



# Basic Financial Statements

---

## Basic Financial Statements

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



**STATEMENT OF NET ASSETS**  
**June 30, 2005**  
**(In Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Commission Fund
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments	\$ 925,568	68,937	994,505	172,983
Cash with fiscal agent	118,139		118,139	
Collections in transit	6,716	9	6,725	
Imprest cash	313	2	315	
Investments	69,894		69,894	
Receivables, net	366,567	880	367,447	8,774
Taxes receivable, net	105,784		105,784	
Internal balances	(9,263)	9,263		
Inventory of materials and supplies	11,170		11,170	
Deposits with others	2,370		2,370	
Deferred charges	2,552		2,552	
Prepaid items	1,009		1,009	2
Restricted assets:				
Cash with fiscal agent	97,877		97,877	
Investments	395,773		395,773	
<b>Total current assets</b>	<b>2,094,469</b>	<b>79,091</b>	<b>2,173,560</b>	<b>181,759</b>
Noncurrent assets:				
Restricted assets:				
Investments	335,905		335,905	
Deferred charges	26,045		26,045	
Capital assets:				
Land and construction in progress	407,581	27,489	435,070	
Other capital assets, net of depreciation	2,266,812	60,092	2,326,904	
<b>Total noncurrent assets</b>	<b>3,036,343</b>	<b>87,581</b>	<b>3,123,924</b>	
<b>Total assets</b>	<b>5,130,812</b>	<b>166,672</b>	<b>5,297,484</b>	<b>181,759</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	142,965	2,161	145,126	5,813
Accrued payroll	60,374	271	60,645	
Amount due for tax and revenue anticipation notes	369,280		369,280	
Accrued interest	28,743		28,743	
Amount due for commercial paper notes	74,990		74,990	
Unearned revenue	95,625	264	95,889	
Current portion of long-term obligations	117,125	213	117,338	
<b>Total current liabilities</b>	<b>889,102</b>	<b>2,909</b>	<b>892,011</b>	<b>5,813</b>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	2,218,067	3,037	2,221,104	
<b>Total noncurrent liabilities</b>	<b>2,218,067</b>	<b>3,037</b>	<b>2,221,104</b>	
<b>Total liabilities</b>	<b>3,107,169</b>	<b>5,946</b>	<b>3,113,115</b>	<b>5,813</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,341,126	84,416	2,425,542	
Restricted for:				
Capital projects	20,949		20,949	
Debt service	128,046		128,046	
Inactive landfill maintenance	25,720		25,720	
Other purposes	48,850		48,850	175,946
Unrestricted	(541,048)	76,310	(464,738)	
<b>Total net assets</b>	<b>\$ 2,023,643</b>	<b>160,726</b>	<b>2,184,369</b>	<b>175,946</b>

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



**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2005**  
**(In Thousands)**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Component Unit First 5 Commission Fund
	Expenses	Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Primary Government		Total	
					Governmental Activities	Business- type Activities		
<b>Functions/Programs:</b>								
<b>Governmental Activities</b>								
General government	\$ 232,826	84,769	14,812	453	(132,792)		(132,792)	
Public protection	960,227	229,150	403,613		(327,464)		(327,464)	
Public ways and facilities	122,797	13,874	3,645	23,236	(82,042)		(82,042)	
Health and sanitation	545,805	75,034	376,623	8	(94,140)		(94,140)	
Public assistance	972,592	3,296	969,887		591		591	
Education	27,394	1,359	993	558	(24,484)		(24,484)	
Recreation and cultural	21,405	6,902	232	8,048	(6,223)		(6,223)	
Interest expense	106,612				(106,612)		(106,612)	
<b>Total governmental activities</b>	<b>2,989,658</b>	<b>414,384</b>	<b>1,769,805</b>	<b>32,303</b>	<b>(773,166)</b>		<b>(773,166)</b>	
<b>Business-type Activities</b>								
Airport	8,117	8,345	3,653			3,881	3,881	
Wastewater Management	5,076	5,357	21			302	302	
Sanitation Districts	20,564	16,949	26	1,036		(2,553)	(2,553)	
<b>Total business-type activities</b>	<b>33,757</b>	<b>30,651</b>	<b>3,700</b>	<b>1,036</b>		<b>1,630</b>	<b>1,630</b>	
<b>Total primary government</b>	<b>3,023,415</b>	<b>445,035</b>	<b>1,773,505</b>	<b>33,339</b>	<b>(773,166)</b>	<b>1,630</b>	<b>(771,536)</b>	
<b>Component Unit</b>								
First 5 Commission	40,137		42,652					2,515
<b>Total component unit</b>	<b>\$ 40,137</b>		<b>42,652</b>					<b>2,515</b>

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



**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2005**  
**(In Thousands)**

	Net (Expenses) Revenue and Changes in Net Assets			
	Primary Government			Component Unit First 5 Commission Fund
	Governmental Activities	Business-type Activities	Total	
Revenues:				
General revenues:				
Taxes:				
Property taxes	\$ 441,716		441,716	
Other taxes	96,927		96,927	
Property taxes in lieu of vehicle license fees	203,788		203,788	
Unrestricted contributions from State				
State allocation of sales tax	106,548		106,548	
Total general tax revenues	848,979		848,979	
Interest	38,066	1,730	39,796	2,576
Other	83,079	287	83,366	
Total general revenues	970,124	2,017	972,141	2,576
Transfers	764	(764)		
Total general revenues and transfers	970,888	1,253	972,141	2,576
Change in net assets	197,722	2,883	200,605	5,091
Net assets at beginning of year (Component Unit restated)	1,825,921	157,843	1,983,764	170,855
Net assets at end of year	\$ 2,023,643	160,726	2,184,369	175,946

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



**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2005**  
**(In Thousands)**

	General Fund	Tobacco Securitization Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 496,759	9,878	255,658	762,295
Cash with fiscal agent	43,902		74,237	118,139
Collections in transit	5,362		351	5,713
Imprest cash	298		13	311
Investments	2		69,892	69,894
Receivables, net	224,527	1,229	135,767	361,523
Taxes receivable, net	105,009		775	105,784
Due from other funds	172,209		7,491	179,700
Advances to other funds	928		102	1,030
Inventory of materials and supplies	8,795		1,777	10,572
Deposits with others			2,370	2,370
Prepaid items	5		1,004	1,009
Restricted assets:				
Cash with fiscal agent		3	97,874	97,877
Investments	360,000	323,928	47,750	731,678
<b>Total assets</b>	<b>1,417,796</b>	<b>335,038</b>	<b>695,061</b>	<b>2,447,895</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	101,766		25,158	126,924
Accrued payroll	55,366		3,443	58,809
Amount due for tax and revenue anticipation notes	369,280			369,280
Due to other funds	21,342	2,779	119,614	143,735
Advances from other funds			10,699	10,699
Deferred credits and other liabilities	44,624		5,254	49,878
Amount due for commercial paper notes	74,990			74,990
Unearned revenue	82,970		12,655	95,625
<b>Total liabilities</b>	<b>750,338</b>	<b>2,779</b>	<b>176,823</b>	<b>929,940</b>
<b>Fund balances:</b>				
<b>Reserved Fund Balance</b>				
Reserved for encumbrances	131,356		46,003	177,359
Reserved for notes receivable and advances	7,295		35,875	43,170
Reserved for deposits with others			58	58
Reserved for inactive landfill maintenance	16,170		9,550	25,720
Reserved for inventory of materials and supplies	8,795		1,777	10,572
Reserved for debt service			147,996	147,996
Reserved for other purposes	128,216		43,057	171,273
<b>Unreserved:</b>				
Designated for subsequent years' expenditures	111,448			111,448
Undesignated	264,178	332,259		596,437
<b>Unreserved, reported in nonmajor:</b>				
<b>Special Revenue Funds</b>				
Designated for landfill postclosure and inactive landfill maintenance			66,902	66,902
Undesignated			82,631	82,631
<b>Capital Projects Funds</b>				
Undesignated			84,389	84,389
<b>Total fund balances</b>	<b>667,458</b>	<b>332,259</b>	<b>518,238</b>	<b>1,517,955</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,417,796</b>	<b>335,038</b>	<b>695,061</b>	<b>2,447,895</b>

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



**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**June 30, 2005**  
**(In Thousands)**

Total fund balances-governmental funds	\$ 1,517,955
Costs of issuances are reported as expenditures in governmental funds and thus have the effect of reducing fund balance because current financial resources have been used. In the government-wide statements however, bond issuance costs are reported as a deferred charge and amortized over the life of the bond issue.	28,597
When capital assets (land, buildings, equipment, infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.	2,578,776
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(28,743)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.	49,878
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, current and long-term, are recorded in the statement of net assets.	(2,225,724)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	102,904
Net assets of governmental activities	\$ 2,023,643

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



**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2005  
(In Thousands)**

	General Fund	Tobacco Securitization Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 671,850		45,324	717,174
Licenses, permits and franchise fees	32,015		10,939	42,954
Fines, forfeitures and penalties	51,000		4,538	55,538
Revenue from use of money and property	29,308	8,810	12,693	50,811
Aid from other governmental agencies:				
State	511,830		568,833	1,080,663
Federal	620,477		109,248	729,725
Other	60,415		13,857	74,272
Charges for current services	254,585		32,046	286,631
Other revenue	38,057		46,353	84,410
<b>Total revenues</b>	<b>2,269,537</b>	<b>8,810</b>	<b>843,831</b>	<b>3,122,178</b>
<b>Expenditures:</b>				
Current:				
General	204,566		6,955	211,521
Public protection	928,375		10,695	939,070
Public ways and facilities	4,348		80,212	84,560
Health and sanitation	499,471		42,450	541,921
Public assistance	858,487		111,721	970,208
Education	597		26,522	27,119
Recreation and cultural	18,300		1,314	19,614
Capital outlay	17,928		36,229	54,157
Debt service:				
Principal			60,849	60,849
Interest and other fiscal charges	12,310		82,246	94,556
Bond issuance costs			1,915	1,915
<b>Total expenditures</b>	<b>2,544,382</b>		<b>461,108</b>	<b>3,005,490</b>
Excess (deficiency) of revenues over (under) expenditures	(274,845)	8,810	382,723	116,688
Other financing sources (uses):				
Sale of capital assets			18,400	18,400
Issuance of bonds and loans				
Face value of bonds issued			83,510	83,510
Face value of loans issued			160	160
Bond premiums			5,960	5,960
Refunding bonds issued			28,885	28,885
Payment to refunded bond escrow agent			(31,633)	(31,633)
Transfers in	568,677		250,813	819,490
Transfers out	(179,228)	(23,278)	(617,121)	(819,627)
<b>Total other financing sources (uses)</b>	<b>389,449</b>	<b>(23,278)</b>	<b>(261,026)</b>	<b>105,145</b>
<b>Net change in fund balances</b>	<b>114,604</b>	<b>(14,468)</b>	<b>121,697</b>	<b>221,833</b>
Fund balances at beginning of year	551,000	346,727	396,436	1,294,163
Increase in:				
Reserve for inventory of materials and supplies	1,854		105	1,959
<b>Fund balances at end of year</b>	<b>\$ 667,458</b>	<b>332,259</b>	<b>518,238</b>	<b>1,517,955</b>

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



<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	
<b>For the Year Ended June 30, 2005</b>	
<b>(In Thousands)</b>	
Net change in fund balances-total governmental funds	\$ 221,833
Governmental funds accrue property tax revenue, which is deemed collectible within sixty days. However, in the statement of activities the total amount estimated to ultimately be collected is accrued.	25,257
Adjustment for reserve for inventory of materials and supplies.	1,959
Long-term receivables are not available as current resources, and therefore are not reported as revenue in the governmental funds.	(4,274)
The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds.	(18,400)
The book value of the sale of such assets is removed from the capital assets account in the statement of net assets and offset against the sales proceeds resulting in a "loss on sale of capital assets" recorded as an expense in the statement of activities. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which asset acquisition and donations exceeded depreciation in the current period.	15,178
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts to participating governmental activities to completely cover the internal service fund's costs for the year.	(9,357)
Repayment of bond principal and other long term obligations are reported as expenditures in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. For the County as a whole however, the principal and other payments for liabilities reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The County's long term obligations include bonds, loans and notes payable, capital leases, accumulated unpaid employee leave balances, arbitrage rebate, and closure and postclosure costs for the San Marcos landfill. The County's long term debt was reduced by these payments, principal payments to bondholders, and the adjustment to the San Marcos landfill closure and postclosure liability.	96,168
Bond issuance costs are expended in the governmental funds when paid, and are capitalized and amortized in the statement of activities. This is the amount by which current year amortization expense exceeded bond issuance costs.	(194)
Interest expense in the statement of activities differs from the amount reported in governmental funds because additional interest was calculated for bonds and notes payable and amortization of capitalized bond premiums, discounts and deferred amount of refunded debt that are expended in the governmental funds in the year paid.	(17,893)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements however, issuing debt increases long-term liabilities in the statement of net assets and does not effect the statement of activities.	(112,555)
Change in net assets of governmental activities	\$ 197,722

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





**STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2005  
 (In thousands)**

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Equity in pooled cash and investments	\$ 68,937	163,273
Collections in transit	9	1,003
Imprest cash	2	2
Receivables, net	880	5,044
Due from other funds	936	16,315
Advances to other funds	9,312	596
Inventory of materials and supplies		598
<b>Total current assets</b>	<b>80,076</b>	<b>186,831</b>
Noncurrent assets:		
Capital assets:		
Land	10,677	
Construction and contracts in progress	16,812	
Buildings and equipment	43,938	149,528
Infrastructure	64,921	
Accumulated depreciation	(48,767)	(53,911)
<b>Total noncurrent assets</b>	<b>87,581</b>	<b>95,617</b>
<b>Total assets</b>	<b>167,657</b>	<b>282,448</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	2,161	16,041
Accrued payroll	271	1,565
Due to other funds	1,247	51,969
Advances from other funds	239	
Unearned revenue	264	
Bonds, loans and notes payable	181	176
Compensated absences	32	224
Claims and judgments		43,251
<b>Total current liabilities</b>	<b>4,395</b>	<b>113,226</b>
Noncurrent liabilities:		
Bonds, loans and notes payable	2,745	3,483
Compensated absences	292	2,016
Claims and judgments		60,318
<b>Total noncurrent liabilities</b>	<b>3,037</b>	<b>65,817</b>
<b>Total liabilities</b>	<b>7,432</b>	<b>179,043</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	84,416	95,606
Unrestricted net assets	75,809	7,799
<b>Total net assets</b>	<b>\$ 160,225</b>	<b>103,405</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	501	
<b>Net assets of business-type activities</b>	<b>\$ 160,726</b>	

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



**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2005  
(In Thousands)**

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for services	\$ 30,948	255,435
Miscellaneous	22	1,017
Total operating revenues	30,970	256,452
<b>OPERATING EXPENSES</b>		
Salaries	5,746	29,587
Repairs and maintenance	5,405	24,532
Equipment rental	538	1,227
Sewage processing	13,617	
Contracted services	2,992	117,293
Depreciation	2,269	10,316
Utilities	142	22,237
Cost of material		4,272
Claims and judgments		42,968
Fuel		7,441
Other operating expenses	2,362	7,629
Total operating expenses	33,071	267,502
Operating (loss)	(2,101)	(11,050)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and dividends	1,729	726
Grants	3,668	243
Interest expense	(184)	(125)
Loss on disposal of capital assets		(590)
Other nonoperating revenues		55
Other nonoperating expenses	(1)	(17)
Total nonoperating revenues (expenses)	5,212	292
Income (loss) before contributions and transfers	3,111	(10,758)
Capital contributions	1,036	
Transfers in		4,448
Transfers out	(764)	(3,547)
Change in net assets	3,383	(9,857)
Net assets at beginning of year		113,262
Net assets at end of year	\$	103,405
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(500)	
Change in net assets of business-type activities	\$ 2,883	

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



**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2005**  
**(In Thousands)**

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 32,100	117,660
Cash received from other funds	459	139,847
Cash payments to suppliers	(19,646)	(200,687)
Cash payments to employees	(5,766)	(29,500)
Cash payments to other funds	(7,775)	(23,503)
Net cash provided (used) by operating activities	(628)	3,817
Cash flows from non-capital financing activities:		
Operating grants	3,666	243
Transfers from other funds		4,448
Transfers to other funds	(764)	(3,547)
Advances from other funds	(20)	161
Advances to other funds	235	
Net cash provided by non-capital financing activities	3,117	885
Cash flows from capital and related financing activities:		
Capital grants revenue	1,035	
Acquisition of capital assets	(6,197)	(7,529)
Proceeds from sale of assets		1,065
Retirement of capital leases, bonds and loans	(368)	(159)
Bond sale proceeds and loans received	100	1,785
Interest paid on long-term debt	(184)	(139)
Net cash used for capital and related financing activities	(5,614)	(4,977)
Cash flows from investing activities:		
Interest	1,535	615
Net increase (decrease) in cash and cash equivalents	(1,590)	760
Cash and cash equivalents at beginning of year	70,538	163,518
Cash and cash equivalents at end of year	68,948	164,278
Reconciliation of operating loss:		
Operating loss	(2,101)	(11,050)
Adjustments to reconcile:		
Increase (decrease) in compensated absences	(20)	87
Increase (decrease) in accrued payroll	1	41
Increase (decrease) in due to other funds	(1,747)	(1,747)
Increase (decrease) in accounts payable	(617)	(2,426)
Increase (decrease) in claims and judgments		7,259
Increase (decrease) in deferred credits and other liabilities	(15)	(43)
Decrease (increase) in accounts and notes receivable	696	(1,853)
Decrease (increase) in due from other funds	906	2,969
Decrease (increase) in Inventory of materials and supplies		264
Depreciation	2,269	10,316
Net cash provided (used) by operating activities	(628)	3,817
Non-cash investing and capital financing activities:		
Accrued interest	200	220
Adjustment to capital leases		11
Capital acquisitions included in accounts payable	1,715	956
Total non-cash investing and capital financing activities	1,915	1,187

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



**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2005**  
**(In Thousands)**

	Pension Trust Fund	Investment Trust Fund	Agency Funds
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 418	2,557,644	405,835
Cash with fiscal agent	175,335		11,409
Collections in transit		216	9,860
Imprest cash		31	4
Investments:			
Domestic equity securities	882,662		
Cash, cash equivalents, and securities domestic equity swaps and futures	1,368,556		
International equity securities	1,489,825		
Securities lending collateral	503,102		
United States government obligations	628,206		
Domestic corporate bonds	557,566		
International bonds	794,671		
Cash and securities for overlay futures	58,557		
Alternative equity and real estate	548,694		
Receivables:			
Accounts receivable		23,390	29,039
Trade receivable	47,146		
Interest receivable	23,509		
Due from other governments	8,738		
Capital assets, net	2,894		
<b>Total assets</b>	<b>7,089,879</b>	<b>2,581,281</b>	<b>456,147</b>
<b>LIABILITIES</b>			
Accounts payable	228,303	9,709	45,678
Due to other governments			410,469
Obligations under securities lending	503,102		
<b>Total liabilities</b>	<b>731,405</b>	<b>9,709</b>	<b>456,147</b>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes	\$ 6,358,474	2,571,572	

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



**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2005  
(In Thousands)**

	Pension Trust Fund	Investment Trust Fund
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 316,075	
Plan members	40,766	
Contributions on pooled investments		15,396,428
Total contributions	356,841	15,396,428
Investment earnings:		
Net increase (decrease) in fair value of investments	658,060	(16,996)
Interest income	99,175	53,333
Securities lending income	11,196	
Other income	84,675	
Total investment earnings	853,106	36,337
Expenses deducted from investment earnings:		
Investment expenses	(48,451)	
Securities lending expenses	(9,896)	
Total additions	1,151,600	15,432,765
<b>DEDUCTIONS</b>		
Benefits	292,089	
Refunds of contributions	2,185	
Administrative expenses	7,491	
Distribution from pooled investments		15,268,436
Total deductions	301,765	15,268,436
Changes in net assets	849,835	164,329
Net assets at beginning of year	5,508,639	2,407,243
Net assets at end of year	\$ 6,358,474	2,571,572

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