predict the ultimate impact of the 2010-11 State Budget on the County's financial outlook. In the event the 2010-11 State Budget includes decreases in County revenues or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Proposed State Budget for Fiscal Year 2010-11. On January 8, 2010, Governor Schwarzenegger released his 2010-11 Proposed Budget (the "2010-11 Proposed State Budget"), which projects an estimated $6.6 billion budget shortfall by the end of Fiscal Year 2009-10 and an estimated $12.3 billion operating deficit in Fiscal Year 2010-11 absent corrective action. On January 8, 2010, the Governor proclaimed a fiscal emergency and called a legislative special session pursuant to Proposition 58 to address this emergency.

May Revision to the 2010-11 Proposed State Budget. On May 14, 2010, the Governor released the May Revision to the 2010-11 State Budget (the "May Revision"). The May Revision projects a budget deficit of $19.1 billion through Fiscal Year 2010-11, consisting of a $7.7 billion deficit for Fiscal Year 2009-10, a $10.2 billion deficit for Fiscal Year 2010-11 and a reserve of $1.2 billion. The May Revision proposes to address these deficits through additional borrowings and approximately $12.4 billion in program reductions. The May Revision estimates Fiscal Year 2009-10 revenues and transfers of $86.521 billion, total expenditures of $86.465 billion and a year-end deficit of $5.305 billion, which includes a $5.361 billion prior-year State General Fund deficit and an allocation of $1.537 billion to the reserve for the liquidation of encumbrances. The May Revision projects Fiscal Year 2010-11 revenues and transfers of $91.451 billion, total expenditures of $83.404 billion and a year-end surplus of $2.742 billion (net of the $5.305 billion deficit from Fiscal Year 2009-10), of which $1.537 billion will be reserved for the liquidation of encumbrances and $1.205 billion will be deposited in a reserve for economic uncertainties. The May Revision indicates that the economic recovery will be moderate and prolonged as compared to historical standards.

LAO May Overview of the May Revision. On May 18, 2010, the Legislative Analyst's Office (the "LAO") released an analysis of the May Revision to the 2010-11 Proposed State Budget entitled "The 2010-11 Budget: Overview of the May Revision" (the "LAO May Overview"). The LAO May Overview states that the economic and revenue forecasts and assessments of the State's budgetary problems set forth in the May Revision are reasonable and realistic in light of the effects of the economic slowdown throughout the United States. The LAO projects that the proposals set forth in the May Revision to the 2010-11 Proposed State Budget are sufficient to eliminate the estimated $17.9 billion deficit in Fiscal Year 2010-11 and provide a State General Fund reserve in the amount of $1.2 billion. However, the LAO estimates that the budgetary measures included in the May Revision will reduce but not eliminate annual operating shortfalls through at least Fiscal Year 2014-15. The LAO May Overview states that the State Legislature will face significant challenges to address the State's ongoing structural mismatch between revenues and spending for future years and reiterated that the State Legislature should look to long-term solutions and alternatives to balance the State's finances, such as implementing delays in previously scheduled tax reductions or expirations, eliminating lower priority tax expenditure programs, increasing fees for General Fund services and adopting targeted tax increases.

Impact of Fiscal Year 2010-11 State Budget on the County. The County estimates that there will be an overall net loss of $1.25 billion to the County for Fiscal Year 2010-11 should all of the proposals set forth in the 2010-11 Proposed State Budget and the May Revision be included in the 2010-11 State Budget. However, the impact to the General Fund of the County is expected to be significantly less than $1.25 billion and is described further in APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2010-11 Proposed Budget."

Additional Information. The Governor may release additional details of the proposals or updates to the 2010-11 Proposed State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2010-11 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts have followed an uneven pattern primarily as a result of secured property tax installment payment dates in December and April and as a result of delays in payments from other governmental agencies, the two largest sources of County revenues. As a result, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution and intrafund borrowings. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. "Intrafund borrowing" is borrowing for General Fund purposes against funds held in trust by the County. See the table entitled "County of Los Angeles Borrowable Resources – Fiscal Year 2010-11" on pages 10-11 for a detailed summary of the borrowable resources available to the County for purposes of Intrafund Borrowing.

Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, beginning in 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. All notes issued in connection with the County's cash management program, with the exception of $1,300,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2009-10 which are due June 30, 2010, have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a repayment fund held by the County, separate from the General Fund, to repay the 2009-10 Tax and Revenue Anticipation Notes at maturity.

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover General Fund cash needs, including projected year-end cash requirements, if any. Should the County find it necessary to resort to interfund borrowing, then such borrowing, pursuant to the California Constitution, may not occur after the last Monday in April of each year and shall be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

GENERAL FUND CASH FLOW

The County has prepared the following five-year summary of month-end cash balances in the General Fund. Also shown on the following pages is a detailed analysis of the projected cash flow for Fiscal Year 2010-11. The cash flow projections are based on the 2010-11 Proposed Budget adopted by the Board of Supervisors on April 20, 2010 (the "2010-11 Proposed Budget"). Such cash flow projections could change based on the final form of the County's 2010-11 Budget, when adopted.

GENERAL FUND
MONTH-END CASH BALANCES
(In Thousands) [1]
FISCAL YEARS 2005-06 THROUGH 2009-10

	2005-06	2006-07	2007-08[2]	2008-09[2]	2009-10
July	$1,261,166	$1,494,833	$1,310,827	$ 993,620	$1,594,708
August	1,032,306	1,238,335	1,039,992	499,949	1,086,472
September	763,434	885,254	693,820	378,335	841,446
October	340,692	476,851	366,482	(128,888)[3]	674,134
November	(94,322)[3]	307,807	143,446	(372,232)[3]	274,995
December	174,098	845,828	591,902	29,299	531,471
January	559,038	1,244,232	1,150,831	557,595	594,511
February	471,091	1,026,082	1,130,552	374,935	214,653
March	380,571	733,242	745,555	177,162	(169,895)[3]
April	498,427	822,218	1,158,020	663,772	(90,176)[3]
May	871,221	1,671,999	1,589,763	1,243,173	230,933[4]
June	1,617,756	1,882,518	1,492,772	101,528	223,323[4]

(1) Month-end balances include the effects of intrafund borrowing and short-term note issuance net of deposits to the repayment funds relating to the short-term notes. See "THE SERIES A NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

(2) Reflects $400 million pre-payment of pension benefits from the County General Fund to the Los Angeles County Employees Retirement Association in July 2007 and July 2008.

(3) Certain monthly periods reflect negative cash balances. The borrowable resources available to provide coverage for the deficits are set forth on pages 10-11 and in APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

(4) Estimated.

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2010-11 TRANS
(in thousands)
12 MONTH PROJECTION

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
Beginning Balance	$223,323.1	$1,117,939.3	$536,108.0	$187,576.8	($246,459.4)	($617,304.2)
Receipts						
Property Taxes	$83,307.9	$129,423.6	$294.1	$0.0	$71,844.3	$928,009.5
Other Taxes	14,820.7	2,902.3	5,813.3	18,166.7	7,006.5	6,606.1
Licenses, Permits & Franchises	2,800.3	7,206.5	2,040.1	4,930.7	889.6	1,314.9
Fines, Forfeitures & Penalties	40,902.5	24,849.7	13,941.2	15,106.5	27,288.9	12,865.6
Investment and Rental Income	28,940.3	18,248.1	9,356.9	8,402.1	11,824.2	6,027.6
Motor Vehicle (VLF) Realignment	0.0	45,247.7	44,001.6	37,233.3	38,661.1	39,950.5
Sales Tax Extension - Proposition 172	52,519.7	44,437.7	43,105.8	41,709.2	49,816.2	41,065.0
Sales Tax Allocation - Program Realignment	70,859.0	38,517.7	58,442.0	51,887.8	62,880.4	53,428.8
Other Intergovernmental Revenue	99,994.8	45,068.2	43,172.9	117,218.1	127,331.8	459,501.2
Charges for Current Services	148,848.1	103,087.5	62,872.7	125,426.0	123,259.5	174,455.2
Miscellaneous Revenue & Tobacco Settlement	8,695.3	9,694.1	2,848.5	10,784.0	3,929.1	7,713.2
Transfers & Reimbursements	11,510.0	0.0	1,435.0	5,305.0	13,546.0	22,102.0
Hospital Loan Repayment	0.0	50,000.0	0.0	197,120.0	0.0	133,036.0
Welfare Advances	128,841.9	162,427.2	558,229.7	390,611.4	245,723.5	281,354.5
Other Receipts	198,845.2	7,871.1	1,865.3	2,022.5	4,038.3	14,572.8
Intrafund Borrowings	0.0	0.0	0.0	0.0	0.0	0.0
TRANs Sold	1,500,000.0	0.0	0.0	0.0	0.0	0.0
Total Receipts	$2,390,885.9	$688,981.6	$847,419.1	$1,025,923.4	$788,039.4	$2,182,002.8
Disbursements						
Welfare Warrants	$197,551.1	$211,164.4	$201,394.6	$324,434.8	$212,753.4	$251,383.2
Salaries	359,699.7	377,687.9	370,520.9	371,065.1	372,982.8	382,557.6
Employee Benefits	413,860.3	201,155.4	202,699.7	169,779.0	201,335.9	172,201.9
Vendor Payments	392,149.6	307,120.0	278,118.0	308,267.8	244,115.3	361,471.8
Loans to Hospitals	0.0	0.0	0.0	0.0	48,195.8	109,165.8
Hospital Subsidy Payments	109,056.3	136,690.2	130,217.2	213,405.3	56,877.9	0.0
Transfer Payments	23,952.6	36,995.0	12,999.9	73,007.7	22,623.0	5,595.9
TRANs Pledge Transfer	0.0	0.0	0.0	0.0	0.0	465,000.0
Intrafund Repayment	0.0	0.0	0.0	0.0	0.0	0.0
Total Disbursements	$1,496,269.7	$1,270,812.9	$1,195,950.2	$1,459,959.7	$1,158,884.1	$1,747,376.1
ENDING BALANCE	**$1,117,939.3**	**$536,108.0**	**$187,576.8**	**($246,459.4)**	**($617,304.2)**	**($182,677.5)**
Borrowable Resources (Average Balance)*	$1,336,324.4	$1,199,234.6	$1,289,952.6	$1,512,105.0	$2,575,284.6	$4,165,519.2
Total Cash Available	**$2,454,263.7**	**$1,735,342.6**	**$1,477,529.4**	**$1,265,645.5**	**$1,957,980.5**	**$3,982,841.7**

* The average balance of Borrowable Resources in June 2011 is reduced by $448.1 million to reflect a transfer to the County General Fund that is presented as Intrafund Borrowings in the above cash flow projection.

January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	Total
($182,677.5)	($83,557.9)	($362,752.2)	($628,533.7)	($689,122.0)	($299,032.1)	
$798,510.0	$153,975.6	$7,778.6	$725,822.8	$751,724.1	$6,251.5	$3,656,941.9
20,809.5	9,016.0	9,087.2	24,401.5	9,300.6	9,146.0	137,076.6
1,361.0	4,001.0	13,289.7	547.4	1,377.7	6,765.9	46,524.8
13,093.0	32,652.3	16,016.6	14,527.3	32,536.9	11,253.2	255,033.9
10,127.8	10,080.9	6,135.4	11,009.1	10,341.2	12,092.9	142,586.4
38,706.5	34,749.4	36,065.7	37,537.1	36,409.3	35,798.2	424,360.4
37,324.4	53,702.5	36,600.7	40,194.4	55,675.6	45,153.8	541,304.9
48,320.1	69,511.8	48,219.9	48,329.5	66,461.5	43,541.5	660,400.0
115,481.5	116,527.8	80,511.1	130,358.3	144,777.9	135,421.7	1,615,365.4
88,279.6	104,941.9	195,296.3	99,582.1	116,992.8	235,017.7	1,578,059.4
10,312.2	7,345.3	14,007.2	107,464.7	19,958.9	6,336.2	209,088.8
32,556.0	13,825.0	7,481.0	7,714.1	16,593.5	32,963.4	165,031.0
152,100.0	141,270.0	157,000.0	192,060.0	0.0	192,946.0	1,215,532.0
486,289.3	227,679.5	442,723.1	306,329.4	333,104.9	411,801.0	3,975,115.5
3,676.4	5,733.7	10,735.2	2,141.2	2,334.8	14,543.3	268,379.8
0.0	0.0	0.0	0.0	0.0	448,129.3	448,129.3
0.0	0.0	0.0	0.0	0.0	0.0	1,500,000.0
$1,856,947.4	$985,012.7	$1,080,947.6	$1,748,018.9	$1,597,589.8	$1,647,161.5	$16,838,930.1
$224,862.0	$201,088.0	$243,063.5	$238,533.3	$224,107.6	$206,474.5	$2,736,810.2
376,933.6	386,446.3	376,523.4	402,565.1	382,118.9	385,673.9	4,544,775.3
221,969.3	195,288.4	181,941.0	174,244.1	182,903.9	185,812.1	2,503,191.0
244,467.6	231,621.6	308,816.9	325,506.3	225,178.2	327,754.3	3,554,587.3
209,917.7	96,484.6	110,818.9	178,392.4	114,643.4	229,789.2	1,097,407.8
0.0	0.0	0.0	0.0	0.0	0.0	646,246.9
74,677.7	3,278.0	5,565.5	99,365.8	78,548.0	7,625.5	444,234.7
405,000.0	150,000.0	120,000.0	390,000.0	0.0	0.0	1,530,000.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
$1,757,827.9	$1,264,206.9	$1,346,729.1	$1,808,607.1	$1,207,500.0	$1,343,129.4	$17,057,253.2
($83,557.9)	**($362,752.2)**	**($628,533.7)**	**($689,122.0)**	**($299,032.1)**	**$5,000.0**	
$2,974,760.5	$1,857,021.9	$1,908,180.3	$4,103,871.0	$2,165,942.9	$839,865.8	
$2,891,202.6	**$1,494,269.7**	**$1,279,646.6**	**$3,414,749.0**	**$1,866,910.8**	**$844,865.8**	

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: 2010-11*
FUNDS AVAILABLE FOR INTRAFUND BORROWING
(in thousands)

FUND NAME	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
TAX COLLECTOR TRUST FUND	$170,708	$59,037	$49,664	$174,145	$1,064,350	$2,489,471
AUDITOR UNAPPORTIONED PROPERTY TAX	298,503	218,129	225,897	309,853	567,968	391,956
UNSECURED PROPERTY TAX	165,136	84,403	131,722	150,631	123,544	85,463
MISCELLANEOUS FEES & TAXES	7,362	15,860	37,261	31,915	13,047	10,544
STATE REDEMPTION FUND	60,845	123,129	126,015	122,556	107,132	69,006
EDUCATION REVENUE AUGMENTATION	4,321	21,319	0	0	1,403	137,737
STATE REIMBURSEMENTS FUND	0	0	0	0	491	9,377
SALES TAX REPLACEMENT FUND	3,901	13,934	26,099	26,099	26,477	65,133
VEHICLE LICENSE FEE REPLACEMENT FUND	21,399	76,444	143,180	143,180	145,256	357,318
PROPERTY TAX REBATE FUND	(6,545)	(23,572)	(26,062)	(43,955)	(56,251)	(27,042)
UTILITY USER TAX TRUST FUND	12,481	17,233	21,613	27,270	31,117	30,476
SUB-TOTAL	$738,111	$605,914	$735,388	$941,695	$2,024,535	$3,619,439
DEPARTMENTAL TRUST FUND	$465,097	$460,273	$420,518	$435,907	$415,802	$410,370
PAYROLL REVOLVING FUND	25,000	25,000	25,000	25,000	25,000	25,000
ASSET DEVELOPMENT FUND	36,996	36,355	36,421	36,451	36,474	36,509
PRODUCTIVITY INVESTMENT FUND	8,634	8,609	8,623	8,634	8,663	8,348
MOTOR VEHICLE CAPITAL OUTLAYS	2,480	2,438	2,481	2,481	2,481	2,448
CIVIC CENTER PARKING	(11)	69	140	91	136	131
REPORTERS SALARY FUND	1,018	1,041	824	628	600	1,025
CABLE TV FRANCHISE FUND	7,680	7,647	8,149	8,317	8,219	8,554
MEGAFLEX LONG-TERM DISABILITY	19,330	19,410	19,495	19,554	19,632	19,611
MEGAFLEX LONG-TERM DISABILITY & HEALTH	4,051	4,129	4,199	4,280	4,352	4,425
MEGAFLEX SHORT-TERM DISABILITY	17,939	18,350	18,714	19,067	19,391	19,661
SUB-TOTAL	$588,213	$583,320	$544,565	$560,410	$540,750	$536,080
HARBOR-UCLA MEDICAL CENTER	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
OLIVE VIEW-UCLA MEDICAL CENTER	1,000	1,000	1,000	1,000	1,000	1,000
LAC+USC MEDICAL CENTER	1,000	1,000	1,000	1,000	1,000	1,000
MLK AMBULATORY CARE CENTER	1,000	1,000	1,000	1,000	1,000	1,000
RANCHO LOS AMIGOS REHAB CENTER	1,000	1,000	1,000	1,000	1,000	1,000
LAC+USC MEDICAL CENTER EQUIPMENT	5,000	5,000	5,000	5,000	5,000	5,000
SUB-TOTAL	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
GRAND TOTAL	$1,336,324	$1,199,235	$1,289,953	$1,512,105	$2,575,285	$4,165,519

* Such amounts are not pledged for payment of the Notes and the interest thereon.

January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
$1,036,987	$442,048	$547,861	$1,476,680	$520,382	$190,726
500,259	511,131	387,388	1,439,458	467,923	328,838
83,908	76,399	69,805	65,125	79,219	112,613
9,557	8,370	8,081	8,483	6,564	7,632
57,676	33,002	27,831	26,495	30,594	38,156
42,449	13,825	1,922	44,460	39,995	560
21,877	1,435	1,435	2,581	21,244	10,019
113,129	58,860	64,957	89,474	70,569	120
534,235	128,620	174,195	357,437	372,105	663
(18,115)	(17,408)	(26,335)	(29,248)	(16,912)	(9,877)
29,105	33,013	38,821	42,027	24,316	27,549
$2,411,067	$1,289,294	$1,295,961	$3,522,972	$1,616,000	$707,000
$427,632	$430,805	$473,456	$440,944	$432,836	$462,282
25,000	25,000	25,000	25,000	25,000	25,000
36,535	37,438	38,657	39,126	30,727	31,352
8,062	7,613	7,564	7,778	8,297	7,862
2,429	2,413	2,413	2,365	2,087	2,114
191	169	238	183	155	160
895	771	745	908	726	776
8,826	8,817	8,992	8,995	6,709	6,905
19,645	19,738	19,723	19,689	15,988	16,353
4,503	4,590	4,669	4,769	3,271	3,377
19,976	20,372	20,762	21,143	14,147	14,814
$553,694	$557,728	$602,219	$570,899	$539,943	$570,995
$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000
5,000	5,000	5,000	5,000	5,000	5,000
$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
$2,974,760	$1,857,022	$1,908,180	$4,103,871	$2,165,943	$1,287,995

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

The following is a summary of certain provisions of the Resolution and the Financing Certificate. This summary is not to be considered a full statement of the terms of the Resolution or the Financing Certificate and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Financing Certificate.

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Series A Notes authorized to be issued under the Resolution by those who will own the Series A Notes from time to time, the Resolution constitutes a contract between the County and the Holders of the Series A Notes; and the pledge made in the Resolution and the Financing Certificate and the covenants and agreements contained in the Resolution and the Financing Certificate to be performed by and on behalf of the County will be for the equal benefit, protection and security of the Holders of any and all of the Series A Notes, all of which, regardless of the maturity or maturities, will be of equal rank without preference, priority or distinction of any of the Series A Notes over any other thereof.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to its Fiscal Year 2010-11 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series A Notes, the County covenants to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, necessary to maintain the exclusion of interest on the Series A Notes from gross income for federal income tax purposes in that the County agrees to comply with the covenants contained in, and the instructions given pursuant to, the Tax and Nonarbitrage Certificate (the "Tax Certificate") prepared for the County by Bond Counsel, as such Tax Certificate may be amended from time to time. The County further covenants that it will make all calculations relating to any rebate of excess investment earnings on the Series A Note proceeds due to the United States Department of the Treasury in a reasonable and prudent fashion and will segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of the Treasury.

Notwithstanding any other provision of the Financing Certificate to the contrary, upon the County's failure to observe, or refusal to comply with, the foregoing tax covenants, the Holders of the Series A Notes, and any adversely affected former Holders of the Series A Notes, will be entitled to exercise any right or remedy provided to the Holders under the Financing Certificate.

Paying Agent and Note Registrar

The Treasurer will act as Paying Agent and as Note Registrar for the Series A Notes. The Paying Agent may at any time resign and be discharged of the duties and obligations created by the Financing Certificate by giving at least 60 days' written notice to the County. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the County. In the event of the resignation or removal of a Paying Agent, the County may appoint a successor Paying Agent in accordance with the terms of the Financing Certificate. A successor Paying Agent will be a commercial bank with trust powers or a trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $100,000,000. Resignation or removal of a Paying Agent will be effective upon appointment and acceptance of a successor Paying Agent. In no event shall the resignation or removal of the Paying Agent become effective prior to the assumption of such resigning or removed Paying Agent's duties and obligations by a successor Paying Agent.

Negotiability, Transfer and Exchange of the Series A Notes

The Holders of the Series A Notes evidenced by registered certificates may transfer or exchange such Notes upon the books maintained by the Series A Note Registrar, in accordance with the Financing Certificate.

The County and any Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor any Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the Series A Notes as long as the beneficial ownership of the Series A Notes is held in book-entry form in the records of such securities depository. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Permitted Investments

Moneys on deposit in the Series A Subaccount of the Notes Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Series A Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments ("Permitted Investments"). Permitted Investments are investments approved in writing by the Treasurer as prudent and appropriate for the funds to be invested and permitted by law and any policy guidelines promulgated by the County. In addition, the Financing Certificate specifically designates the following investments as Permitted Investments, subject to certain limitations more fully described in the Financing Certificate:

(1) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association; (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's ("S&P"), or Fitch Ratings ("Fitch") and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt, as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of "A-1", "P-1", or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund has received the highest possible rating from S&P and at least one other nationally recognized securities rating agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer under the Financing Certificate may not exceed $500,000,000.

(9) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

Notwithstanding anything within the definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the Series A Notes, to the extent Pledged Moneys are invested in Permitted Investments described in paragraphs (3), (5), (7) or (9), such investments must be rated by S&P at the respective S&P ratings described therein.

Supplemental Resolutions and Supplemental Financing Certificates

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Series A Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a "Supplemental Financing Certificate"), with the written consent of the Holders of at least a majority in principal amount of the Series A Notes and the Series B Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any particular Notes remain outstanding, the consent of the Holders of such Notes will not be required. No such supplement or amendment may (i) permit a change in the terms of maturity of the principal of any Notes or of the interest rate thereon or a reduction in the principal amount thereof without the consent of the Holders of such Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under "THE SERIES A NOTES - Security for the Series A Notes," or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a "Supplemental Resolution") may be adopted or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add to the covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to supplement or amend the Resolution or the Financing Certificate as required to obtain a rating for the Notes, or any portion thereof, from any rating agency, provided that the County obtains an opinion of bond counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders or (vi) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of bond counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

Events of Default

Any one or more of the following will constitute an "Event of Default" under the Resolution and the Financing Certificate:

(1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;

(2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in aggregate principal amount of the outstanding Notes; or

(3) the County shall file petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders of the Notes, and any adversely affected former Holders of the Notes, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder's rights to payment of principal of and interest on such Holder's Notes.

Payment of Unclaimed Moneys to County

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Series A Notes that remain unclaimed for a period of one year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such Notes from legally available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the Series A Notes) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date may be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

TAX EXEMPTION

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law: (i) interest on the Series A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Series A Notes is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series A Notes.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series A Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series A Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations ("Regulations") under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Series A Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series A Notes. The County has covenanted to take the actions required of it for the interest on the Series A Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series A Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series A Notes or the market prices of the Series A Notes.

Under the Code and Regulations, if the County does not spend all of the proceeds of the Series A Notes within six months after issuance (determined as provided in the Code and Regulations), the County must rebate to the federal government its arbitrage profits, if any, in order for interest on the Series A Notes to be excluded from gross income for federal income tax purposes. The County expects to spend all of the proceeds of the Series A Notes within six months of issuance. If, however, it fails to do so, the County has covenanted to provide for and to set aside any required rebate payment from moneys attributable to Fiscal Year 2010-11. The California Constitution generally prohibits the County from incurring obligations payable from moneys other than moneys attributable to the fiscal year in which such obligations are incurred. Accordingly, if, after the end of the Fiscal Year 2010-11, it is determined that the County's calculations of expenditures of Note proceeds or of rebatable arbitrage profits, if any, were incorrect and that the moneys attributable to Fiscal Year 2010-11 that were set aside were insufficient to meet the recalculated rebate requirement, it is unclear whether the County could be compelled to pay the difference from the moneys attributable to the then current fiscal year. If the amount required to be rebated to the federal government as recalculated is not paid, then it may be determined that, retroactive to the issuance of the Series A Notes, the interest on the Series A Notes is not excluded from gross income for federal income tax purposes. Bond Counsel has assumed that the representations and covenants of the County in the Resolution and in the County's Tax and Nonarbitrage Certificate concerning the investment and use of Note proceeds and the rebate to the federal government of certain earnings thereon, to the extent required, from legally available moneys, are true and correct and that the County will comply with such covenants (including the covenant that rebate payments due the federal government, if any, will be timely made).

Although a portion of the interest on certain tax-exempt obligations earned by certain corporations may be included in the calculation of adjusted current earnings for purposes of the federal corporate alternative minimum tax, interest on certain tax-exempt obligations issued in 2009 and 2010, including the Series A Notes, is excluded from that calculation. In addition, interest on the Series A Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series A Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series A Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series A Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress, and legislation affecting the exemption of interest thereon for purposes of taxation by California may be considered by the California legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series A Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series A Notes will not have an adverse effect on the tax status of interest on the Series A Notes or the market value of the Series A Notes.

Prospective purchasers of the Series A Notes should consult their own tax advisers regarding pending or proposed federal and California tax legislation and any other court proceedings, and prospective purchasers of the Series A Notes at other than their original issuance at the price indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series A Notes ends with the issuance of the Series A Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the beneficial owners regarding the tax status of interest on the Series A Notes in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series A Notes, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Series A Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series A Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Series A Notes.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance, sale and delivery of the Series A Notes are subject to the approval of Squire, Sanders & Dempsey L.L.P., Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Series A Notes in substantially the form appearing in APPENDIX C hereto.

Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed on for the County by County Counsel.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under the California Financial Code, the Series A Notes are legal investments for commercial banks in the State, and under the California Government Code, the Series A Notes are eligible to secure deposits of public moneys in the State.

RATINGS

Moody's, S&P and Fitch have given the Series A Notes the ratings of "MIG 1," "SP-1+" and "F1+," respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Series A Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Series A Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Series A Notes.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Series A Notes, and an opinion of the County Counsel to that effect will be furnished at the time of issuance of the Series A Notes.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. The aggregate amount of the uninsured liabilities of the County which may result from all suits and claims will not, in the opinion of the County Counsel, materially impair the County's ability to repay the Series A Notes. Note 17 of "Notes to the Basic Financial Statements" included in APPENDIX B discusses this liability as of June 30, 2009. See also APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

UNDERWRITING

The Series A Notes are being purchased for reoffering by Citigroup Global Markets Inc., as representative of the Underwriters of the Series A Notes (the "Underwriters"). The Underwriters have agreed to purchase the Series A Notes at a purchase price of $1,314,044,502 (representing the principal amount of the Series A Notes of $1,300,000,000 plus original issue premium of $14,781,000, less Underwriters' discount of $736,498). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Series A Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

The following two sentences have been provided by Citigroup Global Markets Inc., one of the underwriters for the Series A Notes: Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Series A Notes, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series A Notes.

The following two sentences have been provided by J.P. Morgan Securities Inc., one of the underwriters for the Series A Notes: J.P. Morgan Securities Inc. ("JPMSI"), one of the Underwriters of the Series A Notes, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series A Notes, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS& Co. will purchase Notes from JPMSI at the original issue price less a negotiated portion of the selling concession applicable to any Notes that such firm sells.

The following sentence has been provided by Wells Fargo Bank, National Association, one of the underwriters of the Series A Notes: Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo

Bank, National Association.

The Underwriters may offer and sell the Series A Notes to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Series A Notes. Quotations from and summaries and explanations of the Series A Notes, the Resolution, the Financing Certificate and the statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Appropriate County officials, acting in their official capacity, have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. An appropriate County official will execute a certificate to such effect upon delivery of the Series A Notes. This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County.

CONTINUING DISCLOSURE

The County has agreed in a Disclosure Certificate to provide, in a timely manner, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), if material, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Such events include the following with regard to the Series A Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) adverse tax opinions or events affecting the tax-exempt status of the Series A Notes; (4) modifications to rights of Series A Note holders; and (5) rating changes. The County has not failed to comply with prior undertakings of the County under Rule 15c2-12.

In addition, the County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any owner of a Series A Note may obtain a copy of any such report, as available, from the County.

Additional information regarding this Official Statement and copies of the Resolution and the Financing Certificate may be obtained by contacting:

GLENN BYERS
ASSISTANT TREASURER AND TAX COLLECTOR
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

COUNTY OF LOS ANGELES
CALIFORNIA

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,084 square miles and includes 88 incorporated cities as well as many unincorporated communities. With an estimated population of 10.4 million in 2010, the County is the most populous of the 58 counties in California and has a larger population than 43 states. As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes.

The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides municipal services to unincorporated areas of the County and operates recreational and cultural facilities in these locations.

COUNTY GOVERNMENT

The County of Los Angeles is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts. Supervisors serve four-year alternating terms with elections held every two years. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving three consecutive terms commencing as of December 2002.

On March 27, 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance. This new governance structure delegates to the Chief Executive Office (the "CEO") additional responsibilities for the administration of the County, including the oversight, evaluation and recommendation for appointment and removal of specific Department Heads and County Officers. The five departments that continue to report directly to the Board of Supervisors (rather than to the CEO) are the Fire Department, Auditor-Controller, County Counsel, Executive Officer of the Board of Supervisors, and the CEO. The change in administrative structure was designed to improve the operational efficiency of County governance. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational directions.

COUNTY SERVICES

The vast majority of the County population resides in the 88 incorporated cities located within its boundaries. The County provides some municipal services to these cities on a contract basis under the Contract Services Plan. Established in 1954, this plan is designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the Contract Services Plan, the County will provide various municipal services to a city on a cost recovery basis at the same level of service as provided in unincorporated areas, or at any higher level the city may choose.

Over one million people live in the unincorporated areas of the County of Los Angeles. For the residents of these areas, the County Board of Supervisors is their "City Council," and County departments provide all of their municipal services, including law enforcement, fire protection, land use and zoning, building and business permits, road maintenance, animal care and control, and public libraries. Beyond the unincorporated areas, the County of Los Angeles provides a wide range of services to all citizens who live within its boundaries.

Many of the County's core service functions are required by the County Charter, County ordinances, or by State or Federal mandate. State and Federal mandated programs, primarily in the social services and health care areas, are required to be maintained at certain minimum levels, which can limit the County's flexibility in these areas.

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol prevention, and various other treatment programs. These services are provided through County facilities and a network of contract providers.

While many of the patients receiving services at County facilities are indigent or covered by Medi-Cal (a State health insurance program), the County health care delivery system has been designed with the objective of providing quality health care services to the entire population. Through its affiliation with two medical schools and by operating its own school of nursing, the County Department of Health Services is a major supplier of health care professionals throughout California.

Disaster Services

The County operates and coordinates an entire disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 15 major dams, 131 debris basins, 86,500 catch basins, 42 sediment placement sites, and over 2,825 miles of storm drains and channels. County lifeguards monitor 31 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 17,000 inmates.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, community redevelopment agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 4.1 million registered voters and maintains 5,000 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County's botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, provide County residents with a valuable educational resource. The County also manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 7 major regional parks, 90 local and community regional parks and 19 golf courses.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 85% of the County workforce is represented by certified employee organizations. These organizations include sixty (60) collective bargaining units, which are represented either by the Services Employees International Union (SEIU) Local 721 (formerly known as Local 660), the Coalition of County Unions (CCU), which represents nine (9) unions, or one of eight (8) Independent Unions. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division negotiates sixty (60) individual collective bargaining agreements for wages and salaries and two fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

In 2006, the County negotiated a 3-year contract with SEIU Local 721, which currently covers over 79,000 County employees. Under the terms of the collective bargaining agreement, SEIU Local 721 members received a 10% salary increase between October 1, 2006 and January 1, 2009, with the salary range for most employees being extended by an additional 5.5% increase. The County reached similar agreements with most of the bargaining units represented by the CCU and the Independent Unions. One SEIU Local 721 group, the Registered Nurses, negotiated a new classification and salary structure that resulted in some employees receiving raises substantially higher than 15.5%. The fringe benefit agreements negotiated with SEIU Local 721 and the CCU had a term of three years, which expired on September 30, 2009.

In 2006, the County also executed collective bargaining agreements with the Association for Los Angeles Deputy Sheriffs and the Professional Peace Officers Association with terms that extended through January 2009. These agreements resulted in salary increases totaling up to 18.5% over the three-year contract term. A similar agreement was reached with the Los Angeles County Fire Fighters and the Los Angeles County Lifeguard Association. Deputy Probation Officers also settled in early 2006, resulting in10% salary increases as well as longevity pay for employees with 20 or more years of County service.

In March 2009, the Board of Supervisors approved amendments to eight Memoranda of Understanding (MOU) covering wages and salaries with Independent Unions representing fire fighters, peace officers, public defender investigators, beach lifeguards and deputy probation officers, The amendments extended the MOUs for an additional 2-year period through December 31, 2010 or January 31, 2011, depending on the related bargaining unit, and provided for the continuation of existing salaries with no cost-of-living adjustments.

In December 2009, the Board of Supervisors approved successor fringe benefit agreements with most of the collective bargaining units represented by SEIU Local 721, the CCU and the Independent Unions. Under the terms of the new fringe benefit agreements, which will expire on September 30, 2011, County employees have agreed to forego any cost of living increases through the 2-year contract term; and the County has agreed to increase its contribution for employee health care by 8% in Fiscal Year 2009-10 and 7.2% in Fiscal Year 2010-11.

To help close a projected budget deficit in Fiscal Year 2010-11, the CEO has included $115 million in labor-management savings as a placeholder adjustment to the Proposed County Budget (the "2010-11 Proposed Budget"). The CEO has initiated a process to work closely with the collective bargaining units to develop specific proposals related to this proposed budget solution.

RETIREMENT PROGRAM

General

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for the County of Los Angeles and four minor participating agencies. The four non-County agencies account for less than one percent (1%) of LACERA's membership. Through the Retirement Fund and various benefit plans, LACERA provides retirement benefits to all general and safety (sheriff, fire and lifeguard) members.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service and age. County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based plan. In the contribution based plans (Plans A, B, C & D), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after

January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through D) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2009 was 160,701, consisting of 64,489 active vested members, 31,299 non-vested active members, 53,069 retired members and 11,844 terminated vested (deferred) members.

Actuarial Valuation

The Retirement Law requires the County to contribute to the Retirement Fund on behalf of employees using rates determined by the plan's actuary, which is currently Milliman Consultants and Actuaries ("Milliman"). Such rates are required under the Retirement Law to be calculated at least once every three years. LACERA presently conducts annual valuations to assess changes in the Retirement Fund's portfolio.

In June 2002, the County and LACERA entered into the Retirement Benefits Enhancement Agreement (the "2002 Agreement") to enhance certain retirement benefits in a manner that is consistent with changes to State programs enacted in 2001 and fringe benefit changes negotiated in 2000. The 2002 Agreement, which expires in July 2010, provides for a 30-year rolling amortization period for any unfunded actuarial accrued liability ("UAAL"). UAAL is defined as the actuarial accrued liability minus the actuarial value of the assets of LACERA at a particular valuation date. Each year, contributions to fund the UAAL are amortized as a level percentage of the projected salaries of present and future members of LACERA over a 30-year period from the valuation date. Utilizing a level percentage of projected salaries methodology, this rolling 30-year amortization may cause the UAAL amount to increase over time. However, the amortization method is only one of multiple factors that affect the UAAL. Other factors such as investment returns, changes in actuarial assumptions and benefit increases may cause an increase or decrease in the UAAL.

Beginning with Fiscal Year 2006-07, the investment board of LACERA (the "Board of Investments") adopted a revised series of economic and demographic assumptions to be used in LACERA's actuarial valuations. The economic assumptions for the investment return rate, wage growth rate and price inflation were set at 7.75%, 3.75% and 3.50%, respectively. Changes to the demographic assumptions included higher merit salary increases for safety members with 20 or more years of service, an increase in retirement rates and lower mortality rates for disabled retirees. The net effect of the change in actuarial assumptions was to increase both the actuarial accrued liability (AAL) for the Plan and the total County contribution rate. In Fiscal Year 2007-08, the assumed wage growth rate was increased from 3.75% to 4.00%. The economic and demographic assumptions were unchanged for the actuarial analysis completed for Fiscal Year 2008-09.

When measuring assets to determine the UAAL, the County has elected to "smooth" gains and losses to reduce volatility. If in any year, the actual investment return on the Retirement Fund's assets is lower or higher than the actuarial assumed rate of return (7.75%), then the shortfall or excess is smoothed, or spread, over a five-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss.

In December 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (the "2009 Funding Policy"), which amended the terms of the 2002 Agreement. The impact of the 2009 Funding Policy on the LACERA plans are reflected in the June 30, 2009 Actuarial Valuation prepared by Milliman (the "2009 Actuarial Valuation"). The significant changes in the 2009 Funding Policy are described as follows:

- <u>Asset Smoothing Period</u>: The smoothing period to account for asset gains and losses increased from three years to five years. This is the most significant change and resulted in a higher Funded Ratio (as determined by dividing the valuation assets by the AAL), and a lower contribution rate than would have been calculated under the previous three-year smoothing period.

- <u>Amortization Period</u>: The UAAL is now amortized over a closed thirty-year layered period, compared to an open thirty-year period under the 2002 Agreement. If LACERA achieves a Funded Ratio in excess of 100%, the surplus funding position will be amortized over a thirty-year open period.

- <u>STAR Program Reserve</u>: If the Funded Ratio of LACERA is below 100%, the actuary will recognize the STAR Program Reserve as a valuation asset to the extent that it restores the Funded Ratio to a level at or below 100%. For the 2009 Actuarial Valuation, the entire $614 million of the STAR Program Reserve is included in the valuation assets of the Retirement Fund.

UAAL and Deferred Investment Returns

The 2009 Actuarial Valuation reported a rate of return on Retirement Fund assets of negative 18.3% for the Fiscal Year ended June 30, 2009, which corresponds to an $8.226 billion reduction in the market value of assets from June 30, 2008. Under the 2009 Funding Policy, the actuarial value of Retirement Fund assets decreased by only $236 million to $40.318 billion as of June 30, 2009, and the Funded Ratio decreased by 5.6% from 94.5% to 88.9% as of June 30, 2009. However, the actuarial value does not include $9.819 billion of deferred investment losses that will be recognized over the next four fiscal years. A summary of investment returns for the prior six years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page A-8.

The 2009 Actuarial Valuation reported that the AAL increased by 5.94% to $44.469 billion, and the UAAL increased from $2.313 billion on June 30, 2008 to $4.927 billion as of June 30, 2009. The 113% increase in the UAAL was primarily the result of the significant investment losses in Fiscal Year 2008-09. A six-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio") on page A-8.

For Fiscal Year 2010-11, the County's required contribution rate will increase by 2.14% to 14.22% of covered payroll. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 1.99% to 4.12%, and an increase in the normal cost contribution rate from 10.09% to 10.10%. The increase in the contribution rate to fund the UAAL was primarily driven by the recognition of significant actuarial investment losses, which account for 3.91% of the 14.22% total contribution rate. The impact of the actuarial investment losses on the required contribution rate was partially offset by the transition to a five-year smoothing period (-1.16%) and the inclusion of STAR Program Reserves (-.52%) as a result of the 2009 Funding Policy. To demonstrate the impact of utilizing an asset smoothing period, the actuary estimates that the Funded Ratio and the required County contribution rate would have been 66.8% and 22.64%, respectively, if the actual market value of Retirement Fund assets was used as the basis for the actuarial calculations.

As a result of the significant improvements in the equity markets since June 30, 2009, LACERA reported a 17.6% return on Retirement Fund Assets for the nine-month period ended March 31, 2010, which compares favorably to their benchmark rate of return of 15.6%. As of March 31, 2010, the asset allocation percentages for the Retirement Fund were 27.5% domestic equity, 25.3% international equity, 26.3% fixed income, 8.4% real estate, 9.3% private equity, 1.1% cash and 2.1% commodities.

The investment losses recognized by LACERA during Fiscal Year 2008-09, combined with the 2009 Funding Policy will have a major impact on future contribution requirements to the Retirement Fund. For Fiscal Year 2010-11, the County's required contribution is expected to increase by $145.1 million from 2009-10 to $949.4.

Investment Policy

The Board of Investments has exclusive control of all Retirement Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

Contributions

Employers and members contribute to LACERA based on unisex rates recommended by an independent actuary (using the Entry Age Normal Cost Funding Method) and adopted by the Board of Investments and the County's Board of Supervisors. Contributory plan members are required to contribute between 5% and 15% of their annual covered salary. Employers and participating agencies are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual pre-funded contributions at actuarially determined rates.

The County has funded 100% or more of its annual required contribution to LACERA in each of the last twelve years. In Fiscal Years 2008-09 and 2009-10, the County's total contributions to the Retirement Fund were $805.3 million and an estimated $805.0 million, respectively. These payments did not include any contribution from excess earnings. For Fiscal Year 2010-11, the County is budgeting $949.4 million for the County contribution to the LACERA Retirement Fund. A summary of employer contributions for the seven years ended June 30, 2010 is presented in Table 3 ("County Pension Related Payments") on page A-8.

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, however, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings available to the County for retirement program costs is approximately $470 million as of June 30, 2009. These funds will not be affected by the 2009 Funding Policy.

With a strong cash position at the beginning of Fiscal Years 2007-08 and 2008-09, the County decided to prepay $400 million of its annual required contribution to LACERA. The payments were made in July of each year and served to greatly reduce monthly transfers during the second half of the fiscal year. In Fiscal Year 2009-10, the County returned to its historical practice of making payments to LACERA for the required contribution on a monthly basis throughout the fiscal year.

Pension Obligations

In California, the obligation of the County to fund the UAAL by making actuarially required contributions is an obligation imposed by State Law. The County has previously issued pension obligation bonds and certificates and transferred the proceeds to LACERA to reduce its UAAL. As of May 1, 2010, the County had outstanding pension obligations in the aggregate principal amount of $235.7 million. This amount includes a $117.2 million principal payment, which was deposited with the trustee in advance, but will not be disbursed to bondholders until June 30, 2010. The final payment on these pension obligations will occur in Fiscal Year 2010-11. A complete description of the County's pension obligations is included in the "Debt Summary" portion of this Appendix. A six-year history of the County's debt service payments on its pension obligations is also presented in Table 3 on page A-8.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2009, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, the liability for any STAR Program benefits that may be granted in the future was not included in the 2009 Actuarial Valuation. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would increase by .52% to 14.74%, and the Funded Ratio would decrease by 1.4% to 87.5%.

Postemployment Health Care Benefits

LACERA administers a Health Care Benefits Program ("HBP") under an agreement with the County. The HBP includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. Retirement plan net assets are not held in trust for such postemployment benefits and LACERA's Board of Retirement reserves the right to amend or revise the medical plans and programs under the HBP at any time. County HBP-related payments are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

For Fiscal Year 2007-08, total HBP-related payments from the County to LACERA were $352.0 million, , including a $9.0 million transfer from excess earnings. Total HBP-related payments for

Fiscal Year 2008-09 were $365.4 million, with no transfers from excess earnings. The County will make an estimated $383.5 million of HBP-related payments in Fiscal Year 2009-10, and is projecting $429.1 in payments for the 2010-11 Proposed County Budget, without any supplemental contributions from excess earnings.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") has issued two statements that address other postemployment benefits ("OPEB"), which are defined to include many post retirement benefits other than pension-related benefits. Health care and disability benefits are the most significant of these benefits provided by the County.

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, established financial reporting standards for OPEBs in a manner similar to those currently in effect for pension benefits. GASB 43 is focused on the entity that administers such benefits (which, in the case of the County, is LACERA) and requires an actuarial valuation to determine the funded status of accrued benefits. LACERA has complied with GASB 43 requirements for the annual reporting periods ended June 30, 2008 and June 30, 2009.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, establishes financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 is focused on the County's financial statements, and related note disclosures, and is intended to associate the costs of the OPEB with the periods in which employee services are rendered in exchange for the OPEB. Starting with the June 30, 2008 Comprehensive Annual Financial Report ("CAFR"), the County has implemented the requirements of GASB 45 in its financial reporting process.

The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. The method of financial reporting for OPEB costs would be similar to that used for pension plan normal costs and the UAAL thereof.

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete the initial actuarial valuation of OPEB liabilities for the LACERA plans as of July 1, 2006 (the "2006 OPEB Valuation"). In a report dated May 25, 2007, Milliman presented the first actuarial calculation of the County's unfunded accrued liability for post retirement health care and life insurance benefits paid to its employees.

In the 2006 OPEB Valuation, Milliman provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for such percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions in the 2006 OPEB Valuation were modeled on the assumptions used by LACERA for its pension program in Fiscal Year 2007-08, which assumed a 3.75% general wage increase for County employees and a 3.5% implied inflation rate. The healthcare cost assumptions in the 2006 OPEB Valuation were based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

The 2006 OPEB Valuation determined the AAL for LACERA's healthcare and life insurance benefits using a 5% discount rate and the Projected Unit Credit actuarial cost method. Using this methodology, the AAL for LACERA's OPEB program (including employees of the Los Angeles Superior Court) was $21.22 billion as of July 1, 2006, of which approximately $20.30 billion was the County's share of the liability. The total annual required contribution for the County to fund its OPEB liability, referred to in GASB 45 as the "ARC", was estimated to be $1.55 billion as of July 1, 2006, which represented approximately 31.2% of the County's annual payroll costs.

The standards set forth under GASB 45 affect the County's financial statements. However, GASB 45 does not impose requirements on the funding of any OPEB liability and there is no mandatory payment associated with the implementation of this standard. GASB 45 provides that OPEB costs, if not funded on an actuarial accrual basis, will be recognized as a liability in the County's financial statements. Accordingly, for the Fiscal Year ended June 30, 2008, the County reported a total OPEB ARC of $1.615 billion. This amount also includes the unfunded liability for the County's long-term disability benefits. The total OPEB ARC, when reduced by the $381 million "pay-as-you-go" County contribution, resulted in a Net OPEB liability of $1.234 billion for retiree health care and long-term disability benefits as of June 30, 2008. The $381 million County contribution represented 23.6% of the OPEB ARC.

In accordance with the requirements of GASB 43, LACERA engaged Milliman to complete its second OPEB actuarial valuation as of July 1, 2008 (the "2008 OPEB Valuation), which was issued on June 22, 2009. In the 2008 OPEB Valuation, Milliman reported an AAL of $21.86 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability, $20.9 billion, represented a 3% increase from the 2006 OPEB Valuation. The OPEB ARC as of July 1, 2008 was estimated to be $1.66 billion, which represents approximately 28% of the County's payroll costs, and a 7% increase from the 2006 OPEB Valuation.

The 2008 OPEB Valuation utilized the Projected Unit Credit actuarial cost method and a 5% discount rate. The increase in the OPEB AAL from 2006 to 2008 was caused by several offsetting factors, which include changes to retirement benefit assumptions, cost increases due to the passage of time, demographic changes, and claim cost experience gains, including lower than expected increases in health insurance premiums. However, as a result of an increase in the assumed total wage growth from 3.75% to 4% in 2008, the ARC as a percentage of annual payroll costs was reduced to 28% from 31% in 2006.

In accordance with the requirements of GASB 45, the County reported an OPEB ARC of $1.628 billion and a net OPEB liability $1.231 billion for the Fiscal Year ended June 30, 2009. With a $397 million "pay-as-you-go" contribution, the County funded 24.4% of its OPEB ARC, representing a slight increase from the 23.6% funding level in the previous Fiscal Year. For the two-year period ended June 30, 2009, the County is reporting an unfunded Net OPEB obligation of $2.465 billion.

Funding for Other Postemployment Benefits

The County is considering several funding options to reduce its OPEB AAL, including the establishment of a tax-exempt trust to pre-fund the County's OPEB liability. The authority to establish a tax-exempt trust is provided by California Government Code Sections 31694.3 and 31694.4. Under the provisions contained therein, the County will seek to create either a Section 115 Trust or an Integral Part Entity Trust. With each of these options, it is the intention of the County to contract with LACERA for the administrative and investment services related to the trust. Prior to the actual funding of a trust, however, the County must secure the support of its union membership and incorporate the trust agreement into the provisions of a ratified collective bargaining agreement, as required by Government Code Section 31694.4.

In Fiscal Year 2006-07, the Board of Supervisors gave its support to the development of a specific fiscal policy to pre-fund retiree health benefits. The County is planning to use the remaining $470 million of excess earnings with LACERA to fund an initial deposit to an OPEB trust. On April 20, 2010, in response to the presentation of the 2010-11 Proposed Budget, the Board of Supervisors instructed the CEO to resume work with LACERA and the County labor unions to establish an OPEB trust fund and to take the necessary steps to fund the OPEB trust with the remaining balance of excess earnings. Beyond these measures, the County may also consider applying general fund revenues to supplement an initial trust fund deposit.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

Following completion of the 2006 OPEB Valuation, the County engaged Buck Consultants to prepare an actuarial valuation of the long-term disability portion of its DBP. As of July 1, 2007, the AAL of the County's long-term DBP was $929.3 million. The County determined that this liability is an additional OPEB obligation and included the ARC for long-term DBP obligations as a component of the $1.615 billion OPEB ARC reported on the June 30, 2008 CAFR. As of July 1, 2009, the most recent actuarial valuation of the County's long-term DBP reported an AAL of $951.8 million, which represents a 2.4% increase from the previous valuation. The $29 million DBP payment made by the County in Fiscal Year 2007-08 and the $32 million payment in Fiscal Year 2008-09 are accounted for as an offset in the calculation of the County's Net OPEB obligation for Fiscal Years 2007-08 and 2008-09.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending proceedings, as reported by the Office of the County Counsel.

Litigation Regarding Health Services

In March 2003, two lawsuits were filed in Federal District Court against the County challenging health care reductions approved by the Board. Specifically, *Rodde, et al. v. Bonta, et al. ("Rodde")* challenged the closure of Rancho Los Amigos National Rehabilitation Center (*"Rancho"*). *Harris, et al. v. County of Los Angeles, et al. ("Harris")* challenged the closure of Rancho as well as the reduction of the 100 beds at LAC+USC Medical Center ("LAC+USC").

Negotiated settlements in the *Harris* and *Rodde* 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. At this time, the facility is open and operating, and efforts to find an outside operator have been suspended temporarily while the County's Chief Executive Office, in conjunction with the Department of Health Services ("DHS"), examines the feasibility of keeping Rancho under County ownership. With respect to LAC+USC, the settlement agreement expired on or about December 20, 2009. The original settlement agreement called for the graduated reduction of beds contingent upon the County providing additional outpatient care on the hospital campus and the facility reaching certain targets showing the efficiency of, and decreased demand on, the hospital. Despite the expiration of the settlement, the County has continued to honor many of the commitments made under the agreement, where the implementation of those commitments proved operationally beneficial or efficient.

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs and the Los Angeles County Professional Peace Officers Association, the unions that represent public safety officers in the Los Angeles County Sheriff's department and the Office of Public Safety. These collective action lawsuits seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such as the donning and doffing of uniforms and equipment, preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, there is the potential that the number of claimants could reach 9,000 individuals. These cases are in the early discovery stages. These cases are in the collective action certification stage. In March 2010, the United States Court of Appeals for the Ninth Circuit issued a decision in *Bamonte v. City of Mesa*, holding that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. If this decision becomes final, it may strengthen the County's defense of related claims in the three collective action lawsuits because the Sheriff's Department has a written policy clearly stating that uniformed employees do not have to dress at work.

Various lawsuits have been filed against the County alleging that certain classes of employees were not compensated for overtime worked in excess of forty hours per week, as required by FLSA. These lawsuits seek overtime pay for a three-year period, liquidated damages (double damages), attorneys' fees and costs. In 2008, a lawsuit entitled *Ellerd v. County of Los Angeles (Ellerd II)* was filed involving allegations by 97 adult protective services social workers in the County's Department of Community and Senior Services. The plaintiffs allege that they worked extra unrecorded hours for which they should have been paid overtime at time and one-half. No trial date has been set. The County's collective action decertification motion is set for hearing on July 26, 2010.

Other Litigation

In 1999, a lawsuit entitled *Roger E. Bacon v. Alan T. Sasaki* was filed against the County challenging the Auditor-Controller's method of calculating interest on property tax refunds. A bench trial was held on January 9, 2006 regarding two test claims, and the trial court only partially sustained the Auditor-Controller's position. On August 11, 2009, the Board of Supervisors approved a settlement of the case. The trial court has preliminarily approved the proposed settlement, which provides for a total maximum payout amount, including all fees and costs, of $45 million. It is anticipated that a final fairness hearing prior to entry of final judgment will be held in October 2010. The County has reserved $35 million for the expected fees and costs to settle this lawsuit.

In July 2004 and February 2007, two related cases, *Ricketts v. McCormack, et al*. (*"Ricketts"*) and *Conner, et al., v. McCormack, et al.* (*"Conner"*), respectively, were filed against the County Recorder. In the *Ricketts* case, the plaintiff alleged that the County Recorder did not timely record reconveyances of deeds of trust as required by statute. The County obtained dismissal of the monetary claims in April 2006. In February 2007, the plaintiff prevailed on summary judgment and obtained a writ of mandate compelling the Recorder to timely record reconveyances. The County's motion for a new trial was granted in May 2007 and the trial was held in December 2007. In May 2008, the Court overturned the prior summary judgment and ruled in favor of the County. The plaintiff appealed the decision and the Court of Appeals upheld the trial court ruling that the County must comply with the statutory requirements regarding the reconveyance of deeds of trust. The plaintiffs have filed a petition for rehearing.
In the *Conner* case, a class action lawsuit, plaintiffs are seeking statutory forfeitures of five hundred dollars per violation against the County and its Recorder for alleged late recording of reconveyances of deeds of trust. This litigation has been stayed pending the final resolution of the *Ricketts* case. Unless the judgment for the County in the *Ricketts* case is overturned, there will be no basis for the Conner case to proceed.

In March, 2008, a lawsuit entitled *Natural Resources Defense Counsel v. County of Los Angeles, et al.*, was filed against the County and the Los Angeles County Flood Control District (the "Flood Control District") under the citizen suit provision of the Federal Clean Water Act. The plaintiffs have identified approximately 274 days of alleged violations and they contend that the violations are ongoing. The case was bifurcated to first determine liability, and if liability was found, then to determine the penalties and remedies. The trial judge has issued a ruling on cross-motions for summary judgment that disposed of most of the liability issues. However, the County and the Flood Control District were found to have violated water quality standards at two locations. Assuming the ruling remains unchanged, the plaintiffs will be entitled to attorneys fees and costs to the extent they prevailed on liability. No cost has yet been determined for the injunctive relief sought, in the event that such relief is ordered. In March 2009, the County and Flood Control District filed administrative claims under the Government Tort Claims Act against 64 cities and public entities for equitable indemnity and contribution. The County and Flood Control District filed a complaint for indemnity in state court against the three public entities who did not execute tolling agreements. No trial dates have been set in either the federal action or the state lawsuit.

In 2008, the trial in *Los Angeles Unified School District v. County of Los Angeles, et. al.*, in which the school district alleged that the Auditor-Controller improperly calculated statutory payments due to LAUSD under redevelopment law, was rendered in favor of the County. The Court of Appeal reversed the trial court decision and the County's petition to the California Supreme Court for review was denied. The County's actual liability is still undergoing review for adjustments based on the date specific liabilities accrued.

In 2008, the City of Alhambra, along with 46 other plaintiff cities, filed a *Petition for Writ of Mandat*e against the County alleging that the County and its Auditor-Controller deducted excessive administrative fees from the property tax allocations of the 88 incorporated cities within Los Angeles County. On June 19, 2009, a judgment denying the writ was entered in favor of the County. The plaintiffs filed a notice of appeal on August 18, 2009, and the matter is still in the briefing stage.

In 1997, the County sued insurance companies to obtain policy benefits arising out of damage to the County's buildings caused by the Northridge Earthquake. At trial, the County failed to realize a net recovery and the insurers were awarded $5.9 million, plus interest, in litigation costs and fees. Both the County and the insurer have appealed the decision. The appeal is currently pending and no hearing date has been set. If the County fails to succeed on appeal, it may owe the insurers up to $12 million, which has already been reserved by the County.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt service obligations.

TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO
(in thousands)

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2004	$29,481,183	$27,089,440	$32,700,505	$5,611,065	82.84%
06/30/2005	32,026,105	29,497,485	34,375,949	4,878,464	85.81%
06/30/2006	35,185,589	32,819,725	36,258,929	3,439,204	90.51%
06/30/2007	40,908,106	37,041,832	39,502,456	2,460,624	93.77%
06/30/2008	38,724,671	39,662,361	41,975,631	2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2009.

TABLE 2: INVESTMENT RETURN ON RETIREMENT PLAN ASSETS
(in thousands)

Fiscal Year	Market Value of Plan Assets	Market Rate of Return
2003-2004	$29,481,183	16.5%
2004-2005	32,026,105	11.0%
2005-2006	35,185,589	13.0%
2006-2007	40,908,106	19.1%
2007-2008	38,724,671	-1.5%
2008-2009	30,498,981	-18.3%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2009.

TABLE 3: COUNTY PENSION RELATED PAYMENTS
(in thousands)

Fiscal Year	Cash Payment to LACERA	Transfer From Excess Earnings to LACERA	Pension Bonds Debt Service	Total Pension Related Payments	Percent Change Year to Year
2003-04	$395,062	$126,916	$316,115	$838,093	2.5%
2004-05	527,810	222,542	336,329	1,086,681	29.7%
2005-06	676,667	179,368	356,883	1,212,918	11.6%
2006-07	751,851	111,775	381,235	1,244,861	2.6%
2007-08	827,789	-	381,603	1,209,392	-2.8%
2008-09	805,300	-	320,339	1,125,639	-6.9%
2009-10*	805,000	-	358,165	1,163,165	3.3%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2008 and County of Los Angeles Chief Executive Office.

* Estimated

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd. Upon release of the Governor's Proposed State Budget in January, the CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the Governor's budget, and other projected revenue and expenditure trends. Expanding on this forecast, a target County budget for the ensuing fiscal year, beginning July 1st, is developed, and projected resources are tentatively allocated to the various County programs.

The CEO normally presents the Proposed County Budget to the Board of Supervisors in April. The Board of Supervisors is required by County Code to adopt a Proposed Budget no later than June 30th. If a Final County Budget is not adopted by June 30th, the appropriations approved in the Proposed Budget, with certain exceptions, become effective for the new fiscal year until the final budget is approved.

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors adopts the County Budget by August 1st.

Throughout the balance of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The levels of annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes can be amended, which could affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of seven (7) fund groups through which the County's resources are allocated and controlled. These groups include the General and Hospital Enterprise (which represents the General County Budget), Special, Special District, Other Enterprise, Other Proprietary, and Other Funds.

The General County Budget accounts for approximately 77.7% of the 2010-11 Proposed Budget and funds programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Funds represent approximately 10.6% of the 2010-11 Proposed Budget, and are used to account for the allocation of revenues that are restricted to specific purposes, such as public library operations, courthouse construction programs and operations, and specified automation projects.

Special District Funds account for approximately 8.2% of the 2010-11 Proposed Budget and are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Other Proprietary and Other Funds account for 3.5% of the 2010-11 Proposed Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the "full cash value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes required to pay debt service on voter-approved general obligation bonds. "Full cash value" is defined as "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment."

The "full cash value" is subject to annual adjustment to reflect inflation at a rate not to exceed 2%, or a reduction as shown in the consumer price index (or comparable local data), or a decline in property value caused by damage, destruction or other factors. The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on certain types of indebtedness approved by the voters.

Article XIIIB of the California Constitution limits the amount of appropriations of local governments for "proceeds of taxes." The County's appropriation limit for "proceeds of taxes" for 2009-10 is $16,527,455,483. The 2009-10 County Budget includes proceeds from taxes of $6,467,455,000, which is well below the allowable limit.

Proposition 62

Proposition 62, a 1986 initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California.

In February 2005 a claim was filed, and it was followed in May 2005 by a lawsuit entitled *Oronoz v County of Los Angeles* that contends the County's Utility User Tax ("UUT") does not meet the requirements of Proposition 62 and is therefore invalid. In November 2006, the trial court certified the case as a class action. In July 2008, the parties agreed to a tentative settlement of the case, which was finally approved by the court in March 2009. The settlement, which is currently in the process of being implemented, calls for a total expenditure by the County of $75 million to be used for tax refunds to class members and enhanced services within the areas of the County from which the tax was collected. At the outset of this lawsuit, the County established a separate reserve account to fund any liabilities resulting from the litigation. The reserve is more than sufficient to fully fund the entire $75 million settlement. In November 2008, the County's utility user tax was approved by the voters in conformity with Proposition 62, thus removing any further concern as to its validity going forward.

On August 11, 2009, a lawsuit, *Patrick Owens and Patricia Munoz v. County of Los Angeles*, was filed in Los Angeles Superior Court, challenging the imposition of the County's UUT after its passage at the election held on November 4, 2008. The complaint alleges that the impartial analysis prepared by County Counsel failed to inform the voters that: 1) the material provisions of the prior UUT were being rescinded regardless of the outcome of the election; and 2) it was not a "continuation" of an existing tax, but rather was the enactment of a completely new UUT. The County filed a demurrer and motion to strike plaintiffs' complaint on October 16, 2009. A hearing was held on April 15, 2010 in which the Court denied the County's demurrer in light of the early phase of the litigation process. The case will proceed with the discovery and class certification phases of the lawsuit. Since the November 4, 2008, election, the County estimates that $55 million has been collected and continues to be collected at an approximate rate of $5 million per month. The County has prior UUT reserves, which are sufficient to fund any potential loss from the litigation through 2010, but intends to re-evaluate the litigation risks after any rulings on dispositive motions.

Proposition 218

Proposition 218, a 1996 initiative that added Articles XIIIC and XIIID to the California Constitution, established the following requirements on all taxes and property-related assessments, fees, and charges:

- precluded special purpose districts or agencies, including school districts, from levying general taxes;
- precluded any local government from imposing, extending or increasing any general tax unless such tax is approved by a majority of the electorate;
- precluded any local government from imposing, extending or increasing any special purpose tax unless such tax is approved by two-thirds of the electorate; and
- ensured that voters may reduce or repeal any local taxes, assessments, fees or charges through the initiative process.

An appellate court decision determined that Proposition 218 did not supersede Proposition 62. Consequently, voter approval alone may not be sufficient to validate the imposition of general taxes adopted, increased or extended after January 1, 1995.

Proposition 218 also expressly extends to voters the power to reduce or repeal local taxes, assessments, fees, and charges through the initiative process, regardless of the date such taxes, assessments, fees or charges were imposed. SB 919, the Proposition Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Proposition 218, states that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. Furthermore, in the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations, and could be subject to restrictions imposed by the contract clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County’s General Fund. In addition, “fees” and “charges” are not defined by Article XIIIC or SB 919, and the scope of the initiative power under Article XIIIC could include all sources of General Fund revenue not received from or imposed by the Federal or State government or derived from investment income.

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State’s authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease VLF revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years, and is further prohibited from a reallocation of local property tax revenues on more than two occasions within a ten-year period.

Future Initiatives

Propositions 13, 62, 218 and 1A 2004 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the County or the County’s ability to expend revenues. The nature and impact of such measures cannot be predicted by the County.

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table “Historical Funding Requirements and Revenue Sources” on page A-16 of this Appendix A, $4.7 billion of the $17.7 billion 2010-11 Proposed General County Budget is received from the Federal government and $4.4 billion is funded by the State. The remaining $8.6 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 50% of General County funding is provided by the State and Federal governments underscores the County's significant reliance on outside funding sources.

American Recovery and Reinvestment Act

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (the "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 Federal Medical Assistance Percentage ("FMAP"), which resulted in additional Federal revenue provided for non-administrative Medicaid costs and Title IV-E foster care maintenance and adoption assistance costs. The 2010-11 Proposed Budget includes $194.9 million in net budgetary savings as a result of the FMAP rate increase, $68.8 million to fund employment training programs and a $9.6 million funding increase for the managed care rate supplement. The President has proposed a six-month extension of the FMAP so that the increased funding would continue until June 30, 2011.

Federal Budget Update

On February 1, 2010, the President released his proposed budget for Federal Fiscal Year 2011, which will begin on October 1, 2010. The President's budget aims to reduce the federal budget deficit by proposing a three-year freeze on overall spending for all non-security discretionary spending, which is spending set in annual appropriations bills. Non-security discretionary spending represents 17% of total Federal spending and an even smaller percentage of the total funding received by the County under Federal programs. Entitlement programs, most notably Medicaid, Title IV-E foster care and adoption assistance, Temporary Assistance for Needy Families ("TANF") and child support enforcement, represent a much larger portion of the County's revenue, especially when considering the significant level of State matching and maintenance-of-effort funds. Historically, Congress enacts very few, if any, major changes to health and welfare entitlement programs, and funds the vast majority of state and local grant programs at or near prior year levels. With the exception of the recently passed Federal health care reform legislation and pending jobs legislation, the County is not anticipating any significant changes in the funding level for Federal entitlement programs.

State Budget Process

Recent State budgets have reflected the State's efforts to stabilize its fiscal position in response to the challenging and uncertain economic environment. Over the past twenty years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in that decade, the 2001 recession and recovery, and the current economic downturn. The State's budgetary decisions during the current economic downturn will have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Realignment Program

In Fiscal Year 1991-92, the State and county governments collectively developed a program realignment system that removed State funding for certain health and welfare programs, and provided counties with additional flexibility in the administration of such programs. Under the realignment system, participating programs are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

Property Tax Shift

In response to the State's 1993-94 recession, the State shifted $2.1 billion in property taxes from counties and $500 million from cities, special districts and redevelopment agencies to school and community college districts. This action reduced the County's primary source of discretionary revenue. The reduction in State funding has been partially offset by revenues from the County's share of the Proposition 172 one-half cent public safety sales tax. The Proposition 172 public safety tax, which was approved in 1993, was the State's response to help lessen the impact of the shift in property tax revenue to education.

2010-11 STATE BUDGET

The Governor's Fiscal Year 2010-11 Proposed State Budget (the "Proposed State Budget") was released on January 8, 2010. The County estimates that the Proposed State Budget would result in a direct funding reduction to the County of $188.9 million, with the potential for an additional $1.26 billion of funding reductions if the State does not receive increased Federal funding from the restructuring of the "Federal-State Relationship," as proposed by the Governor.

Under the Proposed State Budget, the most significant impact to the County from the $188.9 million funding reduction would be the redirection of $121.8 million in Mental Health Services Act (MHSA-Proposition 36) to the State. However, since the redirection of MHSA funding would require voter approval, it is not included in the 2010-11 Proposed Budget. If the restructuring of the "Federal-State Relationship" as set forth in the Proposed State Budget does not occur, the largest impact to the County would be the proposed elimination of the California Work Opportunity and Responsibility to Children (CalWORKs) program ($996.2 million) and the redirection of MHSA funding ($375.8 million).

An additional item that could impact the County is the recent enactment of State legislation for a cash flow management plan that would allow the State to defer payments to counties in Fiscal Year 2010-11 for various health, mental health and social service programs, as well as for gasoline excise tax payments from the Highway User Tax Account. If a determination is made that the State's cash flow is insufficient to meet its financial obligations, payment deferrals could be implemented for periods ranging from 2 to 11 months. The County estimates that its exposure to the payment deferrals could be as high as $500.6 million in Fiscal Year 2010-11. As prescribed by the State legislation, such deferrals must be paid to the County by May 2011. The payment deferrals would therefore not have an impact on the County's June 30, 2011 cash balance.

On May 14, 2010 the Governor released his May revisions to the Proposed State Budget (the "May Revision"). The May Revision projects an overall budget deficit of $19.1 billion, including a $7.7 billion shortfall in the current Fiscal Year, a $10.2 billion deficit in Fiscal Year 2010-11, and a recommendation to fund a year-end reserve of $1.2 billion. The Governor's major budget solutions include the elimination of the CalWORKs Program ($1.6 billion) and certain child care and development programs ($1.2 billion), unspecified cuts to the In-Home Support Services Program ($637.1 million), the redirection of county mental health realignment funds to offset State general fund costs ($602.0 million), the imposition of unpaid furloughs on State employees ($446.0 million) and the transfer of certain felons to local jails ($243.8 million). Based upon an initial review, the estimated impact of potential funding reductions to the County in the Proposed State Budget is reduced by $194.0 million in the May Revision to $1.25 billion for Fiscal Year 2010-11. The decrease in funding reductions from the Proposed State Budget to the May Revision is primarily the result of a change in the effective date for the elimination of the CalWORKs Program from July to October 2010.

Although the May Revision could have a significant adverse impact on County residents through the elimination of the CalWORKs Program, it would have a more limited effect on the financial condition of the County. In response to the elimination of the CalWORKs Program, the County would most likely pass along estimated program cuts of $488.6 million to CalWORKs recipients. However, the elimination of the CalWORKs Program would shift responsibility for providing certain welfare services to the County's general relief programs, which could potentially increase net County cost ("NCC") by $339.4 million.

The final outcome of the State budget process remains subject to substantial negotiations The Legislative Analyst's Office has recommended that the State Legislature reject the Governor's proposal, indicating that elimination of the CalWORKs Program would cost the State $3.7 billion in federal matching funds; and that many families cut off from State funding would become eligible for local assistance, thus shifting an estimated $1 billion in welfare costs to county governments throughout the State. In response to the Governor's proposal, the Assembly Budget Subcommittee No. 1 on Health and Human Services unanimously rejected the plan to eliminate the CalWORKs program. The Governor proposed a similar plan to eliminate CalWORKS during the 2009-10 State budget process, but it was ultimately rejected by the Legislature and was not included in the Final Budget Act.

Other proposals in the May Revision that could have an adverse impact on the County through either a loss of State funding or a cost shift to County programs include the redirection of Mental Health Realignment funds ($195 million) and the transfer of non-violent felony offenders to County jails ($96.4 million). The Governor's proposal to redirect Mental Health Realignment funds would require legislative changes that could potentially impact the way health and human service programs are administered in the County, and would likely face significant legal challenges. Since the inmate population in County jails currently exceeds capacity, the viability of the Governor's proposal to transfer non-violent felony offenders to County jails is uncertain. On May 25, 2010, the Speaker of the Assembly and Senate Democrats introduced alternative proposals that rely on revenue solutions to address the State Budget deficit and would significantly reduce the potential impact to County-administered programs.

As a result of current economic conditions and the continuing fiscal crisis in California, the State budget situation remains very fluid. The County is deferring recommendations to align the County budget with the Proposed State Budget until more information on the projected outcome of the State budget process becomes available. Furthermore, many events will affect the amount of funding that the County actually receives from the State and Federal governments in the future. As a result, the information in this Official Statement (including this Appendix A) relating to the funding that the County expects to receive from the State and Federal governments is based upon the County's current expectations and is subject to change due to the occurrence of future events.

RECENT COUNTY BUDGETS

Recent General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. County budgets have improved stability due to the passage of Proposition 1A 2004, which secured long-term financial protection from a State reallocation of property tax revenues during times of State fiscal crisis. Proposition 1A 2004 provides the County with a more reliable funding source by substituting VLF revenue with property taxes, which have historically been one of the least volatile sources of revenue.

The reliability of property tax revenues is due in large part to Proposition 13, which helps to insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that had not been reflected on the property tax rolls and has helped to offset a significant decrease in property values during the current economic downturn. The County Assessor estimates that approximately 15% of all residential parcels and 18% of commercial-industrial parcels are 1975 base-year parcels as of Fiscal Year 2009-10. The assessed value of the 1975 base-year parcels has increased by no more than 2% each year since the passage of Proposition 13, while the increase in the market value of the these parcels has greatly exceeded the 2% annual increase in assessed valuation since 1975. To illustrate this point, median home prices in the County declined by 46% from their peak in August 2007 ($605,310) to February 2010 ($327,020), but the value of the property tax roll (the "Net Local Roll") decreased by only 0.5% in Fiscal Year 2009-10 and is expected to decrease by another 2.3% in Fiscal Year 2010-11.

The largest contributor to the decrease in assessed valuation for 2010-11 is the reassessment of properties under Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a "decline in value." Proposition 8 reassessments are expected to result in a $29.1 billion reduction in the Net Local Roll for Fiscal Year 2010-11. A significant factor contributing to the Proposition 8 reductions in assessed value is the County Assessor's decision to initiate Proposition 8 reviews of all homes sold between July 2003 and June 2008. In addition to the Proposition 8 adjustments, assessed valuation is expected to decline by $1.8 billion for deflation, $2.3 billion for changes to personal property and fixtures and $3.4 billion for increased exemptions. The Fiscal Year 2010-11 Net Local Roll is projected to include $12.4 billion of additional value to reflect changes in ownership, new construction and changes in the value of homeowners' exemptions. Overall, these adjustments are projected to reduce the value of the Net Local Roll by $24.2 billion in Fiscal Year 2010-11.

2009-10 FINAL ADOPTED BUDGET

The 2009-10 Final Adopted Budget, which was approved by the Board of Supervisors on September 22, 2009, appropriated $23.6 billion, representing a 1.7% increase from the previous Fiscal Year. For General County purposes (General Fund and Hospital Enterprise Funds), the Final Adopted Budget appropriated $18.5 billion, which represents a 1.8% increase from the 2008-09 Final Adopted Budget. The Final Adopted Budget reflected a net decrease of 1,345 budgeted positions for Fiscal Year 2009-10.

In connection with the 2009-10 Final Adopted Budget, the Board of Supervisors approved the CEO's supplemental budget request to eliminate $153.5 million in appropriations as a result of State budget cuts. Due to curtailments in State programs, the County made the decision not to backfill certain administrative costs in relation to both the CalWORKs and Medi-Cal Programs. The County also eliminated 195 budgeted positions in the social services, juvenile justice and public health areas.

2010-11 PROPOSED COUNTY BUDGET

The 2010-11 Proposed Budget is shaped largely by the effects of a severe and prolonged economic downturn, which continues to have a significant impact on County finances.

The 2010-11 Proposed Budget, which was approved by the Board of Supervisors on April 20, 2010, appropriates $22.7 billion, representing a 3.7% decrease from the prior year. For General County purposes (General Fund and Hospital Enterprise Fund), the 2010-11 Proposed Budget appropriates $17.7 billion, which represents a 4.5% decrease from the 2009-10 Final Adopted Budget. The 2010-11 Proposed Budget reflects a net decrease of 1,374 budgeted positions from the Final Adopted Budget in Fiscal Year 2009-10.

For the second year in a row, the County Assessor is projecting an overall reduction in assessed property valuation. For Fiscal Year 2010-11, the Assessor is forecasting a 2.3% decrease in the Net Local Roll. The Assessor is scheduled to release a final assessment roll forecast in July 2010. Since there are preliminary indications that the housing market is improving, the County utilized a 2.0% decrease in assessed valuation as the basis for the projection of property tax revenue in the 2010-11 Proposed Budget. The 2.0% reduction in assessed valuation for 2010-11 corresponds to a $118.3 million decrease in property tax revenue from the current Fiscal Year.

Compared to Fiscal Year 2009-10 budgeted amounts, the County continues to see reductions in a number of key revenue sources tied to consumer spending, which include Proposition 172 public safety sales tax, VLF-realignment, realignment sales tax, and local sales tax. However, since the current data suggests that economic conditions may be improving, the 2010-11 Proposed Budget assumes a 4% increase in taxable sales and a 2% increase in VLF-realignment from the current Fiscal Year estimates. Although the County is forecasting modest growth in these revenue sources, the estimates for Fiscal Year 2010-11 are still below the budgeted amounts in Fiscal Year 2009-10.

As a result of the rising unemployment rate, the County has experienced a significant increase in the number of residents seeking public assistance, with a corresponding increase in general relief caseloads and costs to the County. The cost of providing general relief assistance is particularly acute, as the County is responsible for funding the entire cost of this program. Most economists are forecasting that the unemployment rate has already peaked, or will soon peak, and the County is beginning to see that monthly increases in the general relief caseload have stabilized. While the County's general relief estimates reflect the assumption that caseloads have peaked, 2010-11 general relief expenditures costs will be greater than 2009-10 budgeted levels.

As a result of the global final crisis and the significant investment losses sustained by the Retirement Fund in Fiscal Year 2008-09, the County's required contribution to LACERA is expected to increase by $145.1 million or 18% in Fiscal Year 2010-11.

With all of these demands on the budget, the County is projecting a $510.5 million General Fund NCC budget gap. NCC is the portion of the County budget that is financed with discretionary funding (also known as locally generated revenues). Below are the major components of the Fiscal Year 2010-11 NCC budget gap:

2010-11 NCC Budget Gap

Revenue Reductions	
Property Taxes	$118.3 million
Public Safety Sales Tax	53.6 million
Realignment Sales Tax	35.0 million
Registrar-Recorder Shortfall	19.0 million
Various Revenue Changes	(4.4) million
Assistance Caseload Increases	
General Relief	82.4 million
In-Home Support Services	16.0 million
Other Caseload Changes	8.7 million
Expiration of FMAP Extension	38.8 million
Unavoidable Cost Increases	
Pension Costs	80.5 million
Health Insurance Subsidy	50.4 million
Net Program Changes	12.2 million
Projected Budget Gap	**$510.5 million**

To close this budget gap the County will utilize a combination of ongoing and one-time solutions, including the use of reserves, with the assumption that Federal stimulus funding related to FMAP will continue.

2010-11 NCC Budget Gap Solutions

Ongoing Departmental Budget Curtailment	$175.2 million
Ongoing Revenue Solutions	13.0 million
One-Time Bridge Funding	167.2 million
Federal Stimulus Funding	40.1 million
Labor-Management Savings	115.0 million
Budget Gap Solutions	**$510.5 million**

Departmental Budget Curtailments

Each County department, with the exception of DHS, was asked to submit a Budget request for 2010-11 that included a 9% NCC reduction. DHS is expected to resolve its' $362.4 million budget shortfall in Fiscal Year 2010-11, which represents a 9.9% curtailment from their $3.7 billion budget appropriation. After reviewing the results of the NCC reduction exercise and analyzing the potential impact, the County modified some of the NCC curtailments. These reductions resulted in $175.2 million in ongoing departmental funding reductions, either through curtailments or revenue increases.

One-Time Bridge Funding

In previous years, the County was able to set aside funds for capital projects and for a "rainy day" reserve. County budget policy requires a 10% reserve of locally generated revenues to be set aside in the Reserve for Rainy Day Fund. One generally accepted use of a rainy day fund is to protect against reducing service levels due to temporary revenue shortfalls. In light of the recent improvements in economic conditions and the return to a modest level of growth, the County believes that it is fiscally responsible to utilize some of its reserves and capital project funds to help bridge the current budget gap.

After accounting for the use of approximately $110 million of reserves in the 2010-11 Proposed Budget, the County will still have $333 million of reserves available to help address future economic challenges. However, due to the significant level of uncertainty related to both the State and local economies, the County does not recommend using additional reserves to close the current budget gap. In accordance with the budget policy, the County intends to replenish its reserve funds once the economy returns to historical levels of growth and the budget situation improves.

Federal Stimulus Funding

The American Recovery and Reinvestment Act of 2009 ("ARRA"), among other things, temporarily increased the FMAP, which is the federal match rate for non-administrative costs. The FMAP change is projected to temporarily decrease the County's contribution to the In-Home Supportive Services ("IHSS") program. A change in the FMAP percentage also affects other County administered programs. Although the extension of the FMAP rate increase for all of Fiscal Year 2010-11 is still pending, the County expects the rate increase to be extended, and has included this assumption in the 2010-11 Proposed Budget.

Labor-Management Savings

The County has initiated a process to work cooperatively with County labor unions regarding potential cost savings of $115.0 million. To the extent the County is unable to negotiate meaningful savings with its collective bargaining units, the County will likely initiate deeper curtailments and service reductions, including the potential for a significantly higher number of layoffs.

Health Services Budget

The structural deficit in the DHS budget represents one of the County's most difficult budgetary challenges. To address its projected budgetary shortfall in Fiscal Years 2009-10 and 2010-11, DHS continues to implement a number of cost saving and revenue generating initiatives through their Financial Stabilization Plan efforts. The 2009-10 Final Adopted Budget included $102.3 million in savings related to these initiatives and an additional $210.6 million in unspecified cost reductions and revenue solutions, which increases to $362.4 million in the 2010-11 Proposed Budget. To address its budget deficit, DHS continues to focus on three material revenue solutions: the pending hospital provider fee, the proposed FMAP extension, and the next Hospital Financing Waiver.

The hospital provider fee bill, AB 1383, signed by the Governor in October 2009, is currently pending approval by the Centers for Medicare and Medicaid Services ("CMS"), and is expected to be approved by June 2010. The hospital provider fee is expected to generate $2.3 billion annually statewide in matching Federal Medicaid dollars through December 2010. DHS is currently estimating that the benefit to the County could range from $137 to $240 million in Fiscal Year 2009-10 and $68.5 million in Fiscal Year 2010-11, depending on the effective date of the provider fee. The additional revenue from the provider fee would significantly assist DHS in addressing its structural deficit.

Furthermore, in anticipation of the expiration of the current Hospital Financial Waiver on August 31, 2010, DHS is actively participating in negotiating the terms of the next Waiver in order to maximize the potential benefits available to the County and other public hospitals. DHS understands that CMS will begin reviewing the various portions of the Waiver in May 2010, and is actively participating on the State's Waiver Stakeholder Advisory Group. DHS has also provided the State with a proposal, developed in discussions with L.A. Care, for the transition of Medi-Cal Seniors and Persons with Disabilities into managed care, which is one of the State's Waiver goals. DHS continues to actively collaborate with the California Association of Public Hospitals and Health Systems ("CAPH") and other stakeholders, and continues to engage the State directly on Waiver concerns.

The passage of Federal health care reform is expected to have an overall positive impact on DHS in future fiscal years. There are provisions to expand Medi-Cal eligibility beginning in 2014, which will provide coverage for a significant number of DHS' uninsured patients. There are corresponding proposed reductions in the Disproportionate Share Hospital ("DSH") funding beginning in 2014. The net benefit of anticipated increases in Medi-Cal revenue offsets with DHS reductions cannot be estimated at this time, and will depend on many factors, such as the level of reimbursement rates and how many patients stay in the DHS system once they have other care options.

In order to ensure that the County health delivery system is better prepared for the changes resulting from Federal health care reform, the Board of Supervisors recently approved recommendations from a consultant to explore the development of an integrated safety net delivery system, which would include DHS, community clinics, other safety net hospitals, and behavioral health providers, to better align the health care delivery system to serve the population of patients who are likely to be moved into Medi-Cal managed care. Given the implementation of Federal health care reform in 2014, it may be necessary for DHS to utilize one-time bridge funding to help facilitate the transition of DHS to a new health care delivery system for the County.

The County is committed to continuing its work with the State and other stakeholders to identify other legislative solutions, and is constantly exploring new funding opportunities. The continuing focus for DHS is the preservation of County services as a balanced health care delivery system, with the following priority order: trauma and emergency services; acute inpatient care; tertiary care and specialty services; and primary care. DHS will continue to update the Board of Supervisors on the status of current efforts to increase revenues and reduce on-going costs, in order to address the interim adjustments in the 2009-10 Final Adopted Budget and the 2010-11 Proposed Budget.

Martin Luther King Jr. – Harbor Hospital

In August 2007, the CMS notified the County that Martin Luther King, Jr. – Harbor Hospital ("MLK-H") had lost its Medicare and Medicaid certification. To remedy this situation, MLK-H was converted into a Multi-Service Ambulatory Care Center, while additional inpatient beds were opened at other County hospitals and purchased from the private sector. On October 12, 2007, Governor Schwarzenegger signed into law Senate Bill 474 to establish a $100 million annual fund, named the South Los Angeles Medical Services Preservation Fund, to stabilize the health services for low-income, under-served residents of South Los Angeles. This fund is limited to a period of three years, or until the hospital re-opens, whichever comes sooner.

The County and the University of California ("UC"), with the involvement of Governor Schwarzenegger's Office, 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 County and UC will continue to work with the Governor's office, the California Health and Human Services Agency and CMS to secure the legislative, regulatory and other programmatic support necessary for this effort. Construction of the new hospital facility at the MLK-H site is expected to be completed by the end of 2012.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities.

The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206.0 billion through the year 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. While the County's share of the State settlement is expected to average an estimated $105.0 million each year, the amount of funding may fluctuate significantly from year to year. Factors that could impact the amount actually paid each year to the State include actions of the Federal government, declines in cigarette sales, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA. To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. Recent actions by certain participating manufacturers, however, have reduced amounts received by the State and may adversely impact projected payments in the future. Specifically, a portion of settlement payments have been withheld (or made under protest).

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and reserved in a designation for health services. Through June 2010, the County expects to receive $1.242 billion in tobacco settlement revenues ("TSRs") and accrued interest, with approximately $1.047 billion of the collected proceeds disbursed, and $195 million remaining in reserves.

While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that help address its projected budget deficit.

On February 8, 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which is also the year in which debt service on the Tobacco Bonds commences. The sale of the Tobacco Bonds was undertaken to finance construction costs related to the LAC+USC Medical Center Replacement Facility, as well as insure against the risk of a substantial loss of a portion of the County's allocated tobacco revenues. The use of this fixed percentage of TSRs to secure and repay the Tobacco Bonds is not expected to materially impact the DHS programs that rely on such revenues for funding.

BUDGET TABLES

The 2010-11 Proposed Budget is supported by $3.7 billion in property taxes, $4.7 billion in Federal contributions, $4.4 billion in State contributions, $0.3 billion in cancelled reserves and designations, $1.4 billion in fund balance and approximately $3.2 billion in other funding.

The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2009-10 Final Adopted General County Budget with the 2010-11 Proposed General County Budget.

2010-11 ADOPTED COUNTY BUDGET

On June 7, 2010, the Board of Supervisors adopted the 2010-11 Proposed Budget with additional appropriations recommended by the CEO in the amount of $326 million for the General County Budget and $128 million for Special Districts and Special Funds. The increase in appropriations for the General County Budget are funded by an $118 million increase in the projected carryover fund balance, a $38 million increase in the forecast for locally generated revenues, an increase of $139 in projected revenue offsets from various funding sources, and various ministerial changes of $31 million. The budget tables on the following pages only reflect the 2010-11 Proposed Budget, and do not include any of the changes incorporated in the 2010-11 Adopted County Budget.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2006-07	Final 2007-08	Final 2008-09	Final 2009-10	Proposed 2010-11
General Fund	$ 14,837,253	$ 15,981,000	$ 16,273,308	$ 16,368,794	$ 15,646,468
Hospital Enterprise Fund	1,773,047	1,818,990	1,897,508	2,121,468	2,007,297
Debt Service Fund	9,554	-	-		-
Total General County Budget	$ 16,619,854	$ 17,799,990	$ 18,170,816	$ 18,490,262	$ 17,653,765

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources
(in thousands)

	Final 2006-07	Final 2007-08	Final 2008-09	Final 2009-10	Proposed 2010-11
Requirements					
Social Services	$ 4,749,055	$ 4,991,495	$ 5,166,283	$ 5,503,085	$ 5,513,496
Health	4,930,299	5,307,606	5,322,713	5,338,390	5,167,248
Justice	4,177,707	4,499,905	4,719,253	4,693,943	4,593,928
Other	2,762,793	3,000,984	2,962,567	2,954,844	2,379,093
Total	**$ 16,619,854**	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 17,653,765**
Revenue Sources					
Property Taxes	$ 3,246,500	$ 3,628,517	$ 3,840,369	$ 3,789,308	$ 3,671,029
State Assistance	4,716,625	4,963,934	4,818,285	4,554,097	4,380,406
Federal Assistance	4,091,431	3,963,490	4,104,390	4,730,605	4,665,119
Other	4,565,298	5,244,049	5,407,772	5,416,252	4,937,211
Total	**$ 16,619,854**	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 17,653,765**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2006-07	Final 2007-08	Final 2008-09	Final 2009-10	Proposed 2010-11
Financing Requirements					
Salaries & Employee Benefits	$ 7,701,124	$ 8,437,462	$ 8,792,005	$ 8,974,526	$ 8,913,749
Services & Supplies	5,480,217	5,859,213	6,192,312	6,350,306	5,851,124
Other Charges	3,031,605	3,127,968	3,233,859	3,350,510	3,472,588
Capital Assets	1,269,445	1,510,033	1,436,772	1,257,509	974,805
Other Financing Uses	1,130,994	1,155,780	985,458	726,958	687,589
Residual Equity Transfers Out	379	278	181	295	-
Interbudget Transfers[1]	(1,547,962)	(1,643,528)	(1,579,769)	(1,325,677)	(1,382,019)
Gross Appropriation	$ 17,065,802	$ 18,447,206	$ 19,060,818	$ 19,334,427	$ 18,517,836
Less: Intrafund Transfers	791,309	888,376	912,753	915,868	914,416
Net Appropriation	$ 16,274,493	$ 17,558,830	$ 18,148,065	$ 18,418,559	$ 17,603,420
Reserves					
General Reserve	$ 3,439	$ 3,000	$ 5,400	$ 3,000	$ -
Designations/Other Reserves	341,871	238,160	17,351	68,703	50,345
Estimated Delinquencies	51	-	-	-	-
Total Financing Requirements	**$ 16,619,854**	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 17,653,765**
Available Financing					
Fund Balance	$ 1,073,017	$ 1,706,356	$ 1,808,804	$ 1,713,428	$ 1,374,743
Cancellation of Reserve/Designation	823,328	478,323	345,500	437,653	298,114
Property Taxes: Regular Roll	3,132,117	3,439,292	3,735,359	3,732,264	3,628,684
Supplemental Roll	114,383	189,225	105,010	57,044	42,345
Revenue	11,477,009	11,986,794	12,176,143	12,549,873	12,309,879
Total Available Financing	**$ 16,619,854**	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 17,653,765**

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.4 billion in 2010-11, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to $19.4 billion.

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF FINAL ADOPTED 2009-10 BUDGET TO PROPOSED 2010-11 BUDGET
Net Appropriation: By Function
(In thousands)

Function	2009-10 Final Budget (1)	2010-11 Proposed Budget (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 886,467.0	$ 771,923.0	$ (114,544.0)	-12.92%
General Services	725,775.0	577,621.0	(148,154.0)	-20.41%
Public Buildings	1,139,464.0	825,960.0	(313,504.0)	-27.51%
Total General	$ 2,751,706.0	$ 2,175,504.0	$ (576,202.0)	-20.94%
Public Protection				
Justice	$ 4,409,250.0	$ 4,295,564.0	$ (113,686.0)	-2.58%
Other Public Protection	175,759.0	176,531.0	772.0	0.44%
Total Public Protection	$ 4,585,009.0	$ 4,472,095.0	$ (112,914.0)	-2.46%
Health and Sanitation	5,290,921.0	5,149,117.0	(141,804.0)	-2.68%
Public Assistance	5,457,888.0	5,477,793.0	19,905.0	0.36%
Recreation and Cultural Services	263,341.0	259,217.0	(4,124.0)	-1.57%
Insurance and Loss Reserve	69,694.0	69,694.0	-	0.00%
Reserves/Designations	71,703.0	50,345.0	(21,358.0)	-29.79%
Appropriation for Contingency	-	-	-	0.00%
Total Requirements	**$ 18,490,262.0**	**$ 17,653,765.0**	**$ (836,497.0)**	**-4.52%**
AVAILABLE FUNDS				
Property Taxes	$ 3,789,308.0	$ 3,671,029.0	$ (118,279.0)	-3.12%
Fund Balance	1,713,428.0	1,374,743.0	(338,685.0)	-19.77%
Cancelled Prior-Year Reserves	437,653.0	298,114.0	(139,539.0)	-31.88%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 448,788.0	$ 429,760.0	$ (19,028.0)	-4.24%
Homeowners' Exemption	20,500.0	20,500.0	-	0.00%
Public Assistance Subventions	1,537,677.0	1,590,954.0	53,277.0	3.46%
Other Public Assistance	484,680.0	444,824.0	(39,856.0)	-8.22%
Public Protection	798,476.0	737,989.0	(60,487.0)	-7.58%
Health and Mental Health	768,723.0	744,195.0	(24,528.0)	-3.19%
Capital Projects	24,841.0	12,994.0	(11,847.0)	-47.69%
Other State Revenues	51,709.0	47,434.0	(4,275.0)	-8.27%
Total State Revenues	$ 4,135,394.0	$ 4,028,650.0	$ (106,744.0)	-2.58%
Federal Revenues				
Public Assistance Subventions	$ 2,506,961.0	$ 2,478,216.0	$ (28,745.0)	-1.15%
Other Public Assistance	231,167.0	228,442.0	(2,725.0)	-1.18%
Public Protection	180,419.0	192,168.0	11,749.0	6.51%
Health and Mental Health	816,028.0	844,699.0	28,671.0	3.51%
Capital Projects	20,550.0	16,307.0	(4,243.0)	-20.65%
Other Federal Revenues	28,515.0	37,768.0	9,253.0	32.45%
Total Federal Revenues	$ 3,783,640.0	$ 3,797,600.0	$ 13,960.0	0.37%
Other Governmental Agencies	137,213.0	132,660.0	(4,553.0)	-3.32%
Total Intergovenmental Revenues	$ 8,056,247.0	$ 7,958,910.0	$ (97,337.0)	
Fines, Forfeitures and Penalties	217,611.0	220,520.0	2,909.0	1.34%
Licenses, Permits and Franchises	50,528.0	46,038.0	(4,490.0)	-8.89%
Charges for Services	2,903,195.0	2,864,437.0	(38,758.0)	-1.34%
Other Taxes	166,770.0	167,216.0	446.0	0.27%
Use of Money and Property	113,989.0	119,909.0	5,920.0	5.19%
Miscellaneous Revenues	416,659.0	286,602.0	(130,057.0)	-31.21%
Operating Contribution from General Fund	624,874.0	646,247.0	21,373.0	3.42%
Total Available Funds	**$ 18,490,262.0**	**$ 17,653,765.0**	**$ (836,497.0)**	**-4.52%**

(1) Reflects the Final Adopted 2009-10 General County Budget approved by the Board of Supervisors on September 22, 2009.
(2) Reflects the 2010-11 Proposed General County Budget approved by the Board of Supervisors on April 20, 2010.

COUNTY OF LOS ANGELES
FINAL ADOPTED 2009-10 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 886,467.0	$ -	$ 886,467.0
General Services	725,775.0	-	725,775.0
Public Buildings	1,139,464.0	-	1,139,464.0
Total General	$ 2,751,706.0	$ -	$ 2,751,706.0
Public Protection			
Justice	$ 4,409,250.0	$ -	$ 4,409,250.0
Other Public Protection	175,759.0	-	175,759.0
Total Public Protection	$ 4,585,009.0	$ -	$ 4,585,009.0
Health and Sanitation	$ 3,169,453.0	$ 2,121,468.0	$ 5,290,921.0
Public Assistance	5,457,888.0	-	5,457,888.0
Recreation and Cultural Services	263,341.0	-	263,341.0
Insurance and Loss Reserve	69,694.0	-	69,694.0
Reserves/Designations	71,703.0	-	71,703.0
Appropriation for Contingency	-	-	-
Total Requirements	**$ 16,368,794.0**	**$ 2,121,468.0**	**$ 18,490,262.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,789,308.0	$ -	$ 3,789,308.0
Fund Balance	1,713,428.0	-	1,713,428.0
Cancelled Prior-Year Reserves	398,615.0	39,038.0	437,653.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 448,788.0	$ -	$ 448,788.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,537,677.0	-	1,537,677.0
Other Public Assistance	484,680.0	-	484,680.0
Public Protection	798,476.0	-	798,476.0
Health and Mental Health	728,837.0	39,886.0	768,723.0
Capital Projects	24,841.0	-	24,841.0
Other State Revenues	51,709.0	-	51,709.0
Total State Revenues	4,095,508.0	39,886.0	$ 4,135,394.0
Federal Revenues			
Public Assistance Subventions	$ 2,506,961.0	$ -	$ 2,506,961.0
Other Public Assistance	231,167.0	-	231,167.0
Public Protection	180,419.0	-	180,419.0
Health and Mental Health	813,518.0	2,510.0	816,028.0
Capital Projects	20,550.0	-	20,550.0
Other Federal Revenues	28,515.0	-	28,515.0
Total Federal Revenues	$ 3,781,130.0	$ 2,510.0	$ 3,783,640.0
Other Governmental Agencies	137,213.0	-	137,213.0
Total Intergovenmental Revenues	$ 8,013,851.0	$ 42,396.0	$ 8,056,247.0
Fines, Forfeitures and Penalties	217,611.0	-	217,611.0
Licenses, Permits and Franchises	50,402.0	126.0	50,528.0
Charges for Services	1,730,156.0	1,173,039.0	2,903,195.0
Other Taxes	166,770.0	-	166,770.0
Use of Money and Property	111,652.0	2,337.0	113,989.0
Miscellaneous Revenues	177,001.0	239,658.0	416,659.0
Operating Contribution from General Fund	-	624,874.0	624,874.0
Total Available Funds	**$ 16,368,794.0**	**$ 2,121,468.0**	**$ 18,490,262.0**

(1) Reflects the Final Adopted 2009-10 General County Budget approved by the Board of Supervisors on September 22, 2009.

COUNTY OF LOS ANGELES
PROPOSED 2010-11 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 771,923.0	$ -	$ 771,923.0
General Services	577,621.0	-	577,621.0
Public Buildings	825,960.0	-	825,960.0
Total General	$ 2,175,504.0	$ -	$ 2,175,504.0
Public Protection			
Justice	$ 4,295,564.0	$ -	$ 4,295,564.0
Other Public Protection	176,531.0	-	176,531.0
Total Public Protection	$ 4,472,095.0	$ -	$ 4,472,095.0
Health and Sanitation	$ 3,141,820.0	$ 2,007,297.0	$ 5,149,117.0
Public Assistance	5,477,793.0	-	5,477,793.0
Recreation and Cultural Services	259,217.0	-	259,217.0
Insurance and Loss Reserve	69,694.0	-	69,694.0
Reserves/Designations	50,345.0	-	50,345.0
Appropriation for Contingency	-	-	-
Total Requirements	**$ 15,646,468.0**	**$ 2,007,297.0**	**$ 17,653,765.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,671,029.0	$ -	$ 3,671,029.0
Fund Balance	1,374,743.0	-	1,374,743.0
Cancelled Prior-Year Reserves	298,114.0		298,114.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 429,760.0	$ -	$ 429,760.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,590,954.0	-	1,590,954.0
Other Public Assistance	444,824.0	-	444,824.0
Public Protection	737,989.0	-	737,989.0
Health and Mental Health	704,316.0	39,879.0	744,195.0
Capital Projects	12,994.0	-	12,994.0
Other State Revenues	47,434.0	-	47,434.0
Total State Revenues	3,988,771.0	39,879.0	4,028,650.0
Federal Revenues			
Public Assistance Subventions	$ 2,478,216.0	$ -	$ 2,478,216.0
Other Public Assistance	228,442.0	-	228,442.0
Public Protection	192,168.0	-	192,168.0
Health and Mental Health	842,189.0	2,510.0	844,699.0
Capital Projects	16,307.0	-	16,307.0
Other Federal Revenues	37,768.0	-	37,768.0
Total Federal Revenues	$ 3,795,090.0	$ 2,510.0	$ 3,797,600.0
Other Governmental Agencies	132,660.0	-	132,660.0
Total Intergovenmental Revenues	$ 7,916,521.0	$ 42,389.0	$ 7,958,910.0
Fines, Forfeitures and Penalties	220,520.0	-	220,520.0
Licenses, Permits and Franchises	45,912.0	126.0	46,038.0
Charges for Services	1,743,900.0	1,120,537.0	2,864,437.0
Other Taxes	167,216.0	-	167,216.0
Use of Money and Property	117,559.0	2,350.0	119,909.0
Miscellaneous Revenues	90,954.0	195,648.0	286,602.0
Operating Contribution from General Fund	-	646,247.0	646,247.0
Total Available Funds	**$ 15,646,468.0**	**$ 2,007,297.0**	**$ 17,653,765.0**

(1) Reflects the Final Adopted 2009-10 General County Budget approved by the Board of Supervisors on September 22, 2009.

FINANCIAL SUMMARY

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured”, and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County of Los Angeles levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on July 1. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County, as shown on the Fiscal Year 2009-10 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $35,529,923,593 which constitutes only 3.5% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2009-10
Southern California Edison Co.	$ 51,671,145
Douglas Emmett Residential	40,448,687
Maguire Properties	32,863,176
BP West Coast Products	32,274,318
Chevron USA Inc.	28,934,097
Trizechahn Colony Square GP LLC	23,351,074
Exxon Mobil Corporation	21,918,660
Verizon California Inc.	20,344,710
AT&T California	19,181,383
Conoco Phillips Company	18,355,367
Southern California Gas Company	17,880,387
Long Beach Unit	16,854,600
Archstone Smith/Tishman Speyer	15,925,679
Universal Studios LLC	15,476,736
Valero Energy Corporation	13,045,487
Anheuser Busch Inc.	12,212,569
EQP/ERP	11,954,999
ASN Woodland Hills East LLC	11,751,436
Boeing North American Inc.	10,903,535
Tesoro Refining and Marketing Co.	10,846,317
	$ 426,194,363

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the assessed cash values, property tax levies and collections since 2005-06.

COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2005-06 THROUGH 2009-10

Fiscal Year	Full Cash Value (1)	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections (2)		Current Collection As a Percent of Levies %
2005-06	783,342,364,874	1,901,915,833	1,852,878,570		97.42%
2006-07	872,103,795,877	2,139,425,148	2,059,971,381		96.29%
2007-08	953,468,123,997	2,348,085,882	2,232,305,540		95.07%
2008-09	1,020,346,376,948	2,503,699,652	2,388,838,218		95.41%
2009-10	1,013,549,301,342	2,452,054,347	2,353,972,173	(3)	96.00%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.
(3) Preliminary estimate. Subject to change.

Source: Los Angeles County Auditor-Controller, Tax Division

REDEVELOPMENT AGENCIES

The California Community Redevelopment Law authorizes the redevelopment agency of any city or county to issue bonds payable from their allocation of tax revenues resulting from increases in full cash values of properties within designated project areas. This allocation reduces the tax revenues the County and all other taxing agencies would otherwise receive.

The rate of growth in full cash values of these project areas, on an aggregate basis, is greater than the rate of growth in the balance of the County. Since these project areas are primarily in commercial and industrial areas, they have provided a significant impetus to the development and revitalization of the County's economic base. In addition, under State law, redevelopment projects must contribute a portion of the property tax funds they receive to increase the availability of housing for families with low and moderate income.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for the Fiscal Years 2004-05 through 2008-09.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE INCREMENTS AND TAX ALLOCATIONS
FISCAL YEARS 2005-06 THROUGH 2009-10

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2005-06	94,983,553,733	909,975,540
2006-07	111,226,063,567	1,039,226,436
2007-08	127,113,321,984	1,167,170,104
2008-09	142,705,432,962	1,279,129,462
2009-10	140,955,357,917	1,011,006,891

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by community redevelopment agencies.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid year changes and Supplemental Roll.

Source: Los Angeles County Auditor-Controller, Tax Division.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenues have followed an uneven pattern, primarily as a result of secured property tax installment payment dates in December and April and delays in payments from other governmental agencies.

As a result, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund's management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and instead managed its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of "intrafund borrowing" for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies.

All intrafund borrowings used for General Fund purposes have been repaid by the County in a timely manner. Furthermore, all notes issued in connection with the County's cash management program, with the exception of the 2009-10 TRANs in the aggregate principal amount of $1.3 billion, for which sufficient funds have already been set aside for repayment on June 30, 2010, were repaid on their respective maturity dates.

2009-10 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 12, 2009, the $1.3 billion 2009-10 TRANs are general obligations of the County attributable to the 2009-10 fiscal year and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the County Treasurer and Tax Collector, the County has pledged to deposit sufficient revenues during the 2009-10 fiscal year into a Repayment Fund for the purpose of repaying the 2009-10 TRANs at maturity. Such deposits have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2009-10 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date		**Deposit Amount**
December, 2009	$	403,000,000
January, 2010		351,000,000
February, 2010		130,000,000
March, 2010		104,000,000
April, 2010		344,409,722
Total	$	1,332,409,722

* Reflects a 2.5% interest rate and $1.3 billion in 2009-10 Notes.

The County has always fully complied with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2004-05.

.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2004-05	2005-06	2006-07	2007-08	2008-09	Estimated 2009-10
Property Taxes	$ 2,599,369	$ 2,933,232	$ 3,426,681	$ 3,568,098	$ 3,867,816	$ 3,795,226
Other Taxes	181,614	204,889	208,530	176,349	144,945	118,055
Licenses, Permits and Franchises	56,801	56,194	55,523	53,545	52,957	50,106
Fines, Forfeitures and Penalties	214,316	227,104	215,122	239,456	261,477	258,049
Investment and Rental Income	81,391	180,511	273,149	295,191	204,889	139,032
State In-Lieu Taxes	507,114	465,913	471,401	459,242	422,053	427,882
State Homeowner Exemptions	21,558	21,528	21,468	21,765	21,827	21,674
Charges for Current Services	1,243,492	1,314,525	1,474,540	1,516,390	1,671,756	1,602,103
Miscellaneous Revenue, incl. Tobacco Settlement	245,851	251,722	257,391	302,248	262,766	204,247.9
TOTAL UNRESTRICTED RECEIPTS	$ 5,151,506	$ 5,655,618	$ 6,403,805	$ 6,632,284	$ 6,910,486	$ 6,412,127

Detail may not add due to rounding.
Source: Los Angeles County Auditor-Controller.

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. Should the County find it necessary to resort to interfund borrowing, then such borrowing may not occur after the last Monday in April of each year and must be repaid before any other obligation of the County.

The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund. The one exception in this fund group is the ACO - Equipment Fund, which was established for the purpose of financing hospital equipment purchases at the LAC+USC Medical Center Replacement Facility. It is expected that this fund will be depleted in Fiscal Year 2009-2010 as the LAC+USC Medical Center becomes fully operational.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate greatly during the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of State receipts and receipt of welfare advances on the last day of the month. The tables on the following four pages indicate the average daily balances in each of the funds available for intrafund borrowing.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al*.

The tables on pages A-26 through A-29 provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Years 2008-09 and 2009-10.

General Fund Cash Flow Statements

The final 2008-09 General Fund Cash Flow Statement and the projected General Fund Cash Flow Statement for 2009-10, with actual amounts through April 2010, are provided on pages A-32 through A-35. In Fiscal Year 2008-09, the County had an ending General Fund cash balance of $1.1 billion. For Fiscal Year 2009-10, the County is projecting an ending cash balance in the General Fund of $223.3 million.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2008-09: 12 MONTHS ACTUAL
2009-10: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: 2008-09
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 126,564	$ 94,888	$ 76,340	$ 374,075	$ 967,048	$ 1,363,830
Auditor Unapportioned Property Tax	337,661	107,989	193,737	299,503	799,532	1,395,624
Unsecured Property Tax	175,693	179,464	145,318	178,610	150,532	102,906
Miscellaneous Fees & Taxes	7,859	17,150	36,317	24,785	10,373	9,187
State Redemption Fund	48,949	89,869	97,167	135,011	110,367	65,466
Education Revenue Augmentation	13,621	9,079	17,982	0	12,927	330,022
State Reimbursement Fund	0	0	0	0	2,378	9,537
Sales Tax Replacement Fund	3,826	17,479	25,677	28,795	29,172	35,207
Vehicle License Fee Replacement Fund	18,238	83,325	122,403	137,267	139,334	172,441
Property Tax Rebate Fund	(2,447)	(15,199)	(17,171)	(29,115)	(33,056)	(17,707)
Subtotal	$ 729,964	$ 584,044	$ 697,770	$ 1,148,931	$ 2,188,607	$ 3,466,513
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 420,229	$ 425,710	$ 407,662	$ 377,960	$ 391,306	$ 393,812
Payroll Revolving Fund	128,502	117,207	119,631	116,578	102,839	113,427
Asset Development Fund	32,224	31,002	30,886	30,977	33,018	35,482
Productivity Investment Fund	9,856	11,529	11,501	11,510	11,363	10,962
Motor Vehicle Capital Outlays	2,842	2,889	2,921	2,717	2,434	2,415
Civic Center Parking	166	100	185	254	88	126
Reporters Salary Fund	1,001	1,020	734	829	645	800
Cable TV Franchise Fund	7,438	7,070	7,679	7,736	7,738	7,678
Megaflex Long-Term Disability	17,992	18,053	18,143	18,212	18,289	18,365
Megaflex Long-Term Disability & Health	3,204	3,263	3,335	3,405	3,504	3,577
Megaflex Short-Term Disability	12,639	13,024	13,341	13,590	13,914	14,274
Subtotal	$ 636,093	$ 630,867	$ 616,018	$ 583,768	$ 585,138	$ 600,918
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 3,440	$ 2,163	$ 4,838	$ (1,111)	$ (2,747)	$ 660
Olive View-UCLA Medical Center	(95)	978	(504)	1,211	831	(1,223)
LAC+USC Medical Center	(1,087)	13,972	(2,638)	(443)	5,180	(3,865)
MLK Ambulatory Care Center	333	(449)	2,958	171	468	(3,611)
Rancho Los Amigos Rehab Center	201	555	401	203	440	(77)
LAC+USC Medical Center Equipment	81,018	75,186	68,163	56,436	50,425	44,464
Subtotal	$ 83,810	$ 92,405	$ 73,218	$ 56,467	$ 54,597	$ 36,348
GRAND TOTAL	**$ 1,449,867**	**$ 1,307,316**	**$ 1,387,006**	**$ 1,789,166**	**$ 2,828,342**	**$ 4,103,779**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	
						PROPERTY TAX GROUP
$ 852,978	$ 448,333	$ 544,258	$ 1,190,274	$ 577,817	$ 186,923	**Tax Collector Trust Fund**
564,782	493,314	392,192	1,407,112	519,568	322,280	**Auditor Unapportioned Property Tax**
93,154	82,561	81,985	75,401	87,963	110,367	**Unsecured Property Tax**
8,544	7,563	7,298	7,071	7,288	7,480	**Miscellaneous Fees & Taxes**
56,341	44,069	40,306	35,585	33,971	37,395	**State Redemption Fund**
851	15,494	568	68,442	44,409	549	**Education Revenue Augmentation**
21,215	1,419	1,419	2,528	23,589	9,819	**State Reimbursement Fund**
106,918	24,829	32,067	60,627	78,358	118	**Sales Tax Replacement Fund**
565,848	115,507	155,217	311,895	413,175	650	**Vehicle License Fee Replacement Fund**
(20,750)	(22,034)	(21,027)	(24,895)	(18,779)	(9,680)	**Property Tax Rebate Fund**
$ 2,249,881	$ 1,211,055	$ 1,234,283	$ 3,134,040	$ 1,767,359	$ 665,901	**Subtotal**
						VARIOUS TRUST GROUP
$ 416,005	$ 409,920	$ 407,761	$ 402,498	$ 508,002	$ 533,356	**Departmental Trust Fund**
119,751	137,664	143,560	119,254	113,912	134,994	**Payroll Revolving Fund**
35,638	35,657	35,679	35,900	36,063	36,172	**Asset Development Fund**
10,738	10,586	10,383	10,238	9,738	9,071	**Productivity Investment Fund**
2,409	2,442	2,424	2,431	2,450	2,439	**Motor Vehicle Capital Outlays**
132	69	166	190	182	185	**Civic Center Parking**
735	895	1,017	1,019	852	895	**Reporters Salary Fund**
8,138	8,107	8,270	7,886	7,874	7,967	**Cable TV Franchise Fund**
18,491	18,615	18,699	18,711	18,764	18,867	**Megaflex Long-Term Disability**
3,628	3,701	3,743	3,770	3,839	3,896	**Megaflex Long-Term Disability & Health**
14,725	15,185	15,668	16,113	16,604	17,092	**Megaflex Short-Term Disability**
$ 630,390	$ 642,841	$ 647,370	$ 618,010	$ 718,280	$ 764,934	**Subtotal**
						HOSPITAL GROUP
$ 1,164	$ (165)	$ 1,649	$ 841	$ (1,368)	$ (930)	**Harbor-UCLA Medical Center**
224	315	(2,314)	340	1,129	282	**Olive View- UCLA Medical Center**
432	888	(468)	(953)	962	(727)	**LAC + USC Medical Center**
650	(1,027)	(659)	(211)	(4,115)	(355)	**MLK Ambulatory Care Center**
489	(1,828)	(459)	60	292	(2,218)	**Rancho Los Amigos Rehab Center**
36,831	31,915	28,264	11,878	10,979	10,021	**LAC+USC Medical Center Equipment**
$ 39,790	$ 30,098	$ 26,013	$ 11,955	$ 7,879	$ 6,073	**Subtotal**
$ 2,920,061	**$ 1,883,994**	**$ 1,907,666**	**$ 3,764,005**	**$ 2,493,518**	**$ 1,436,908**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: 2009-10
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 169,018	$ 58,452	$ 49,172	$ 172,421	$ 1,053,812	$ 2,464,823
Auditor Unapportioned Property Tax	295,548	215,969	223,660	306,785	562,345	388,075
Unsecured Property Tax	163,501	83,567	130,418	149,140	122,321	84,617
Miscellaneous Fees & Taxes	7,289	15,703	36,892	31,599	12,918	10,440
State Redemption Fund	60,243	121,910	124,767	121,343	106,071	68,323
Education Revenue Augmentation	4,278	21,108	0	0	1,389	136,373
State Reimbursement Fund	0	0	0	0	486	9,284
Sales Tax Replacement Fund	3,862	13,796	25,841	25,841	26,215	64,488
Vehicle License Fee Replacement Fund	21,187	75,687	141,762	141,762	143,818	353,780
Property Tax Rebate Fund	(6,480)	(23,339)	(25,804)	(43,520)	(55,694)	(26,774)
Utility User Tax Trust Fund	12,357	17,062	21,399	27,000	30,809	30,174
Subtotal	$ 730,803	$ 599,915	$ 728,107	$ 932,371	$ 2,004,490	$ 3,583,603
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 455,977	451,248.0	$ 412,273	$ 427,360	$ 407,649	$ 402,324
Payroll Revolving Fund	129,608	122,987.0	125,919	122,635	142,889	121,972
Asset Development Fund	36,271	35,642.0	35,707	35,736	35,759	35,793
Productivity Investment Fund	8,465	8,440.0	8,454	8,465	8,493	8,184
Motor Vehicle Capital Outlays	2,431	2,390.0	2,432	2,432	2,432	2,400
Civic Center Parking	(11)	68.0	137	89	133	128
Reporters Salary Fund	998	1,021.0	808	616	588	1,005
Cable TV Franchise Fund	7,529	7,497.0	7,989	8,154	8,058	8,386
Megaflex Long-Term Disability	18,951	19,029.0	19,113	19,171	19,247	19,226
Megaflex Long-Term Disability & Health	3,972	4,048.0	4,117	4,196	4,267	4,338
Megaflex Short-Term Disability	17,587	17,990.0	18,347	18,693	19,011	19,275
Subtotal	$ 681,778	$ 670,360	$ 635,296	$ 647,547	$ 648,526	$ 623,031
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 1,063	$ 1,261	$ 2,352	$ (520)	$ 658	$ 7
Olive View-UCLA Medical Center	1,163	3,887	3,822	1,125	1,754	(984)
LAC+USC Medical Center	(2,893)	4,128	(265)	1,736	1,619	(3,259)
MLK Ambulatory Care Center	(1,164)	(2,512)	1,459	1,271	640	(743)
Rancho Los Amigos Rehab Center	77	(1,758)	317	806	96	(761)
LAC+USC Medical Center Equipment	9,607	9,544	9,276	8,740	8,351	7,899
Subtotal	$ 7,853	$ 14,550	$ 16,961	$ 13,158	$ 13,118	$ 2,159
GRAND TOTAL	**$ 1,420,434**	**$ 1,284,825**	**$ 1,380,364**	**$ 1,593,076**	**$ 2,666,134**	**$ 4,208,793**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

	January 2010	February 2010	March 2010	April 2010	Estimated May 2010	Estimated June 2010
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 1,026,720	$ 437,671	$ 542,437	$ 1,462,059	$ 515,230	$ 188,838
Auditor Unapportioned Property Tax	495,306	506,070	383,552	1,425,206	463,290	325,582
Unsecured Property Tax	83,077	75,643	69,114	64,480	78,435	111,498
Miscellaneous Fees & Taxes	9,462	8,287	8,001	8,399	6,499	7,557
State Redemption Fund	57,105	32,675	27,555	26,233	30,291	37,778
Education Revenue Augmentation	42,029	13,688	1,903	44,020	39,599	555
State Reimbursement Fund	21,660	1,421	1,421	2,555	21,034	9,920
Sales Tax Replacement Fund	112,009	58,277	64,314	88,588	69,871	119
Vehicle License Fee Replacement Fund	528,946	127,347	172,470	353,898	368,421	657
Property Tax Rebate Fund	(17,936)	(17,236)	(26,074)	(28,958)	(16,745)	(9,779)
Utility User Tax Trust Fund	28,817	32,686	38,437	41,611	24,075	27,277
Subtotal	$ 2,387,195	$ 1,276,529	$ 1,283,130	$ 3,488,091	$ 1,600,000	$ 700,002
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 419,247	$ 422,358	$ 464,173	$ 432,298	$ 424,349	$ 453,217
Payroll Revolving Fund	119,770	140,893	122,717	121,251	25,000	25,000
Asset Development Fund	35,819	36,704	37,899	38,359	30,124	30,737
Productivity Investment Fund	7,904	7,464	7,416	7,625	8,134	7,708
Motor Vehicle Capital Outlays	2,381	2,366	2,366	2,319	2,047	2,073
Civic Center Parking	187	166	233	179	152	157
Reporters Salary Fund	877	756	730	890	712	761
Cable TV Franchise Fund	8,653	8,644	8,816	8,819	6,577	6,770
Megaflex Long-Term Disability						
Megaflex Long-Term Disability & Health						
Megaflex Short-Term Disability	43,259	43,824	44,268	44,706	32,751	33,867
Subtotal	$ 638,097	$ 663,175	$ 688,618	$ 656,446	$ 529,846	$ 560,290
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 1,247	$ 413	$ (2,283)	$ (2,295)	$ 1,000	$ 1,000
Olive View-UCLA Medical Center	1,037	(513)	1,699	(2,545)	1,000	1,000
LAC + USC Medical Center	(199)	4,226	583	(5,845)	1,000	1,000
MLK Ambulatory Care Center	343	(517)	(236)	(883)	1,000	1,000
Rancho Los Amigos Rehab Center	(1,173)	460	263	(1,377)	1,000	1,000
LAC+USC Medical Center Equipment	7,504	7,212	7,047	6,769	5,000	5,000
Subtotal	$ 8,759	$ 11,281	$ 7,073	$ (6,176)	$ 10,000	$ 10,000
GRAND TOTAL	**$ 3,034,051**	**$ 1,950,985**	**$ 1,978,821**	**$ 4,138,361**	**$ 2,139,846**	**$ 1,270,292**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2008-09: 12 MONTHS ACTUAL
2009-10: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2008-09
(in thousands of $)

	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
BEGINNING BALANCE	$ 1,492,772	$ 993,620	$ 499,949	$ 378,335	$ (128,888)	$ (372,232)
RECEIPTS						
Property Taxes	$ 90,367	$ 135,010	$ 275	$ -	$ 80,919	$ 982,916
Other Taxes	17,662	1,639	16,739	21,056	3,959	17,960
Licenses, Permits & Franchises	2,792	7,185	2,034	4,916	887	1,311
Fines, Forfeitures & Penalties	39,206	23,819	13,363	14,480	26,157	12,332
Investment and Rental Income	31,156	33,095	13,005	12,147	20,360	9,589
Motor Vehicle (VLF) Realignment	0	43,828	42,621	36,065	37,448	38,697
Sales Tax Extension - Proposition 172	58,880	50,124	48,681	47,168	55,951	46,470
Sales Tax Allocation-Prog. Realignment	81,041	43,799	64,951	55,085	66,755	56,721
Other Intergovernmental Revenue	198,962	25,401	258,840	141,408	225,615	149,806
Charges for Current Services	159,853	110,418	58,249	92,404	115,209	184,708
Misc. Revenue & Tobacco Settlement	(1,932)	44,569	4,281	16,207	5,905	11,592
Transfers & Reimbursements	11,510	0	1,435	5,305	13,546	22,102
Hospital Loan Repayment	0	0	451	58,844	75,345	119,426
Welfare Advances	122,208	167,370	520,424	347,646	228,054	272,471
Other Receipts	177,098	8,529	4,549	7,066	4,515	42,327
Intrafund Transfers	0	0	0	0	0	0
TRANs Sold	500,000	0	0	0	0	0
Total Receipts	$ 1,488,803	$ 694,786	$ 1,049,898	$ 859,797	$ 960,625	$ 1,968,428
DISBURSEMENTS						
Welfare Warrants	$ 182,490	$ 192,922	$ 185,187	$ 295,613	$ 194,202	$ 229,519
Salaries	364,817	383,061	375,792	376,344	378,289	388,000
Employee Benefits	781,067	174,838	177,661	174,904	174,000	127,466
Vendor Payments	426,372	333,922	302,389	335,170	265,419	393,017
Loans to Hospital	0	0	2,078	14,640	13,571	88,182
Hospital Subsidy Payments	211,031	39,041	123,448	101,699	156,629	180,272
Transfer Payments	22,178	64,673	4,957	68,650	21,859	5,441
TRANs Pledge Transfer	0	0	0	0	0	155,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,987,955	$ 1,188,457	$ 1,171,512	$ 1,367,020	$ 1,203,969	$ 1,566,897
ENDING BALANCE	**$ 993,620**	**$ 499,949**	**$ 378,335**	**$ (128,888)**	**$ (372,232)**	**$ 29,299**
Borrowable Resources (Avg. Balance)	$ 1,449,867	$ 1,307,316	$ 1,387,006	$ 1,789,166	$ 2,828,342	$ 4,103,779
Total Cash Available	$ 2,443,487	$ 1,807,265	$ 1,765,341	$ 1,660,278	$ 2,456,110	$ 4,133,078

	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	Total 2008 -09
	$ 29,299	$ 557,595	$ 374,935	$ 177,162	$ 663,772	$ 1,243,173	
	$ 831,109	$ 165,373	$ 8,546	$ 769,369	$ 796,345	$ 7,587	$ 3,867,816
	6,290	5,310	29,759	11,185	5,927	7,459	144,945
	1,357	3,989	13,250	9,816	2,002	3,418	52,957
	12,550	31,298	13,307	22,098	39,004	13,863	261,477
	13,916	15,744	9,058	10,325	11,788	24,706	204,889
	37,492	33,659	34,934	36,847	35,313	45,149	422,053
	40,437	58,181	39,653	34,801	50,006	38,386	568,738
	49,359	73,795	47,314	42,801	62,323	48,939	692,883
	120,299	92,317	80,603	117,316	294,779	100,157	1,805,503
	79,637	112,746	286,861	127,489	202,409	141,773	1,671,756
	5,498	17,506	23,311	117,434	8,298	10,097	262,766
	32,556	13,825	7,481	8,907	6,520	23,503	146,690
	133,698	41,605	2,366	255,251	57,993	211,039	956,018
	449,023	203,640	408,080	374,408	286,115	368,445	3,747,884
	8,966	72,652	26,181	6,731	47,648	54,913	454,388
	0	0	0	0	0	0	0
	0	0	0	0	0	0	500,000
	$ 1,822,187	$ 941,640	$ 1,030,704	$ 1,944,778	$ 1,906,470	$ 1,099,434	$ 15,760,763
	$ 205,570	$ 185,507	$ 221,779	$ 209,752	$ 215,415	$ 214,053	$ 2,532,009
	382,296	391,944	381,880	389,017	384,533	385,241	4,581,214
	124,781	111,698	86,956	112,804	91,849	116,099	2,254,123
	265,802	251,835	335,767	277,690	265,536	325,169	3,778,088
	95,824	123,121	143,595	229,201	300,912	195,154	1,206,278
	9,569	7,180	13,381	14,134	0	0	856,384
	75,049	3,015	5,119	90,612	68,824	5,364	435,741
	135,000	50,000	40,000	134,958	0	0	514,958
	0	0	0	0	0	0	0
	$ 1,293,891	$ 1,124,300	$ 1,228,477	$ 1,458,168	$ 1,327,069	$ 1,241,080	$ 16,158,795
	$ 557,595	**$ 374,935**	**$ 177,162**	**$ 663,772**	**$ 1,243,173**	**$ 1,101,528**	
	$ 2,920,061.0	$ 1,883,994.0	$ 1,907,666.0	$ 3,764,005.0	$ 2,493,518.0	$ 1,436,908.0	
	$ 3,477,656.4	$ 2,258,929.4	$ 2,084,828.4	$ 4,427,777.4	$ 3,736,691.4	$ 2,538,435.5	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2009-10
(in thousands of $)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009
BEGINNING BALANCE	$ 1,101,528	$ 1,594,709	$ 1,086,473	$ 841,447	$ 674,135	$ 274,996
RECEIPTS						
Property Taxes	$ 79,583	$ 115,075	$ 376	$ 88	$ 69,294	$ 983,240
Other Taxes	5,528	9,741	7,515	7,220	7,349	21,717
Licenses, Permits & Franchises	1,415	5,760	4,800	1,249	1,650	3,022
Fines, Forfeitures & Penalties	34,446	26,342	13,649	13,789	27,311	12,669
Investment and Rental Income	23,307	10,478	9,500	6,896	13,929	7,794
Motor Vehicle (VLF) Realignment	26,443	31,890	55,330	39,908	29,418	34,368
Sales Tax Extension - Proposition 172	48,615	39,526	40,606	40,231	46,423	39,167
Sales Tax Allocation-Prog. Realignment	61,180	54,393	50,283	48,622	53,665	48,421
Other Intergovernmental Revenue	76,858	61,299	107,953	220,784	86,132	237,876
Charges for Current Services	139,195	129,588	86,544	109,392	154,809	171,547
Misc. Revenue & Tobacco Settlement	14,875	7,254	6,702	5,547	9,417	(1,694)
Transfers & Reimbursements	9,314	0	1,444	2,721	18,471	18,456
Hospital Loan Repayment	50,000	0	32,581	115,487	2,833	14,089
Welfare Advances	291,585	110,732	505,340	531,173	240,648	310,289
Other Receipts	93,439	10,520	4,654	6,869	25,489	13,776
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,300,000	0	0	0	0	0
Total Receipts	$ 2,255,783	$ 612,598	$ 927,277	$ 1,149,976	$ 786,838	$ 1,914,737
DISBURSEMENTS						
Welfare Warrants	$ 192,946	$ 228,934	$ 187,924	$ 223,912	$ 213,085	$ 207,709
Salaries	386,266	399,116	391,220	383,276	387,277	398,351
Employee Benefits	536,699	40,525	187,567	157,104	186,305	159,346
Vendor Payments	439,626	269,209	287,226	309,043	278,426	311,502
Loans to Hospitals	0	0	0	6,244	52,013	161,932
Hospital Subsidy Payments	150,835	160,129	113,520	164,715	51,970	1,597
Transfer Payments	56,230	22,921	4,846	72,994	16,901	14,824
TRANs Pledge Transfer	0	0	0	0	0	403,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,762,602	$ 1,120,834	$ 1,172,303	$ 1,317,288	$ 1,185,977	$ 1,658,261
ENDING BALANCE	**$ 1,594,709**	**$ 1,086,473**	**$ 841,447**	**$ 674,135**	**$ 274,996**	**$ 531,472**
Borrowable Resources(Avg. Balance)	$ 1,420,434	$ 1,284,825	$ 1,380,364	$ 1,593,076	$ 2,666,134	$ 4,208,793
Total Cash Available	$ 3,015,143	$ 2,371,298	$ 2,221,811	$ 2,267,211	$ 2,941,130	$ 4,740,265

January 2010	February 2010	March 2010	April 2010	Estimated May 2010	Estimated June 2010	Estimated Total 2009 -010
$ 531,471	$ 594,512	$ 214,654	$ (169,894)	$ (90,175)	$ 230,934	
$ 821,688	$ 151,670	$ 14,357	$ 596,935	$ 951,427	$ 11,493	$ 3,795,226
8,214	6,660	4,849	21,873	8,868	8,522	118,055
996	6,397	6,238	10,550	2,421	5,608	50,106
12,998	31,946	18,801	16,062	35,060	14,976	258,049
8,987	10,646	11,339	9,133	9,910	17,113	139,032
31,753	32,315	32,819	39,623	34,236	39,779	427,882
43,794	56,702	43,461	36,492	50,233	43,236	528,486
52,206	71,131	53,896	42,131	61,461	45,121	642,510
87,841	120,782	235,004	201,725	71,693	104,600	1,612,548
128,601	83,146	128,120	252,146	96,672	122,344	1,602,103
12,241	4,970	12,618	98,954	15,225	18,139	204,248
30,093	6,975	8,715	7,165	11,035	19,725	134,114
210,418	36,206	94,066	162,917	0	243,280	961,877
333,295	271,854	265,552	380,231	271,943	382,196	3,894,837
10,565	7,953	35,211	132,192	28,386	39,204	408,258
0	0	0	0	0	0	0
0	0	0	0	0	0	1,300,000
$ 1,793,690	$ 899,353	$ 965,046	$ 2,008,129	$ 1,648,569	$ 1,115,334	$ 16,077,329
$ 202,222	$ 207,802	$ 216,497	$ 211,275	$ 235,350	$ 225,634	$ 2,553,290
394,664	396,469	384,059	479,755	390,187	393,894	4,784,535
205,398	180,709	168,358	185,333	172,193	174,884	2,354,421
265,845	252,150	312,674	226,835	219,484	308,800	3,480,820
231,167	107,822	158,274	406,864	237,454	0	1,361,770
0	0	0	0	0	0	642,766
80,353	4,259	5,732	73,938	72,791	19,733	445,522
351,000	130,000	104,000	344,410	0	0	1,332,410
0	0	0	0	0	0	0
$ 1,730,649	$ 1,279,211	$ 1,349,594	$ 1,928,410	$ 1,327,460	$ 1,122,945	$ 16,955,533
$ 594,512	**$ 214,654**	**$ (169,894)**	**$ (90,175)**	**$ 230,934**	**$ 223,323**	
$ 3,034,051	$ 1,950,985	$ 1,978,821	$ 4,138,361	$ 2,139,846	$ 1,270,289	
$ 3,628,563	$ 2,165,639	$ 1,808,927	$ 4,048,186	$ 2,370,780	$ 1,493,612	

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of April 30, 2010, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$10.375
Schools and Community Colleges	13.839
Independent Public Agencies	2.162
Total	$26.376

Of these entities, the involuntary participants accounted for approximately 91.80% and all discretionary participants accounted for 8.20% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 30, 2010, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated May 28, 2010, the April 30, 2010 book value of the Treasury Pool was approximately $26.376 billion and the corresponding market value was approximately $26.487 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. The County Auditor-Controller's Office performs similar cash and investment reconciliation on a quarterly basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County's outside independent auditor annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of April 30, 2010:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	46.33
Certificates of Deposit	14.74
Commercial Paper	35.36
Bankers Acceptances	0.00
Municipal Obligations	0.06
Corporate Notes & Deposit Notes	3.51
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00

The Treasury Pool is highly liquid. As of April 30, 2010 approximately 51.81% of the investments mature within 60 days, with an average of 520.93 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well established practice of market research and due diligence. The Treasury Pool has not experienced a single investment loss since the onset of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County Investment Officer has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages. The Treasury Pool was also unaffected by the September 2008 bankruptcy of Lehman Brothers and does not have any outstanding exposure to Lehman Brothers investments.

FINANCIAL STATEMENTS-GAAP BASIS

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments and they have been audited by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2009, and the unqualified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County's budget is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements. The final adopted 2009-10 County Budget included an available (unreserved and undesignated) General Fund balance of $1,713,428,000 as of June 30, 2009.

The amounts presented for the General Fund in accordance with GAAP 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:

- 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 the preceding 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.

- 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 GAAP basis, revenues are not recognized until the qualifying expenditures are incurred.

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after the preceding year-end. Under the GAAP 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 GAAP basis, the effects of such fair value changes are recognized as a component of investment income.

- In conjunction with the issuance of Tobacco Settlement Asset-Backed Bonds, the County sold a portion of its future rights to tobacco settlement revenues. Under the budgetary basis, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as a sale of future revenues and are being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is discussed in further detail in Note 10 to the 2008-09 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- In conjunction with the sale of pension obligation bonds in 1994-1995, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-1995 revenues. Under the GAAP basis, the proceeds were recorded as deferred revenue and are being amortized over the life of the bonds.

- In conjunction with the implementation of GASB 45, the County determined that certain assets were held by LACERA (the OPEB Agency) 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, 2009.

The following table provides a reconciliation of the General Fund's June 30, 2009 fund balance (unreserved and undesignated) on a budgetary and GAAP basis.

The tables on the following pages summarize the audited balance sheet for the General Fund since 2004-05 and provide a history of revenue and expenditure statement for the General Fund over the same period.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2009 (in thousands of $)

Actual Available (Unreserved and Undesignated) Fund Balance - Budgetary Basis	$	1,713,428
Adjustments:		
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP		154,664
Recognition of Assets held by LACERA for future OPEB benefits		131,493
Accrual of liabilities for accrued vacation and sick leave not required by GAAP		46,797
Change in revenue accruals related to encumbrances		(24,645)
Deferral of property tax receivables		(103,552)
Deferral of unearned investment income		(1,143)
Deferral of sale of tobacco settlement revenue		(266,794)
Change in fair value of Investments		5,140
Available (Unreserved and Undesignated) Fund Balance - GAAP Basis	$	1,655,388

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2005, 2006, 2007, 2008 and 2009.
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009
ASSETS					
Pooled Cash and Investments	$ 2,134,177	$ 2,506,016	$ 2,668,854	$ 2,343,525	$ 1,841,579
Other Investments	6,594	6,502	6,400	6,236	6,099
Taxes Receivable	187,441	208,279	248,095	340,784	301,269
Other Receivables	1,102,712	1,285,684	1,357,683	1,804,965	1,907,656
Due from Other Funds	556,210	219,448	370,124	357,416	326,379
Advances to Other Funds	445,337	541,699	400,280	571,872	825,017
Inventories	39,713	42,562	42,561	43,906	46,486
Total Assets	$ 4,472,184	$ 4,810,190	$ 5,093,997	$ 5,468,704	$ 5,254,485
LIABILITIES					
Accounts Payable	$ 241,753	$ 272,245	$ 300,087	$ 252,794	$ 247,337
Accrued Payroll	328,578	350,421	392,779	472,007	504,374
Other Payables	62,092	67,912	86,055	151,700	121,665
Due to Other Funds	1,001,456	800,615	602,358	561,540	495,105
Deferred Revenue	259,897	275,198	338,714	380,322	343,386
Advances Payable	235,029	286,860	278,023	263,500	361,964
Third-Party Payor liability	16,650	18,661	15,537	12,401	13,836
Total Liabilities	$ 2,145,455	$ 2,071,912	$ 2,013,553	$ 2,094,264	$ 2,087,667
EQUITY					
Fund Balance (Deficit)					
Reserved	$ 400,627	$ 422,055	$ 478,280	$ 597,466	$ 539,851
Unreserved					971,579
Designated	1,017,026	1,522,411	1,235,325	1,152,639	971,579
Undesignated	909,076	793,812	1,366,839	1,624,335	1,655,388
Total Unreserved	1,926,102	2,316,223	2,602,164	2,776,974	2,626,967
Total Equity	2,326,729	2,738,278	3,080,444	3,374,440	3,166,818
Total Liabilities and Equity	$ 4,472,184	$ 4,810,190	$ 5,093,997	$ 5,468,704	$ 5,254,485

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2005, 2006, 2007, 2008 and 2009.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2004-05 THROUGH 2008-09 (in thousands of $)

	2004-05	2005-06	2006-07	2007-08	2008-09
REVENUES:					
Taxes	$ 2,816,095	$ 3,217,726	$ 3,572,932	$ 3,796,296	$ 3,970,566
Licenses, Permits & Franchises	58,422	61,080	61,138	58,799	54,877
Fines, Forfeitures and Penalties	220,622	232,762	234,747	251,933	264,375
Use of Money and Property	103,863	226,005	294,511	280,803	183,772
Aid from Other Government	6,818,550	7,025,205	7,050,121	7,261,668	7,211,150
Charges for Services	1,272,536	1,357,380	1,467,608	1,695,004	1,654,173
Miscellaneous Revenues	207,201	211,059	189,636	282,818	198,837
TOTAL	$ 11,497,289	$ 12,331,217	$ 12,870,693	$ 13,627,321	$ 13,537,750
EXPENDITURES					
General	$ 634,113	$ 751,214	$ 854,052	$ 919,534	$ 946,008
Public Protection	3,239,152	3,473,835	3,855,819	4,222,644	4,420,786
Health and Sanitation	1,844,546	2,004,361	2,126,233	2,345,484	2,480,693
Public Assistance	4,257,038	4,333,920	4,410,224	4,619,225	4,796,019
Recreation and Cultural Services	172,338	197,749	217,221	231,584	242,999
Debt Service	256,826	285,640	294,301	308,207	247,248
Capital Outlay	7,329	22,533	818	97,270	772
Total	$ 10,411,342	$ 11,069,252	$ 11,758,668	$ 12,743,948	$ 13,134,525
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,085,947	$ 1,261,965	$ 1,112,025	$ 883,373	$ 403,225
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	$ (657,058)	$ (874,946)	$ (771,788)	$ (780,902)	$ (612,505)
Sales of Capital Assets	2,784	1,997	1,111	1,036	886
Capital Leases	7,329	22,533	818	97,270	772
OTHER FINANCING SOURCES (USES)-Net	$ (646,945)	$ (850,416)	$ (769,859)	$ (682,596)	$ (610,847)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	$ 439,002	$ 411,549	$ 342,166	$ 200,777	$ (207,622)
Beginning Fund Balance	1,887,727	2,326,729	2,738,278	3,173,663	3,374,440
Residual Equity Transfers from (to) Other Funds-Net	0	0	0	0	0
Ending Fund Balance	$ 2,326,729	$ 2,738,278	$ 3,080,444	$ 3,374,440	$ 3,166,818

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2005, 2006, 2007, 2008 and 2009.

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of governmental buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2009, approximately $972.9 million in intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $358.6 million of the outstanding debt. State and Federal subventions secured $63.8 million in outstanding obligations. Revenues from special districts, special funds, enterprise funds, and trust funds secured the remaining $550.5 million in outstanding obligations.

As of May 1, 2010, the General Fund was responsible for only $179.5 million of the $489.4 million in payments due in Fiscal Year 2010-11 for intermediate and long-term obligations. The table below identifies the funding sources for the debt payments due in 2010-11.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2010-11 Payments (As of May 1, 2010)

Funding Source	2010-11 Payment
Total 2010-11 Payment Obligation	$489,402,707
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	122,517,357
Courthouse Construction Funds	29,466,026
Special Districts/Special Funds	38,080,087
Trial Court Trust Fund	19,128,599
State & Federal Subventions	100,669,724
Net 2010-11 General Fund Obligation	$179,540,913

Source: Los Angeles County Chief Executive Office

The principal amount of the outstanding General County intermediate and long-term debt obligations decreased to $801.4 million as of May 1, 2010, reflecting debt issuance and repayment activity in Fiscal Year 2009-10. An additional $1.3 billion in TRANs, $15.0 million in Bond Anticipation Notes, and $280.0 million in Tax-Exempt Commercial Paper Notes were also outstanding as of May 1, 2010. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2010 (in thousands)

Type of Obligation		Outstanding Principal
Total County		
Short-Term Obligations:		
Tax and Revenue Anticipation Notes		$ 1,300,000.0
Bond Anticipation Notes		15,000.0
Intermediate & Long-Term Obligations		
Tax-Exempt Commercial Paper		280,000.0
Pension Obligations	(1)	118,486.2
Lease Obligations		682,890.8
Total Outstanding Principal		$ 2,396,377.0

(1) Does not include $117.2 million in principal payments that were deposited with trustees in advance, but will not be disbursed to bondholders until June 30, 2010.

Source: Los Angeles County Chief Executive Office

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 12, 2009, the County issued $1.3 billion of 2009-10 TRANs on July 1, 2009, with a maturity date of June 30, 2010. The 2009-10 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2009-10 fiscal year in amounts, and on dates specified in the Cash Management Section of this Appendix A. Deposit obligations to the Repayment Fund for the 2009-10 TRANs were satisfied in full as of April 21, 2010.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2010, $15.0 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before June 30, 2012.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

General Obligation Debt

On June 11, 1987, the County issued $96.0 million of direct, general obligation bonded indebtedness to fund the construction of adult and juvenile detention facilities. The bonds matured and were paid off on June 1, 2007. The County does not presently have any general obligation debt authorization.

Commercial Paper Program

The County has authorized a maximum of $400 million of Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") to finance construction costs on various capital projects. Repayment of the Commercial Paper Notes is secured by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by JP Morgan Chase Bank, Bank of America, Wells Fargo Bank and Union Bank, and a lease-revenue financing structure between LAC-CAL and the County, which includes twenty-five County-owned properties pledged as collateral to support the LOC. The four LOC agreements, which expire on April 26, 2013, provide credit enhancement to support the issuance of both tax-exempt and taxable Commercial Paper Notes. As of May 1, 2010, $280.0 million of tax-exempt Commercial Paper Notes are outstanding. The Commercial Paper Notes provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which can be refinanced with the issuance of long-term bonds upon completion.

Pension Obligations

The County has periodically issued bonds or certificates to fund its UAAL for the retirement benefits of its employees. The obligation of the County to make payments with respect to these bonds and certificates represents an absolute and unconditional obligation imposed by law and is not limited to any special source of funds. As of May 1, 2010, the County had approximately $118.5 million in outstanding bonds and certificates that were issued to finance to the UAAL of the Retirement Fund. In July 2009, the County made a principal prepayment of approximately $117.2 million for its pension obligations maturing on June 30, 2010. The final maturity for the County's outstanding pension obligations will occur in June 2011.

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of May 1, 2010, approximately $649.3 million in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The final adopted 2009-10 Budget and the 2010-11 Proposed Budget contain sufficient appropriations to fund the County's 2009-10 and 2010-11 payment obligations. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to total assessed valuations decreased from 0.136% in 2008 to 0.116% in 2009. The following table provides the ratio of the General Fund's outstanding debt to total assessed valuation over the past ten years.

COUNTY OF LOS ANGELES
DEBT RATIOS - Principal as a percent of total valuation on July 1
INTERMEDIATE AND LONG-TERM OBLIGATIONS

Year	Outstanding Principal (1)	Total Assessed Valuation	% of Principal to Valuation
2000	$4,006,333,171	$531,023,420,236	0.754%
2001	3,703,638,147	567,296,327,872	0.653%
2002	3,404,067,514	605,942,874,836	0.562%
2003	3,093,060,550	656,073,063,881	0.471%
2004	2,785,149,946	709,671,759,735	0.392%
2005	2,387,949,433	783,342,364,874	0.305%
2006	1,789,004,365	872,103,795,877	0.205%
2007	1,444,326,104	953,468,123,997	0.151%
2008	1,385,613,183	1,020,346,376,948	0.136%
2009	1,178,437,056	1,013,549,301,342	0.116%

Source: Los Angeles County Chief Executive Office and Auditor-Controller

1. Includes Tax Exempt Commercial Paper

DEBT SUMMARY TABLES

The tables on the following pages provide:

1. A summary of the combined principal and interest payments due on General County obligations and the aggregate principal outstanding for each fiscal year by obligation type;

2. A summary of the combined principal and interest payments due on General County obligations and the aggregate principal outstanding for each fiscal year by funding source;

3. A detail of the 2009-10 payments on General County obligations by funding source and debt issue;

4. A detail of the principal outstanding in 2009-10 on General County debt issues by funding source and debt issue;

5. A summary of the outstanding principal, future payments and current year payments due on General County obligations as of May 1, 2010 ; and

6. The County's overlapping debt statement as of May 1, 2010.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2009

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF MAY 1, 2010

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS
AS OF JULY 1, 2009

Fiscal Year	Pension Obligation Certificates	Other Bonds	Total Annual Debt Service
2009-10	$ 358,165,000	$ 122,613,916	$ 480,778,916
2010-11	372,130,000	107,255,208	479,385,208
2011-12	-	101,438,026	101,438,026
2012-13	-	91,339,582	91,339,582
2013-14	-	92,176,678	92,176,678
2014-15	-	88,130,823	88,130,823
2015-16	-	70,608,481	70,608,481
2016-17	-	51,908,479	51,908,479
2017-18	-	40,415,028	40,415,028
2018-19	-	41,297,796	41,297,796
2019-20	-	42,193,494	42,193,494
2020-21	-	43,125,344	43,125,344
2021-22	-	44,105,663	44,105,663
2022-23	-	41,123,113	41,123,113
2023-24	-	16,943,875	16,943,875
2024-25	-	16,933,500	16,933,500
2025-26	-	16,929,000	16,929,000
2026-27	-	16,918,875	16,918,875
2027-28	-	16,906,750	16,906,750
2028-29	-	16,905,750	16,905,750
2029-30	-	16,893,613	16,893,613
2030-31	-	9,432,600	9,432,600
2031-32	-	9,431,488	9,431,488
2032-33	-	6,918,000	6,918,000
2033-34	-	6,918,750	6,918,750
2034-35	-	-	-
Total	$ 730,295,000	$ 1,128,863,829	$ 1,859,158,829

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS
AS OF JULY 1, 2009

Fiscal Year	Pension Obligation Certificates	Other Bonds	Total Outstanding Principal
2009-10	$ 235,690,862	$ 737,246,193	$ 972,937,056
2010-11	118,486,192	653,195,838	771,682,030
2011-12	-	582,157,754	582,157,754
2012-13	-	514,567,758	514,567,758
2013-14	-	454,942,515	454,942,515
2014-15	-	392,542,430	392,542,430
2015-16	-	332,205,289	332,205,289
2016-17	-	287,863,098	287,863,098
2017-18	-	261,578,779	261,578,779
2018-19	-	246,838,152	246,838,152
2019-20	-	231,520,857	231,520,857
2020-21	-	215,603,886	215,603,886
2021-22	-	190,725,000	190,725,000
2022-23	-	155,450,000	155,450,000
2023-24	-	121,425,000	121,425,000
2024-25	-	110,200,000	110,200,000
2025-26	-	98,410,000	98,410,000
2026-27	-	86,020,000	86,020,000
2027-28	-	73,005,000	73,005,000
2028-29	-	59,335,000	59,335,000
2029-30	-	44,965,000	44,965,000
2030-31	-	29,895,000	29,895,000
2031-32	-	21,735,000	21,735,000
2032-33	-	13,170,000	13,170,000
2033-34	-	6,750,000	6,750,000
2034-35	-	-	-

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2009

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State/Federal Subvention	Total Annual Debt Service
2009-10	$ 179,626,266	$ 116,451,559	$ 32,545,578	$ 36,852,887	$ 18,410,756	$ 96,891,871	$ 480,778,916
2010-11	172,909,180	117,608,782	30,988,835	38,080,088	19,128,598	100,669,724	479,385,208
2011-12	48,271,930	18,400,555	31,546,195	3,219,346	-	-	101,438,026
2012-13	45,246,913	17,098,045	25,708,978	3,285,646	-	-	91,339,582
2013-14	44,406,911	17,098,477	27,323,569	3,347,721	-	-	92,176,678
2014-15	42,083,109	16,118,727	26,513,278	3,415,709	-	-	88,130,823
2015-16	27,014,874	14,471,134	25,636,390	3,486,084	-	-	70,608,481
2016-17	20,801,284	5,684,932	21,867,430	3,554,834	-	-	51,908,479
2017-18	19,814,394	-	16,975,475	3,625,159	-	-	40,415,028
2018-19	20,624,681	-	16,976,475	3,696,640	-	-	41,297,796
2019-20	21,454,019	-	16,965,725	3,773,750	-	-	42,193,494
2020-21	22,321,744	-	16,957,350	3,846,250	-	-	43,125,344
2021-22	23,224,363	-	16,954,300	3,927,000	-	-	44,105,663
2022-23	24,171,488	-	16,951,625	-	-	-	41,123,113
2023-24	-	-	16,943,875	-	-	-	16,943,875
2024-25	-	-	16,933,500	-	-	-	16,933,500
2025-26	-	-	16,929,000	-	-	-	16,929,000
2026-27	-	-	16,918,875	-	-	-	16,918,875
2027-28	-	-	16,906,750	-	-	-	16,906,750
2028-29	-	-	16,905,750	-	-	-	16,905,750
2029-30	-	-	16,893,613	-	-	-	16,893,613
2030-31	-	-	9,432,600	-	-	-	9,432,600
2031-32	-	-	9,431,488	-	-	-	9,431,488
2032-33	-	-	6,918,000	-	-	-	6,918,000
2033-34	-	-	6,918,750	-	-	-	6,918,750
2034-35	-	-	-	-	-	-	-
Total	$ 711,971,154	$ 322,932,210	$ 475,043,404	$ 114,111,114	$ 37,539,354	$ 197,561,595	$ 1,859,158,829

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2009

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State/Federal Subvention	Total Outstanding Principal
2009-10	$ 358,574,165	$ 175,817,232	$ 307,153,412	$ 55,517,230	$ 12,115,218	$ 63,759,799	$ 972,937,056
2010-11	275,074,820	126,679,761	289,019,920	42,763,744	6,090,546	32,053,240	771,682,030
2011-12	201,756,861	78,874,248	271,616,645	29,910,000	-	-	582,157,754
2012-13	169,884,292	63,799,178	252,834,288	28,050,000	-	-	514,567,758
2013-14	140,450,877	49,377,538	239,074,099	26,040,000	-	-	454,942,515
2014-15	111,373,618	34,279,455	223,014,358	23,875,000	-	-	392,542,430
2015-16	84,203,277	19,440,996	207,011,017	21,550,000	-	-	332,205,289
2016-17	72,115,806	5,556,353	191,140,939	19,050,000	-	-	287,863,098
2017-18	66,818,779	0	178,385,000	16,375,000	-	-	261,578,779
2018-19	63,298,152	-	170,020,000	13,520,000	-	-	246,838,152
2019-20	59,820,857	-	161,225,000	10,475,000	-	-	231,520,857
2020-21	56,388,886	-	151,990,000	7,225,000	-	-	215,603,886
2021-22	44,695,000	-	142,290,000	3,740,000	-	-	190,725,000
2022-23	23,340,000	-	132,110,000	-	-	-	155,450,000
2023-24	-	-	121,425,000	-	-	-	121,425,000
2024-25	-	-	110,200,000	-	-	-	110,200,000
2025-26	-	-	98,410,000	-	-	-	98,410,000
2026-27	-	-	86,020,000	-	-	-	86,020,000
2027-28	-	-	73,005,000	-	-	-	73,005,000
2028-29	-	-	59,335,000	-	-	-	59,335,000
2029-30	-	-	44,965,000	-	-	-	44,965,000
2030-31	-	-	29,895,000	-	-	-	29,895,000
2031-32	-	-	21,735,000	-	-	-	21,735,000
2032-33	-	-	13,170,000	-	-	-	13,170,000
2033-34	-	-	6,750,000	-	-	-	6,750,000
2034-35	-	-	-	-	-	-	-

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2009

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State / Federal Subvention
Long-Term Obligations							
Pension Obligation Certificates							
1994 Pension Ob Certs, Ser C: LACERA Funding	$ 61,460,000	$ 19,976,958	$ 15,930,063		$ 5,767,406	$ 3,159,228	$ 16,626,344
1994 Pension Ob Certs, Ser D: LACERA Funding	296,705,000	96,440,994	76,904,155		27,842,797	15,251,527	80,265,527
Total Pension Obligation Certificates	$ 358,165,000	$ 116,417,952	$ 92,834,218	$ 0	$ 33,610,203	$ 18,410,756	$ 96,891,871
Long-Term Capital Projects							
1992 Lease Rev Refg Bonds, 1992 Master Refg Proj:							
Civic Center Heating & Refridgeration Plant	$ 5,877,576	$ 5,877,576					
Downey Courthouse	979,549			$ 979,549			
Sheriffs Training Academy	818,136	818,136					
San Fernando Court	1,370,322			1,370,322			
Total 1992 Lease Rev Refg Bonds, 1992 Master Refg Proj	$ 9,045,583	$ 6,695,712	$ 0	$ 2,349,871	$ 0	$ 0	$ 0
1993 COPs: Disney Parking Project	$ 10,850,000	$ 10,850,000					
1998 Refg COPs: Disney Parking Project	3,073,543	3,073,543					
2002 Lease Rev Bonds Ser A: Edmund D. Edelman Children's Court	3,626,175			$ 3,626,175			
2002 Lease Rev Bonds Ser B:							
Downey Courhouse	320,365			320,365			
Sheriffs Training Academy	264,469	264,469					
San Fernando Court	442,967			442,967			
Total 2002 Lease Rev Bonds Ser B	$ 1,027,800	$ 264,469	$ 0	$ 763,331	$ 0	$ 0	$ 0
2005 Lease Rev Refg Bonds Ser A:							
Music Center Improvements	$ 774,876	$ 774,876					
Alhambra Courthouse	584,736			$ 584,736			
Burbank Courthouse	762,297			762,297			
Ameron Building (Sheriff Headquarters)	2,509,442	2,509,442					
Biscailuz Center	221,690	221,690					
Emergency Operations Center	1,963,228	1,963,228					
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	1,489,741		$ 1,489,741				
Martin Luther King Medical Center - Trauma Center	6,228,265		6,228,265				
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	107,299		107,299				
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,396,754		4,396,754				
Rancho Los Amigos Medical Center - Parking Structure	1,640,373		1,640,373				
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	687,340		687,340				
San Fernando Valley Juvenile Hall	977,463	977,463					
LAC/USC Medical Center Marengo Street Parking Garage	2,602,390		2,602,390				
LAX Area Courthouse	6,951,505			6,951,505			
San Fernando Valley Courthouse (Chatsworth)	5,500,356			5,500,356			
Harbor Med Center E.P.S.	1,252,433		1,252,433				
Total 2005 Lease Rev Refg Bonds Ser A	$ 38,650,188	$ 6,446,699	$ 18,404,595	$ 13,798,894	$ 0	$ 0	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,094,784				$ 3,094,784		
2006 Lease Rev Refg Bonds Ser A:							
East Los Angeles Courthouse	$ 1,204,438			$ 1,204,438			
Lynwood Regional Justice Center	10,398,500	10,398,500					
Men's Central Jail - Twin Towers	9,815,700	9,815,700					
Pitchess Honor Rancho: Medium Security - N Facility Air Conditioning	758,750	758,750					
Pitchess Honor Rancho: Medium Security - N Facility Sewer System	230,300	230,300					
Pitchess Honor Rancho: Medium Security - N Facility Water Treatment	926,200	926,200					
Pitchess Honor Rancho: Medium Security - N Facility Debris Basin	214,500	214,500					
Pitchess Honor Rancho: Vehicle Maintenance Facility	544,250	544,250					
Men's Central Jail Parking Structure	2,443,950	2,443,950					
Hutton Building - Registrar / Recorder Headquarters	3,013,600	3,013,600					
Pomona Municipal Courthouse	481,350			481,350			
Pitchess Honor Rancho Laundry Expansion	232,450	232,450					
Pitchess Honor Rancho Visitors Center	580,450	580,450					
Mira Loma Men's Medium Security Facility	420,050	420,050					
Temple City Sheriff Station	995,150	995,150					
Van Nuys Courthouse	3,403,750			3,403,750			
Public Library Headquarters	147,900				$ 147,900		
Total 2006 Lease Rev Refg Bonds Ser A	$ 35,811,288	$ 30,573,850	$ 0	$ 5,089,538	$ 147,900	$ 0	$ 0
2006 Lease Rev Refg Bonds Ser B:	$ 6,917,769			$ 6,917,769			
Total Long-Term Capital Projects	$ 112,097,129	$ 57,904,272	$ 18,404,595	$ 32,545,578	$ 3,242,684	$ 0	$ 0
Total Long-Term Obligations	$ 470,262,129	$ 174,322,224	$ 111,238,814	$ 32,545,578	$ 36,852,887	$ 18,410,756	$ 96,891,871
Intermediate-Term Obligations							
Equipment							
2006 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 2,823,000	$ 1,380,211	$ 1,442,789				
2008 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	7,693,788	3,923,831	3,769,956				
Total Equipment	$ 10,516,788	$ 5,304,042	$ 5,212,746	$ 0	$ 0	$ 0	$ 0
Total Intermediate-Term Obligations	$ 10,516,788	$ 5,304,042	$ 5,212,746	$ 0	$ 0	$ 0	$ 0
Total Obligations	$ 480,778,916	$ 179,626,266	$ 116,451,559	$ 32,545,578	$ 36,852,887	$ 18,410,756	$ 96,891,871

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2009

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Trial Court Trust Fund	State / Federal Subvention
Long-Term Obligations							
Pension Obligation Certificates							
1994 Pension Ob Certs, Ser C: LACERA Funding	$ 14,998,698	$ 4,875,177	$ 3,887,573		$ 1,407,478	$ 770,978	$ 4,057,493
1994 Pension Ob Certs, Ser D: LACERA Funding	220,692,163	71,733,781	57,202,085		20,709,752	11,344,240	59,702,306
Total Pension Obligation Certificates	$ 235,690,862	$ 76,608,958	$ 61,089,657	$ 0	$ 22,117,230	$ 12,115,218	$ 63,759,799
Long-Term Capital Projects							
1992 Lease Rev Refg Bonds, 1992 Master Refg Proj:							
Civic Center Heating & Refridgeration Plant	$ 5,705,000	$ 5,705,000					
Downey Courthouse	1,845,000			$ 1,845,000			
Sheriffs Training Academy	1,538,357	1,538,357					
San Fernando Court	2,576,643			2,576,643			
Total 1992 Lease Rev Refg Bonds, 1992 Master Refg Proj	$ 11,665,000	$ 7,243,357	$ 0	$ 4,421,643	$ 0	$ 0	$ 0
1993 COPs: Disney Parking Project	$ 38,056,193	$ 38,056,193					
1998 Refg COPs: Disney Parking Project	58,865,000	58,865,000					
2002 Lease Rev Bonds Ser A: Edmund D. Edelman Children's Court	9,970,000			$ 9,970,000			
2002 Lease Rev Bonds Ser B:							
Downey Courhouse	5,339,414			5,339,414			
Sheriffs Training Academy	4,407,809	4,407,809					
San Fernando Court	7,382,777			7,382,777			
Total 2002 Lease Rev Bonds Ser B	$ 17,130,000	$ 4,407,809	$ 0	$ 12,722,191	$ 0	$ 0	$ 0
2005 Lease Rev Refg Bonds Ser A:							
Music Center Improvements	$ 4,583,006	$ 4,583,006					
Alhambra Courthouse	2,609,341			$ 2,609,341			
Burbank Courthouse	4,509,301			4,509,301			
Ameron Building (Sheriff Headquarters)	11,201,264	11,201,264					
Biscailuz Center	994,016	994,016					
Emergency Operations Center	10,246,739	10,246,739					
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	7,765,579		$ 7,765,579				
Martin Luther King Medical Center - Trauma Center	40,963,352		40,963,352				
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	469,382		469,382				
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	26,088,589		26,088,589				
Rancho Los Amigos Medical Center - Parking Structure	9,737,144		9,737,144				
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	3,074,126		3,074,126				
San Fernando Valley Juvenile Hall	6,417,759	6,417,759					
LAC/USC Medical Center Marengo Street Parking Garage	15,425,368		15,425,368				
LAX Area Courthouse	81,495,736			81,495,736			
San Fernando Valley Courthouse (Chatsworth)	66,785,200			66,785,200			
Harbor Med Center E.P.S.	3,519,099		3,519,099				
Total 2005 Lease Rev Refg Bonds Ser A	$ 295,885,001	$ 33,442,784	$ 107,042,639	$ 155,399,578	$ 0	$ 0	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 33,255,000				$ 33,255,000		
2006 Lease Rev Refg Bonds Ser A:							
East Los Angeles Courthouse	$ 7,795,000			$ 7,795,000			
Lynwood Regional Justice Center	57,120,000	57,120,000					
Men's Central Jail - Twin Towers	53,955,000	53,955,000					
Pitchess Honor Rancho: Medium Security - N Facility Air Conditioning	1,135,000	1,135,000					
Pitchess Honor Rancho: Medium Security - N Facility Sewer System	345,000	345,000					
Pitchess Honor Rancho: Medium Security - N Facility Water Treatment	1,385,000	1,385,000					
Pitchess Honor Rancho: Medium Security - N Facility Debris Basin	320,000	320,000					
Pitchess Honor Rancho: Vehicle Maintenance Facility	815,000	815,000					
Men's Central Jail Parking Structure	3,660,000	3,660,000					
Hutton Building - Registrar / Recorder Headquarters	7,670,000	7,670,000					
Pomona Municipal Courthouse	1,230,000			1,230,000			
Pitchess Honor Rancho Laundry Expansion	595,000	595,000					
Pitchess Honor Rancho Visitors Center	1,475,000	1,475,000					
Mira Loma Men's Medium Security Facility	1,065,000	1,065,000					
Temple City Sheriff Station	2,530,000	2,530,000					
Van Nuys Courthouse	15,525,000			15,525,000			
Public Library Headquarters	145,000				$ 145,000		
Total 2006 Lease Rev Refg Bonds Ser A	$ 156,765,000	$ 132,070,000	$ 0	$ 24,550,000	$ 145,000	$ 0	$ 0
2006 Lease Rev Refg Bonds Ser B:	$ 100,090,000			$ 100,090,000			
Total Long-Term Capital Projects	$ 721,681,194	$ 274,085,143	$ 107,042,639	$ 307,153,412	$ 33,400,000	$ 0	$ 0
Total Long-Term Obligations	$ 957,372,056	$ 350,694,101	$ 168,132,296	$ 307,153,412	$ 55,517,230	$ 12,115,218	$ 63,759,799
Intermediate-Term Obligations							
Equipment							
2006 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 2,755,000	$ 1,346,964	$ 1,408,036				
2008 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	12,810,000	6,533,100	6,276,900				
Total Equipment	$ 15,565,000	$ 7,880,064	$ 7,684,936	$ 0	$ 0	$ 0	$ 0
Total Intermediate-Term Obligations	$ 15,565,000	$ 7,880,064	$ 7,684,936	$ 0	$ 0	$ 0	$ 0
Total Obligations	$ 972,937,056	$ 358,574,165	$ 175,817,232	$ 307,153,412	$ 55,517,230	$ 12,115,218	$ 63,759,799

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF May 1, 2010

Title	Outstanding Principal		Total Future Payments		2009-10 FY Payment Remaining	
Long-Term Obligations						
Pension Obligation Certificates						
1994 Pension Obligation Bonds, Series C (Capital Appreciation Bonds)	$ 0	(1)	$ 0	(1)	$ 0	(1)
1994 Pension Obligation Bonds, Series D (Variable Rate Bonds)	118,486,192	(2)	372,130,000	(2)	0	(2)
Total Pension Obligation Certificates	$ 118,486,192		$ 372,130,000		$ 0	
Long-Term Capital Projects						
1992 Lease Rev Refg Bonds, 1992 Master Refunding Project	$ 3,065,000		$ 3,250,433		$ 92,716	
1993 COPs: Disney Parking Project	34,515,838		159,475,000		0	
1998 Refg COPs: Disney Parking Project	58,580,000		90,825,385		0	
2002 Lease Rev Bonds Series A - Edmund D. Edelman Court Project Refunding	6,800,000		7,253,825		0	
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	17,130,000		21,927,900		513,900	
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	270,660,000		373,218,986		6,422,432	
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	33,255,000		44,689,939		2,352,392	
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	127,525,000		143,341,819		0	
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	97,805,000		166,043,053		0	
Total Long-Term Capital Projects	$ 649,335,838		$ 1,010,026,340		$ 9,381,440	
Total Long-Term Obligations	$ 767,822,030		$ 1,382,156,340		$ 9,381,440	
Intermediate-Term Obligations						
Equipment						
2006 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 645,000		$ 657,900		$ 657,900	
2008 Lease Rev Bonds Series A - LAC-CAL Equipment Program	8,885,000		9,167,469		3,562,456	
2009 Lease Rev Bonds Series A - LAC-CAL Equipment Program	24,025,000		25,905,889		4,905,264	
Total Equipment	$ 33,555,000		$ 35,731,258		$ 9,125,621	
Total Intermediate-Term Obligations	$ 33,555,000		$ 35,731,258		$ 9,125,621	
Total Obligations	$ 801,377,030		$ 1,417,887,598		$ 18,507,061	

COPs = Certificates of Participation

The Pension Obligation Certificates do not reflect principal and interest payment amounts remaining for FY 2009-10 that were deposited with the respective trustees in advance on July 15 or 30, 2009 as required by the individual Trust Agreements as follows:
(1) $14,998,698 in principal and $46,461,302 in interest
(2) $102,205,971 in principal and $194,499,029 in interest

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2010
Full Cash Value (2009-10): $941,994,205,678 (after deducting $141,249,909,315 redevelopment incremental valuation; including unitary utility valuation)

	Applicable %	Debt as of 5/1/10
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Los Angeles County Flood Control District	100.000 %	$ 69,610,000
Metropolitan Water District	47.740	126,138,628
Los Angeles Community College District	100.000	2,365,515,000
Other Community College Districts	Various (1)	1,870,497,238
Arcadia Unified School District	100.000	172,178,262
Beverly Hills Unified School District	100.000	192,398,609
Glendale Unified School District	100.000	130,465,000
Long Beach Unified School District	100.000	517,545,606
Los Angeles Unified School District	100.000	11,424,740,000
Pasadena Unified School District	100.000	304,655,000
Pomona Unified School District	100.000	171,847,931
Santa Monica-Malibu Unified School District	100.000	194,095,034
Torrance Unified School District	100.000	187,603,540
Other Unified School Districts	Various (1)	2,673,937,782
High School and School Districts	Various (1)	1,279,935,049
City of Los Angeles	100.000	1,369,450,000
City of Los Angeles Special Tax Lease Revenue Bonds	100.000	60,565,000
City of Industry	100.000	168,300,000
Other Cities	100.000	82,935,000
Special Districts	100.000	7,415,000
Community Facilities Districts	100.000	832,990,796
Los Angeles County Regional Park & Open Space Assessment District	100.000	222,660,000
1915 Act and Benefit Assessment Bonds - Estimate	100.000	148,987,164
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 24,574,465,639
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		
Los Angeles County General Fund Obligations	**100.000 %**	**$ 865,100,839**
Los Angeles County Pension Obligations	**100.000**	**235,690,861**
Los Angeles County Office of Education Certificates of Participation	100.000	13,185,458
Community College District Certificates of Participation	Various (2)	76,195,000
Azusa Unified School District Certificates of Participation	100.000	67,435,000
Compton Unified School District Certificates of Participation	100.000	32,235,000
Los Angeles Unified School District Certificates of Participation	100.000	456,780,324
Pomona Unified School District Certificates of Participation	100.000	61,890,000
Other Unified School District Certificates of Participation	Various (2)	204,874,990
High School and School District General Fund Obligations	Various (2)	137,542,277
City of Beverly Hills General Fund Obligations	100.000	200,965,000
City of Los Angeles General Fund and Judgment Obligations	100.000	1,921,160,000
City of Long Beach General Fund Obligations	100.000	261,810,000
City of Long Beach Pension Obligations	100.000	70,340,000
City of Pasadena General Fund Obligations	100.000	364,920,440
City of Pasadena Pension Obligations	100.000	117,742,623
Other Cities' General Fund Obligations	100.000	1,349,973,329
Los Angeles County Sanitation Districts General Fund Obligations	100.000	342,614,299
Walnut Valley Water District General Fund Obligations	100.000	10,890,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,791,345,440
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds		(34,702,048)
Cities' self-supporting bonds		(167,610,339)
Walnut Valley Water District self-supporting General Fund Obligations		(10,890,000)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,578,143,053
GROSS COMBINED TOTAL DEBT		$ 31,365,811,079 (3)
NET COMBINED TOTAL DEBT		$ 31,152,608,692

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School 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.
(2) 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.
(3) 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.

RATIOS TO 2009-10 ASSESSED VALUATION	
Total Direct and Overlapping Tax and Assessment Debt	2.270 %
RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)	
Combined Gross Direct Debt ($1,100,791,700)	**0.120 %**
Gross Combined Total Debt	3.330 %
Net Combined Total Debt	3.310 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: $ 245

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2008 Gross Domestic Product ("GDP") of $513.6 billion, Los Angeles County's economy is larger than that of 44 states and all but 17 countries. Los Angeles County serves as the central trade district for the western United States and controls nearly three-quarters of the Pacific Coast trade with Asia. It is a leader in the communications industry, has established itself as a leading financial center, and serves as the western headquarters for many national firms. The County's economy continued to expand in 2008 in the midst of a severe recession, with a slight increase of 1.1% in Gross Product. In its February 2010 Economic Forecast and Industry Outlook report, the Los Angeles Economic Development Corporation ("LAEDC") stated that the 2009 GDP figures numbers to be released in its July 2010 report will show a decline as a result of the significant economic downturn in the region.

The 2006 unemployment rate of 4.7% was the lowest in the County since 1988. An upward trend started in 2007, with a small increase in the unemployment rate to 5.1% followed by a more substantial increase to 7.5% in 2008. The unemployment rate soared to 11.9% as of December 2009, with an estimated loss of 241,300 non-agricultural jobs from 2008. The significant job losses in 2008 and 2009 were partially offset by the positive impact of major public and private construction projects. With $15 billion in voter approved school district bond measures, historically low interest rates and new capital financing programs and incentives provided by the Federal government under the American Recovery and Reinvestment Act (ARRA), local schools and community colleges have undertaken major capital construction projects. In July 2009, Measure R increased the County sales tax rate by one-half of one percent. The increase in sales tax revenue is providing funding for major highway and transit projects throughout the County. These projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach) and the expansion of the Bradley International Terminal at the Los Angeles International Airport ("LAX"), are expected to provide continued support to a struggling job market in the County.

In terms of its industrial base, diversity continues to be Los Angeles County's greatest strength, with wholesale and retail trade and manufacturing being the leading employment sectors. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and Port of Long Beach, is the largest customs district in the nation. In 2009, the LACD experienced a sharp decline of $72.8 billion in the value of two-way trade to $283 billion, representing a 20.4% decrease from the $355.8 billion reported in 2008. The volume of trade is improving in 2010 and is expected to continue in 2011. The Los Angeles region is also the largest manufacturing center in the United States, with an estimated 389,000 workers employed in this sector of the economy in 2009.

Quality of Life

Higher Education

Los Angeles County is home to an extensive education system, with 112 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental and Claremont Colleges; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

Los Angeles County is the cultural center of the western United States offering world-class museums, theaters, and music venues. The County is home to over 1,000 performing arts organizations and 150,000 working artists, creating one of the largest concentrations of arts activity in the United States.

Los Angeles County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the acclaimed Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the George C. Page Museum, the Anderson Gallery, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, and the Huntington Library.

Los Angeles County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world. The area also supports numerous regional orchestras such as the Long Beach Symphony, Pasadena Symphony, and Santa Monica Symphony orchestras.

Recreation

Los Angeles County, due to its geographic size, location, topography, and mild climate with an average of 329 days of sunshine per year, offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit Los Angeles County's 31 miles of public beaches stretching along the County's 75-mile shoreline, and bike enthusiasts are able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, motion picture and television studios, regional campgrounds and parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade and Rose Bowl game, and the Academy Awards show. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, and the Super Bowl.

Population

The County of Los Angeles is the most populous county in the U.S. with over 10.4 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 27% of the total population of California. The demographic profile of the County indicates that 47.7% of the population is Hispanic; 28.7% white non-Hispanic; 13.0% Asian-Pacific Islander; 8.5% African American; and 2.1% other races. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Filipino, Guatemalan, Korean, Mexican, Salvadoran and Thai descent outside their native countries. It is estimated that 75% of the adult population has a high school diploma or higher, while 28% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

The current economic downturn, which started in late 2007, has affected the entire nation and continues to have a significant adverse impact on the County economy. After experiencing a cyclical low of 4.7% in 2006, the unemployment rate climbed to 11.9% in 2009, and is projected to increase further to a peak of 12.4% in 2010. The aggregate projected job loss of 20,000 in 2010 will have varying degrees of impact on the diverse sectors of the local economy. The largest employment losses are projected in retail (-16,600); manufacturing (-14,700); and construction (-8,300). On the other hand, the information sector (which includes the movie industry), health services, administration & support services, and the education sectors are expected to add jobs (+4,600, +4,300, +4,200, and +3,700 jobs, respectively) in 2010. Table F details the County's non-agricultural employment numbers by sector since 2005.

Personal Income

The County's total personal income in 2009 of $393 billion represents an estimated 25.2% of the total personal income generated in California. The sustained growth in personal income in past years came to an end in 2009 with a slight decline of -1.5%. The LAEDC is forecasting that personal income will regain momentum in 2010 with a projected increase of 1.8% in 2010 and 3.8% in 2011. Table C provides a summary of the personal income levels in Los Angeles County since 2005.

Consumer Spending

Los Angeles County is a national leader in consumer spending. As reported by LAEDC, the County experienced a steady growth in taxable retail sales from 2000 to 2007, with an increase of 36.65%, to over $96.1 billion in 2007. The growth in taxable retail sales came to an end in 2008, with a decrease of 6.5% to $89.8 billion from 2007. The downward shift in consumer spending continued at an accelerated pace in 2009, with an estimated decrease of 12.6% from 2008. The projected $78.5 billion of taxable retail sales in the County in 2009 represents over 26% of the total retail sales in California. Table D provides a summary of taxable retail sales activity in Los Angeles County since 2009.

Industry

With a Gross Product of $513.6 billion in 2008, Los Angeles County is considered the leading center for business and commerce in the western United States. Its Gross Product represents approximately 28% of the total economic output in California and 3.6% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in the high-technology, electronics, energy, communications, and entertainment industries. Despite an estimated loss of 45,300 manufacturing jobs in 2009, Los Angeles County is still considered the largest manufacturing center in the United States, with an estimated 389,200 workers employed in 2009. The largest components of the manufacturing sector include apparel, fabricated metal products, computer and electronics, and transportation equipment.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, Los Angeles has positioned itself as the nation's busiest center of international commerce as measured by the dollar value of two-way trade. International trade was a leading contributor to the solid economic growth of the region from 2001 to 2008. The value of two-way trade in the LACD experienced a steady increase since 2001, resulting in a record level of $355.8 billion in 2008. As a result of the severe downturn in the global economy, the value of two-way trade decreased in 2009 by approximately -20.4% to $283 billion. Despite the decline, LACD maintained its ranking as the top customs district in the nation for international trade in 2009, with China, Japan, South Korea and Taiwan remaining its top trading partners.

Transportation/Infrastructure

Los Angeles County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry. The additional revenue generated from the voter approved Measure R sales tax increase was intended to fund a projected $40 billion of transportation projects throughout the County over the next 30 years, and create an estimated 210,000 new construction jobs.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the sixth busiest airport in the world for passenger traffic, and is ranked 13th in the world as measured by the volume of air cargo tonnage. In the May 2009 release of the U.S. Department of Transportation statistics, LAX ranked first among the nation's busiest airports for on-time performance for flight arrivals and departures. In 2009, LAX served 56.5 million passengers and handled 1.6 million tons of air cargo.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been the fastest growing port facility in the United States, and the two ports are reported by LAEDC to be the largest port complex in the U.S. based on the volume of cargo handled in 2009, as measured by twenty-foot equivalent units ("TEUs"). The combined port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue.

The Port of Los Angeles is one of the largest man-made harbors in the world. As measured by annual container volume, it ranks as the busiest container port in the United States, and the thirteenth busiest in the world. The port facilities cover over 7,500 acres and include 43 miles of waterfront. The port has 25 major cargo terminals, including facilities to handle automobiles, containers, dry bulk products and liquid bulk products. For the calendar year 2009, the port handled over 157 million metric revenue tons of cargo and 6.7 million TEUs, which represents a 14.0% decrease in container volume from 2008.

The Port of Long Beach is also among the world's busiest container ports, and ranks behind the Port of Los Angeles as the second busiest port in the nation, and the seventeenth busiest in the world. The port covers over 3,200 acres, with 35 miles of waterfront and 8 major container terminals. In calendar year 2009, the port moved cargo with an estimated value of $120 billion, and handled over 5.1 million TEUs of container cargo. The latter figure represents a decrease of 21.9% from 2008, which is the direct result of the global economic downturn and its adverse impact on the volume of trade moving through both ports.

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for Los Angeles County. The Fiscal Year 2010 operating budget for the MTA is $3.827 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. According to the International Trade Administration, Office of Travel and Tourism Industries, the Los Angeles region is one of the top travel destinations in the United States, and the second ranked destination for international visitors behind only New York. For calendar year 2008, the Los Angeles Convention and Visitors Bureau reported a total of 25.6 million domestic and international overnight visitors, which represents a slight decrease of 1.2% from 2007. In 2009, the Los Angeles region hosted an estimated 24.9 million overnight visitors, representing a 2.7% decrease from 2008. The opening of the convention center hotel in downtown Los Angeles is expected to trigger an increase in the visitor count to an estimated 25.1 million in 2010.

Real Estate and Construction

The residential housing market in Los Angeles County experienced a significant downturn starting in late 2007. The average median price for new and existing homes decreased by nearly 40% from a peak of $532,281 in 2007 to $321,543 in 2009. The significant decline in home values since 2007 helped to facilitate a 24% increase in the volume of home sales from 2008 to 2009, as homes became more affordable and buyers took advantage of historically low interest rates and various programs and incentives provided by the Federal government to help support the struggling housing market. Despite the increase in home sales, all of the major indicators for the housing market showed continued deterioration in 2009. Residential building permits and residential purchase lending decreased by 59% and 2%, respectively in 2009, and Notices of Default Recorded increased by 24.3% from 2008 to 2009.

The non-residential real estate sector, which struggled in 2008, experienced further difficulties in 2009, with a decrease in new construction and developers experiencing higher vacancy rates. The total non-residential building valuation of $2.6 billion in 2009 represents a decrease of 44.1% from 2008. Construction lending experienced a significant decrease of 60% to $1.4 billion over the same measurement period. Although there were major business expansions and construction projects in the County during 2009, which would normally indicate growth, the rise in vacancy rates for both the office and industrial markets (increases of 16.0% and 3.3%, respectively) are indicative of a struggling commercial real estate market. The decline in non residential building activity has continued in 2010, with the value of building permits projected to decrease by 10.5% to $2.37 billion.

Despite the severe downturn in the housing market, Los Angeles County has maintained a stable assessed valuation. This is due in part to the significant "stored value" in secured property as a result of Proposition 13. The Los Angeles County Assessor's May 2010 projections for the Fiscal Year 2010-11 Assessment Roll show a total assessed valuation of $1.038 trillion, which represents a 2.3% decreased from the Fiscal Year 2009-10 Assessment Roll of $1.062 trillion.

COUNTY OF LOS ANGELES
ECONOMIC AND DEMOGRAPHIC STATISTICAL TABLES

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2005	2006	2007	2008	2009
Los Angeles County	$418,700	$446,800	$508,000	$513,600	n/a
State of California	1,628,000	1,727,400	1,798,300	1,846,800	n/a
United States	12,455,800	13,244,600	13,794,200	14,441,440	14,256,300
Los Angeles County as a % of California	25.72%	25.87%	28.25%	27.81%	n/a

n/a: data not available until July 2010
Source: Los Angeles Economic Development Corporation

TABLE B: POPULATION LEVELS

	2005	2006	2007	2008	2009	
Los Angeles County	10,185,800	10,216,700	10,252,200	10,341,400	10,409,000	*
State of California	38,899,400	37,274,600	37,674,400	38,134,500	38,487,900	*
Los Angeles County as a % of California	26.18%	27.41%	27.21%	27.12%	27.04%	

** Estimated*
Source: Los Angeles Economic Development Corporation

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2005	2006	2007	2008	2009	
Los Angeles County	$346,053	$373,322	$390,296	$399,000	$393,000	*
Orange County	135,070	145,436	150,214	153,087	147,729	*
Riverside and San Bernardino Counties	103,716	111,762	117,134	119,426	117,515	*
Ventura County	32,127	34,505	36,210	36,421	35,750	*
State of California	1,387,700	1,495,600	1,572,300	1,604,100	1,560,000	*
Los Angeles County as a % of California	24.94%	24.96%	24.82%	24.87%	25.19%	

** Estimated*
Source: Los Angeles Economic Development Corporation

TABLE D: TAXABLE RETAIL SALES IN LOS ANGELES COUNTY (in millions of $)

	2005	2006	2007	2008	2009	
Los Angeles County	$92,271	$95,544	$96,096	$89,810	$78,500	*
State of California	375,800	389,100	387,000	357,300	300,000	*
Los Angeles County as a % of California	24.55%	24.56%	24.83%	25.14%	26.17%	

** Estimated*
Source: Los Angeles Economic Development Corporation

TABLE E: UNEMPLOYMENT RATES

	2005	2006	2007	2008	2009	
Los Angeles County	5.4%	4.8%	5.1%	7.5%	11.9%	
State of California	5.4%	4.9%	5.4%	7.2%	12.2%	
United States	5.1%	4.6%	4.6%	5.8%	9.2%	*

** Estimated*
Source: Los Angeles Economic Development Corporation

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2005	2006	2007	2008	2009
Wholesale & Retail Trade	633.7	649.0	653.0	640.2	590.7
Government	583.7	589.4	595.7	603.7	599.5
Manufacturing	471.7	461.7	449.2	434.5	389.2
Leisure & Hospitality	377.8	388.6	397.9	401.6	383.9
Health Care & Social Assistance	373.9	379.3	387.5	398.3	402.4
Professional, Scientific & Technical Services	250.9	264.0	273.9	269.6	250.3
Administrative & Support Services	257.7	271.9	272.7	256.4	225.4
Information	207.6	205.6	209.8	210.3	193.7
Finance & Insurance	166.2	169.0	165.8	156.3	145.9
Transportation & Utilities	161.7	165.2	165.6	163.1	151.7
Construction	148.7	157.5	157.6	145.2	116.5
Educational Services	97.4	99.4	102.9	105.1	111.5
Real Estate	77.8	79.8	80.3	79.4	74.3
Management of Enterprises	67.6	63.0	58.8	56.7	52.4
Other	148.0	149.2	151.5	150.3	142.0
Total	4,024.4	4,092.6	4,122.2	4,070.7	3,829.4

Source: Los Angeles County Economic Development Corporation

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2005	2006	2007	2008	2009
International Air Cargo (Tons)					
Los Angeles International Airport	1,123.9	1,113.6	1,138.6	996.5	916.0
As Percentage of Total Air Cargo	52.59%	52.95%	54.80%	55.47%	55.05%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,137.2	2,103.1	2,077.5	1,796.5	1,663.9
Bob Hope Airport (Burbank)	48.0	52.2	48.7	38.9	40.3
Total	2,185.1	2,155.3	2,126.3	1,835.5	1,704.1
International Air Passengers					
Los Angeles International Airport	17,486.3	16,910.7	17,248.0	16,683.7	15,100.9
As Percentage of Total Passengers	28.44%	27.70%	27.62%	27.89%	26.72%
Total Air Passengers					
Los Angeles International Airport	61,489.5	61,041.1	62,438.6	59,820.8	56,520.8
Bob Hope Airport (Burbank)	5,512.6	5,689.3	5,921.3	5,331.4	4,588.4
Total	67,002.1	66,730.4	68,359.9	65,152.2	61,109.2
Container Volume (TEUs)					
Port of Los Angeles	7,484.6	8,469.9	8,355.0	7,850.0	6,749.0
Port of Long Beach	6,709.8	7,290.4	7,312.5	6,487.8	5,067.6
Total	14,194.4	15,760.3	15,667.5	14,337.8	11,816.6

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Port of Los Angeles- Statistics; Port of Long Beach - Statictics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2005	2006	2007	2008	2009
Los Angeles, CA	$291,600	$326,400	$347,300	$355,800	$283,000
New York, NY	267,200	294,700	323,600	353,400	266,700
Houston, TX	136,300	162,800	184,700	242,100	165,900
Detroit, MI	230,000	239,800	248,900	236,400	169,900
New Orleans, LA	127,400	149,900	172,700	214,200	149,600
Laredo, TX	138,700	156,000	166,400	173,300	146,000
Chicago, IL	108,400	120,800	132,900	153,300	127,900
Seattle, WA	95,400	108,500	119,400	120,400	101,300
San Francisco, CA	98,300	110,600	111,700	114,100	86,500
Savannah, GA	72,200	82,100	93,400	101,000	87,200

Source: Los Angeles Economic Development Corporation

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2005	2006	2007	2008	2009
Los Angeles-Long Beach, CA	186,533	210,503	211,691	201,456	167,866
Tacoma, WA	34,193	32,516	33,753	34,701	28,701
Oakland, CA	27,831	28,597	29,449	26,731	25,070
Seattle, WA	29,515	28,692	29,514	28,416	27,872
Portland, OR	18,728	20,173	23,167	21,683	16,348
Kalama, WA	9,506	8,444	9,624	12,320	9,065
Vancouver, WA	4,101	5,441	6,173	5,557	3,506
San Diego, CA	5,307	6,705	6,548	5,903	5,135
Port Hueneme	4,042	4,603	3,971	3,571	2,998

Source: Los Angeles Economic Development Corporation

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)

Port	2005	2006	2007	2008	2009
Los Angeles-Long Beach, CA	14,195	15,760	15,667	14,338	11,817
New York, NY	4,785	5,086	5,299	5,265	4,562
Savannah, GA	1,902	2,160	2,604	2,616	2,357
Oakland, CA	2,274	2,392	2,388	2,236	2,045
Norfolk, VA	1,982	2,046	2,128	2,083	1,745
Seattle, WA	1,746	1,636	1,628	1,376	1,285
Houston, TX	1,594	1,607	1,772	1,795	1,797
Tacoma, WA	1,401	1,552	1,403	1,348	1,076
Charleston, SC	1,987	1,517	1,754	1,636	1,368

Source: Los Angeles Economic Development Corporation

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2005	2006	2007	2008	2009
1. Construction Lending (in millions)	$ 6,986	$ 8,435	$ 6,886	$ 3,520	$ 1,417
2. Residential Purchase Lending (in millions)	$ 62,485	$ 57,046	$ 38,388	$ 22,256	$ 21,848
3. New & Existing Median Home Prices	$ 469,045	$ 511,365	$ 532,281	$ 397,474	$ 321,543
4. New & Existing Home Sales	132,535	109,212	74,917	65,278	81,050
5. Notices of Default Recorded	16,299	26,296	53,414	84,806	105,433
6. Unsold New Housing (at year-end)	1,115	3,630	4,273	3,117	1,629
7. Office Market Vacancy Rates	11.2%	9.4%	9.7%	12.2%	16.0%
8. Industrial Market Vacancy Rates	2.0%	1.5%	1.5%	2.2%	3.3%

Source: Real Estate Research Council of Southern California - 4th Quarter 2008 Repor

TABLE L: BUILDING PERMITS AND VALUATIONS

	2005	2006	2007	2008	2009
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	11,911	10,097	7,509	3,539	2,095
b. Multi-Family	13,736	16,251	12,854	10,165	3,515
Total Residential Building Permits	25,647	26,348	20,363	13,704	5,610
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 2,916	$ 2,561	$ 2,048	$ 1,134	$ 795
b. Multi-Family	1,810	2,205	2,011	1,409	520
c. Alterations and Additions	1,962	1,982	1,898	1,411	1,072
Residential Building Valuations Subtotal	$ 6,688	$ 6,747	$ 5,957	$ 3,954	$ 2,387
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 233	$ 241	$ 716	$ 446	$ 187
b. Retail Buildings	552	482	493	469	222
c. Hotels and Motels	93	119	343	256	11
d. Industrial Buildings	277	182	109	135	40
e. Alterations and Additions	1,669	1,694	2,005	2,158	1,639
f. Other	1,000	1,178	1,073	1,027	550
Non-Residential Building Valuations Subtotal	$ 3,824	$ 3,896	$ 4,739	$ 4,491	$ 2,649
Total Building Valuations (in millions)	$ 10,512	$ 10,643	$ 10,696	$ 8,445	$ 5,036

Source: Real Estate Research Council of Southern California

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

				No. of Employees	
	Company (in order of 2009 Ranking)	**Industry**	**Headquarters**	**L.A. County**	**Total**
1	Kaiser Permanente	Health Care Provider	Oakland, CA	34,179	165,189
2	Northrop Grumman Corp.	Aerospace/Defense Contractor	Los Angeles, CA	19,137	125,622
3	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	14,400	159,400
4	Kroger Co.	Grocery Retailer	Cincinnati, OH	14,000	326,000
5	University of Southern California	Education-Private University	Los Angeles, CA	13,044	13,044
6	Target Corp.	Retailer	Minneapolis, MN	13,000	351,000
7	The Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,000	209,300
8	Providence Health & Services	Medical Centers	Seattle, WA	9,715	50,916
9	Vons	Grocery Retailer	Pleasanton, CA	9,688	187,808
10	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	9,300	N/A
11	Wells Fargo	Diversified Financial Services	San Francisco, CA	9,100	269,900
12	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	9,000	105,000
13	AT&T Inc.	Telecommunications	San Antonio, TX	8,950	294,600
14	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,504	8,660
15	Fedex Corp.	Delivery Services	Memphis, TN	8,500	N/A
16	Catholic Healthcare West	Hospitals	San Francisco, CA	7,275	55,018
17	Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,500	16,700
18	Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	5,587	147,370
19	Long Beach Memorial Medical Ctr.	Regional Hospital	Huntington Beach, CA	5,400	N/A
20	UPS	Transportation and freight	Atlanta, GA	5,100	425,000
21	JP Morgan Chase	Banking and Financial Services	New York, NY	4,700	220,255
22	Childrens Hospital Los Angeles	Hospital	Los Angeles, CA	4,211	4,211
23	Toyota Motor Sales U.S.A. Inc	Sales, Distribution, Customer Service	Torrance	4,200	35,838
24	Adventist Health	Hospitals	Roseville, CA	3,804	17,753
25	Time Warner Cable	Cable Provider	Stamford, CT	3,100	N/A

N/A - Not Available
Source: Los Angeles Business Journal

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
TABLE OF CONTENTS

Page

COUNTY OF LOS ANGELES
CALIFORNIA

MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

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

SACRAMENTO

OAKLAND

WALNUT CREEK

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Development Commission (CDC) and the Los Angeles County Employees Retirement Association (LACERA), which represent the following percentages of the assets, net assets/ fund balances, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net Assets/ Fund Balances	Revenues/ Additions
Governmental Activities	1%	2%	1%
Business-type Activities	4%	8%	10%
Aggregate Remaining Fund Information	65%	66%	1%

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

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, 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 and 18 to the basic financial statements, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments,* effective July 1, 2008.

The management's discussion and analysis on pages 3 through 21 and the schedules of funding progress on pages 105 and 106 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 Gini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
December 11, 2009

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, 2009. 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 $16.129 billion. However, net assets are classified into three categories and the unrestricted component is negative $2.006 billion. See further discussion on page B-7.

During the current year, the County's net assets decreased by a total of $1.152 billion. Net assets related to governmental activities decreased by $787 million, while net assets related to business-type activities decreased by $365 million. Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45) was implemented in the prior year and continued to have a material effect on the County's changes in net assets during the current year. See further discussion on page B-7.

At the end of the current year, the County's General Fund reported a total fund balance of $3.167 billion. The amount of unreserved fund balance was $2.627 billion. Of the unreserved total, $972 million was designated.

The County's capital asset balances were $17.735 billion at year-end and increased by $210 million during the year.

During the current year, the County's total long-term debt decreased by $334 million. Bond maturities of $384 million exceeded the $50 million of newly issued and accreted long-term debt.

Overview of the Basic Financial Statements

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

- Governmental Activities - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities which include general government, public protection, public ways and facilities, health and sanitation, public assistance, recreation, and cultural services.

- Business-type Activities - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, the Aviation Fund, and housing programs operated by the Community Development Commission, a blended component unit, are regarded as business-type activities.

- Discretely Presented Component Unit - Component units are separate entities for which the County is financially accountable. First 5 LA is the only component unit that is discretely presented.

FUND FINANCIAL STATEMENTS

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

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.

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 $16.129 billion at the close of the most recent fiscal year.

Summary of Net Assets
As of June 30, 2009 and 2008 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 7,981,471	$ 8,052,812	$ 730,736	$ 994,087	$ 8,712,207	$ 9,046,899
Capital assets	15,252,601	15,074,565	2,482,382	2,450,785	17,734,983	17,525,350
Total assets	23,234,072	23,127,377	3,213,118	3,444,872	26,447,190	26,572,249
Current and other liabilities	1,472,639	1,377,389	203,922	218,966	1,676,561	1,596,355
Long-term liabilities	7,009,138	6,179,573	1,631,997	1,483,193	8,641,135	7,662,766
Total liabilities	8,481,777	7,556,962	1,835,919	1,702,159	10,317,696	9,259,121
Net assets:						
Invested in capital assets, net of related debt	14,081,048	13,913,070	2,217,449	2,259,617	16,298,497	16,172,687
Restricted net assets	1,644,109	1,605,763	192,427	307,985	1,836,536	1,913,748
Unrestricted net assets (deficit)	(972,862)	51,582	(1,032,677)	(824,889)	(2,005,539)	(773,307)
Total net assets	14,752,295	15,570,415	1,377,199	1,742,713	16,129,494	17,313,128
Total liabilities and net assets	$ 23,234,072	$ 23,127,377	$ 3,213,118	$ 3,444,872	$ 26,447,190	$ 26,572,249

Significant changes in assets and liabilities included the following:

Current and Other Assets

Current and other assets decreased for governmental activities by $71 million. The total amount reported for "pooled cash and investments" and "other investments" decreased by $365 million while "internal balances" (receivables from the business-type activities) rose by $344 million. The economic downturn in the current period had a negative impact on overall cash flows. The internal balances predominately reflect short-term cash advances from the General Fund (a governmental activity) to hospital business-type activities, which required significantly higher ($253 million) short-term cash flows and therefore reduced current and other assets for business-type activities. As described in Note 7 to the basic financial statements, the asset classified as "net pension obligation" continued to amortize downward, and was reduced by $32 million for governmental activities during the current year.

Long-Term Liabilities

Long-term liabilities increased by $830 million for governmental activities and by $149 million for business-type activities. The County implemented GASB 45 in the prior year, which established new financial reporting requirements for other postemployment benefits (OPEB). 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 $1.030 billion and $201 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 ($16.298 billion) represents its investment in capital assets (i.e., land, structures and improvements, infrastructure, and equipment, net of related depreciation), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Assets

The County's restricted net assets at year-end were $1.837 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)

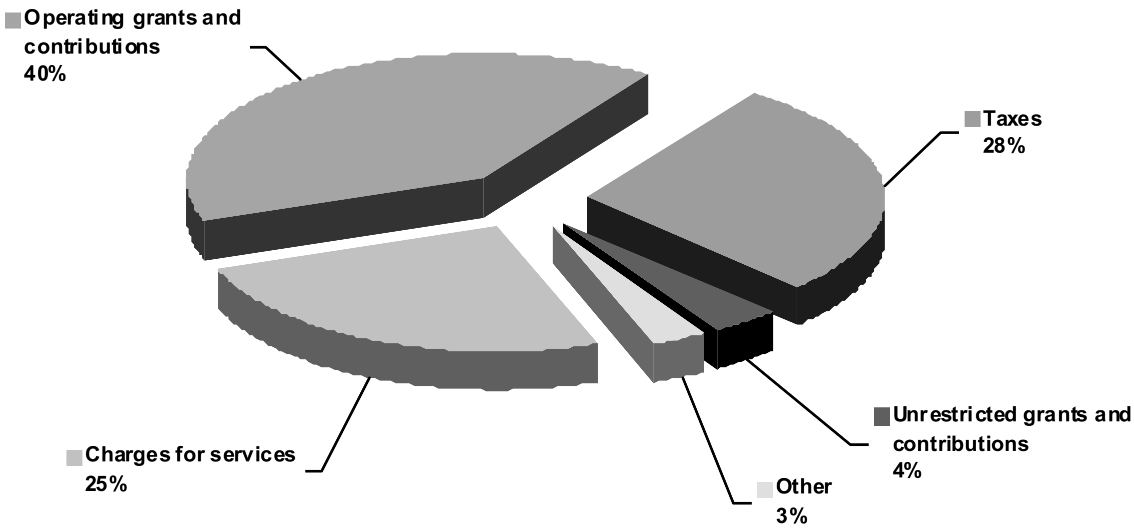
The County's total unrestricted net assets are negative $2.006 billion. Both governmental and business-type activities reported deficits in this category of $973 million and $1.033 billion, respectively. The deficits are primarily due to unfunded liabilities related to OPEB, workers' compensation, accrued 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 current 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.

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

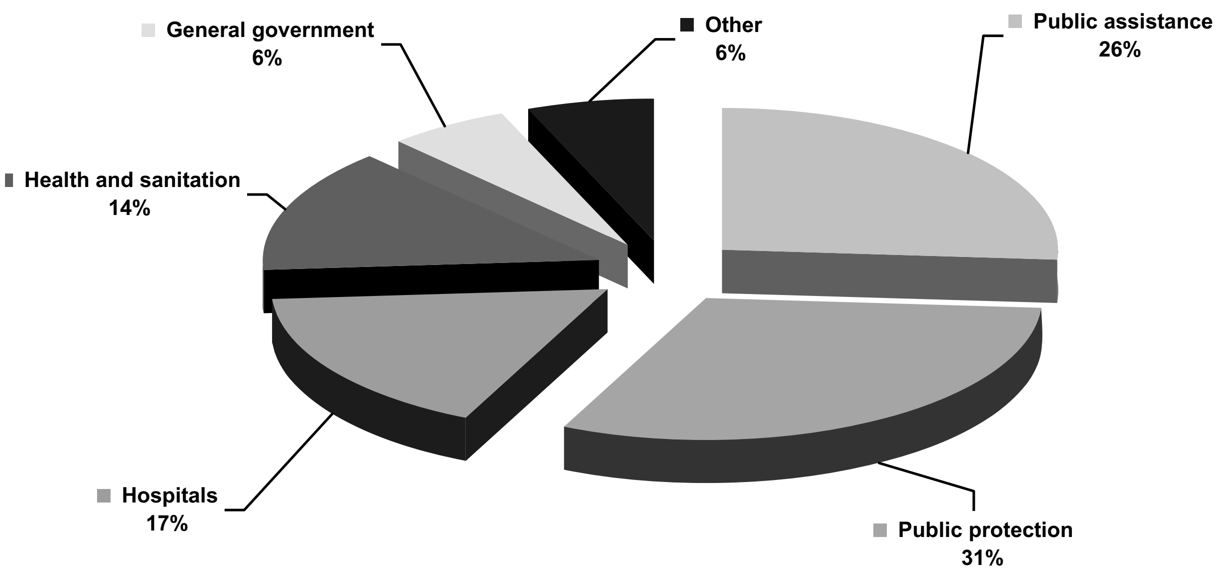
Summary of Changes in Net Assets
For the Years Ended June 30, 2009 and 2008
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 2,694,729	$ 2,738,552	$ 2,095,944	$ 1,806,747	$ 4,790,673	$ 4,545,299
Operating grants and contributions	7,215,270	7,113,135	279,195	263,471	7,494,465	7,376,606
Capital grants and contributions	206,137	184,502	837	2,897	206,974	187,399
General revenues:						
Taxes	5,192,566	5,034,399	4,453	4,405	5,197,019	5,038,804
Unrestricted grants and contributions	756,417	778,936	37	37	756,454	778,973
Investment earnings	197,705	324,132	9,844	14,073	207,549	338,205
Miscellaneous	142,075	229,810	25,758	24,950	167,833	254,760
Total revenues	16,404,899	16,403,466	2,416,068	2,116,580	18,820,967	18,520,046
Expenses:						
General government	1,103,361	1,171,448			1,103,361	1,171,448
Public protection	6,125,158	5,799,593			6,125,158	5,799,593
Public ways and facilities	327,403	299,304			327,403	299,304
Health and sanitation	2,783,150	2,638,135			2,783,150	2,638,135
Public assistance	5,233,389	5,061,367			5,233,389	5,061,367
Education	109,910	112,035			109,910	112,035
Recreation and cultural services	331,726	290,669			331,726	290,669
Interest on long-term debt	165,782	191,551			165,782	191,551
Hospitals			3,443,266	3,092,682	3,443,266	3,092,682
Aviation			5,073	4,182	5,073	4,182
Waterworks			76,904	74,810	76,904	74,810
Community Development Commission			268,201	246,195	268,201	246,195
Total expenses	16,179,879	15,564,102	3,793,444	3,417,869	19,973,323	18,981,971
Excess (deficiency) before transfers	225,020	839,364	(1,377,376)	(1,301,289)	(1,152,356)	(461,925)
Transfers	(1,011,862)	(1,152,946)	1,011,862	1,152,946		
Changes in net assets	(786,842)	(313,582)	(365,514)	(148,343)	(1,152,356)	(461,925)
Net assets – beginning, as restated	15,539,137	15,883,997	1,742,713	1,891,056	17,281,850	17,775,053
Net assets – ending	$ 14,752,295	$ 15,570,415	$ 1,377,199	$ 1,742,713	$ 16,129,494	$ 17,313,128

REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009



EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009



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. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." The beginning net assets were reduced from the amounts previously reported for governmental activities by $31 million. Prior year amounts were not restated as information was not available. During the current year, net assets decreased for both governmental activities ($787 million) and business-type activities ($365 million). Following are specific major factors that resulted in the net asset changes.

Governmental Activities

Total current year revenues ($16.405 billion) from governmental activities were nearly identical to the prior year total ($16.403 billion). The most significant changes in specific revenue sources were experienced in the following areas:

- Taxes, the County's largest general revenue source, were $158 million higher than the previous year. The additional growth in tax revenues was concentrated in property taxes ($141 million). Voter approved taxes also increased by $48 million, primarily due to an increase in the County's Measure B parcel tax, which provides funding for trauma centers and emergency medical services. However, documentary transfer taxes decreased by $20 million as real estate transfer activity declined for the second consecutive year. The continued property tax growth was attributable to the early lien date (January 1, 2008), which preceded the start of the fiscal year by six months. This gap, combined with the stabilizing effect of Proposition 13, enabled the County to continue to experience growth in this area. The net decrease in other taxes was $11 million in comparison to the prior year.

- Current year investment earnings decreased by $126 million, or 39%. The yield from the County's treasury pool declined from 4.62% in the prior year to 2.57% in the current year.

- Program revenues recognized from operating grants and contributions increased by $102 million. The largest source of this increase ($93 million) was associated with health and sanitation programs and was concentrated in mental health services. In the current year, mental health revenues were augmented by the federal economic stimulus program known as the American Recovery and Reinvestment Act (ARRA). The federal Medical Assistance Percentage (FMAP) was increased and provided $60 million of new mental health revenues in the current year. State mental health revenues derived from the Mental Health Services Act (Proposition 63) were $39 million higher than the previous year.

Expenses related to governmental activities increased by $616 million during the current year. The largest portion of the net increase was attributable to the public protection category, which grew by $326 million. Salaries and employee benefits expenses increased in the public protection area by $276 million, primarily due to previously negotiated increases that became effective in the current year.

Governmental Activities-Continued

Public assistance expenses and health and sanitation expenses were higher by $172 million and $145 million, respectively, during the current year. Although year-over-year staffing levels in these areas were comparable, there were increased demands for services. The recessionary economic conditions were especially noticeable in the public assistance area and contributed to higher assistance expenses in the current year.

Business-type Activities

Revenues from business-type activities increased in comparison to the prior year by $299 million (14.1%). The most significant change was in the area of charges for services, which increased by $289 million. As mentioned previously, the federal economic stimulus package increased the FMAP and also provided $60 million of current year revenues to the business-type healthcare activities.

Expenses related to business-type activities increased from the previous year by $376 million. The increased expenses were principally related to the Hospitals, where expenses were higher by $351 million. Hospital cost increases were most prominent at the LAC+USC Medical Center, where expenses were higher by $229 million. In November of the current year, LAC+USC began operating out of a new facility. 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.

Financial Analysis of the County's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of $5.892 billion, a decrease of $111 million in comparison with the prior year. Of the total fund balances, $1.443 billion is reserved to indicate the extent that funds have been committed or are otherwise unavailable for spending. An additional $1.613 billion has been designated and set aside for intended spending purposes as indicated in the financial statements. The remaining $2.836 billion of the balances are unreserved and undesignated.

Governmental Funds-Continued

Revenues from all governmental funds for the current year were $16.240 billion, a decrease of $33 million (0.2%) from the previous year. Expenditures for all governmental funds in the current year were $15.345 billion, an increase of $465 million (3.1%) from the previous year. In addition, other financing uses exceeded other financing sources by $1.006 billion as compared to $1.045 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 $208 million (6.2%). At the end of the current fiscal year, the General Fund's total fund balance was $3.167 billion. Of this amount, $540 million was reserved and therefore unavailable for spending. Of the unreserved total of $2.627 billion, $972 million has been designated (earmarked) and the remaining $1.655 billion is considered both unreserved and undesignated.

General Fund revenues during the current year were $13.538 billion, a decrease of $90 million (0.7%) from the previous year. General Fund expenditures during the current year were $13.135 billion, an increase of $391 million (3.1%) from the previous year. Other financing sources/uses-net was negative $611 million in the current year as compared to negative $683 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by $174 million (4.6%). Of this net increase, property taxes increased by $201 million. However, documentary transfer taxes decreased by $20 million as real estate activity declined for the second consecutive fiscal year. As previously mentioned, property tax revenues were not immediately impacted by the downturn in the housing market and provisions of Proposition 13 are also a stabilizing factor when housing prices decrease.

- Intergovernmental revenues recognized from the State decreased by $177 million. The County receives certain revenues from the State which are derived from the State's share of sales taxes and vehicle license fees. State revenues directly funded by sales taxes were $156 million lower than the previous year amount. The County relies on this revenue to augment funding for public safety programs (primarily the Sheriff's Department), health and mental health services, and public assistance programs. Revenues derived from State vehicle license fees also decreased in comparison with the prior year by $45 million and these revenues provide supplemental funding for health, mental health, and social service programs.

- Investment income decreased by $99 million, as current year revenues were $125 million in comparison with the prior year amount of $224 million. As previously mentioned, the yield on investments during the current year was considerably lower than the prior year's yield.

Governmental Funds-Continued

- Current expenditures increased by $548 million (4.4%), and there were increases in all functional areas. The most significant increase was in the area of public protection, where expenditures were higher by $198 million. Of this amount, salaries and employee benefits increased by $164 million. These costs were notably higher in the Sheriff's Department ($78 million) and Probation Department ($37 million), and were largely due to negotiated salary and benefit increases, as there was limited program expansion in these areas. Expenditures also increased in the areas of public assistance ($177 million) and health and sanitation ($135 million).

The Fire Protection District reported a year-end fund balance of $205 million, which represented an increase of $35 million from the previous year. The increase in fund balance also provided additional liquidity to the District, as total pooled cash and investments also increased by $35 million. Revenues increased by $44 million, of which $24 million was attributable to property taxes and the remaining increase was associated with a variety of other revenues. Expenditures were higher by $35 million, of which $31 million was related to salaries and benefits.

The Flood Control District reported a year-end fund balance of $192 million, which was $30 million higher than the previous year. The fund balance increase provided additional liquidity, as pooled cash and investments were $26 million higher than the prior year. Revenues increased from a wide variety of sources and were $18 million higher than the prior year. Expenditures were virtually unchanged from the prior year.

The Public Library Fund reported a year-end fund balance of $27 million, which was $2 million lower than the previous year. Although revenues were nearly $4 million higher in the current year, expenditures increased by $9 million, as salaries and employee benefits were $5 million higher and there were increased operating costs.

The Regional Park and Open Space District year-end fund balance ($288 million) remained nearly unchanged in comparison to the previous year balance of $286 million. Current year revenues were $6 million lower than the previous year, largely due to reduced investment income. Expenditures increased by $19 million, as additional reimbursement claims were received from County agencies, various cities, and other agencies that are eligible for recreational funding from this District.

Proprietary Funds

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

The County's principal proprietary funds consist of four hospital enterprise funds and an additional fund (Martin L. King Jr. Ambulatory Care Center) which was converted from a full-service hospital in 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 $60 million for M. L. King Ambulatory Care Center to $414 million for the LAC+USC Medical Center. The total subsidy amount was $803 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 $1.001 billion.

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 ($110 million), Harbor UCLA Medical Center ($59 million), and Olive View UCLA Medical Center ($42 million). The total amount of current year Measure B transfers ($211 million) exceeded the prior year amount by $64 million. The additional transfer amounts were funded by unspent prior year Measure B funds plus a Board-approved 24% increase in the current year Measure B Fund tax rate.

Waterworks Funds reported year-end net assets of $884 million, an $11 million reduction from the previous year. There was a $4 million decrease in current year operating revenues, of which $3 million was associated with water service charges to customers. In addition, there were current year cost increases of $5 million for services, supplies, and other professional services.

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 $95 million in the General Fund's available (unreserved and undesignated) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive (Negative)
Taxes	$ 12,372	$ 4,030,607	$ 3,938,502	$ (92,105)
Intergovernmental revenues	82,346	7,922,721	7,196,242	(726,479)
Charges for services	(186,727)	1,607,359	1,504,841	(102,518)
All other revenues	120,297	689,829	733,383	43,554
Other sources and transfers	5,455	496,713	264,099	(232,614)
Total	$ 33,743	$ 14,747,229	$ 13,637,067	$ (1,110,162)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated $34 million. The most significant changes occurred in the following areas:

- Estimated revenues from charges for services decreased by $187 million. Nearly all ($172 million) of the decrease was associated with reduced revenues from the Managed Care health services program. The budget for these revenues was modified in the current year as certain Managed Care revenues ($170 million), initially budgeted in the General Fund, were recorded directly in the Hospital Enterprise Funds.

- The increase of $120 million related to "all other revenues" was mostly attributable to tobacco settlement revenues of $116 million. The County's policy is to budget tobacco settlement revenues after they have been received. Miscellaneous revenue increases accounted for the remaining $4 million.

- The budget for intergovernmental revenues was increased by $82 million. Of this amount, $66 million was associated with caseload increases in the General Relief and CalWORKS public assistance programs. Additional net increases of $16 million were associated with a variety of federal and State funded programs.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $1.110 billion, or 7.5%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, "other sources and transfers," and charges for services.

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

- Actual intergovernmental revenues were $726 million lower than the amount budgeted. Social service programs, including children and family services, accounted for approximately $249 million of this variance, which was mostly attributable to cost containment efforts that led to reduced reimbursable social service related expenditures. Approximately $99 million (consisting of State assistance) was associated with mental health services, due to lower than expected revenues. There was $85 million of unrealized intergovernmental assistance for Sheriff-related programs, most of which was associated with lower than anticipated State public safety augmentation funding. An additional $187 million pertained to anticipated reimbursement of capital improvement, disaster recovery and homeland security projects and programs that were not completed prior to year-end. The remaining variance of $106 million was related to a variety of other programs that received intergovernmental revenues.

- The actual amount of "other sources and transfers" was $233 million lower than the amount budgeted. Of this amount, "transfers in" totaling $106 million were assumed in the budget for capital improvements and extraordinary building maintenance projects which did not incur expected costs. Mental health programs funded by the Mental Health Services Act Fund (Proposition 63) did not fully materialize at the budgeted level and "transfers in" were $61 million lower than budgeted. Programs operated by the Registrar-Recorder and the Sheriff did not realize budgeted "transfers in" of $33 million and $21 million, respectively, as reimbursable costs were lower than anticipated. There were various other sources and transfers that comprised the remaining variance of $12 million.

- The amount budgeted for charges for services revenues exceeded actual revenues by $103 million. Actual revenues for health administration and managed care programs were $84 million lower than estimated revenues. Anticipated service levels for these programs did not materialize as assumed by the budget. The remaining variance of $19 million was generated by a variety of service-related revenue sources.

Budgetary Summary - Expenditures/Other Financing Uses

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

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive
General government	$ 23,545	$ 1,618,898	$ 870,481	$ 748,417
Public protection	66,543	4,769,645	4,566,886	202,759
Health and sanitation	8,712	2,822,445	2,562,912	259,533
Public assistance	96,517	5,223,491	4,876,824	346,667
All other expenditures	(141,884)	1,478,499	358,384	1,120,115
Transfers out	(181,475)	693,253	669,236	24,017
Reserves/designations-net	161,785	(50,198)	(172,280)	122,082
Total	$ 33,743	$ 16,556,033	$ 13,732,443	$2,823,590

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations, reserves and designations were approximately $34 million. As discussed below, the most significant increases and reductions occurred in the following areas:

- Appropriations for "transfers out" were reduced by $181 million. Of this amount, General Fund operating subsidies to the Hospital Funds were reduced by $170 million (from $788 million originally budgeted to $618 million). As previously mentioned, the original budget anticipated the recognition of certain Managed Care revenues in the General Fund. There was a related $170 million amount originally appropriated to "transfer out" such revenues to the Hospital Enterprise Funds. The budget was subsequently amended to reduce the "transfer out" appropriations, consistent with the change in the budgeted revenues. The remaining $11 million reduction was related to various transfers to Special Revenue Funds.

- Provisions for net reserves and designations were increased during the year by $162 million. At the end of the fiscal year, the designation for health services, which is predominately funded by tobacco settlement revenues, was increased by $157 million. This amount was comprised of tobacco settlement revenues recognized in the current year ($116 million) plus prior year funds that were appropriated, but unexpended ($41 million). Miscellaneous increases of $5 million were made to reserves and other designations.

- Appropriations for "all other expenditures" were reduced by $142 million. In January 2009, the Board reduced capital outlay appropriations by $133 million. This action curtailed or postponed various capital improvement projects and was in response to worsening overall economic conditions and increased State budget uncertainties. Various other appropriation reductions of $9 million comprised the remainder of this category.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were $2.824 billion lower (approximately 17%) than the final total budget of $16.556 billion. There were budgetary savings in all categories. Due to economic uncertainties, the County developed targeted savings goals for each department that were designed to avoid service curtailments and avoid impacts to high-priority programs. 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:

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

- The category referred to as "all other expenditures" reflected actual spending of $1.120 billion less than the budgeted amount. Nearly all ($1.106 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 $748 million less than the amount budgeted. Of this amount, $582 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 $166 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 $347 million lower than the final budget. Of this amount, $304 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. The remaining variance amount of $43 million was related to other public assistance programs.

- Overall expenditures for the health and sanitation category were $260 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by $137 million, primarily due to less than anticipated costs for services and supplies and to a lesser extent, salary savings. The remaining variance was associated with a variety of health care programs administered by the Departments of Health Services ($62 million) and Public Health Services ($61 million).

Capital Assets

The County's capital assets for its governmental and business type activities as of June 30, 2009 were $17.735 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific disclosures related to Capital Assets and changes during the current year are discussed and referenced in Note 6 (Capital Assets) to the basic financial statements.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was $210 million, as shown in the following table.

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

	Current Year	Prior Year	Increase (Decrease)
Land and easements	$ 7,394,023	$ 7,262,068	$ 131,955
Buildings and improvements	4,065,790	3,059,365	1,006,425
Infrastructure	5,159,541	5,197,564	(38,023)
Equipment	481,895	437,770	44,125
Construction-in-progress	633,734	1,568,583	(934,849)
Total	$ 17,734,983	$ 17,525,350	$ 209,633

The County's most significant capital asset activity during the current year was the opening of the new LAC+USC Medical Center in November 2008. There was a reclassification of $912 million of construction-in-progress capital assets to buildings and improvements to reflect the completion of the new Hospital and its placement into service. There were also various building and improvement projects completed during the current year, of which $41 million pertained to Sheriff's stations.

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)

	Current Year	Prior Year	Decrease
Bonds and Notes Payable	$ 1,856,042	$ 1,942,453	$ 86,411
Pension Bonds Payable	653,634	900,824	247,190
Total	$ 2,509,676	$ 2,843,277	$ 333,601

During the current year, the County's liabilities for long-term debt decreased by $334 million, or 11.7%. 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:

- New debt of $25 million was issued to finance the acquisition of equipment. Equipment debt totaling $16 million was redeemed during the year in accordance with maturity schedules.

- Pension bonds totaling $247 million were redeemed during the year.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $500 million in tax and revenue anticipation notes which reached maturity on June 30, 2009, 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:

	Moody's	Standard and Poor's	Fitch
General Obligation Bonds	Aa3	AA-	
Pension Bonds	A1	A+	
Facilities	A2	A+	A
Equipment/Non-Essential Leases	A2	A+	A
Short-Term	MIG1	SP-1+	F-1+
Commercial Paper	P-1	A-1+	
Flood Control District General Obligation Bonds	Aa1	AA	AA
Flood Control District Revenue Bonds	Aa1	AA-	AA
Regional Park and Open Space District Bonds	Aa2	AA	AA+

During the current year, the County's bond ratings remained at the same level as the previous year.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2009-2010 Budget on June 17, 2009. The Budget was adopted based on estimated fund balances that would be available at the end of 2008-2009. The Board updated the Budget on September 22, 2009 to reflect final 2008-2009 fund balances and other pertinent financial information. For the County's General Fund, the 2009-2010 Budget, as updated in September 2009, utilized $1.713 billion of available fund balance, which exceeded the previously estimated fund balance of $1.535 billion. Of the additional fund balance of $178 million, $151 million was used to carryover lapsed appropriations. Of the remaining $27 million, $15 million was set aside for budgetary uncertainties and $12 million was provisionally appropriated for specific budgetary issues associated with the Sheriff's Department.

The County's 2009-2010 Budget is shaped largely by the impact of the current recession that the nation is enduring. The County continues to see erosion in a number of key revenue sources, including investment income, deed recording fees, documentary transfer taxes, and State assistance payments to the County which are funded by the State's share of sales taxes. In addition, for the first time since the mid-1990s, the County's assessed property values are projected to experience a year-to-year decline. The County Assessor has released the Net Local Property Tax Roll for 2009-2010 and it is 0.5% lower than the previous year. The resulting decrease to County General Fund property tax revenues is estimated at $19 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 $20.7 billion by the time the State Legislature enacts a 2010-2011 State budget plan. The budget problem consists of a $6.3 billion projected deficit for 2009-2010 and a $14.4 billion gap between projected revenues and spending in 2010-2011. Many County programs receive substantial State funding and the County is likely to be confronted with program curtailments and increased local funding requirements. The County is highly dependent upon cash receipts from the State and is closely monitoring the State's liquidity and ability to make timely cash remittances to the County.

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, 2009 (in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 LA
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	$ 3,368,654	$ 105,300	$ 3,473,954	$ 874,241
Other (Note 1)	858,182	116,285	974,467	
Total pooled cash and investments	4,226,836	221,585	4,448,421	874,241
Other investments (Note 5)	266,516	30,380	296,896	
Taxes receivable	423,422	950	424,372	
Accounts receivable - net		1,041,794	1,041,794	
Interest receivable	20,655	563	21,218	1,817
Other receivables	2,123,764	54,547	2,178,311	45,267
Internal balances (Note 14)	733,793	(733,793)		
Inventories	99,220	17,554	116,774	
Restricted assets (Note 5)	10,452	70,468	80,920	
Net pension obligation (Note 7)	76,813	26,688	103,501	
Capital assets: (Notes 6 and 9)				
Capital assets, not being depreciated	7,669,105	358,652	8,027,757	2,039
Capital assets, net of accumulated depreciation	7,583,496	2,123,730	9,707,226	11,834
Total capital assets	15,252,601	2,482,382	17,734,983	13,873
TOTAL ASSETS	23,234,072	3,213,118	26,447,190	935,198
LIABILITIES				
Accounts payable	318,188	66,092	384,280	37,944
Accrued payroll	583,772	120,075	703,847	
Other payables	148,527	14,637	163,164	
Accrued interest payable	14,680	610	15,290	
Unearned revenue	35,200	2,280	37,480	2,085
Advances payable	372,272	228	372,500	
Noncurrent liabilities: (Note 10)				
Due within one year	999,602	417,288	1,416,890	60
Due in more than one year	6,009,536	1,214,709	7,224,245	216
TOTAL LIABILITIES	8,481,777	1,835,919	10,317,696	40,305
NET ASSETS				
Invested in capital assets, net of related debt (Notes 6 and 10)	14,081,048	2,217,449	16,298,497	13,873
Restricted for:				
Capital projects	118,539		118,539	
Debt service	10,356	162,881	173,237	
Permanent trust	3,019		3,019	
Special purpose	1,512,195	29,546	1,541,741	881,020
Unrestricted (deficit)	(972,862)	(1,032,677)	(2,005,539)	
TOTAL NET ASSETS	$ 14,752,295	$ 1,377,199	$ 16,129,494	$ 894,893

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, 2009 (in thousands)

		PROGRAM REVENUE		
FUNCTIONS PRIMARY GOVERNMENT:	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
General government	$ 1,103,361	$ 634,153	$ 50,579	$ 54,278
Public protection	6,125,158	1,323,593	1,033,372	71,271
Public ways and facilities	327,403	35,113	200,571	78,089
Health and sanitation	2,783,150	484,240	1,614,646	1,299
Public assistance	5,233,389	42,120	4,313,788	
Education	109,910	2,611	1,452	
Recreation and cultural services	331,726	172,899	862	1,200
Interest on long-term debt	165,782			
Total governmental activities	16,179,879	2,694,729	7,215,270	206,137
Business-type activities:				
Hospitals	3,443,266	2,022,633	47,532	
Aviation	5,073	3,128	145	671
Waterworks	76,904	58,406	140	166
Community Development Commission	268,201	11,777	231,378	
Total business-type activities	3,793,444	2,095,944	279,195	837
Total primary government	$ 19,973,323	$ 4,790,673	$ 7,494,465	$ 206,974
COMPONENT UNIT -				
First 5 LA	$ 171,191	$	$ 137,736	$

GENERAL REVENUES:
Taxes:
Property taxes
Utility users taxes
Voter approved taxes
Documentary transfer taxes
Other taxes
Sales and use taxes, levied by the State
Grants and contributions not restricted
to special programs
Investment earnings
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET ASSETS
NET ASSETS, JULY 1, 2008, as restated (Note 2)
NET ASSETS, JUNE 30, 2009

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	FUNCTIONS
				PRIMARY GOVERNMENT:
				Governmental activities:
$ (364,351)	$	$ (364,351)		General government
(3,696,922)		(3,696,922)		Public protection
(13,630)		(13,630)		Public ways and facilities
(682,965)		(682,965)		Health and sanitation
(877,481)		(877,481)		Public assistance
(105,847)		(105,847)		Education
(156,765)		(156,765)		Recreation and cultural services
(165,782)		(165,782)		Interest on long-term debt
(6,063,743)		(6,063,743)		Total governmental activities
				Business-type activities:
	(1,373,101)	(1,373,101)		Hospitals
	(1,129)	(1,129)		Aviation
	(18,192)	(18,192)		Waterworks
	(25,046)	(25,046)		Community Development Commission
	(1,417,468)	(1,417,468)		Total business-type activities
(6,063,743)	(1,417,468)	(7,481,211)		Total primary government
				COMPONENT UNIT -
			$ (33,455)	Total - First 5 LA
				GENERAL REVENUES:
				Taxes:
4,656,370	4,453	4,660,823		Property taxes
63,947		63,947		Utility users taxes
303,213		303,213		Voter approved taxes
36,522		36,522		Documentary transfer taxes
58,940		58,940		Other taxes
73,574		73,574		Sales and use taxes, levied by the State
756,417	37	756,454		Grants and contributions not restricted to special programs
197,705	9,844	207,549	28,103	Investment earnings
142,075	25,758	167,833	453	Miscellaneous
(1,011,862)	1,011,862			TRANSFERS - NET
5,276,901	1,051,954	6,328,855	28,556	Total general revenues and transfers
(786,842)	(365,514)	(1,152,356)	(4,899)	CHANGE IN NET ASSETS
15,539,137	1,742,713	17,281,850	899,792	NET ASSETS, JULY 1, 2008, as restated (Note 2)
$ 14,752,295	$ 1,377,199	$ 16,129,494	$ 894,893	NET ASSETS, JUNE 30, 2009

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS:				
Pooled cash and investments: (Notes 1 and 5)				
Operating (Note 1)	$ 1,107,989	154,635	173,805	30,501
Other (Note 1)	733,590	43,689	8,717	3,970
Total pooled cash and investments	1,841,579	198,324	182,522	34,471
Other investments (Notes 4 and 5)	6,099	31		120
Taxes receivable	301,269	68,437	19,616	9,103
Interest receivable	12,555	600	671	148
Other receivables	1,895,101	40,451	9,582	1,547
Due from other funds (Note 14)	326,379	3,516	20,013	423
Advances to other funds (Note 14)	825,017		6,213	
Inventories	46,486	7,084		588
TOTAL ASSETS	$ 5,254,485	318,443	238,617	46,400
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 247,337	5,593	9,760	2,941
Accrued payroll	504,374	49,288		5,227
Other payables	121,665	2,069	370	366
Due to other funds (Note 14)	495,105	10,125	18,401	4,708
Deferred revenue	343,386	46,431	18,060	6,233
Advances payable	361,964			
Third party payor liability (Notes 10 and 13)	13,836			
TOTAL LIABILITIES	2,087,667	113,506	46,591	19,475
FUND BALANCES:				
Reserved for:				
Encumbrances	368,798	20,702	116,124	7,704
Inventories	46,486	7,084		588
Housing programs				
Debt service				
Endowments and annuities				
Assets unavailable for appropriation	124,567	25	3,011	16
Unreserved, designated for:				
Budget uncertainties		47,500		
Program expansion	464,395	25,423		6,797
Health services	228,229			
Capital projects	278,955	60,246	49,789	
Special revenue funds - program expansion				
Unreserved, undesignated, reported in:				
General fund	1,655,388			
Special revenue funds		43,957	23,102	11,820
Capital projects funds				
TOTAL FUND BALANCES	3,166,818	204,937	192,026	26,925
TOTAL LIABILITIES AND FUND BALANCES	$ 5,254,485	318,443	238,617	46,400

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	
				ASSETS:
				Pooled cash and investments: (Notes 1 and 5)
$ 286,387	1,567,932		$ 3,321,249	Operating (Note 1)
2,753	56,188		848,907	Other (Note 1)
289,140	1,624,120		4,170,156	Total pooled cash and investments
	499,010	(246,875)	258,385	Other investments (Notes 4 and 5)
3,817	21,180		423,422	Taxes receivable
1,167	5,317		20,458	Interest receivable
4,440	111,882		2,063,003	Other receivables
	330,739		681,070	Due from other funds (Note 14)
	11,034		842,264	Advances to other funds (Note 14)
	35,293		89,451	Inventories
$ 298,564	2,638,575	(246,875)	$ 8,548,209	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				LIABILITIES:
$ 1,653	45,449		$ 312,733	Accounts payable
	481		559,370	Accrued payroll
616	21,630		146,716	Other payables
2,919	265,265		796,523	Due to other funds (Note 14)
5,715	34,705		454,530	Deferred revenue
	10,051		372,015	Advances payable
	855		14,691	Third party payor liability (Notes 10 and 13)
10,903	378,436		2,656,578	TOTAL LIABILITIES
				FUND BALANCES:
				Reserved for:
78,136	169,062		760,526	Encumbrances
	35,293		89,451	Inventories
	1,618		1,618	Housing programs
	694,741	(246,875)	447,866	Debt service
	3,019		3,019	Endowments and annuities
	13,100		140,719	Assets unavailable for appropriation
				Unreserved, designated for:
	5,282		52,782	Budget uncertainties
43,463			540,078	Program expansion
			228,229	Health services
	60,897		449,887	Capital projects
	341,914		341,914	Special revenue funds - program expansion
				Unreserved, undesignated, reported in:
			1,655,388	General fund
166,062	746,221		991,162	Special revenue funds
	188,992		188,992	Capital projects funds
287,661	2,260,139	(246,875)	5,891,631	TOTAL FUND BALANCES
$ 298,564	2,638,575	(246,875)	$ 8,548,209	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, 2009 (in thousands)

Fund balances - total governmental funds (page B-29)		$ 5,891,631
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	$ 7,147,049	
Construction-in-progress	522,056	
Buildings and improvements - net	2,772,919	
Equipment - net	278,116	
Infrastructure - net	4,438,662	15,158,802
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	$ 290,514	
Long-term receivables	183,278	473,792
The net pension obligation (an asset) pertaining to governmental fund types is not recorded in governmental fund statements.		71,663
Accrued interest payable is not recognized in governmental funds.		(14,525)
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)	$ (1,492,994)	
Pension bonds payable	(452,572)	
Capital lease obligations	(157,794)	
Accrued vacation/sick leave	(768,186)	
Workers' compensation	(1,774,460)	
Litigation/self-insurance	(111,317)	
Pollution remediation obligations	(30,065)	
OPEB obligation	(1,959,360)	(6,746,748)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net assets.		(82,320)
Net assets of governmental activities (page B-25)		$ 14,752,295

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, 2009 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES:				
Taxes	$ 3,970,566	635,783	100,612	74,249
Licenses, permits and franchises	54,877	15,392	606	
Fines, forfeitures and penalties	264,375	6,576	1,913	895
Revenue from use of money and property:				
Investment income (Note 5)	124,626	2,712	4,750	1,170
Rents and concessions (Note 9)	58,759	84	7,604	11
Royalties	387		678	
Intergovernmental revenues:				
Federal	3,062,976	4,598	2,086	105
State	4,029,726	15,558	8,515	1,890
Other	118,448	38,055	6,134	1,167
Charges for services	1,654,173	187,701	126,963	2,333
Miscellaneous	198,837	397	2,061	1,053
TOTAL REVENUES	13,537,750	906,856	261,922	82,873
EXPENDITURES:				
Current:				
General government	946,008			
Public protection	4,420,786	844,287	211,631	
Public ways and facilities				
Health and sanitation	2,480,693			
Public assistance	4,796,019			
Education				115,164
Recreation and cultural services	242,999			
Debt service:				
Principal	76,123	3,751		832
Interest and other charges	158,524	7,055		1,505
Capital leases	12,601	3,604		190
Capital outlay	772			108
TOTAL EXPENDITURES	13,134,525	858,697	211,631	117,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	403,225	48,159	50,291	(34,926)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 14)	299,247		32	39,665
Transfers out (Note 14)	(911,752)	(13,351)	(20,477)	(7,014)
Capital leases (Note 9)	772			108
Sales of capital assets	886	92	281	1
TOTAL OTHER FINANCING SOURCES (USES)	(610,847)	(13,259)	(20,164)	32,760
NET CHANGE IN FUND BALANCES	(207,622)	34,900	30,127	(2,166)
FUND BALANCE, JULY 1, 2008	3,374,440	170,037	161,899	29,091
FUND BALANCE, JUNE 30, 2009	$ 3,166,818	204,937	192,026	26,925

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	
				REVENUES:
$	300,729		$ 5,081,939	Taxes
	9,948		80,823	Licenses, permits and franchises
915	89,373		364,047	Fines, forfeitures and penalties
				Revenue from use of money and property:
6,818	69,321	(12,822)	196,575	Investment income (Note 5)
	24,423		90,881	Rents and concessions (Note 9)
	8		1,073	Royalties
				Intergovernmental revenues:
	203,091		3,272,856	Federal
	390,728		4,446,417	State
	19,983		183,787	Other
79,140	143,399		2,193,709	Charges for services
	125,414		327,762	Miscellaneous
86,873	1,376,417	(12,822)	16,239,869	TOTAL REVENUES
				EXPENDITURES:
				Current:
	17,267		963,275	General government
	84,872		5,561,576	Public protection
	309,264		309,264	Public ways and facilities
	164,337		2,645,030	Health and sanitation
	155,349		4,951,368	Public assistance
	151		115,315	Education
51,937	8,052		302,988	Recreation and cultural services
				Debt service:
	126,194	(23,120)	183,780	Principal
	66,205	(12,822)	220,467	Interest and other charges
			16,395	Capital leases
	74,614		75,494	Capital outlay
51,937	1,006,305	(35,942)	15,344,952	TOTAL EXPENDITURES
34,936	370,112	23,120	894,917	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES):
	188,287		527,231	Transfers in (Note 14)
(33,280)	(554,759)		(1,540,633)	Transfers out (Note 14)
			880	Capital leases (Note 9)
	4,885		6,145	Sales of capital assets
(33,280)	(361,587)		(1,006,377)	TOTAL OTHER FINANCING SOURCES (USES)
1,656	8,525	23,120	(111,460)	NET CHANGE IN FUND BALANCES
286,005	2,251,614	(269,995)	6,003,091	FUND BALANCE, JULY 1, 2008
$ 287,661	2,260,139	(246,875)	$ 5,891,631	FUND BALANCE, JUNE 30, 2009

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, 2009 (in thousands)

Net change in fund balances - total governmental funds (page B-33)		$ (111,460)
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	$ 349,363	
Less - current year depreciation expense	(311,823)	37,540
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.		(23,055)
Contribution of capital assets is not recognized in the governmental funds.		145,950
Revenue timing differences result in more revenue in government-wide statements.		(35,594)
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	$ 80,706	
Certificates of participation	76,496	
Assessment bonds	23,120	
Other long term notes and loans	19,131	199,453
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	$ (29,214)	
Change in litigation/self-insurance	28,323	
Change in pollution remediation obligations	1,213	
Change in accrued vacation/sick leave	(58,331)	
Change in OPEB liability	(985,024)	
Change in accrued interest payable	754	
Change in accretion of tobacco settlement bonds	(20,666)	
Change in accretion of pension bonds	90,442	
Transfer of capital assets from governmental fund to enterprise fund	(131)	(972,634)
The change in the net pension obligation (an asset) is not recognized in governmental funds.		(29,926)
The portion of internal service funds that is reported with governmental activities.		2,884
Change in net assets of governmental activities (page B-27)		$ (786,842)

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, 2009 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 4,018,235	4,030,607	3,938,502	(92,105)
Licenses, permits and franchises	56,826	59,223	54,877	(4,346)
Fines, forfeitures and penalties	217,469	217,469	264,375	46,906
Revenue from use of money and property:				
Investment income	103,014	102,887	112,602	9,715
Rents and concessions	56,569	55,738	58,758	3,020
Royalties	156	156	387	231
Intergovernmental revenues:				
Federal	3,270,698	3,419,375	3,058,947	(360,428)
State	4,442,714	4,368,409	4,019,006	(349,403)
Other	126,963	134,937	118,289	(16,648)
Charges for services	1,794,086	1,607,359	1,504,841	(102,518)
Miscellaneous	135,498	254,356	242,384	(11,972)
TOTAL REVENUES	14,222,228	14,250,516	13,372,968	(877,548)
EXPENDITURES:				
Current:				
General government	1,595,353	1,618,898	870,481	(748,417)
Public protection	4,703,102	4,769,645	4,566,886	(202,759)
Health and sanitation	2,813,733	2,822,445	2,562,912	(259,533)
Public assistance	5,126,974	5,223,491	4,876,824	(346,667)
Recreation and cultural services	261,006	262,081	248,026	(14,055)
Debt Service-				
Interest	9,104	9,104	9,104	
Capital Outlay	1,350,273	1,207,314	101,254	(1,106,060)
TOTAL EXPENDITURES	15,859,545	15,912,978	13,235,487	(2,677,491)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,637,317)	(1,662,462)	137,481	1,799,943
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	715	715	886	171
Transfers in	490,543	495,998	263,213	(232,785)
Transfers out	(874,728)	(693,253)	(669,236)	24,017
Changes in reserves and designations	211,983	50,198	172,280	122,082
OTHER FINANCING SOURCES (USES) - NET	(171,487)	(146,342)	(232,857)	(86,515)
NET CHANGE IN FUND BALANCE	(1,808,804)	(1,808,804)	(95,376)	1,713,428
FUND BALANCE, JULY 1, 2008 (Note 15)	1,808,804	1,808,804	1,808,804	
FUND BALANCE, JUNE 30, 2009 (Note 15)	$		1,713,428	1,713,428

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, 2009 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 642,453	642,453	629,671	(12,782)
Licenses, permits and franchises	9,231	9,231	15,392	6,161
Fines, forfeitures and penalties	3,727	3,727	6,576	2,849
Revenue from use of money and property:				
Investment income	1,000	1,000	1,616	616
Rents and concessions	114	114	84	(30)
Intergovernmental revenues:				
Federal	15,084	19,108	4,598	(14,510)
State	15,829	16,300	15,558	(742)
Other	29,407	29,407	38,054	8,647
Charges for services	178,049	178,049	187,701	9,652
Miscellaneous	672	887	397	(490)
TOTAL REVENUES	895,566	900,276	899,647	(629)
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	767,203	767,739	747,146	(20,593)
Services and supplies	119,754	132,514	107,076	(25,438)
Other charges	1,069	1,160	535	(625)
Capital assets	26,860	21,939	11,706	(10,233)
TOTAL EXPENDITURES	914,886	923,352	866,463	(56,889)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,320)	(23,076)	33,184	56,260
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	103	103	92	(11)
Transfers out	(10,951)	(13,351)	(13,351)	
Changes in reserves and designations	(13,180)	(7,024)	(5,025)	1,999
OTHER FINANCING SOURCES (USES) - NET	(24,028)	(20,272)	(18,284)	1,988
NET CHANGE IN FUND BALANCE	(43,348)	(43,348)	14,900	58,248
FUND BALANCE, JULY 1, 2008 (Note 15)	43,348	43,348	43,348	
FUND BALANCE, JUNE 30, 2009 (Note 15)	$		58,248	58,248

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 93,744	98,625	99,459	834
Licenses, permits and franchises	1,300	1,300	606	(694)
Fines, forfeitures and penalties	1,000	1,000	1,913	913
Revenue from use of money and property:				
Investment income	6,849	6,849	3,792	(3,057)
Rents and concessions	6,934	6,934	7,603	669
Royalties	200	200	678	478
Intergovernmental revenues:				
Federal	4,119	4,119	2,086	(2,033)
State	9,227	9,227	8,515	(712)
Other	6,199	6,199	6,134	(65)
Charges for services	122,697	142,361	126,679	(15,682)
Miscellaneous	717	717	2,013	1,296
TOTAL REVENUES	252,986	277,531	259,478	(18,053)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	264,934	250,326	220,435	(29,891)
Other charges	20,006	20,246	19,820	(426)
Capital assets	156	256	177	(79)
Capital Outlay	1,725	1,725	937	(788)
TOTAL EXPENDITURES	286,821	272,553	241,369	(31,184)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(33,835)	4,978	18,109	13,131
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	900	900	281	(619)
Transfers in	12,964	32	32	
Transfers out	(1,954)	(1,954)	(1,425)	529
Long-term debt proceeds			49	49
Appropriation for contingencies	(3,005)	(7,886)		7,886
Changes in reserves and designations	(6,475)	(27,475)	(20,065)	7,410
OTHER FINANCING SOURCES (USES) - NET	2,430	(36,383)	(21,128)	15,255
NET CHANGE IN FUND BALANCE	(31,405)	(31,405)	(3,019)	28,386
FUND BALANCE, JULY 1, 2008 (Note 15)	31,405	31,405	31,405	
FUND BALANCE, JUNE 30, 2009 (Note 15)	$		28,386	28,386

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, 2009 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 75,881	75,881	73,541	(2,340)
Fines, forfeitures and penalties			895	895
Revenue from use of money and property:				
Investment income	700	700	943	243
Rents and concessions	16	16	11	(5)
Intergovernmental revenues:				
Federal	16	16	105	89
State	2,054	1,874	1,890	16
Other	1,255	1,255	1,167	(88)
Charges for services	2,300	2,300	2,333	33
Miscellaneous	1,192	1,192	1,053	(139)
TOTAL REVENUES	83,414	83,234	81,938	(1,296)
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	80,826	80,826	75,085	(5,741)
Services and supplies	57,622	57,335	40,902	(16,433)
Other charges	680	680	540	(140)
Capital assets	892	1,472	1,302	(170)
TOTAL EXPENDITURES	140,020	140,313	117,829	(22,484)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(56,606)	(57,079)	(35,891)	21,188
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			1	1
Transfers in	47,123	48,496	39,664	(8,832)
Transfers out	(3,079)	(6,625)	(6,625)	
Changes in reserves and designations	(4,064)	(1,418)	(468)	950
OTHER FINANCING SOURCES (USES) - NET	39,980	40,453	32,572	(7,881)
NET CHANGE IN FUND BALANCE	(16,626)	(16,626)	(3,319)	13,307
FUND BALANCE, JULY 1, 2008 (Note 15)	16,626	16,626	16,626	
FUND BALANCE, JUNE 30, 2009 (Note 15)	$		13,307	13,307

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, 2009 (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	$ 826	826	915	89
Revenue from use of money and property-				
Investment income	8,123	8,123	5,344	(2,779)
Charges for services	78,387	78,387	79,245	858
TOTAL REVENUES	87,336	87,336	85,504	(1,832)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	4,965	4,965	4,029	(936)
Other charges	186,049	186,049	44,098	(141,951)
TOTAL EXPENDITURES	191,014	191,014	48,127	(142,887)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(103,678)	(103,678)	37,377	141,055
OTHER FINANCING SOURCES (USES):				
Transfers in	72,891	72,891	71,651	(1,240)
Transfers out	(109,036)	(109,036)	(104,931)	4,105
Appropriation for contingencies	(17,325)	(17,325)		17,325
Changes in reserves and designations	(3,981)	(3,981)	(1,470)	2,511
OTHER FINANCING SOURCES (USES) - NET	(57,451)	(57,451)	(34,750)	22,701
NET CHANGE IN FUND BALANCE	(161,129)	(161,129)	2,627	163,756
FUND BALANCE, JULY 1, 2008 (Note 15)	164,013	164,013	164,013	
FUND BALANCE, JUNE 30, 2009 (Note 15)	$ 2,884	2,884	166,640	163,756

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, 2009 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
ASSETS					
Current assets:					
Pooled cash and investments: (Notes 1 and 5)					
Operating (Note 1)	$ 650	708	10,990	285	240
Other (Note 1)	15,869	14,128	27,512	53,752	4,131
Total pooled cash and investments	16,519	14,836	38,502	54,037	4,371
Other investments (Note 5)					
Taxes receivable					
Accounts receivable - net (Note 13)	179,036	199,616	350,104	181,137	114,961
Interest receivable	2	55	134		
Other receivables	11,611	12,180	23,444	3,515	3,797
Due from other funds (Note 14)	40,438	65,610	179,931	4,714	27,645
Advances to other funds (Note 14)					
Inventories	2,762	3,582	7,857	1,931	1,411
Total current assets	250,368	295,879	599,972	245,334	152,185
Noncurrent assets:					
Restricted assets (Note 5)	9,166	26,800	22,473	1,083	7,274
Net pension obligation (Note 7)	4,218	3,659	11,075	4,700	3,036
Capital assets: (Notes 6 and 9)					
Land and easements	1,001	15,171	18,183	2,277	217
Buildings and improvements	77,672	152,939	1,075,313	194,951	187,179
Equipment	36,475	33,661	145,309	50,681	13,409
Infrastructure					
Construction in progress	49,013	13,959			12,080
Less accumulated depreciation	(71,904)	(105,181)	(215,835)	(143,581)	(102,919)
Total capital assets - net	92,257	110,549	1,022,970	104,328	109,966
Total noncurrent assets	105,641	141,008	1,056,518	110,111	120,276
TOTAL ASSETS	356,009	436,887	1,656,490	355,445	272,461
LIABILITIES					
Current liabilities:					
Accounts payable	12,716	6,646	29,147	7,702	3,529
Accrued payroll	29,563	21,263	52,466	7,054	9,729
Other payables	2,256	2,028	3,179	3,142	1,005
Accrued interest payable	83		79	191	203
Due to other funds (Note 14)	32,478	36,607	79,946	44,288	33,921
Advances from other funds (Note 14)	134,597	200,128	275,238	154,996	56,469
Advances payable			228		
Unearned revenue	71	61	1,013	79	51
Current portion of long-term liabilities (Note 10)	106,262	62,664	177,835	34,271	28,725
Total current liabilities	318,026	329,397	619,131	251,723	133,632
Noncurrent liabilities:					
Accrued vacation and sick leave (Note 10)	32,869	22,516	53,142	9,397	10,461
Bonds and notes payable (Note 10)	7,737		12,383	34,317	30,910
Pension bonds payable (Notes 7 and 10)	13,104	11,366	34,407	14,603	9,431
Workers' compensation (Notes 10 and 17)	27,625	24,969	121,700	56,778	22,661
Litigation and self-insurance (Notes 10 and 17)	13,165	4,923	55,896	13,825	196
OPEB obligation (Notes 8 and 10)	83,415	71,705	174,490	25,225	33,714
Third party payor liability (Notes 10 and 13)	23,609	18,220	102,521	17,747	14,158
Total noncurrent liabilities	201,524	153,699	554,539	171,892	121,531
TOTAL LIABILITIES	519,550	483,096	1,173,670	423,615	255,163
NET ASSETS					
Invested in capital assets, net of related debt (Notes 6 and 10)	20,411	104,366	918,372	68,248	77,359
Restricted:					
Debt service	9,083	26,800	22,394	892	7,071
Special purpose					
Unrestricted (deficit)	(193,035)	(177,375)	(457,946)	(137,310)	(67,132)
TOTAL NET ASSETS (DEFICIT) (Note 3)	$ (163,541)	(46,209)	482,820	(68,170)	17,298

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	
				ASSETS
				Current assets:
				Pooled cash and investments: (Notes 1 and 5)
$ 86,393	4,863	$ 104,129	$ 48,576	Operating (Note 1)
881	6	116,279	9,281	Other (Note 1)
87,274	4,869	220,408	57,857	Total pooled cash and investments
	30,380	30,380	8,131	Other investments (Note 5)
950		950		Taxes receivable
		1,024,854		Accounts receivable - net (Note 13)
349	13	553	207	Interest receivable
8,484	8,456	71,487	6,789	Other receivables
1,821	53	320,212	65,910	Due from other funds (Note 14)
1,164		1,164		Advances to other funds (Note 14)
	11	17,554	9,769	Inventories
100,042	43,782	1,687,562	148,663	Total current assets
				Noncurrent assets:
		66,796	14,124	Restricted assets (Note 5)
		26,688	5,150	Net pension obligation (Note 7)
				Capital assets: (Notes 6 and 9)
10,965	199,160	246,974		Land and easements
119,091	179,967	1,987,112	1,734	Buildings and improvements
535	3,175	283,245	217,720	Equipment
1,108,349	41,505	1,149,854		Infrastructure
35,368	1,258	111,678		Construction in progress
(480,038)	(188,274)	(1,307,732)	(114,404)	Less accumulated depreciation
794,270	236,791	2,471,131	105,050	Total capital assets - net
794,270	236,791	2,564,615	124,324	Total noncurrent assets
894,312	280,573	4,252,177	272,987	TOTAL ASSETS
				LIABILITIES
				Current liabilities:
3,231	3,074	66,045	5,539	Accounts payable
		120,075	24,402	Accrued payroll
19	3,007	14,636	1,811	Other payables
		556	209	Accrued interest payable
6,263	249	233,752	36,917	Due to other funds (Note 14)
		821,428	22,000	Advances from other funds (Note 14)
		228		Advances payable
475	530	2,280	711	Unearned revenue
19	987	410,763	77,667	Current portion of long-term liabilities (Note 10)
10,007	7,847	1,669,763	169,256	Total current liabilities
				Noncurrent liabilities:
	211	128,596	37,657	Accrued vacation and sick leave (Note 10)
67	3,324	88,738	30,470	Bonds and notes payable (Note 10)
		82,911	15,998	Pension bonds payable (Notes 7 and 10)
		253,733	14,531	Workers' compensation (Notes 10 and 17)
		88,005	1,341	Litigation and self-insurance (Notes 10 and 17)
		388,549	84,482	OPEB obligation (Notes 8 and 10)
		176,255		Third party payor liability (Notes 10 and 13)
67	3,535	1,206,787	184,479	Total noncurrent liabilities
10,074	11,382	2,876,550	353,735	TOTAL LIABILITIES
				NET ASSETS
794,184	233,111	2,216,051	67,154	Invested in capital assets, net of related debt (Notes 6 and 10)
				Restricted:
90,054	2,969	159,263	13,915	Debt service
	29,546	29,546	3,042	Special purpose
	3,565	(1,029,233)	(164,859)	Unrestricted (deficit)
$ 884,238	269,191	1,375,627	$ (80,748)	TOTAL NET ASSETS (DEFICIT) (Note 3)
		1,572		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ 1,377,199		NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE B-25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009 (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)	$ 434,892	354,299	871,124	186,128	172,338
Rentals					
Charges for services					
Other	14,080	10,957	44,036	2,892	4,850
TOTAL OPERATING REVENUES	448,972	365,256	915,160	189,020	177,188
OPERATING EXPENSES:					
Salaries and employee benefits	431,305	318,068	800,632	110,688	147,932
Services and supplies	119,743	88,772	282,434	47,405	28,355
Other professional services	129,617	124,417	338,001	76,035	35,645
Depreciation and amortization (Note 6)	2,756	3,220	18,631	3,585	2,559
Medical malpractice	4,602	8,603	8,106	1,359	408
Rent	3,859	2,143	10,412	1,952	1,846
TOTAL OPERATING EXPENSES	691,882	545,223	1,458,216	241,024	216,745
OPERATING INCOME (LOSS)	(242,910)	(179,967)	(543,056)	(52,004)	(39,557)
NONOPERATING REVENUES (EXPENSES):					
Taxes					
Interest income	556	822	3,059	421	295
Interest expense	(5,900)	(4,368)	(13,055)	(8,178)	(3,526)
Intergovernmental transfers expense (Note 13)	(50,346)	(57,857)	(132,128)	(4,373)	(10,016)
Intergovernmental revenues:					
State					
Federal					
TOTAL NONOPERATING REVENUES (EXPENSES)	(55,690)	(61,403)	(142,124)	(12,130)	(13,247)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(298,600)	(241,370)	(685,180)	(64,134)	(52,804)
Capital contributions				46	85
Transfers in (Note 14)	221,748	186,267	524,871	60,646	70,430
Transfers out (Note 14)	(17,571)	(5,231)	(30,308)		(1,554)
CHANGE IN NET ASSETS	(94,423)	(60,334)	(190,617)	(3,442)	16,157
TOTAL NET ASSETS (DEFICIT), JULY 1, 2008	(69,118)	14,125	673,437	(64,728)	1,141
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2009	$ (163,541)	(46,209)	482,820	(68,170)	17,298

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
OPERATING REVENUES:				
Net patient service revenues (Note 13)	$		$ 2,018,781	$
Rentals		14,582	14,582	25,731
Charges for services	58,406	323	58,729	433,605
Other	1	888	77,704	
TOTAL OPERATING REVENUES	58,407	15,793	2,169,796	459,336
OPERATING EXPENSES:				
Salaries and employee benefits			1,808,625	348,699
Services and supplies	50,996	269,401	887,106	43,725
Other professional services	3,594	840	708,149	32,672
Depreciation and amortization (Note 6)	22,305	2,810	55,866	30,262
Medical malpractice			23,078	
Rent			20,212	
TOTAL OPERATING EXPENSES	76,895	273,051	3,503,036	455,358
OPERATING INCOME (LOSS)	(18,488)	(257,258)	(1,333,240)	3,978
NONOPERATING REVENUES (EXPENSES):				
Taxes	4,453		4,453	
Interest income	2,915	1,777	9,845	1,216
Interest expense	(9)	(223)	(35,259)	(4,869)
Intergovernmental transfers expense (Note 13)			(254,720)	
Intergovernmental revenues:				
State	97	25	122	
Federal	79	230,610	230,689	785
TOTAL NONOPERATING REVENUES (EXPENSES)	7,535	232,189	(44,870)	(2,868)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(10,953)	(25,069)	(1,378,110)	1,110
Capital contributions	166	671	968	
Transfers in (Note 14)		2,980	1,066,942	4,362
Transfers out (Note 14)	(349)		(55,013)	(2,889)
CHANGE IN NET ASSETS	(11,136)	(21,418)	(365,213)	2,583
TOTAL NET ASSETS (DEFICIT), JULY 1, 2008	895,374	290,609		(83,331)
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2009	$ 884,238	269,191		$ (80,748)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(301)	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES (PAGE B-27)			$ (365,514)	

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009 (in thousands)

	BUSINESS-TYPE ACTIVITIES -				
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Martin Luther King Jr. Ambulatory Care Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from patient services	$ 384,217	283,653	761,855	205,985	121,908
Rentals received					
Cash received from charges for services					
Other operating revenues	14,096	10,958	44,040	2,893	4,853
Cash received for services provided to other funds	16,536	16,473	31,667	7,112	288
Cash paid for salaries and employee benefits	(388,083)	(286,807)	(726,937)	(116,438)	(134,412)
Cash paid for services and supplies	(58,297)	(77,626)	(152,756)	(11,333)	(7,632)
Other operating expenses	(137,700)	(132,640)	(355,591)	(83,065)	(37,524)
Cash paid for services from other funds	(30,612)	(23,726)	(114,133)	(34,877)	(20,065)
Net cash provided by (required for) operating activities	(199,843)	(209,715)	(511,855)	(29,723)	(72,584)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash advances received from other funds	263,508	251,597	470,436	134,196	78,926
Cash advances paid/returned to other funds	(226,732)	(123,443)	(403,645)	(125,928)	(76,278)
Interest paid on pension bonds	(2,981)	(2,586)	(7,828)	(3,321)	(2,144)
Interest paid on advances	(1,231)	(1,426)	(2,380)	(2,754)	(572)
Intergovernmental transfers	(50,346)	(57,857)	(132,128)	(4,373)	(10,016)
Intergovernmental receipts					
Transfers in	220,799	144,872	529,694	84,848	91,092
Transfers out		(5,231)			(1,554)
Net cash provided by (required for) noncapital financing activities	203,017	205,926	454,149	82,668	79,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from taxes					
Capital contributions					
Proceeds from bonds and notes					
Interest paid on capital borrowing	(1,816)	(356)	(2,969)	(2,400)	(1,125)
Principal payments on bonds and notes	(1,710)		(1,621)	(3,947)	(4,193)
Principal payments on capital leases					(130)
Acquisition and construction of capital assets	(32,977)	(4,376)	(85,257)	(1,713)	(881)
Net cash required for capital and related financing activities	(36,503)	(4,732)	(89,847)	(8,060)	(6,329)
CASH FLOWS FROM INVESTING ACTIVITIES - Interest income received	236	489	2,617	65	65
Net increase (decrease) in cash and cash equivalents	(33,093)	(8,032)	(144,936)	44,950	606
Cash and cash equivalents, July 1, 2008	58,778	49,668	205,911	10,170	11,039
Cash and cash equivalents, June 30, 2009	$ 25,685	41,636	60,975	55,120	11,645

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	
				CASH FLOWS FROM OPERATING ACTIVITIES:
$		$ 1,757,618	$	Cash received from patient services
	11,761	11,761	25,781	Rentals received
59,462	2,747	62,209	427,472	Cash received from charges for services
1	888	77,729		Other operating revenues
		72,076		Cash received for services provided to other funds
	26	(1,652,651)	(334,601)	Cash paid for salaries and employee benefits
(49,024)	(270,071)	(626,739)	(65,527)	Cash paid for services and supplies
(3,669)	(840)	(751,029)	(32,672)	Other operating expenses
		(223,413)		Cash paid for services from other funds
6,770	(255,489)	(1,272,439)	20,453	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
		1,198,663		Cash advances received from other funds
		(956,026)		Cash advances paid/returned to other funds
		(18,860)	(3,639)	Interest paid on pension bonds
		(8,363)		Interest paid on advances
		(254,720)		Intergovernmental transfers
176	230,635	230,811	785	Intergovernmental receipts
	2,980	1,074,285	4,362	Transfers in
(349)		(7,134)	(2,889)	Transfers out
(173)	233,615	1,258,656	(1,381)	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
4,418		4,418		Proceeds from taxes
	671	671		Capital contributions
	5	5	25,000	Proceeds from bonds and notes
(9)	(223)	(8,898)	(1,190)	Interest paid on capital borrowing
(18)	(830)	(12,319)	(15,815)	Principal payments on bonds and notes
		(130)	(60)	Principal payments on capital leases
(19,391)	(4,216)	(148,811)	(34,426)	Acquisition and construction of capital assets
(15,000)	(4,593)	(165,064)	(26,491)	Net cash required for capital and related financing activities
2,992	1,767	8,231	801	CASH FLOWS FROM INVESTING ACTIVITIES - Interest income received
(5,411)	(24,700)	(170,616)	(6,618)	Net increase (decrease) in cash and cash equivalents
92,685	59,949	488,200	86,730	Cash and cash equivalents, July 1, 2008
$ 87,274	35,249	$ 317,584	$ 80,112	Cash and cash equivalents, June 30, 2009

Continued…

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009 (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 INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:					
Operating income (loss)	$ (242,910)	(179,967)	(543,056)	(52,004)	(39,557)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:					
Depreciation and amortization	2,756	3,220	18,631	3,585	2,559
Other charges - net	15,226	(180)	43,071	154	(205)
(Increase) decrease in:					
Accounts receivable - net	(49,444)	(73,395)	(94,165)	(352)	(49,606)
Interest receivable					
Other receivables	(833)	(1,891)	1,041	1,251	(170)
Due from other funds	7,914	19,880	13,037	14,934	(6,905)
Inventories	608	580	4,439	82	(4)
Net pension obligation	1,761	1,529	4,625	1,963	1,268
Increase (decrease) in:					
Accounts payable	1,129	(4,135)	(12,366)	2,751	(227)
Accrued payroll	2,066	1,000	2,490	(684)	449
Other payables	146	258	(64)	1,397	5
Accrued vacation and sick leave	4,192	3,243	5,049	(271)	606
Due to other funds	14,846	(8,185)	(18,442)	(1,983)	1,410
Unearned revenue			119		
Pension bonds payable	(10,073)	(8,741)	(26,449)	(11,226)	(7,254)
Workers' compensation liability	275	(3,251)	(3,311)	(5,482)	523
Litigation and self-insurance liability	378	2,221	928	(4,069)	375
OPEB obligation	44,855	37,570	91,981	9,095	17,980
Third party payor liability	7,265	529	587	11,136	6,169
TOTAL ADJUSTMENTS	43,067	(29,748)	31,201	22,281	(33,027)
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	$ (199,843)	(209,715)	(511,855)	(29,723)	(72,584)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-					
Capital contributions	$			46	85
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:					
Pooled cash and investments	$ 16,519	14,836	38,502	54,037	4,371
Other investments					
Restricted assets	9,166	26,800	22,473	1,083	7,274
TOTAL	$ 25,685	41,636	60,975	55,120	11,645

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
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ (18,488)	(257,258)	$ (1,333,240)	$ 3,978
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	22,305	2,810	55,866	30,262
Other charges - net	1	9	58,076	(13,118)
(Increase) decrease in:				
Accounts receivable - net			(266,962)	
Interest receivable				90
Other receivables	408	(1,756)	(1,950)	(1,030)
Due from other funds	648	(5)	49,503	(6,552)
Inventories		(11)	5,694	(2,093)
Net pension obligation			11,146	2,150
Increase (decrease) in:				
Accounts payable	711	(921)	(13,058)	1,475
Accrued payroll			5,321	957
Other payables	19	1,314	3,075	71
Accrued vacation and sick leave		26	12,845	1,113
Due to other funds	1,241	87	(11,026)	(7,390)
Unearned revenue		216	335	524
Pension bonds payable			(63,743)	(12,299)
Workers' compensation liability			(11,246)	(22,415)
Litigation and self-insurance liability	(75)		(242)	
OPEB obligation			201,481	44,730
Third party payor liability			25,686	
TOTAL ADJUSTMENTS	25,258	1,769	60,801	16,475
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	$ 6,770	(255,489)	$ (1,272,439)	$ 20,453
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Capital contributions	$ 166		$ 297	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS:				
Pooled cash and investments	$ 87,274	4,869	$ 220,408	$ 57,857
Other investments		30,380	30,380	8,131
Restricted assets			66,796	14,124
TOTAL	$ 87,274	35,249	$ 317,584	$ 80,112

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	$ 114,155	$ 13,329,209	$ 1,163,812
Other investments: (Note 5)		269,057	301
Stocks	14,886,158		
Bonds	8,776,703		
Short-term investments	786,691		
Commodities	389,940		
Real estate	3,057,774		
Mortgages	237,041		
Alternative assets	2,815,826		
Cash collateral on loaned securities	1,219,067		
Taxes receivable			448,507
Interest receivable	103,110	95,471	4,739
Other receivables	813,714		
TOTAL ASSETS	33,200,179	13,693,737	$ 1,617,359
LIABILITIES			
Accounts payable	1,433,312		
Other payables (Note 5)	1,267,886		
Due to other governments			1,617,359
TOTAL LIABILITIES	2,701,198		$ 1,617,359
NET ASSETS			
Held in trust for pension benefits and investment trust participants	$ 30,498,981	$ 13,693,737	

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, 2009 (in thousands)

	PENSION TRUST FUND	INVESTMENT TRUST FUNDS
ADDITIONS:		
Contributions:		
Pension trust contributions:		
Employer	$ 831,671	$
Member	415,545	
Contributions to investment trust funds		41,476,476
Total contributions	1,247,216	41,476,476
Investment earnings:		
Investment income	1,073,730	373,706
Net decrease in the fair value of investments	(8,393,120)	
Securities lending income (Note 5)	38,753	
Total investment earnings (losses)	(7,280,637)	373,706
Less - Investment expenses:		
Expense from investing activities	104,603	
Expense from securities lending activities (Note 5)	22,550	
Total net investment expense	127,153	
Net investment earnings (losses)	(7,407,790)	373,706
Miscellaneous	1,221	
NET INCREASE (DECREASE) IN ADDITIONS	(6,159,353)	41,850,182
DEDUCTIONS:		
Salaries and employee benefits	35,843	
Services and supplies	13,887	
Benefit payments	1,996,008	
Distribution from investment trust funds		42,045,082
Miscellaneous	20,599	
TOTAL DEDUCTIONS	2,066,337	42,045,082
CHANGE IN NET ASSETS	(8,225,690)	(194,900)
NET ASSETS HELD IN TRUST, JULY 1, 2008	38,724,671	13,888,637
NET ASSETS HELD IN TRUST, JUNE 30, 2009	$ 30,498,981	$ 13,693,737

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

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

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.

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, 2009, the restricted net assets balances were $1.644 billion and $192.4 million for governmental activities and business-type activities, respectively. For governmental activities, $84 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.

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 care services, trauma and emergency room services, acute psychiatric services, pediatric and obstetric services, and transplants.

Olive View-UCLA Medical Center

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

LAC+USC Medical Center

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

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.

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.

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 issued on or before November 30, 1989, in accounting and reporting for government-wide and proprietary fund financial statements. FASB statements issued after November 30, 1989, have not been applied unless specifically adopted in a GASB statement.

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 August 30 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting which is different from generally accepted accounting principles (GAAP). Annual budgets were not adopted for the JPAs, Public Buildings and the LACSC debt service funds, the capital project funds and the permanent funds.

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board of Supervisors. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled on the object level for all budget units within the County, except for capital asset expenditures, which are controlled on the sub-object level. The total budget exceeds $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, 2009. 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 XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total 2008-2009 assessed valuation of the County of Los Angeles approximated $1.081 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 11,372 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

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

Deposits and Investments

In accordance with GASB Statements No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” and No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the accompanying basic financial statements reflect the fair value of investments. Specific disclosures related to GASB 31 appear in Note 5.

Deposits and investments are reflected in the following asset accounts:

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2009 that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB Statement No. 34.

Other Investments

"Other Investments" represent Pension Trust Fund investments, investments of the CDC, various JPAs, NPCs and Public Buildings (bond financed capital assets), and amounts on deposit with the County Treasurer which are invested separately as provided by the Government Code or by specific instructions from the depositing entity.

Restricted Assets

Enterprise Funds' restricted assets represent cash and investments of certain JPAs and Public Buildings projects restricted in accordance with the provisions of the certificates of participation issued. The Internal Service Funds' restricted assets represent cash and investments restricted for debt service in accordance with the provisions of the LAC-CAL bond indenture. All of the above noted assets are included in the various disclosures in Note 5. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds payable.

Inventories

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

Of the amounts reported as inventories in the governmental activities, $35,293,000 represents land held for resale by the CDC. The CDC records land held for resale at the lower of cost or estimated net realizable value.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

The County's capitalization thresholds are $5,000 for equipment, $100,000 for buildings and improvements and $100,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 6.

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

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Infrastructure	15 to 100 years

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

Advances Payable

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

Vacation and Sick Leave Benefits

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

<u>Long-term-Debt</u>

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

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.

<u>Cash Flows</u>

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

<u>Use of Estimates</u>

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 2008-2009 fiscal year:

<u>Governmental Accounting Standards Board Statement No. 49</u>

For the fiscal year ended June 30, 2009, the County implemented GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations.” This Statement provides specific accounting and reporting guidance for pollution remediation obligations, including disclosure requirements. These obligations address the current and potential detrimental effects of existing pollution by participating in pollution remediation activities. This matter is further discussed in Note 18.

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS-Continued

Governmental Accounting Standards Board Statement No. 52

GASB Statement No. 52, "Land, and Other Real Estate Held as Investments by Endowments," was implemented by the County for the fiscal year ended June 30, 2009. GASB 52 establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. For the fiscal year ended June 30, 2009, no County endowment held land or real estate as investments. While GASB No. 52 is not applicable for the current period, the County will apply the Statement as appropriate in the future.

Restatement of Net Assets

In order to meet the guidelines in GASB Statement 49, the County restated its beginning government-wide/governmental activities' balances to reflect the inclusion of its pollution remediation obligations. The effects of the changes are as follows (in thousands):

	Net Assets July 1, 2008 as previously reported	Effect of Including Remediation Obligations	Net Assets July 1, 2008 as restated
Government-wide:			
Governmental activities	$ 15,570,415	$ (31,278)	$ 15,539,137

3. NET ASSET DEFICITS

The following funds had net asset deficits at June 30, 2009 (in thousands):

	Accumulated Deficit
Enterprise Funds:	
Harbor/UCLA Medical Center	$ 163,541
Olive View/UCLA Medical Center	46,209
M. L. King, Jr. Ambulatory Care Center	68,170
Internal Service Fund-	
Public Works	90,462

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

4. ELIMINATIONS

The Regional Park and Open Space District (RPOSD), a blended component unit, is authorized to issue assessment bonds to acquire and improve recreational land and facilities. These bonds are secured by voter-approved property tax assessments. The RPOSD executed a financing agreement with the Public Works Financing Authority, another blended component unit referred to in the basic financial statements as "Joint Powers Authorities" (JPAs). Under the terms of the agreement, the RPOSD sold $510,185,000 of bonds in 1997 that were acquired as an investment by the JPAs. The JPAs financed this investment from proceeds of a simultaneous issuance of an equivalent amount of bonds as a public offering. The structure of the publicly offered JPA bonds was designed to match the RPOSD's bonds relative to principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of RPOSD related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPAs, the RPOSD has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPAs. The 1997 bonds were partially refunded in 2004-2005 and the remaining 1997 bonds were fully refunded in 2007-2008. The transactions between the two component units have been accounted for as follows:

Fund Financial Statements

At June 30, 2009, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of $246,875,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable ($246,875,000), 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 ($246,875,000) and investment earnings and interest expense ($12,822,000 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 $246,875,000, 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, 2009 (in thousands):

			Restricted Assets		
	Pooled Cash and Investments	Other Investments	Pooled Cash and Investments	Other Investments	Total
Governmental Funds	$ 4,170,156	$ 258,385	$	$	$ 4,428,541
Proprietary Funds	278,265	38,511	32,891	48,029	397,696
Fiduciary Funds (excluding Pension Trust Fund)	14,493,021	269,358			14,762,379
Pension Trust Fund	114,155	32,169,200			32,283,355
Component Unit	874,241				874,241
Total	$ 19,929,838	$32,735,454	$ 32,891	$48,029	$ 52,746,212

Deposits-Custodial Credit Risk

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

At June 30, 2009, the carrying amount of the County's deposits was $106,709,000 and the balance per various financial institutions was $106,091,000. 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, 2009, the carrying amount of Pension Trust Fund deposits was $32,076,000. 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, commercial paper rated A -1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, medium-term corporate and deposit notes, negotiable certificates of deposit, floating rate notes, money market funds, guaranteed investment contracts, repurchase and reverse repurchase agreements, bankers' acceptances, State and local area investment funds, and mortgage pass-through securities.

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

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 annually and is based on current market prices. 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.

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

The interest rate risk, foreign currency risk, credit risk, concentration of credit risk, and custodial credit risk related to Pension Trust Fund investments are different than the corresponding risk on investments held by the County Treasurer. Detailed deposit and investment risk disclosures are included in Note G of LACERA’s Report on Audited Financial Statements for the year ended June 30, 2009.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty percent (80%) of the Treasurer's external investment pool consists of these involuntary participants. Voluntary participants in the County's external investment pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the External Pooled Investment Trust Fund. Certain specific investments have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's investment pool and is reported in the Specific Investment Trust Fund. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

County pooled and other investments (excluding Pension Trust Fund other investments) at June 30, 2009 (in thousands) are as follows:

	Fair Value
U.S. Government securities	$ 8,922,471
Negotiable certificates of deposit	3,080,420
Commercial paper	7,218,659
Corporate and deposit notes	814,954

5. CASH AND INVESTMENTS-Continued

Investments-Continued

	Fair Value
Municipal bonds	5,315
Los Angeles County securities	40,000
Guaranteed investment contracts	135,300
Money market mutual funds	142,603
State and Local Agency Investment Funds	109,797
Mortgage trust deeds	784
Total	$ 20,470,303

Pension Trust Fund investments are reported in the basic financial statements at fair value at June 30, 2009 (in thousands) and are as follows:

	Fair Value
Domestic and international equity	$ 16,073,149
Fixed income	9,800,435
Real estate	3,057,774
Private equity	2,815,826
Commodities	389,940
Total	$ 32,137,124

The Pension Trust Fund also had deposits with the Los Angeles County Treasury Pool at June 30, 2009 totaling $114,155,000. The Pension Trust Fund portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of the total investment portfolio.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2009 to support the value of shares in the Treasurer's investment pool.

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

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

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
U. S. Government securities	$ 8,720,913	$ 8,644,805	1.85% - 7.20%	9/15/09 – 5/19/14	2.92
Negotiable certificates of deposit	3,080,420	3,080,126	0.20% - 2.55%	7/1/09 – 3/9/10	0.08
Commercial paper	7,218,659	7,218,783	0.18% - 0.82%	7/1/09 - 8/28/09	0.05
Corporate and deposit notes	812,481	801,257	0.62% - 7.38%	7/6/09 – 3/3/12	1.01
Los Angeles County securities	40,000	40,000	0.51% - 0.88%	6/30/10 – 6/30/11	1.63
Deposits	90,256	90,256			
	$ 19,962,729	$19,875,227			1.36

5. CASH AND INVESTMENTS-Continued

Investments-Continued

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

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
Local Agency Investment Fund	$ 109,797	$ 109,706		07/01/09-06/15/12	0.64
Corporate and deposit notes	2,473	2,540	1.48% - 5.33%	08/03/09-02/01/11	1.46
Mortgage trust deeds	784	784	4.50% - 5.50%	08/01/12-04/01/17	5.28
Municipal bonds	5,315	5,315	5.00%	09/02/21	12.18
Guaranteed investment contracts	135,300	135,300	4.87%	03/15/10	0.71
U.S. agency securities	180,853	179,360	3.38% - 5.59%	09/18/09-06/25/14	2.90
U.S. treasury bonds	107	86	7.25%	05/15/16	6.88
U.S. treasury notes	20,296	20,027	3.38% - 4.88%	10/15/09-07/31/11	0.30
U.S. treasury bills	302	302	0.35%	12/10/09	0.45
Money market mutual funds	142,603	142,603	0.01% - 0.26%	07/01/09-07/31/10	0.20
Deposits	16,453	16,453			
	$ 614,283	$ 612,476			1.09

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, 2009, 53.97% have a maturity of six months or less, 2.23% have a maturity of between six and twelve months and 43.80% have a maturity of more than one year.

As of June 30, 2009, variable-rate notes comprised 3.56% 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, 2009, 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.

5. CASH AND INVESTMENTS-Continued

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, 2009, a portion of the County's other investments was invested in the State of California's Local Agency Investment Fund which is unrated as to credit quality.

The County's Investment Policy, approved annually by the Board of Supervisors, limits the maximum total par value for each permissible security type (e.g., commercial paper and certificates of deposit) to a certain percentage of the investment pool. Exceptions to this are obligations of the United States government and United States government agencies or government-sponsored enterprises, which do not have limits. Further, the County restricts investments in any one issuer based on the issuer's Nationally Recognized Statistical Rating Organization (NRSRO) ratings. For bankers acceptances, certificates of deposit, corporate notes and floating rate notes, the highest issuer limit was $500 million, approximately 2.54% of the investment pool's daily investment balance. For commercial paper, the highest issuer limit was $750 million, or 3.82% 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, 2009 (in thousands):

Issuer	Pool	SPI
Federal Farm Credit Bank	$ 2,121,656	$ 36,186
Federal Home Loan Bank	2,951,637	66,978
Federal Home Loan Mortgage Corp	3,601,532	25,699

Non-Pooled Investments had a total of $135,300,000 invested in guaranteed investment contracts (GIC) with FSA Capital Management Services.

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2009:

	S & P	Moody's	% of Portfolio
Pooled Cash and Investments:			
Commercial paper	Not Rated	Not Rated	36.32%
Corporate and deposit notes	A	A2	0.25%
	A	A3	0.25%
	A+	Aa2	0.04%
	A+	Aa3	0.88%
	AA	Aa1	1.14%
	AA-	A1	0.10%
	AA+	Aa2	1.04%
	Not Rated	Aa2	0.13%
	Not Rated	Aa3	0.25%
	Not Rated	Not Rated	0.01%
Los Angeles County securities	AA-	Aa2	0.20%
Negotiable certificates of deposit	Not Rated	Not Rated	15.15%
	Not Rated	Aa1	0.35%
U.S. Government securities	AAA	Aaa	43.65%
	Not Rated	Not Rated	0.24%
			100.00%
Other Investments:			
Local Agency Investment Fund	Not Rated	Not Rated	18.37%
Corporate and deposit notes	AA	Aa1	0.04%
	AA+	Aa2	0.38%
Mortgage trust deeds	AA-	Aa3	0.13%
Municipal bonds	AA	Aa3	0.89%
Guaranteed investment contracts	Not Rated	Not Rated	22.63%
U.S. agency securities	AAA	Aaa	7.35%
	AAA/Stable	Not Rated	8.37%
	Not Rated	Not Rated	14.53%
U.S. treasury notes	AAA	Aaa	3.39%
U.S. treasury bonds	AAA	Aaa	0.02%
U.S. treasury bills	AAA	Aaa	0.05%
Money market mutual funds	Not Rated	Not Rated	23.85%
			100.00%

The earned yield, which includes net gains on investments sold, on all investments held by the Treasurer's Pool for the fiscal year ended June 30, 2009 was 2.57%.

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

A separate financial report is issued for the Treasurer's Pool. The most current report, as of June 30, 2008, is available on the Treasurer's website, and the report as of June 30, 2009, 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, 2009 (in thousands):

Statement of Net Assets	
Net assets held in trust for all pool participants	$ 19,962,729
Equity of internal pool participants	$ 6,556,452
Equity of external pool participants	13,406,277
Total equity	$ 19,962,729
Statement of Changes in Net Assets	
Net assets at July 1, 2008	$ 20,341,707
Net change in investments by pool participants	(378,978)
Net assets at June 30, 2009	$ 19,962,729

The unrealized gain on investments held in the Treasurer's Pool was $91,302,000 as of June 30, 2009. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year.

Reverse Repurchase Agreements

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

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

Derivatives

The California Government Code permits the County Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The County's investment guidelines limit the amount of floating rate notes to 10% of the Los Angeles County Treasury Pool portfolio and prohibit the purchase of inverse floating rate notes and hybrid or complex structured investments. As of June 30, 2009, there were approximately $700,000,000 in floating rate notes.

LACERA utilizes forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. At June 30, 2009, forward currency contracts receivable and payable totaled $96,571,000 and $97,991,000, respectively.

5. CASH AND INVESTMENTS-Continued

Securities Lending Transactions

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

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

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

At year end, LACERA had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. As of June 30, 2009, 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, 2009. Securities on loan at year-end, which include stocks and government and corporate bonds, are maintained in LACERA's financial records. A corresponding liability is recorded for the fair value of the invested cash collateral received.

As of June 30, 2009, the fair value of securities on loan was $1.17 billion. The value of the cash collateral received for those securities was $1.22 billion and there was no non-cash collateral. Securities lending assets (Other Investments) and liabilities (Other Payables) of $1.27 billion are recorded in the Pension Trust Fund. Pension Trust Fund income, net of expenses, from securities lending was $16.2 million for the year ended June 30, 2009.

For the year ended June 30, 2009, 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, 2009 (in thousands):

	County	Pension Trust Fund	Total
Deposits	$ 106,709	$ 32,076	$ 138,785
Investments	20,470,303	32,137,124	52,607,427
	$ 20,577,012	$ 32,169,200	$ 52,746,212

6. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2009 is as follows (in thousands):

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities				
Capital assets, not depreciated:				
Land	$ 2,350,698	17,258	(199)	$ 2,367,757
Easements	4,664,562	114,732	(2)	4,779,292
Construction in progress-buildings and improvements	255,267	84,461	(178,383)	161,345
Construction in progress-infrastructure	323,841	130,330	(93,460)	360,711
Subtotal	7,594,368	346,781	(272,044)	7,669,105
Capital assets, depreciated:				
Buildings and improvements	4,045,330	189,462	(2,677)	4,232,115
Equipment	1,092,873	123,011	(40,341)	1,175,543
Infrastructure	7,052,454	119,989	(75)	7,172,368
Subtotal	12,190,657	432,462	(43,093)	12,580,026
Less accumulated depreciation for:				
Buildings and improvements	(1,384,461)	(74,791)	1,091	(1,458,161)
Equipment	(744,121)	(108,894)	48,352	(804,663)
Infrastructure	(2,581,878)	(151,854)	26	(2,733,706)
Subtotal	(4,710,460)	(335,539)	49,469	(4,996,530)
Total capital assets, being depreciated, net	7,480,197	96,923	6,376	7,583,496
Governmental activities capital assets, net	$15,074,565	443,704	(265,668)	$ 15,252,601
Business-type Activities				
Capital assets, not depreciated:				
Land	$ 216,273			$ 216,273
Easements	30,535	166		30,701
Construction in progress-buildings and improvements	958,635	83,692	(966,783)	75,544
Construction in progress-infrastructure	30,840	20,868	(15,574)	36,134
Subtotal	1,236,283	104,726	(982,357)	358,652
Capital assets, being depreciated:				
Buildings and improvements	1,070,651	916,461		1,987,112
Equipment	273,934	47,981	(11,210)	310,705
Infrastructure	1,134,743	15,111		1,149,854
Subtotal	2,479,328	979,553	(11,210)	3,447,671
Less accumulated depreciation for:				
Buildings and improvements	(672,155)	(23,121)		(695,276)
Equipment	(184,916)	(18,071)	3,297	(199,690)
Infrastructure	(407,755)	(21,220)		(428,975)
Subtotal	(1,264,826)	(62,412)	3,297	(1,323,941)
Total capital assets, being depreciated, net	1,214,502	917,141	(7,913)	2,123,730
Business-type activities capital assets, net	$ 2,450,785	1,021,867	(990,270)	$ 2,482,382
Total Capital Assets, net	$17,525,350	$1,465,571	$ (1,255,938)	$ 17,734,983

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	$ 16,229
Public protection	160,570
Public ways and facilities	86,227
Health and sanitation	17,106
Public assistance	9,990
Education	1,782
Recreation and cultural services	19,919
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	23,716
Total depreciation expense, governmental activities	$ 335,539
Business-type activities:	
Hospitals	$ 30,751
Aviation	1,651
Waterworks	22,305
Community Development Commission	1,159
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	6,546
Total depreciation expense, business-type activities	$ 62,412

Discretely Presented Component Unit

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2009 was as follows (in thousands):

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets, not depreciated-				
Land	$ 2,039	$	$	$ 2,039
Capital assets, depreciated:				
Buildings and improvements	17,290		(5,368)	11,922
Equipment	1,669	602	(144)	2,127
Subtotal	18,959	602	(5,512)	14,049
Less accumulated depreciation for:				
Buildings and improvements	(6,115)	(240)	5,368	(987)
Equipment	(1,035)	(337)	144	(1,228)
Subtotal	(7,150)	(577)	5,512	(2,215)
Total capital assets being depreciated, net	11,809	25		11,834
Component unit capital assets, net	$ 13,848	$ 25	$	$ 13,873

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.

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 2008-2009:

	A	B	C	D	E
General Members	17.64%	10.79%	10.22%	10.79%	10.67%
Safety Members	28.16%	20.54%			

The rates were determined by the actuarial valuation performed as of June 30, 2007 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 2008-2009, the County contributed the full amount of the ARC.

7. PENSION PLAN-Countinued

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for 2008-2009, computed in accordance with GASB 27, were as follows (in thousands):

Annual required contribution (ARC):	
County	$ 847,055
Non County entities	116
Total ARC	847,171
Interest on net pension obligation (asset)	(5,686)
Adjustment to ARC	48,908
Annual pension cost	890,393
Contributions made:	
County	847,055
Non County entities	116
Total contributions	847,171
Cost in excess of contributions	43,222
Net pension obligation (asset), July 1, 2008	(146,723)
Net pension obligation (asset), June 30, 2009	$ (103,501)

Trend Information (in thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2007	$ 842,896	89.2%	$ (176,440)
June 30, 2008	858,347	96.5%	(146,723)
June 30, 2009	890,393	95.1%	(103,501)

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the funded ratio was determined to be 94.5%. The actuarial value of assets was $39.7 billion, and the actuarial accrued liability (AAL) was $42.0 billion, resulting in an unfunded AAL of $2.3 billion. The covered payroll was $6.1 billion and the ratio of the unfunded AAL to the covered payroll was 37.8%.

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.

7. PENSION PLAN-Continued

Actuarial Methods and Assumptions-Continued

The County contribution rate (effective for the 2008-2009 fiscal year, as determined by the June 30, 2007, 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 and Certificates

During 1994-95 the County sold approximately $1,965,230,000 in par value pension bonds and utilized the proceeds to fund LACERA. A portion of the bonds ($1,365,230,000) were fixed rate. The remaining $600,000,000 were variable rate bonds, which were restructured into fixed rate bonds during 1995-96. In conjunction with the 1994-95 issuance of the pension bonds, the County entered into debt service advance agreements. Under the agreements, the County received $79,022,000 in exchange for future interest that the County would have earned on deposits with the trustee between the time the County is required to pay debt service payments to the trustee and the time the trustee pays the bondholders. These proceeds have been recorded as unearned revenue on the government-wide statements and deferred revenue on the fund-based statements, and are being amortized over the life of the bonds on the basis of annual debt service requirements. As of June 30, 2009, the unamortized balance was $1,748,000.

For the year ended June 30, 2009, the combined principal and interest payments for the bonds were $320,338,000. For governmental activities, the total debt service was $237,735,000. For business-type activities, the total debt service was $82,603,000. At June 30, 2009, the total outstanding principal on bonds was $653,634,000, including accretions of $417,943,000 on deep discount bonds. The bonds have interest rates varying from 7.40 % to 9.19%.

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

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2010	$ 87,116	$ 178,557	$ 30,089	$ 62,403
2011	87,801	187,956	30,685	65,688
Total	174,917	$ 366,513	60,774	$ 128,091
Accretions	310,175		107,768	
Total Pension Bonds Payable	$ 485,092		$ 168,542	

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.

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 2008-2009 fiscal year, the County made payments to LACERA totaling $365 million for retiree health care benefits. Included in this amount was, $31.6 million for Medicare Part B reimbursements and $7 million in death benefits. Additionally, $35.6 million was paid by member participants. The County also made payments of $32 million for long-term disability benefits.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

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, 2006, and the OPEB long-term disability actuarial valuation as of July 1, 2007. The following table shows the ARC, the amount actually contributed and the net OPEB Obligation (in thousands):

Annual OPEB required contribution (ARC)	$ 1,615,272
Interest on Net OPEB obligation	61,707
Adjustment to ARC	(48,485)
Annual OPEB cost (expense)	1,628,494
Less: Contributions made (pay-as-you-go)	397,259
Increase in Net OPEB Obligation	1,231,235
Net OPEB obligation, July 1, 2008	1,234,148
Net OPEB obligation, June 30, 2009	$ 2,465,383

Trend Information (in thousands)

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$ 1,615,272	23.6%	$ 1,234,148
June 30, 2009	1,628,494	24.4%	2,465,383

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%.

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 two years presented.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

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%.

The healthcare cost trend initial and ultimate rates, based on the June 30, 2006 actuarial valuation, are as follows:

	Initial Year	Ultimate
LACERA Medical Under 65	6.50%	5.00%
LACERA Medical Over 65	15.00%	5.25%
Firefighters Local 1014 (all)	11.50%	5.00%
Part B Premiums	11.50%	5.00%
Dental (all)	7.20%	3.00%

9. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2009 (in thousands):

Year Ending June 30	Governmental Activities
2010	$ 74,095
2011	58,913
2012	45,404
2013	36,994
2014	23,674
2015-2019	44,607
2020-2024	4,786
Total	$ 288,473

Rent expenditures related to operating leases were $92,131,000 for the year ended June 30, 2009.

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, 2009 (in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2010	$ 28,567	$ 147
2011	22,438	
2012	19,035	
2013	18,757	
2014	17,745	
2015-2019	72,654	
2020-2024	71,515	
2025-2029	71,765	
2030-2034	56,162	
2035-2039	26,060	
Total	$ 404,698	$ 147
Less: Amount representing interest	246,904	4
Present value of future minimum lease payments	$ 157,794	$ 143

9. LEASES-Continued

Capital Leases-Continued

The following is a schedule of property under capital leases by major classes at June 30, 2009 (in thousands):

	Governmental Activities	Business-type Activities
Land	$ 17,279	$
Buildings and improvements	152,893	1,200
Equipment	61,795	393
Accumulated depreciation	(66,460)	(988)
Total	$ 165,507	$ 605

Future rent revenues to be received from noncancelable subleases are $1,298,000 as of June 30, 2009.

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 88 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 26 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 58 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 $504,770,000. 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, 2009 (in thousands):

Year Ending June 30	Governmental Activities
2010	$ 40,938
2011	41,036
2012	40,511
2013	37,926
2014	36,162
Thereafter	1,318,516
Total	$ 1,515,089

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, 2009 (in thousands):

	Governmental Activities
Minimum rentals	$ 40,010
Contingent rentals	22,156
Total	$ 62,166

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):

	Original Par Amount of Debt	Balance June 30, 2009
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	$ 143,195	$ 67,295
Los Angeles County Flood Control District Revenue Bonds 4.0% to 4.12%	20,540	17,410
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	264,399
Community Development Commission (CDC) Notes Payable, 2.31% to 7.91%	69,295	43,733
NPC Bond Anticipation Notes, 0.510% to 0.879%	29,600	29,600
NPC Bonds 3.0% to 4.0%	39,986	11,518
Marina del Rey Loans Payable, 4.5% to 4.7%	23,500	20,092
Public Buildings Certificates of Participation, 2.8% to 7.75%	944,106	695,923
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds 5.25% to 6.65%	319,827	384,142
Total	$ 1,865,584	$ 1,534,112

10. LONG-TERM OBLIGATIONS-Continued

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

	Original Par Amount of Debt	Balance June 30, 2009
NPC Bond Anticipation Notes, 0.510% to 0.879%	$ 10,400	$ 10,400
NPC Bonds 3.0% to 4.0%	14,049	4,047
Public Buildings Certificates of Participation, 2.8% to 7.0%	140,064	98,217
Commercial Paper, 0.20% to 0.75%	205,500	205,500
Waterworks District Bonds, 3.3% to 8.0%	280	86
Community Development Commission Mortgage Notes, 0.00% to 7.3%	11,401	3,680
Total	$ 381,694	$ 321,930

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):

Year Ending June 30	Business-type Activities Principal	Interest
2010	$ 19	$ 7
2011	21	6
2012	22	3
2013	24	1
Total	$ 86	$ 17

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.

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 $306,589,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were $35,942,000 and $79,140,000, respectively.

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

Year Ending	Governmental Activities	
June 30	Principal	Interest
2010	$ 24,215	$ 11,692
2011	25,375	10,515
2012	26,560	9,270
2013	27,855	7,925
2014	29,255	6,497
2015-2019	99,995	13,463
2020-2024	13,620	352
Subtotal	246,875	$ 59,714
Add: Unamortized Bond Premiums	17,524	
Total Assessment Bonds	$ 264,399	

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.

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 covenanted to make the debt payments from any source of legally available funds. The County paid $1,808,000 of the current fiscal year debt payment of $3,037,000, due to the shortfall of net landfill revenues. Total principal and interest remaining on the bonds is $45,432,000.

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):

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2010	$ 84,509	$ 36,045	$ 14,636	$ 6,503
2011	72,846	33,626	14,008	5,858
2012	71,026	31,096	13,164	5,236
2013	64,440	28,889	12,610	4,488
2014	51,489	26,680	13,201	3,898
2015-2019	142,570	125,768	28,096	8,179
2020-2024	127,716	67,267		
2025-2029	66,675	19,418		
2030-2034	44,965	4,630		
Subtotal	726,236	$ 373,419	95,715	$ 34,162
Accretions	74,161			
Unamortized Bond Premiums	26,597		6,549	
Unamortized Loss	(34,848)			
Total Certificates of Participation	$ 792,146		$ 102,264	

Tobacco Settlement Asset-Backed Bonds

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

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:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2011	$	$ 21,198
2012		21,197
2013		21,197
2014		21,197
2015-2019		105,987
2020-2024	60,280	93,803
2025-2029	46,370	82,407
2030-2034		69,311
2035-2039	62,196	55,680
2040-2044	53,157	34,810
2045-2049	97,824	10,782
Subtotal	319,827	$ 537,569
Accretions	64,315	
Total Tobacco Settlement Asset-Backed Bonds	$ 384,142	

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 2008-2009 fiscal year, LACCAL issued additional BANS in the amount of $25,000,000.

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

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

Tax-exempt commercial paper notes (TECP) are issued by the County to pay for the construction costs for the various hospital construction projects. Repayment of the TECP is secured by a letter of credit and a sublease of twenty-one County-owned properties. The letter of credit has a termination date of December 15, 2015, with an optional termination date of May 1, 2010. Pursuant to the underlying leases, the County is able to amortize the remaining TECP over the useful life of the underlying assets. The term of individual commercial paper notes may not exceed 270 days.

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Commercial Paper-Continued

Principal and interest requirements on CDC Notes payable, NPC BANS, and Marina del Rey Loans payable for Governmental Activities and NPC BANS, Commercial paper, and CDC Mortgage notes for Business-type Activities are as follows (in thousands):

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2010	$ 14,178	$ 3,296	$ 209,757	$ 44
2011	21,732	3,144	6,849	13
2012	3,895	2,965		
2013	4,009	2,759		
2014	3,691	2,556		
2015-2019	20,109	9,614	977	
2020-2024	16,378	4,354		
2025-2029	9,433	1,041		
Indeterminate maturity			1,997	
Total	$ 93,425	$ 29,729	$ 219,580	$ 57

Summary-All Future Principal, Interest and Accretions

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

Debt Type	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
General Obligation Bonds	$	$	$ 86	$ 17
Assessment Bonds	246,875	59,714		
Certificates of Participation	726,236	373,419	95,715	34,162
Tobacco Settlement Asset-Backed Bonds	319,827	537,569		
Notes, Loans, and Commercial Paper	93,425	29,729	219,580	57
Subtotal	1,386,363	$1,000,431	315,381	$ 34,236
Add: Accretions	138,476			
Unamortized Bond Premiums	44,121		6,549	
Less: Unamortized Loss on Advance Refunding of Debt	(34,848)			
Total Bonds and Notes Payable	$1,534,112		$ 321,930	

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.

10. LONG-TERM OBLIGATIONS-Continued

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, 2009, the amount of outstanding bonds and certificates of participation considered defeased was $220,865,000. 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, 2009 (in thousands):

	Balance July 1, 2008	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2009	Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 1,604,677	$ 45,288	$ 115,853	$ 1,534,112	$ 130,567
Pension bonds payable (Note 7)	668,539		183,447	485,092	246,457
Capital lease obligations (Note 9)	173,369	880	16,455	157,794	13,218
Accrued vacation and sick leave	749,208	113,326	53,882	808,652	54,977
Workers' compensation liability (Note 17)	1,809,463	284,321	277,522	1,816,262	310,160
Litigation and self-insurance liability (Note 17)	141,059	16,084	44,407	112,736	93,370
Pollution remediation obligation, as restated (Note 18)	31,278		1,213	30,065	2,521
OPEB obligation (Note 8)	1,019,980	1,029,754		2,049,734	133,641
Third party payor liability	13,278	16,267	14,854	14,691	14,691
Total governmental activities	$ 6,210,851	$1,505,920	$ 707,633	$ 7,009,138	$ 999,602
Business-type activities:					
Bonds and notes payable	$ 337,776	$ 4,856	$ 20,702	$ 321,930	$ 225,270
Pension bonds payable (Note 7)	232,285		63,743	168,542	85,631
Capital lease obligations (Note 9)	273		130	143	143
Accrued vacation and sick leave	124,808	21,910	9,066	137,652	9,056
Workers' compensation liability (Note 17)	310,965	28,769	40,015	299,719	45,986
Litigation and self-insurance liability (Note 17)	106,330	23,239	23,481	106,088	18,083
OPEB obligation (Note 8)	214,168	201,481		415,649	27,100
Third party payor liability (Note 13)	156,588	48,806	23,120	182,274	6,019
Total business-type activities	$ 1,483,193	$ 329,061	$ 180,257	$ 1,631,997	$ 417,288

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 2008-2009, thereby increasing liabilities for Bonds and Notes Payable by $22,001,000 for governmental activities. Amounts accreted for Pension Bonds in previous years were paid during 2008-2009 thereby decreasing liabilities for Pension Bonds Payable for governmental and business-type activities by $96,941,000 and $33,685,000, 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, 2008, the County issued $500,000,000 of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 1.58%. 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 2008. The notes matured and were redeemed on June 30, 2009.

12. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2009, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $78,136,000 and limited obligation improvement bonds totaling $10,910,000. 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.

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, 2009, was $739,951,000.

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, 2009, the amount of industrial development and other conduit bonds outstanding was $1,610,000.

13. HOSPITAL AND OTHER PROGRAM REVENUES

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

Medi-Cal Hospital / Uninsured Care Demonstration Project

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Hospital / Uninsured Care Demonstration Project-Continued

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

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

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 2008-09. 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 FFP for the FFS cost based reimbursement is provided at 50% match for July through September 30, 2008 and at 61.59% beginning October 1, 2008. The FFP 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 Demonstration Project restricts the amount of IGTs that may be used for DSH payments. A hospital's IGT may be used to draw federal DSH funding, but only with respect to DSH payments made to that hospital, and the gross amount of such IGT funded payments (non-federal plus federal match) may not exceed 75% of the hospital's uncompensated care costs to ensure compliance with the OBRA 1993 hospital-specific DSH limit. The gross IGT funded DSH payment must be "retained" by the hospital.

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Hospital / Uninsured Care Demonstration Project-Continued

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 2008-09 include payments for FYs 2007-08 and 2008-09. The estimated revenues include amounts collected and accrued for FY 2008-09 and over/under-realization of revenues for FY 2005-06 through FY 2007-08. The amounts below are in thousands:

Program	Intergovernmental Transfers Expense	Revenues
Medicaid Demonstration Project	$221,038	$811,230

Baseline Payments

The Demonstration Project prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum "baseline" level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The baseline for the 2008-09 program year is established at each hospital's total net Medi-Cal inpatient payments for 2007-08. DHCS estimates the aggregate baseline funding for the Statewide designated public hospitals to be $2.366 billion.

The estimated FY 2008-09 baseline for Los Angeles County hospitals is as follows (in thousands):

Hospital Name	Baseline Amount
LAC+USC Medical Center	$ 381,082
Harbor-UCLA Medical Center	177,628
Rancho Los Amigos National Rehabilitation Center	90,330
Olive View -UCLA Medical Center	113,004
Total	$ 762,044

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 approximately half of the facility-specific costs or CPE. The hospital's amounts will fluctuate based on the number of facility-specific Medi-Cal patients served and the facility-specific cost-computations that 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. (DHCS estimates the aggregate value of federal DSH funds for the Statewide designated public hospitals to be $1.091 billion as of June 30, 2009, which includes a 2.5% DSH allotment increase that the State received as part of the American Recovery and Reinvestment Act of 2009.)

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Baseline Payments-Continued

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 are based on CPEs for these services.

Stabilization Payments

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

SB 1100 requires DHCS 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 of California.

Reported CPEs Subject to Audit

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

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, 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 were paid the Federal Medical Assistance Percentage (FMAP) share, currently at 61.59%.

Physician payments of $8.85 million and $20.51 million were received for 2006-07 and 2007-08, respectively, in FY 2008-09, based on filed cost report information. Amounts claimed for 2005-06 and 2008-09 have not yet been paid.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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. In FY 2008-09, MLK-MACC received $87.7 million for FY 2007-08 and an estimated amount of $100.0 million was recorded for FY 2008-09.

Intergovernmental Transfers for Private Hospital Supplemental Fund

SB 474 also requires the County to make intergovernmental transfers (IGT) 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.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

A State Plan Amendment to extend CBRC funding has been approved by the federal government. The Amendment is effective July 1, 2005 through June 30, 2010. CBRC reimburses at 100 percent of reasonable costs for Medi-Cal outpatient services provided to Medi-Cal beneficiaries at hospital-based clinics, Multi-Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services). The Department-wide CBRC revenues collected and accrued in FY 2008-09 were $284.6 million.

Medi-Cal Cost Report Settlements

All field audits for FY 2005-06 have been completed. Due to their workload deadlines, the Medi-Cal auditors issued separate audit reports for hospital inpatient costs and CBRC costs. All audit reports for hospital inpatient costs were issued by May 30, 2009. Of the CBRC audit reports, Rancho Los Amigos National Rehabilitation Center's audit report has been issued and an audit settlement of $9.3 million will be paid to the County. The remaining FY 2005-06 CBRC audit reports have yet to be issued. FY 2006-07 Medi-Cal field audits are in progress.

The FY 2004-05 informal level appeal hearing was held during June 2009. The resolution of these appeal issues are contingent upon the Report of Findings to be issued by the Administrative Appeals Hearing Officer.

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 supplement the Medi-Cal Managed Care rates paid to L.A. Care for the period October 1, 2006 through September 1, 2008. The supplement is funded by an intergovernmental transfer (IGT) by the County, and CMS understood that the supplemental payment was to be passed through to DHS. The County does not receive managed care payment directly from the State; rather, the State contracts with L.A. Care, which then subcontracts for services with various provider networks, including DHS' Community Health Plan. DHS received gross payments in FY 2008-09 for this entire period in the amount of $149.3 million, based on a $74.7 million IGT.

The State made a proposal to CMS to extend this program to period October 1, 2008 through September 30, 2009, and to include supplemental payments to L.A. Care, as well as Health Net. CMS is still considering this proposal. Assuming the program as it relates to L.A. Care will be approved, an estimated $62.3 million was accrued for FY 2008-09 and an IGT expenditure in the amount of $23.8 million was recorded.

The total estimated IGTs and the related estimated revenues recorded in FY 2008-09, less prior year accruals, are as follows (in thousands):

Program	Intergovernmental Transfers Expense	Revenues
Medi-Cal Managed Care Rate Supplement	$33,682	$82,141

Coverage Initiative

On April 10, 2007, DHCS awarded LA County DHS 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, LA County DHS is to claim administrative and case management costs associated with the CI program. In FY 2008-09, an estimated $53.9 million of CI revenues and $7.6 million of CI administrative costs were recorded.

Revenues from the various Medi-Cal programs (i.e., FFS, DSH, SNCP, CBRC, AB 915, SB 1732, etc.) represent approximately 75% of the hospitals' patient care revenue for the year ended June 30, 2009.

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.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicare Program-Continued

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

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

For FY 2006-07, the audits for MLK, Rancho, 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 FY 2007-08, the Medicare audits for LAC+USC, Harbor/UCLA, Rancho, and OV/UCLA have not been scheduled. As of mid August 2007, MLK ceased hospital operation and will not undergo a hospital Medicare audit due to low Medicare utilization.

Revenues from the Medicare program represent approximately 7% of patient care revenue for the year ended June 30, 2009.

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

Accounts Receivable-net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2009 (in thousands):

	H/UCLA	OV/UCLA	LAC+USC	MLK-MACC	Rancho	Total
Accounts receivable	$ 824,606	560,616	1,275,400	225,966	310,548	$ 3,197,136
Less: Allowance for uncollectible amounts	645,570	361,000	925,296	44,829	195,587	2,172,282
Accounts Receivable - net	$ 179,036	199,616	350,104	181,137	114,961	$ 1,024,854

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care

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

The total amount of such charity care provided by the hospitals for the fiscal year ended June 30, 2009, based on established rates, is as follows (in thousands):

Charges forgone	$1,470,327
Less: Federal and State subventions	0
Net charges forgone	$1,470,327

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.

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, 2009.

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2009 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	$ 7,306
	Flood Control District	4,571
	Public Library	4,691
	Regional Park and Open Space District	2,858
	Internal Service Funds	6,271
	Waterworks Enterprise Funds	90
	Harbor-UCLA Medical Center	27,299
	Olive View-UCLA Medical Center	33,082
	LAC+USC Medical Center	46,647
	M.L. King Ambulatory Care Center	42,503
	Rancho Los Amigos Nat'l Rehab Center	32,931
	Nonmajor Enterprise Funds	17
	Nonmajor Governmental Funds	118,113
		326,379
Fire Protection District	General Fund	3,065
	Internal Service Funds	1
	Nonmajor Governmental Funds	450
		3,516
Flood Control District	General Fund	4,513
	Internal Service Funds	15,096
	Waterworks Enterprise Funds	22
	Nonmajor Enterprise Funds	2
	Nonmajor Governmental Funds	380
		20,013
Public Library	General Fund	273
	Nonmajor Governmental Funds	150
		423

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Internal Service Funds	General Fund	$ 17,450
	Fire Protection District	46
	Flood Control District	13,394
	Public Library	3
	Waterworks Enterprise Funds	5,100
	Harbor-UCLA Medical Center	70
	Olive View-UCLA Medical Center	539
	LAC+USC Medical Center	1,217
	M.L. King Ambulatory Care Center	9
	Rancho Los Amigos Nat'l Rehab Center	26
	Nonmajor Enterprise Funds	230
	Nonmajor Governmental Funds	27,826
		65,910
Waterworks Enterprise Funds	General Fund	2
	Internal Service Funds	1,819
		1,821
Harbor-UCLA Medical Center	General Fund	9,181
	Fire Protection District	30
	Olive View-UCLA Medical Center	82
	LAC+USC Medical Center	1,040
	M.L. King Ambulatory Care Center	492
	Rancho Los Amigos Nat'l Rehab Center	29
	Nonmajor Governmental Funds	29,584
		40,438
Olive View-UCLA Medical Center	General Fund	14,233
	Fire Protection District	122
	Harbor-UCLA Medical Center	12
	LAC+USC Medical Center	29,387
	M.L. King Ambulatory Care Center	17
	Rancho Los Amigos Nat'l Rehab Center	8
	Nonmajor Governmental Funds	21,831
		65,610
LAC+USC Medical Center	General Fund	115,430
	Fire Protection District	65
	Harbor-UCLA Medical Center	4,988
	Olive View-UCLA Medical Center	2,883
	M.L. King Ambulatory Care Center	1,267
	Rancho Los Amigos Nat'l Rehab Center	927
	Nonmajor Governmental Funds	54,371
		179,931

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
M.L. King Ambulatory Care Center	General Fund	$ 3,149
	LAC+USC Medical Center	1,559
	Nonmajor Governmental Funds	6
		4,714
Rancho Los Amigos Nat'l Rehab Center	General Fund	27,424
	Fire Protection District	16
	Harbor-UCLA Medical Center	109
	LAC+USC Medical Center	96
		27,645
Nonmajor Enterprise Funds	Internal Service Funds	53
Nonmajor Governmental Funds	General Fund	300,385
	Fire Protection District	2,540
	Flood Control District	436
	Public Library	14
	Regional Park and Open Space District	61
	Internal Service Funds	13,677
	Waterworks Enterprise Funds	1,051
	Olive View-UCLA Medical Center	21
	Nonmajor Governmental Funds	12,554
		330,739
Total Interfund Receivables/Payables		$ 1,067,192

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.

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2009 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Public Library	$ 39,665
	Internal Service Funds	69
	Harbor-UCLA Medical Center	161,540
	Olive View-UCLA Medical Center	102,420
	LAC+USC Medical Center	413,838
	M.L. King Ambulatory Care Center	60,328
	Rancho Los Amigos Nat'l Rehab Center	64,719
	Nonmajor Governmental Funds	69,173
		911,752
Fire Protection District	Nonmajor Governmental Funds	13,351
Flood Control District	Internal Service Funds	1,425
	Nonmajor Governmental Funds	19,052
		20,477
Public Library	General Fund	3,479
	Nonmajor Governmental Funds	3,535
		7,014
Regional Park and Open Space District	Nonmajor Governmental Funds	33,280
Internal Service Funds	General Fund	2,624
	Nonmajor Governmental Funds	265
		2,889
Waterworks Enterprise Funds	General Fund	5
	Internal Service Funds	344
		349
Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	12,036
	M.L. King Ambulatory Care Center	5
	Rancho Los Amigos Nat'l Rehab Center	5,530
		17,571
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	5,231
LAC+USC Medical Center	Harbor-UCLA Medical Center	948
	Olive View-UCLA Medical Center	29,360
		30,308
Rancho Los Amigos Nat'l Rehab Center	LAC+USC Medical Center	1,554

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Nonmajor Governmental Funds	General Fund	$ 293,139
	Flood Control District	32
	Internal Service Funds	2,524
	Harbor-UCLA Medical Center	59,260
	Olive View-UCLA Medical Center	42,451
	LAC+USC Medical Center	109,479
	M.L. King Ambulatory Care Center	313
	Rancho Los Amigos Nat'l Rehab Center	181
	Nonmajor Enterprise Funds	2,980
	Nonmajor Governmental Funds	44,400
		554,759
Total Interfund Transfers		$1,598,535

Short-term Advances

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

Advances from/to other funds at June 30, 2009 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	$ 3,589
	Harbor-UCLA Medical Center	134,597
	Olive View-UCLA Medical Center	200,128
	LAC+USC Medical Center	275,238
	M.L. King Ambulatory Care Center	154,996
	Rancho Los Amigos Nat'l Rehab Center	56,469
		825,017
Flood Control District	Internal Service Funds	6,213
Waterworks Enterprise Funds	Internal Service Funds	1,164
Nonmajor Governmental Funds	Internal Service Funds	11,034
Total Short-term Advances		$ 843,428

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

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

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

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

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred.

- For the General Fund, obligations for accrued vacation and sick leave and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- In conjunction with the sale of pension obligation bonds in 1994-95, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-95 revenues. Under the modified accrual basis, the proceeds were recorded as deferred revenue (unearned) and are being amortized over the life of the bonds. This matter is also discussed in Note 7.

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in 2005-06, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is also discussed in Note 10, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

15. BUDGETARY ACCOUNTING CHANGES/RECONCILIATION 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, 2009.

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

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District
Fund balance - budgetary basis	$ 1,713,428	$ 58,248	$ 28,386	$ 13,307	$ 166,640
Reserves and designations	1,511,430	161,794	168,925	15,105	121,599
Subtotal	3,224,858	220,042	197,311	28,412	288,239
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	154,664	(708)		(1)	
Accrual of vacation and sick leave benefits	46,797				
Deferral of unearned investment income	(1,143)	(56)		(13)	
Deferral of sale of tobacco settlement revenue	(266,794)				
Change in revenue accruals	8,436	(14,341)	(5,285)	(1,473)	(578)
Subtotal	(58,040)	(15,105)	(5,285)	(1,487)	(578)
Fund balance - GAAP basis	$ 3,166,818	$ 204,937	$ 192,026	$ 26,925	$ 287,661

16. OTHER COMMITMENTS

Construction Commitments

At June 30, 2009, the LAC+USC Medical Center Hospital Enterprise Fund no longer had contractual commitments to provide for the construction of the LAC+USC Medical Center replacement facility, which was completed during FY 2008-2009. However, there were contractual commitments of approximately $1,492,000 for various hospital construction projects that were financed by commercial paper.

LACERA Capital Commitments

At June 30, 2009, LACERA had outstanding capital commitments to various investment managers, approximating $2,580,000,000. Subsequent to June 30, 2009, LACERA funded $129,000,000 of these capital commitments.

16. OTHER COMMITMENTS-Continued

Investment Purchase Commitments

At June 30, 2009, the County had open trade commitments with various brokers to purchase investments approximating $251,533,000 with settlement dates subsequent to year end. These investment transactions had not been recorded as of June 30, 2009, since the County neither takes delivery of the securities nor earns interest on the investments until the settlement date. By July 1, 2009, the County had purchased such investments.

17. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, special events, public official bond, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The County also has insurance on most major structures. Losses did not exceed coverage in 2007-2008 or 2008-2009.

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, 2009 were approximately $2.116 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 $158,556,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2009, the County's best estimate of these liabilities is $ 2.335 billion. Changes in the reported liability since July 1, 2007 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
2007-2008				
Workers’ Compensation	$ 2,203,253	$ 231,480	$(314,305)	$ 2,120,428
Other	189,414	114,355	(56,380)	247,389
Total 2007-2008	$ 2,392,667	$ 345,835	$(370,685)	$ 2,367,817
2008-2009				
Workers’ Compensation	$ 2,120,428	$ 313,090	$(317,537)	$ 2,115,981
Other	247,389	39,323	(67,888)	218,824
Total 2008-2009	$ 2,367,817	$ 352,413	$(385,425)	$ 2,334,805

17. RISK MANAGEMENT-Continued

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $ 235.1 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

As discussed in Note 2, the County implemented GASB Statement No. 49 for the fiscal year ended June 30, 2009. 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, 2009, the County's estimated pollution remediation obligations totaled $30.065 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. PROPOSITION 62 - UNINCORPORATED LOS ANGELES COUNTY UTILITY USE TAX

In September 1995, the California Supreme Court upheld the constitutionality of Proposition 62, which requires voter approval of all new local taxes. Taxes imposed without voter approval after the 1986 effective date of Proposition 62 may be invalidated. The Court did not provide clarification about whether the decision would apply only prospectively to all new taxes or retrospectively to all taxes since the effective date of the Proposition.

On November 4, 2008, the voters approved the Unincorporated Los Angeles County Utility Users' Tax Continuation Measure (Measure U) to validate and reduce the Los Angeles County's existing utility users' tax from 5 percent to 4.5 percent. The adoption of this measure prospectively addresses the validity of future taxes.

19. PROPOSITION 62 - UNINCORPORATED LOS ANGELES COUNTY UTILITY USE TAX-Continued

Prior to Measure U, a class action lawsuit was filed against the County in 2005, contending the County's utility taxes did not meet the requirements of Proposition 62 and were, therefore, invalid. After discussions and tentative agreement with the plaintiffs, the Board authorized a settlement in July 2008, which was finally approved by the Court in March 2009. The monetary provisions of the settlement are estimated at $65 million and liabilities of this amount have been recognized in the government-wide financial statements (governmental activities). Implementation of the settlement agreement is in progress and provides for refunds to class members who filed claims. County management believes there is no additional material exposure for this matter.

20. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2009, the County issued $1,300,000,000 in 2009-10 TRANS which will mature on June 30, 2010. The TRANS are collateralized by taxes and other revenues attributable to the 2009-10 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 0.80%.

Capital Asset Leasing Corporation Lease Revenue Bonds

On November 24, 2009, the Corporation issued Lease Revenue Bonds in the aggregate principal amount of $24,025,000, with an interest rate between 2% and 5%. The proceeds of the Bonds will be used to redeem certain bond anticipation notes, whose proceeds were originally used to finance the acquisition of equipment. The Bonds mature serially December 1st and June 1st each year, and interest is payable on December 1st and June 1st.

Martin Luther King, Jr. Medical Facility

As mentioned in Note 1, Martin Luther King, Jr.-Harbor Hospital was converted to an ambulatory care center in August 2007. A high priority of the Board is to restore inpatient hospital services at this facility's site. The County has entered negotiations with the University of California (UC) to establish a partnership that would result in a new hospital. On November 19, 2009, the UC Regents approved, in concept, a partnership with the County to reopen the Martin Luther King Jr. medical facility. On December 1, 2009, the Board ratified the conceptual partnership agreement. It is anticipated that inpatient services would commence in 2013.

The proposed partnership would require the County to provide the hospital building facilities, start-up funding, and certain annual operating funding. A new non-profit entity would be created to operate the hospital and its governance structure would consist of a seven-member board of directors. The County and UC would each appoint two directors and work together to jointly appoint the remaining three members.

A formal agreement is required to implement the intent of the County and UC. The legal process by which the new non-profit entity is established remains pending. Additional agreements between each party and the nonprofit entity are also contemplated. The County intends to evaluate the new entity as a future component unit for financial reporting purposes when all legal agreements have been executed.

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)
06/30/06	$32,819,725	$ 36,258,929	$ 3,439,204	90.5%	$5,205,804	66.1%
06/30/07	37,041,832	39,502,456	2,460,624	93.8%	5,615,736	43.8%
06/30/08	39,662,361	41,975,631	2,313,270	94.5%	6,123,888	37.8%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)
Schedule of Funding Progress-Other Post Employment 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%	6,123,888	15.54%

(1) There was no data available prior to the first valuation.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

COUNTY OF LOS ANGELES
CALIFORNIA

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

County of Los Angeles
Los Angeles, California

County of Los Angeles 2010-11 Tax and Revenue Anticipation Notes, Series A

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Los Angeles (the "County") in connection with the issuance of $1,300,000,000 aggregate principal amount of the County of Los Angeles 2010-11 Tax and Revenue Anticipation Notes, Series A (the "Series A Notes"), dated the date hereof. The Series A Notes are being issued under Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858 inclusive (the "Act") and pursuant to a resolution adopted by the County on May 18, 2010 (the "Resolution") and the Financing Certificate Provided for the Terms and Conditions of Issuance and Sale of 2010-11 Tax and Revenue Anticipation Notes, dated the date hereof (the "Financing Certificate"). In such connection, we have reviewed: the Resolution; the Financing Certificate; a tax certificate of the County with exhibits, dated the date hereof (the "Tax Certificate"); the opinion of counsel to the County; certificates of the County and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or such events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Series A Notes is concluded with their issuance on this date, and we disclaim any obligation to update this opinion. We have assumed and relied upon, without undertaking to verify, the genuineness of the documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified in such documents and certificates, the correctness of the legal conclusions contained in such opinions, and the due and legal execution of such documents and certificates by and validity thereof against any parties other than the County. Furthermore, we have relied upon the accuracy, which we have not independently verified, of the representations and certifications and have assumed compliance with the covenants of the County in the Financing Certificate, the Tax Certificate and other relevant documents to which it is a party. The accuracy of certain of those representations and certifications, and compliance by the County with certain of their covenants, may be necessary for interest on the Series A Notes to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of such covenants subsequent to issuance of the Series A Notes may cause interest on the Series A Notes to be included in gross income for federal income tax purposes retroactively to their date of issuance. The rights and obligations under the Series A Notes and the Financing Certificate and their enforceability, may be subject to bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series A Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof and under existing law, we are of the following opinions:

1. The Series A Notes constitute the valid and binding obligations of the County.

2. The Financing Certificate has been duly authorized, executed and delivered by and constitutes the valid and binding obligation of the County.

3. The Series A Notes are payable solely from certain taxes, income, revenues, cash receipts and other moneys of the County for the fiscal year ending June 30, 2011 and lawfully available for the payment of the Series A Notes, and the interest thereon, and are secured by a pledge of certain moneys on a parity with the County's 2010-11 Tax and Revenue Anticipation Notes, Series B, all as specified in the Resolution and the Financing Certificate.

4. Interest on the Series A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is exempt from State of California personal income taxes. We express no opinion as to any other tax consequences regarding the Series A Notes.

Under the Code, a portion of the interest on the Series A Notes earned by certain corporations may be subject to a corporate alternative minimum tax, and interest on the Series A Notes may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and a tax imposed on excess net passive income of certain S corporations.

Respectfully submitted,

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES
CALIFORNIA

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's Book-Entry system has been obtained from DTC and the County and the Paying Agent take no responsibility for the completeness or accuracy thereof. The County and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the County of Los Angeles 2010-11 Tax and Revenue Anticipation Notes, Series A (the "Series A Notes"), (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series A Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series A Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current "Rules" applicable to DTC are on file with the U.S. Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series A Notes. The Series A Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Series A Notes, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series A Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series A Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series A Notes, except in the event that use of the book-entry system for the Series A Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series A Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series A Notes, such as redemptions, tenders, defaults, and proposed amendments to the Series A Note documents. For example, Beneficial Owners of the Series A Notes may wish to ascertain that the nominee holding the Series A Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series A Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series A Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Series A Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the Series A Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTES FOR PREPAYMENT.

The County, the Paying Agent and the Underwriters cannot or do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the Series A Notes paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The County, the Paying Agent and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series A Notes or an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the Series A Notes at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered to DTC.

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES • 2010-11 TAX AND REVENUE ANTICIPATION NOTES, SERIES A

Printed by: ImageMaster, Inc.