



County of Los Angeles, California Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018
John Naimo • Auditor-Controller

**County of Los Angeles, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018**

Prepared by the Office of Auditor-Controller
John Naimo • Auditor-Controller

COUNTY OF LOS ANGELES, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018
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JOHN NAIMO
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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LOS ANGELES, CALIFORNIA 90012-3873
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December 13, 2018

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

In accordance with Section 25253 of the Government Code of California, I hereby submit the Comprehensive Annual Financial Report (CAFR) of the County of Los Angeles for the year ended June 30, 2018. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles (GAAP) prescribed for governmental entities, and provides a comprehensive overview of the County's financial operations and financial position. The accuracy, completeness and fairness of the presentation of all information in this report are the responsibility of the County.

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

The report includes financial data for all County funds. Additionally, the following entities are considered part of the County for purposes of meeting the reporting entity requirements prescribed by the Governmental Accounting Standards Board:

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

These entities are component units of the County and are included in the County's basic financial statements because the County Board of Supervisors is financially accountable for them. All component units are blended into the basic financial statements, except for the Los Angeles County Employees Retirement Association, which is reported as a fiduciary component unit, and the Community Development Commission (CDC) and First 5 LA, which are discretely presented. Note 1 to the basic financial statements contains additional information regarding the relationship between the County and these entities.

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

LOS ANGELES COUNTY AND ITS SERVICES

Los Angeles County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over 10 million, its population is the largest of any county in the nation.

Los Angeles County was a general law county until 1913 when it became a charter county, as a result of local election. The County is governed by a five-member Board of Supervisors (Board) who are elected by district to serve alternating four-year terms. The Assessor, District Attorney, and Sheriff are also elected officials while all other departments are headed by appointed officials. On March 5, 2002, County voters approved two charter amendments providing for term limits for members of the Board. The affected officials are limited to three consecutive terms, a total of 12 years, commencing December 2002.

On July 7, 2015, the Board approved recommendations to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance and to establish a new governance structure. Under the new governance structure, all non-elected department heads report directly to the Board. County departments continue to report to the Chief Executive Officer (CEO) for day-to-day operations, as well as for administrative and budget matters. The CEO acts as the Board's agent to manage Countywide policy objectives and departmental performance management. The new governance structure was designed to streamline the County bureaucracy by improving communications with County departments, facilitating effective decision making, and enhancing responsiveness to the Board's policy objectives.

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

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

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

ECONOMIC OVERVIEW

With a Gross Domestic Product of \$670 billion in 2017, Los Angeles County's economy is larger than that of 44 states and all but 21 countries. The County serves as the central trade district for the western United States and the gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced moderate growth in 2017, with estimated increases of 3.8% in personal income and 2.1% in total taxable sales. The economic recovery is expected to continue, with several sectors of the local economy experiencing growth.

The County's unemployment rate fell to 4.6% in 2017, which reflects the ongoing improvement in the job market and the lowest rate of the post-recession period. The positive developments in the job market are expected to continue in 2018 and 2019, with a projected decline in the average unemployment rate to 4.3% and 4.1%, respectively.

During Fiscal Year (FY) 2016-17, voters approved various State and local ballot measures that could generate approximately \$151 billion in funding for capital infrastructure and public services in the County. Among the voter-approved items was County Measure H, which authorized a one-quarter percent (0.25%) County sales tax for ten years to fund homeless services and prevention. Measure H, which became effective on October 1, 2017, is projected to generate approximately \$355 million of sales tax revenue per year for the County. In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with terminal expansions under way at the two primary seaports (Port of Los Angeles and Port of Long Beach), the expansion of Los Angeles International Airport ("LAX")

and the expansion of Metro Light Rail System have continued to support an improving job market in the County.

The County enjoys a diverse industrial base, as private sector employment is well-represented in wholesale and retail trade, health care, manufacturing, and leisure and hospitality. The two major seaports in the County, located in the cities of Los Angeles and Long Beach, encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and on a combined basis rank ninth largest among the world's port facilities. The County's technology sector, known as "Silicon Beach," has become a large and growing source of highly compensated jobs and this sector employed an estimated 221,000 workers in 2017.

INTERNAL AND BUDGETARY CONTROLS

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

In accordance with the provisions of Section 29000-29144 of the Government Code, commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 of each fiscal year. Except for capital assets, expenditures are controlled at the following object levels for all budget units: salaries and employee benefits, services and supplies, other charges, and other financing uses. Amounts are budgeted and controlled for capital assets at the following sub-object levels: land, buildings and improvements, infrastructure, and equipment.

The County uses encumbrance accounting to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding at the time are reported as restricted, committed, or assigned fund balance for subsequent year expenditures.

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

In addition to these procedural controls, the Auditor-Controller's (A-C) Audit Division performs periodic internal control, operational, and management audits of various County departments. On an annual basis, an audit plan is recommended by the A-C and approved by the County's Audit Committee, an oversight group appointed by the Board of Supervisors. These audits

help to ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. The A-C's Countywide Contract Monitoring Division reviews various social service contract providers to enhance accountability and performance effectiveness. A fraud hotline provides County employees and citizens with a way to anonymously report perceived fraudulent activities by County employees, vendors, contractors, inspectors, etc. Allegations reported to the hotline are evaluated and investigated, as appropriate, by the Office of County Investigations within the A-C.

BUDGET OUTLOOK AND MAJOR INITIATIVES

The FY 2018-19 Budget reflects the County's ongoing determination to confront our region's most difficult social challenges while building a foundation for future progress through a wide array of proven programs and services. The proposed budget advances key priorities of the Board of Supervisors, providing funding to fight homelessness, to enrich the lives of children, to expand health services, to create jobs and to invest in criminal justice reforms that prioritize individual potential and maintain the safety of our neighborhoods. Economic factors are stable, with continued growth in the labor market, steadily advancing housing values, and consumer spending remaining a strength of the local economy.

NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are examples of significant program initiatives that were funded or augmented by the FY 2018-19 Budget process:

- County Measure H provides a dedicated funding source from sales tax revenues to provide homeless services and housing assistance throughout the County. The FY 2018-19 budget of \$374 million represents an increase in annual funding of \$108 million to fund strategic initiatives, which include homeless prevention, income and employment opportunities, case management services, and subsidized housing.
- Continuum of Care Reform and Resource Family Approval are State-mandated programs designed to dramatically increase the odds of success for foster and adoptive youth. The FY 2018-19 budget provides \$87 million to fund these programs in the Departments of Children and Family Services and Mental Health. The Continuum of Care program aims to give young people a chance to live in a family environment. For those who cannot make the transition to family-based placement, the program strengthens existing group homes, where youngsters can receive short-term, intensive treatment to help them make that transition. The Resource Family program improves the way in which foster and adoptive caregivers, as well as relative care providers, are assessed, approved and prepared to parent these vulnerable children.

- Increased funding of \$14 million for the Affordable Housing Programs Budget Unit. In October 2015, the Board approved a motion to establish the Affordable Housing Programs Budget Unit and reach an annual allocation of \$100 million per year for affordable housing by FY 2020-21. The FY 2018-19 budget expands funding to \$54 million for the development and preservation of affordable housing.

CAPITAL ASSET AND DEFERRED MAINTENANCE INITIATIVES

The County continues to plan for, and fund, high priority capital asset projects that address health, public safety, recreation, and infrastructure needs. Many capital asset initiatives are multi-year in nature and the FY 2018-19 Budget provides ongoing funding of \$908 million for initiatives in progress as well as new projects. During FY 2017-18, there were 32 projects completed and significant construction-in-progress including seismic retrofit and new outpatient facilities at the Rancho Los Amigos National Rehabilitation Center.

The County continues to refurbish and construct new facilities to promote the effective delivery of services to the public. On May 22, 2018, the Board of Supervisors authorized the issuance of \$302 million in Lease Revenue Bonds to finance the construction of the Vermont Corridor. The Vermont Corridor encompasses three sites that will include a County Administrative Building that will accommodate the relocation of staff from the Departments of Mental Health and "Workforce Development, Aging and Community Services," 172 market rate residential rental units with approximately 7,500 square feet of ground floor retail, and 72 senior affordable housing units including a community recreation center and underground parking.

The County continues to invest resources to eliminate its backlog of deferred maintenance to meet performance requirements and expectations for its facilities. The FY 2018-19 Budget dedicates \$195 million for high-priority repairs, maintenance and accessibility modification needs at County facilities, including juvenile halls, animal shelters, and parks.

STRATEGIC PLANNING INITIATIVES

On November 15, 2016, the Board of Supervisors approved the County of Los Angeles FY 2016-2021 Strategic Plan, *Creating Connections: People, Communities, and Government*. The approved plan includes an updated vision, mission, and values, with three new goals, 10 strategies and objectives with a focus on Board priorities and initiatives.

The strategic plan's underlying goals are summarized as follows:

Make Investments that Transform Lives by increasing our focus on prevention initiatives; enhancing our delivery of comprehensive interventions; and reforming service delivery within our justice systems.

Foster Vibrant and Resilient Communities by driving economic and workforce development in the County; supporting the wellness in our communities; and making environmental sustainability our daily reality.

Realize Tomorrow's Government Today by pursuing development of our workforce; embracing digital government for the benefit of our customers and communities; pursuing operational effectiveness, fiscal responsibility, and accountability; and engaging our customers, communities, and partners.

LONG-TERM FINANCIAL PLANNING

The Board has adopted policies, which guide the County's Chief Executive Officer in financial planning and recommending budget proposals. Key policy elements include:

- Ongoing costs should be funded with ongoing revenues. Aligning continuing expenditures with continuing revenues, on a level that can be reasonably sustained, will foster stability, predictability, and long-range planning, while avoiding volatility in service levels. Before expanding services, use new, ongoing revenues to meet current obligations and reduce reliance on one-time funding. New programs should not be proposed without identifying specific and continuous funding sources.
- Budget decisions should be considered within the context of revenues and expenditures projected beyond a single fiscal year. A long-range forecast should be developed and maintained to reflect continuing programs, anticipated new initiatives, revenue changes, cost increases, potential problem issues, and other factors that may impact strategies for maintaining a balanced budget over several years.

Board policy also established a "Reserve for Rainy Day" (Reserve) account within the County's General Fund. It is intended to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10% of ongoing locally generated revenue. Transfers, at a minimum of ten percent (10%) of excess fund balance, less Board approved carryover balances, shall be set aside in the Rainy Day Fund and/or the Other Postemployment Benefits (OPEB) Trust Fund each year until the 10% cap is met. When the reserve cap of 10% is exceeded, the excess balance should be deposited into the OPEB Trust Fund in order to fund retiree health obligations. The objective is to avoid ongoing commitments with funding that may not be sustainable in an economic downturn.

For the year ended June 30, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "Fund Balance Reporting and Governmental Fund Type Definitions." The County's policies for use of the Reserve are not within the GASB 54 definition of a stabilization arrangement. Therefore, the Reserve is classified as General Fund unassigned fund balance in the GAAP financial statements. As of June 30, 2018, the Reserve balance was \$478 million and it was not used as a financing source for purposes of balancing the FY 2018-19 County Budget. On October 2, 2018, the Board added \$47 million to the County's Reserve for Rainy Day, bringing the total balance to \$525 million.

OTHER INFORMATION

INDEPENDENT AUDIT

The basic financial statements have been audited by Macias Gini & O'Connell LLP (MGO). In accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), MGO is also in the process of completing an annual financial and compliance audit of federal funds received by the County in FY 2017-18. The County's single audit for FY 2016-17 has been completed.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Los Angeles for its Comprehensive Annual Financial Report for the past thirty-six fiscal years.

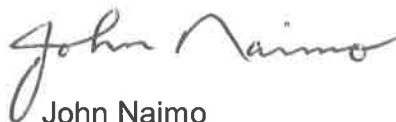
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both GAAP and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Sincerely,

A handwritten signature in cursive script that reads "John Naimo".

John Naimo
Auditor-Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Los Angeles
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2018

BOARD OF SUPERVISORS

Sheila Kuehl, Chair
Third District

Hilda L. Solis
First District

Janice Hahn
Fourth District

Mark Ridley-Thomas
Second District

Kathryn Barger
Fifth District

Celia Zavala
Acting Executive Officer
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Jeffrey Prang
Assessor

Jackie Lacey
District Attorney

Jim McDonnell
Sheriff

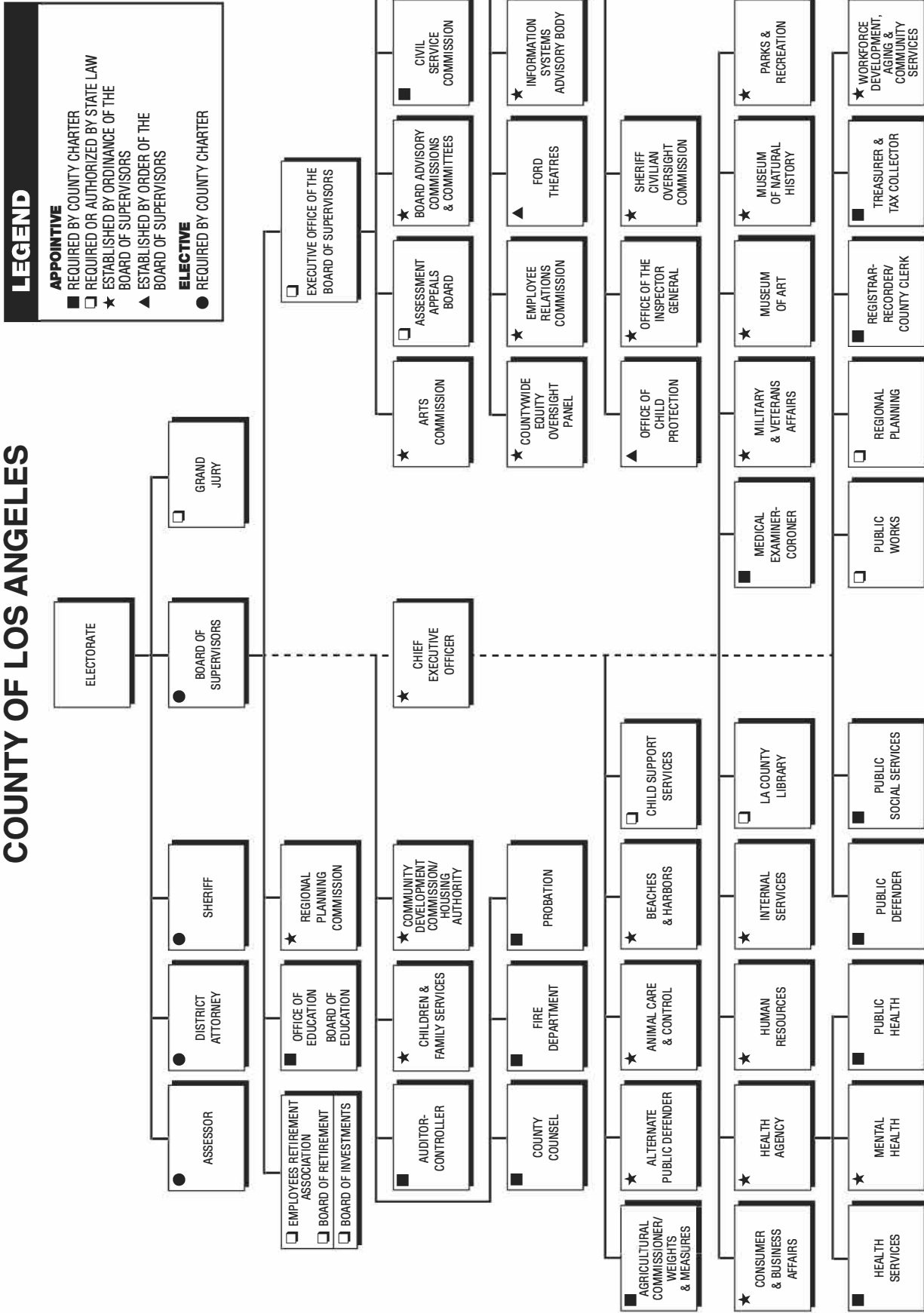
Sachi A. Hamai
Chief Executive Officer

Joseph Kelly
Treasurer and Tax Collector

John Naimo
Auditor-Controller

Mary C. Wickham
County Counsel

COUNTY OF LOS ANGELES







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 aggregate discretely presented component units, 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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) (discretely presented component unit), the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA) (discretely presented component unit) and the Los Angeles County Employees Retirement Association (LACERA), which represent the following percentages of the assets, net position/fund balances, and revenues/additions of the following opinion units.

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/Additions
Aggregate discretely presented component units	100%	100%	100%
Aggregate remaining fund information	70%	73%	13%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CDC, First 5 LA, and LACERA is based solely on the reports of the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District, Flood Control District, County Library, Regional Park and Open Space District, and Mental Health Services Act for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, effective July 1, 2017, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement resulted in a restatement of net position as of July 1, 2017 in the amount of \$9,451,237,000 and \$1,994,180,000 for governmental activities and business-type activities, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 24, the schedule of the County's proportionate share of the net pension liability and related ratios, the schedule of County's pension contributions, the schedule of County's proportionate share of the net RHC OPEB liability, the schedule of County's RHC OPEB contributions and the schedule of changes in the total LTD OPEB liability and related ratios on pages 161 through 166 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 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 statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
December 13, 2018

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

This section of the County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of financial activities for the year ended June 30, 2018. 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 position (total assets and deferred outflows of resources, reduced by total liabilities and deferred inflows of resources) of the County was negative \$13.518 billion. Net position is classified into three categories and the unrestricted component is negative \$34.482 billion. During the current year, the County implemented Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75). GASB 75 had a material effect on the County's beginning net position, which was restated and reduced by \$11.445 billion. See further discussion in Notes 2 and 9 to the basic financial statements.

During the current year, the County's net position decreased by \$935 million. Net position related to governmental activities decreased by \$1.027 billion, while net position related to business-type activities increased by \$92 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$3.895 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$137 million, restricted fund balance of \$77 million, committed fund balance of \$705 million, assigned fund balance of \$480 million, and \$2.496 billion of unassigned fund balance.

The County's capital asset balances were \$19.519 billion at year-end and decreased by \$67 million during the year.

During the current year, the County's total long-term debt increased by \$54 million. Newly issued and accreted long-term debt of \$348 million were more than the long-term debt maturities of \$294 million.

Overview of the Basic Financial Statements

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

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

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

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

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 Position presents information on all County assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources, which represent net position. Over time, increases and decreases in net position 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 position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes 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 pension and Other Postemployment Benefits (OPEB) expenses have been accrued but not yet paid.

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

- **Governmental Activities** - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities, which include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and interest on long-term debt.
- **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, and the Aviation Funds represent the County's business activities.
- **Discretely Presented Component Units** - Component units are separate entities for which the County is financially accountable. The Community Development Commission and First 5 LA are displayed as discretely presented in the financial statements.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

FUND FINANCIAL STATEMENTS

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

The County's funds are classified 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 Projects Funds, and Permanent Funds.
- **Proprietary Funds** - These funds are used to account for functions that are 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 four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds) and it is displayed with the other major enterprise funds.
- **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 and Other Postemployment Benefit Trust Funds, 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.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's proportionate share of the net pension liability and related ratios, the County's contributions to pension benefits, the County's proportionate share of the net Retiree Healthcare OPEB Liability, the County's contributions to OPEB, and the schedule of changes in the total Long-Term Disability OPEB liability and related ratios.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$13.518 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2018 and 2017 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
		(1)		(1)		(1)
Current and other assets	\$ 11,472,818	\$ 10,670,204	\$ 2,629,318	\$ 2,523,199	\$ 14,102,136	\$ 13,193,403
Capital assets	16,271,623	16,427,686	3,247,254	3,157,869	19,518,877	19,585,555
Total assets	27,744,441	27,097,890	5,876,572	5,681,068	33,621,013	32,778,958
Deferred outflows of resources	4,387,213	3,139,442	793,005	539,905	5,180,218	3,679,347
Current and other liabilities	3,139,671	2,781,663	553,750	476,147	3,693,421	3,257,810
Long-term liabilities	37,194,272	26,753,872	8,549,718	6,532,381	45,743,990	33,286,253
Total liabilities	40,333,943	29,535,535	9,103,468	7,008,528	49,437,411	36,544,063
Deferred inflows of resources	2,447,435	873,620	434,369	178,415	2,881,804	1,052,035
Net position:						
Net investment in capital assets	14,984,847	15,165,318	2,320,256	2,305,050	17,305,103	17,470,368
Restricted	3,524,215	3,391,358	134,647	112,775	3,658,862	3,504,133
Unrestricted (deficit)	(29,158,786)	(18,728,499)	(5,323,163)	(3,383,795)	(34,481,949)	(22,112,294)
Total net position	\$ (10,649,724)	\$ (171,823)	\$ (2,868,260)	\$ (965,970)	\$ (13,517,984)	\$ (1,137,793)

(1) The 2017 amounts were not restated for GASB 75.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Significant changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources included the following:

Current and Other Assets

Current and other assets increased by \$803 million for governmental activities and by \$106 million for business-type activities. For governmental activities, there was an increase of \$567 million in pooled cash and investments, largely due to the improved cash position of the County's General Fund and the Mental Health Services Act (MHSA) Fund, which grew by \$237 million and \$164 million, respectively, over the prior year. In addition, other receivables increased by \$167 million, as the County's General Fund and the Homeless and Housing Measure H nonmajor Special Revenue Fund were higher by \$40 million and \$102 million, respectively, over the prior year.

For business-type activities, current and other assets increased by \$106 million. Hospital pooled cash and investments increased by \$63 million over the prior year. In addition, the hospital accounts receivable were higher in the current year by \$75 million.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources were \$5.180 billion. The deferred outflows of resources were \$4.387 billion and \$793 million for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net increases of \$1.501 billion were almost all related to pension and OPEB. The total pension related deferred outflows increased by \$544 million and \$113 million for governmental and business-type activities, respectively, from the prior year. These amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 68. The current year implementation of GASB 75 added OPEB deferred outflows of resources of \$845 million. OPEB deferred outflows of resources were \$705 million and \$140 million for governmental and business-type activities, respectively.

Liabilities

Current and other liabilities increased by \$358 million for governmental activities. The largest component of this increase is \$310 million for advances payable, largely due to higher advances for health, mental health, public protection and social services programs. In addition, accrued payroll was higher by \$34 million due to increases in amounts owed for the year-end payroll accruals. For business-type activities, a net increase of \$78 million in current and other liabilities was largely associated with increases in accounts payable for the hospitals.

Long-term liabilities increased by \$10.440 billion for governmental activities and by \$2.017 billion for business-type activities. Net OPEB liabilities significantly increased by \$9.745 billion for governmental and \$2.050 billion for business-type activities, respectively, as a result of GASB 75. Net pension liabilities increased in the current year by \$391 million and \$187 million for governmental and business-type activities, respectively. Liabilities were also higher for workers' compensation and compensated absences. Specific disclosures related to pension liabilities, OPEB liabilities, and other changes in long-term liabilities are discussed and referenced in Notes 8, 9, and 11 to the basic financial statements, respectively.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were \$2.882 billion. Deferred inflows of resources were \$2.447 billion and \$434 million for governmental and business-type activities, respectively. The increase in deferred inflows of resources of \$1.830 billion were almost all related to OPEB. The current year implementation of GASB 75 added OPEB deferred inflows of resources of \$1.817 billion. OPEB deferred inflows of resources were \$1.507 billion and \$310 million for governmental and business-type activities, respectively. These amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 75. OPEB matters are discussed in more detail in Note 9 to the basic financial statements.

The total pension related deferred inflows increased by \$16 million from the prior year. These amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 68. Pension matters are discussed in more detail in Note 8 to the basic financial statements.

For service concession arrangements, there were also \$87 million of deferred inflows of resources recognized in the current year, which represents a decrease of \$3 million from the prior year. This amount represents the present value of installment payments associated with private operators of twenty County golf courses, as discussed in Note 7 to the basic financial statements.

The County's total net position consists of the following three components:

Net Investment in Capital Assets

The largest portion of the County's net position, \$17.305 billion, represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt and related deferred outflows of resources 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 Position

The County's restricted net position at year-end was \$3.659 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

The County's total unrestricted net position is negative \$34.482 billion. Both governmental and business-type activities reported deficits in this category of \$29.159 billion and \$5.323 billion, respectively. OPEB related liabilities of \$26.322 billion, along with pension liabilities totaling \$10.850 billion, continued to be the most significant factors associated with the reported deficits.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

The following table details and identifies changes in net position for governmental and business-type activities:

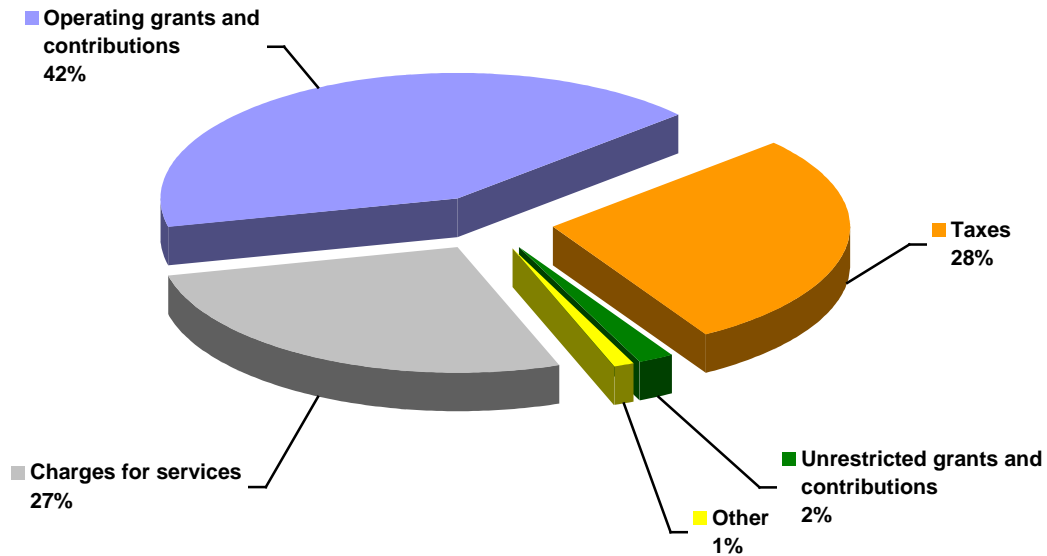
Summary of Changes in Net Position
For the Years Ended June 30, 2018 and 2017
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:		(1)		(1)		(1)
Program revenues:						
Charges for services	\$ 2,861,290	\$ 2,779,483	\$ 4,155,049	\$ 3,959,188	\$ 7,016,339	\$ 6,738,671
Operating grants and contributions	10,263,315	9,795,607	651,303	457,686	10,914,618	10,253,293
Capital grants and contributions	26,310	64,055	8,291	1,195	34,601	65,250
General revenues:						
Taxes	7,475,813	6,826,908	6,013	5,676	7,481,826	6,832,584
Unrestricted grants and contributions	433,799	428,435			433,799	428,435
Investment earnings	101,730	53,363	675	898	102,405	54,261
Miscellaneous	149,384	178,922	110	122	149,494	179,044
Total revenues	21,311,641	20,126,773	4,821,441	4,424,765	26,133,082	24,551,538
Expenses:						
General government	1,579,367	1,354,561			1,579,367	1,354,561
Public protection	7,841,468	7,532,191			7,841,468	7,532,191
Public ways and facilities	415,805	397,231			415,805	397,231
Health and sanitation	4,307,099	3,868,785			4,307,099	3,868,785
Public assistance	6,693,008	6,441,552			6,693,008	6,441,552
Education	160,097	127,901			160,097	127,901
Recreation and cultural services	487,173	276,625			487,173	276,625
Interest on long-term debt	106,425	104,899			106,425	104,899
Hospitals			5,370,965	4,990,891	5,370,965	4,990,891
Waterworks			95,301	90,517	95,301	90,517
Aviation			11,148	2,776	11,148	2,776
Total expenses	21,590,442	20,103,745	5,477,414	5,084,184	27,067,856	25,187,929
Excess (deficiency) before transfers	(278,801)	23,028	(655,973)	(659,419)	(934,774)	(636,391)
Transfers	(747,863)	(777,901)	747,863	777,901		
Changes in net position	(1,026,664)	(754,873)	91,890	118,482	(934,774)	(636,391)
Net position - beginning, as restated in 2018	(9,623,060)	583,050	(2,960,150)	(1,084,452)	(12,583,210)	(501,402)
Net position - ending	\$ (10,649,724)	\$ (171,823)	\$ (2,868,260)	\$ (965,970)	\$ (13,517,984)	\$ (1,137,793)

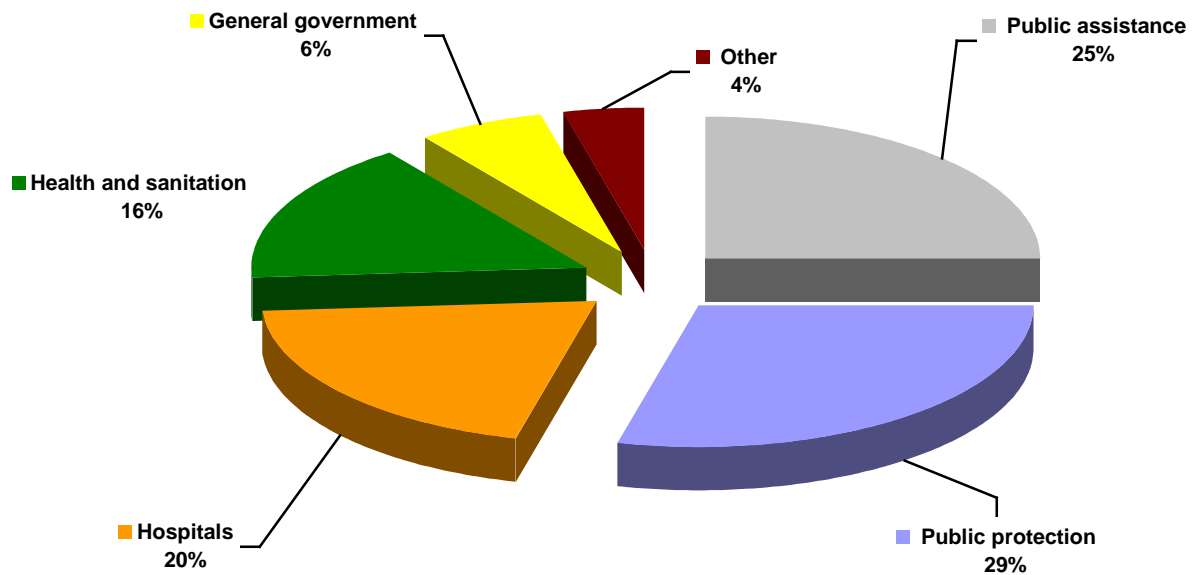
(1) The 2017 amounts were not restated for GASB 75.

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

**REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**



**EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**



COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Governmental Activities

Revenues from governmental activities increased by \$1.185 billion (5.9%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by \$468 million. For health and sanitation programs, there was net revenue growth of \$156 million. New revenues of \$112 million were associated with the Housing for Health and the Public Health Redesign and Incentives in Medi-Cal (PRIME) programs. State and federal funding for mental health programs grew by \$108 million. Pursuant to Assembly Bill 85 (AB85), the County is subject to State withholding of revenues known as "1991 County Health Realignment Funds." The amounts withheld are based on an assumption that County healthcare costs for the indigent population will decrease. The funds will be reconciled and trued-up two years after the fiscal year in which the amounts were withheld. For the current year, there was a net decrease of \$82 million from the State Health Realignment revenues for health services. Revenues for public assistance programs grew by \$173 million as there were higher levels of administrative and program costs which are primarily funded from federal and State reimbursement.
- Taxes, the County's largest general revenue source, were \$649 million higher than the prior year and were mostly attributable to increased property taxes and sales and use tax, which grew by \$361 million and \$276 million, respectively. The County's assessed property tax roll grew by 6.0% in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "Pass through" payments from redevelopment dissolution were \$307 million and increased by \$37 million from the prior year. Redevelopment dissolution also provides residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was \$239 million, an increase of \$26 million compared to the prior year. Revenues also grew by \$260 million from the Homeless and Housing Measure H program sales and use taxes. This program began in the current year.

Expenses related to governmental activities increased by \$1.487 billion (7.4%) during the current year. Salaries and employee benefits were \$513 million higher than the prior year. There were general salary increases of 4% during the current year, which became effective for most employees at staggered effective dates through the fiscal year. In addition, non-salary expenses were also higher by \$1.091 billion than the prior year. The non-salary increases were primarily in the recreation, health and sanitation, and public assistance categories. Recreation expenses were higher by \$252 million and was associated with the capital assets adjustments made in the prior year. Health and sanitation expenses were higher by \$249 million as operating and healthcare costs increased from the prior year. Public assistance expenses were higher by \$238 million primarily from an increase in the costs for the homeless and housing assistance programs. Depreciation expense was \$422 million in the current year, a decrease of \$94 million from the prior year amount of \$516 million.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Business-type Activities

Revenues from business-type activities for the current year were \$4.821 billion, an increase of \$397 million (9.0%) from the previous year. The most significant increase was in charges for services and operating grants and contributions for the County's hospitals, where revenue grew by \$187 million and \$191 million, respectively. As discussed in Note 14 to the basic financial statements, County hospital revenues are derived from a wide range of federal and State funding sources. Global Payment Program (GPP) and PRIME are components of the Medi-Cal Demonstration Project 2020, which provides federal funding to the County for health-care programs that shift the focus from hospital-based and inpatient care to outpatient, primary, and preventative care. The charges for services revenue increase was primarily attributable to the increase in GPP by \$128 million from the prior year. The operating grants and contributions increase was from an increase in PRIME revenues by \$45 million from the prior year and \$139 million in new funding from the first year implementation of the Quality Incentives Program (QIP).

Expenses related to business-type activities increased from the previous year by a net total of \$393 million (7.7%), and were associated primarily with the County's hospitals. Overall, hospital costs for salaries and employee benefits, services and supplies, and other professional services were higher in the current year by \$74 million, \$147 million, and \$84 million, respectively. As previously discussed, salaries and employee benefits expenses were higher because of the general salary increases. Non-salary expenses were higher for deferred maintenance, medical supplies, and medical equipment purchases from the prior year. Intergovernmental transfer expenses that are required in order to be eligible for various hospital revenue sources were higher by \$33 million. For all hospital facilities, the average patient census during the current year was 1,115 patients per day, which was slightly lower than the 1,157 for the prior year.

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. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects 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 \$7.863 billion, an increase of \$404 million in comparison with the prior year. Of the total fund balances, \$153 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$3.687 billion is classified as restricted, \$827 million as committed, and \$701 million as assigned. The remaining balance of \$2.496 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$21.191 billion, an increase of \$1.126 billion (5.6%) from the previous year. Expenditures for all governmental funds in the current year were \$20.140 billion, an increase of \$1.210 billion (6.4%) from the previous year. In addition, other financing uses were \$647 million, a decrease of \$94 million as compared to \$741 million in the prior year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Governmental Funds-Continued

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by \$244 million (6.7%). At the end of the current fiscal year, the General Fund's total fund balance was \$3.895 billion. Of this amount, \$137 million is classified as nonspendable, \$77 million as restricted, \$705 million as committed, \$480 million as assigned and the remaining \$2.496 billion is classified as unassigned.

General Fund revenues during the current year were \$17.726 billion, an increase of \$644 million (3.8%) from the previous year. General Fund expenditures during the current year were \$17.532 billion, an increase of \$959 million (5.8%) from the previous year. Other financing sources/uses-net was positive \$50 million in the current year as compared to negative \$242 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$322 million and property taxes comprised \$267 million of this increase which was primarily associated with growth in assessed property values. Residual property tax revenues, which are associated with redevelopment dissolution, were \$202 million in the current year, or \$17 million higher than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were \$29 million higher in the current year.
- Intergovernmental revenues increased by \$354 million overall, and were primarily associated with State and federal revenue increases of \$187 and \$196 million, respectively. The State and federal revenue growth were primarily attributable to higher levels of reimbursable program and administrative costs in the children and family services programs of \$165 million, mental health programs of \$67 million, health services administration programs of \$52 million, sheriff programs of \$42 million, and public assistance programs of \$22 million.
- Charges for services decreased by a total of \$50 million. The Sheriff's department experienced a net decrease of \$34 million of charges for services revenue resulting from the loss of a major contract with the Metropolitan Transportation Authority. The Registrar-Recorder provides election services and charges for services revenues decreased by \$33 million due to a lower number of elections when compared to the prior year election cycle. The remaining variance was a net increase of \$17 million from a variety of other programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Governmental Funds-Continued

- General fund expenditures increased by a total of \$959 million, or 5.8%. Current expenditures increased by \$951 million, and debt service and capital outlay expenditures increased by \$8 million. The most significant increase in current expenditures was reflected in the health and sanitation programs, where expenditures grew by \$536 million. This was primarily due to an increase of \$262 million for mental health services and \$234 million for a full year of jail medical services in the Department of Health Services. In addition, an increase of \$127 million was from housing for health programs and \$54 million for substance and abuse prevention and control services. Public assistance expenditures were higher by \$225 million, of which \$133 million was for salary and benefit increases and \$105 million was for increased spending on public assistance payments, children and family assistance payments and the affordable housing program. Public protection program costs were higher by \$72 million, of which \$42 million and \$27 million were associated with the departments of Probation and District Attorney, respectively. General government spending increased by \$95 million and was associated with an increase of \$86 million and \$27 million for salary and benefit increases and costs associated with capital improvements, respectively, and a net decrease of \$20 million associated with the Registrar-Recorder office.

The Fire Protection District reported a year-end fund balance of \$176 million, which represented a decrease of \$30 million from the previous year. The decrease in fund balance is due to an increase in a number of major incidents and emergencies during the fiscal year. Expenditures were higher by \$100 million, which was related to an increase in salaries and employee benefit costs of \$65 million and services and supplies of \$11 million. This was offset by revenues that increased by \$51 million, of which \$40 million was related to property taxes and primarily associated with growth in assessed property values and \$6 million was for charges for services.

The Flood Control District reported a year-end fund balance of \$502 million, which was \$33 million higher than the previous year. The increase in fund balance is primarily due to the full redemption of revenue bonds in the prior year. Current year revenues were lower by \$20 million, primarily from charges for services, while expenditures were higher by \$8 million, primarily related to an increase in expenditures for stormwater projects.

The County Library Fund, formerly referred to as the "Public Library," reported a year-end fund balance of \$77 million, which was \$3 million higher than the previous year. The increase in fund balance was primarily attributable to higher property tax revenues of \$4 million from the prior year. Overall, revenue was higher by \$18 million and expenditures were higher by \$20 million.

The Regional Park and Open Space District reported a year-end fund balance of \$320 million, which was \$42 million higher than the previous year. On November 8, 2016, the voters approved the Safe, Clean Neighborhood Parks, Open Space, Beaches, Rivers Protection, and Water Conservation Measure A (Measure A) and it became effective in FY 2017-18. The increase in fund balance was primarily attributable to new revenues from Measure A. Measure A levied 1.5 cents annually per square foot of improved property and became effective in the current fiscal year. Current year revenues were higher by \$97 million in charges for services from Measure A, while expenditures were higher by \$21 million.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Governmental Funds-Continued

The Mental Health Services Act (MHSA) Special Revenue Fund reported a year-end fund balance of \$1.051 billion, which was nearly the same as the previous year. Current year revenues were higher by \$45 million, primarily from an increase in State revenues, while transfers out were higher by \$185 million. Expenditures increased by \$49 million primarily to fund affordable housing projects for mental health clients.

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 each one is reported as a major fund. All of the aforementioned 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 as discussed in Note 15 to the basic financial statements. The amount of subsidy, per facility, ranged from \$7 million for Rancho Los Amigos National Rehabilitation Center to \$218 million for the Harbor-UCLA Medical Center. The total subsidy amount was \$530 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was \$539 million. During the current year, the County's hospital operations experienced higher levels of patient care revenues and operating expenses in comparison to the prior year as previously discussed.

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 (\$124 million), Harbor-UCLA Medical Center (\$55 million), and Olive-View UCLA Medical Center (\$29 million). The total current year amount of \$209 million in Measure B transfers was nearly the same as the prior year amount of \$211 million.

Waterworks Funds reported year-end net position of \$800 million, which was \$1 million lower than the previous year. There were no significant operational changes during the current year. Current year operating revenues for charges for services were higher by \$10 million, operating expenses were higher by \$5 million, and nonoperating revenue/(expenses) were higher by \$3 million.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balance - 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 16 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 \$53 million in the General Fund's available (unassigned) fund balance from the previous year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive (Negative)</u>
Taxes	\$ 28,238	\$ 5,588,267	\$ 5,666,093	\$ 77,826
Intergovernmental revenues	(126,390)	10,661,050	9,662,782	(998,268)
Charges for services	(925)	1,796,571	1,873,464	76,893
All other revenues	28,949	589,848	639,324	49,476
Other sources and transfers in	55,305	943,620	723,655	(219,965)
Total	\$ (14,823)	\$ 19,579,356	\$ 18,565,318	\$ (1,014,038)

Changes from Amounts Originally Budgeted

During the year, net decreases in budgeted revenues and other financing sources were approximately \$15 million. The most significant changes occurred in the following areas:

- Estimated intergovernmental revenues decreased by \$126 million. The decrease is primarily attributable to the reduction of State Health Realignment estimated revenues of \$224 million. Net additions of \$60 million were made to augment federal funds budgeted for the PRIME program pursuant to the Medi-Cal 2020 Federal Waiver program in the health department. Also, an increase of \$15 million was made to budgeted intergovernmental revenues associated with redevelopment dissolution successor agencies. There was also an increase of \$11 million from State funds for the energy grant programs. Budgeted intergovernmental revenues for capital projects were increased by \$7 million to reflect additional grant funding. There were other net increases to budgeted intergovernmental revenues of \$5 million.
- The budget for "other sources and transfers in" increased by \$55 million. Mental Health programs funded by the Mental Health Services Act Special Revenue Fund were increased by \$31 million. Budgeted transfers in for capital projects were increased by \$17 million from the nonmajor special revenue funds. There were net increases to budgeted "other sources and transfers in" of \$7 million.
- The budgeted "all other revenues" increased by \$29 million. Budgeted revenues were increased by \$17 million for tobacco settlement revenues. The remaining increases of \$12 million were associated with a wide variety of revenues.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Changes from Amounts Originally Budgeted-Continued

- The budget for tax revenues increased by \$28 million. Of this increase, \$24 million was associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$18.565 billion. This amount was \$1.014 billion, or 5.2%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, "other sources and transfers in", taxes, and charges for services.

- Actual intergovernmental revenues were \$998 million lower than the amount budgeted. Approximately \$391 million was associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Health services and mental health programs accounted for approximately \$193 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. Budgeted intergovernmental revenues of \$178 million were not realized for various capital improvements, disaster recovery programs and emergency preparedness projects, as these initiatives were not completed prior to year-end. Substance abuse and prevention control related programs experienced budgeted revenue shortfalls of \$105 million, most of which was associated with federal and State grants and offset by a comparable amount of cost savings. The Office of Diversion and Re-entry budget under-realized \$33 million related to reimbursable expenditures for housing subsidies. The Sheriff's and Probation Departments under-realized revenues of \$32 million due to lower than expected reimbursement of salaries and services and supplies associated with federal and State programs. The remaining difference of \$66 million was related to a variety of other programs.
- The actual amount of "other sources and transfers in" was \$220 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were \$114 million lower than budgeted. In addition, "transfers in" totaling \$38 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. The "transfers in" for the housing for health program, funded by the nonmajor special revenue funds, was \$22 million less than budgeted. Costs associated with Probation Department programs funded by the Other Public Protection Special Revenue Funds were \$21 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of \$25 million.
- Actual taxes were \$78 million higher than the amount budgeted. Property tax and documentary tax revenues were higher than budgeted by \$58 million and \$13 million, respectively. There were net increases of \$7 million related to a variety of other taxes.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

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

- Actual charges for services were \$77 million higher than the amount budgeted. The increase was primarily attributable to revenues associated with the State Medi-Cal Demonstration Project Global Payment Program and services rendered to the County hospitals of \$93 million. Net reductions include costs associated with public health programs related to substance abuse prevention control and children's medical services, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues of \$10 million. There were net decreases of \$6 million related to a variety of other programs.

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, and changes in fund balance components (in thousands):

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive
General government	\$ (99,266)	\$ 1,960,758	\$ 1,229,282	\$ 731,476
Public protection	60,912	5,805,187	5,641,810	163,377
Health and sanitation	(135,294)	4,673,696	4,293,726	379,970
Public assistance	218	7,043,766	6,315,574	728,192
All other expenditures	64,596	1,273,255	495,329	777,926
Transfers out	5,619	495,975	487,236	8,739
Contingencies	(15,431)	14,323		14,323
Fund balance changes-net	103,823	295,022	155,655	139,367
Total	<u>\$ (14,823)</u>	<u>\$ 21,561,982</u>	<u>\$ 18,618,612</u>	<u>\$ 2,943,370</u>

Changes from Amounts Originally Budgeted

During the year, net decreases in General Fund appropriations and fund balance component changes were approximately \$15 million. The most significant changes occurred in the following areas:

- General government appropriations decreased by \$99 million. Provisional appropriations decreased by \$75 million and were transferred to other functional categories to fund capital projects, jail facilities and libraries of \$8 million; public protection programs of \$40 million; and to transfer \$27 million of unspent User Utility Tax funds to obligated fund balance. In addition, \$38 million shifted funds for extraordinary maintenance to capital projects. There were net increases of \$14 million for other general governmental programs.
- Net fund balance budgetary changes of \$104 million had the effect of reducing the available (unassigned) fund balance component. At the end of the year, the restricted fund balance increased by \$56 million for utility users' taxes that were not expended and remained obligated for programs in unincorporated areas. Committed fund balance was increased by \$30 million for reserve for rainy day funds and \$12 million for Board Budget Policies and Priorities. The remaining variance of \$6 million was attributable to various other fund balance accounts.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Changes from Amounts Originally Budgeted-Continued

- Health and sanitation appropriations decreased by \$135 million. The health services administration budget provides central support to the County's hospitals. A decrease of \$187 million appropriation was transferred from the health services administration budget to the County hospitals to fund operational expenditures for deferred maintenance, medical supplies, equipment, and other expenditures. This was offset by a \$29 million increase in appropriation in intergovernmental transfers expenditures for the Medicaid Expansion programs and a \$31 million increase for mental health programs. The remaining variance of \$8 million was related to other health and sanitation programs.
- The category referred to as "all other expenditures" appropriations was increased by \$65 million. An increase of \$48 million was related to the capital outlay category for a variety of new capital improvement projects during the fiscal year. In addition, \$17 million increase in appropriation was related to the recreation and cultural services programs.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$2.943 billion lower (13.7%) than the final total budget of \$21.562 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

- The category referred to as "all other expenditures" reflected actual spending of \$778 million less than the budgeted amount. Of this variance, \$759 million was in the capital outlay category and related to numerous capital improvements anticipated in the budget that remained in the planning and development 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 \$731 million less than the amount budgeted. Of this amount, \$539 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. Salaries and employee benefits savings of \$63 million were due to hiring delays and vacancies. The County's real estate budget had budgetary savings of \$19 million due to lower than anticipated costs associated with various properties. The remaining \$110 million was spread across County departments comprising general government and was mostly related to savings in the areas of services and supplies.
- Actual public assistance expenditures were \$728 million lower than the final budget. Salaries and employee benefits savings of \$143 million were due to hiring delays and vacancies. Vendor and assistance payments for social services and children and family programs were lower than budgeted by \$519 million. Administrative cost savings in these areas were due to lower than anticipated costs for professional, contracted, and information technology services and delays in hiring. There were also direct program savings associated with lower than anticipated caseloads. There were \$49 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of \$17 million was related to other public assistance programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

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

- Overall expenditures for the health and sanitation category were \$380 million less than the budgeted amount. Of this amount, \$342 million primarily related to salaries and employee benefits savings and lower than anticipated costs for contracted services. Specifically, the budgetary savings of \$173 million was from mental health programs, \$106 million from substance abuse programs, \$40 million from public health programs, and \$23 million from health correctional facilities. The remaining variance of \$38 million was due to lower than expected services and supplies and contracted costs related to other health and sanitation programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2018 were \$19.519 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, software, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 6 to the basic financial statements.

The total decrease in the County's capital assets (net of depreciation) for the current fiscal year was \$67 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	\$ 7,595,597	\$ 7,547,098	\$ 48,499
Buildings and improvements	5,531,749	5,544,109	(12,360)
Infrastructure	4,421,159	4,536,386	(115,227)
Equipment	645,853	559,203	86,650
Software	275,010	431,623	(156,613)
Capital assets, in progress	1,049,509	967,136	82,373
Total	<u>\$ 19,518,877</u>	<u>\$ 19,585,555</u>	<u>\$ (66,678)</u>

The most significant decrease in capital assets was in software, which decreased by \$157 million. On August 8, 2017, the County became a member of the California Consortium Eligibility System (CalACES) Joint Powers Authority to govern and administer technology projects and operations for automating public assistance programs. When the County joined CalACES, the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) Replacement System (LRS), with a net book value of \$153 million, was also transferred.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018

Capital assets, in progress increased by \$82 million. The County's major capital asset initiatives during the current year continued to focus on new facilities and major improvements. For governmental activities, the major capital asset projects were for public protection of \$37 million, health and sanitation of \$41 million, and recreation and cultural services of \$46 million. The governmental activities major projects included the Sheriff Men's Central Jail replacement facility, the Vermont Corridor project, the Music Center Plaza renovation, and various mental and health facilities. For business-type activities, major construction-in-progress was \$84 million at the Rancho Los Amigos National Rehabilitation Center for various projects, including seismic retrofit and new outpatient facilities projects. There were also \$25 million of capitalized construction-in-progress costs for the Martin Luther King, Jr. New Parking Structure Project. In addition, there was also a decrease in buildings and improvements primarily due to the disposition of the Edelman Children's Court, with a net book value of \$23 million, to the State of California. Furthermore, land and easements increased by \$49 primarily from a \$24 million acquisition of a parking lot to meet the Sheriff's Department and Department of Health Services parking needs at the Men's Central Jail, Twin Towers Correctional Facility, and Inmate Reception Center and a \$13 million acquisition of two helipads to support the Fire Department. As of June 30, 2018, there were \$43 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by \$54 million, as newly issued debt and accretions of \$348 million were more than the debt maturities of \$294 million. Specific changes related to governmental and business-type activities are presented in Note 11 to the basic financial statements.

During the current year, significant long-term debt transactions were as follows:

- Lease Revenue Obligation Notes (LRON) of \$325 million were issued for governmental and business-type activities in the amounts of \$75 million and \$249 million, respectively. For governmental activities, debt was issued to finance a new animal care facility, fire station, museum of art building and to renovate the Music Center Plaza. For business-type activities, debt was issued to finance hospital improvements.
- New debt of \$20 million was issued to finance the acquisition of equipment for governmental activities. Equipment debt totaling \$21 million was redeemed during the year in accordance with maturity schedules.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$800 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 29, 2018. The General Fund also relied upon periodic borrowing from available agency funds.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018**

Bond Ratings

The County's debt is rated by Moody's, Standard & Poor's, and Fitch. The following is a schedule of ratings assigned by the respective rating agencies:

	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
General Obligation Bonds	Aa1	AA+	AA
Facilities	Aa3	AA	AA-
Equipment/Non-Essential Leases	Aa2	AA	AA-
Operating/Non-Essential Leases	Aa2	AA	AA-
Short-Term	MIG1	SP-1+	F1+
Regional Park and Open Space District Bonds	Aa1	AA	AAA

The County's bond ratings assigned by Fitch for General Obligation Bonds were upgraded from the previous year.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2018-2019 Budget on June 25, 2018. The Budget was adopted based on estimated fund balances that would be available at the end of 2017-2018. The Board updated the Budget on October 2, 2018 to reflect final 2017-2018 fund balances and other pertinent financial information. For the County's General Fund, the 2018-2019 Budget utilized \$1.929 billion of fund balance, which exceeded the previously estimated fund balance of \$1.728 billion. Of the additional fund balance of \$201 million, \$160 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$41 million was primarily used to fund \$26 million for capital improvement projects, \$8 million for library services, and \$7 million to augment the County's "Rainy Day Reserve," and various other program initiatives.

The County's 2018-2019 Budget reflects the County's ongoing determination to confront our region's most difficult social challenges while building a foundation for future progress through a wide array of proven programs and services. The County's budget continues to champion the County's long history of responsible, sustainable fiscal practices. The budget addresses the key priorities of the Board of Supervisors, providing funding to fight homelessness, to enrich the lives of children, to expand health services, to create jobs and to invest in criminal justice reforms that prioritize individual potential and maintain the safety of our neighborhoods. The County's budget also anticipates uncertainty with budget proposals from both the federal and State governments that could create significant short and long-term budget challenges for the County.

The County's budget outlook, while favorable, continues to be influenced by the fiscal condition and outlook of the State of California. In this regard, the State Legislative Analyst's Office (LAO) reports a positive short-term outlook with a healthy surplus through the end of FY 2019-2020. The State budget's condition is in good shape. The State can use the surplus to increase their reserves or make new one-time and /or ongoing budget commitments. For the longer term, the State's outlook is subject to either continuing economic growth or a recession beginning in FY 2020-21. With a continuing growing economy, the operating surplus will increase, but will decline over time. In the recession scenario, the State has enough reserve to cover its deficit for the outlook period. Health and human services programs are subject to considerable challenges and uncertainty as the State depends on information from the federal government or State executive branch.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2018**

The County receives substantial federal revenues and operates many programs which are subject to federal rules and regulations. Federal assistance is especially critical to the County's ability to operate its four County hospitals and health care network. The County is carefully monitoring State and federal policy developments to determine the future impacts, if any, on its ability to administer federal programs and deliver County services that rely upon federal funding.

On November 6, 2018, the voters of Los Angeles County successfully passed a ballot measure (Measure W) to establish the region's public health and safe, clean water program and establish a parcel tax of 2.5 cents per square foot of impermeable area. Measure W is estimated to generate \$300 million in annual revenue effective in FY 2019-20.

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 90012-3873.

BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
JUNE 30, 2018 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 6,416,533	179,546	\$ 6,596,079	\$ 460,755
Other	2,222,962	27,867	2,250,829	
Total pooled cash and investments	8,639,495	207,413	8,846,908	460,755
Other investments (Note 5)	53,083		53,083	353,973
Taxes receivable	243,893	717	244,610	
Accounts receivable - net (Note 14)		2,241,400	2,241,400	24,088
Interest receivable	32,322	470	32,792	767
Other receivables	2,267,215	208,362	2,475,577	30,266
Internal balances (Note 15)	155,730	(155,730)		
Inventories	75,406	27,526	102,932	9,731
Restricted assets (Note 5)	5,674	99,160	104,834	
Capital assets: (Notes 6 and 10)				
Capital assets, not being depreciated	8,069,249	575,857	8,645,106	99,367
Capital assets, net of accumulated depreciation	8,202,374	2,671,397	10,873,771	84,037
Total capital assets	16,271,623	3,247,254	19,518,877	183,404
TOTAL ASSETS	27,744,441	5,876,572	33,621,013	1,062,984
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	4,387,213	793,005	5,180,218	27,652
LIABILITIES				
Accounts payable	659,520	408,280	1,067,800	43,464
Accrued payroll	490,083	104,344	594,427	
Other payables	117,770	12,841	130,611	7,279
Accrued interest payable	18,475	18,879	37,354	
Advances payable	1,853,823	9,406	1,863,229	10,482
Long-term liabilities: (Note 11)				
Due within one year	834,734	621,147	1,455,881	5,526
Due in more than one year	36,359,538	7,928,571	44,288,109	95,926
TOTAL LIABILITIES	40,333,943	9,103,468	49,437,411	162,677
DEFERRED INFLOWS OF RESOURCES (Note 20)	2,447,435	434,369	2,881,804	10,801
NET POSITION				
Net investment in capital assets	14,984,847	2,320,256	17,305,103	140,305
Restricted for:				
Capital projects	44,899		44,899	
Debt service	288,344	22,910	311,254	332
Permanent funds - nonspendable	2,155		2,155	
Permanent funds - spendable	113		113	
General government	136,890		136,890	
Public protection	1,011,275		1,011,275	
Public ways and facilities	343,552	111,737	455,289	
Health and sanitation	1,273,882		1,273,882	
Recreation	323,530		323,530	
Community development				351,671
First 5 LA				379,019
Other	99,575		99,575	
Unrestricted (deficit)	(29,158,786)	(5,323,163)	(34,481,949)	45,831
TOTAL NET POSITION (DEFICIT) (Note 3)	\$ (10,649,724)	(2,868,260)	\$ (13,517,984)	\$ 917,158

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, 2018 (in thousands)

FUNCTIONS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,579,367	530,893	38,957	4,456
Public protection	7,841,468	1,263,462	1,646,681	6,099
Public ways and facilities	415,805	27,837	213,749	9,188
Health and sanitation	4,307,099	762,326	2,868,011	782
Public assistance	6,693,008	11,131	5,492,766	
Education	160,097	14,481	79	
Recreation and cultural services	487,173	251,160	3,072	5,785
Interest on long-term debt	106,425			
Total governmental activities	21,590,442	2,861,290	10,263,315	26,310
Business-type activities:				
Hospitals	5,370,965	4,064,523	648,602	
Waterworks	95,301	85,664	2,675	
Aviation	11,148	4,862	26	8,291
Total business-type activities	5,477,414	4,155,049	651,303	8,291
Total primary government	\$ 27,067,856	7,016,339	10,914,618	34,601
DISCRETELY PRESENTED COMPONENT UNITS	\$ 575,724	26,770	562,340	3,161

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 income

Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION (DEFICIT), JULY 1, 2017, AS RESTATED

(Note 2)

NET POSITION (DEFICIT), JUNE 30, 2018

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

NET (EXPENSES) REVENUES AND
CHANGES IN NET POSITION

PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ (1,005,061)		\$ (1,005,061)	
(4,925,226)		(4,925,226)	
(165,031)		(165,031)	
(675,980)		(675,980)	
(1,189,111)		(1,189,111)	
(145,537)		(145,537)	
(227,156)		(227,156)	
(106,425)		(106,425)	
<u>(8,439,527)</u>		<u>(8,439,527)</u>	
	(657,840)	(657,840)	
	(6,962)	(6,962)	
	2,031	2,031	
	<u>(662,771)</u>	<u>(662,771)</u>	
<u>(8,439,527)</u>	<u>(662,771)</u>	<u>(9,102,298)</u>	
			\$ 16,547
6,527,329	6,013	6,533,342	
46,132		46,132	
368,979		368,979	
104,872		104,872	
38,607		38,607	
389,894		389,894	
433,799		433,799	
101,730	675	102,405	4,634
149,384	110	149,494	2,319
<u>(747,863)</u>	<u>747,863</u>		
<u>7,412,863</u>	<u>754,661</u>	<u>8,167,524</u>	<u>6,953</u>
<u>(1,026,664)</u>	<u>91,890</u>	<u>(934,774)</u>	<u>23,500</u>
<u>(9,623,060)</u>	<u>(2,960,150)</u>	<u>(12,583,210)</u>	<u>893,658</u>
<u>\$ (10,649,724)</u>	<u>(2,868,260)</u>	<u>\$ (13,517,984)</u>	<u>\$ 917,158</u>

FUNCTIONS

PRIMARY GOVERNMENT:

Governmental activities:

General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Education
Recreation and cultural services
Interest on long-term debt
Total governmental activities

Business-type activities:

Hospitals
Waterworks
Aviation
Total business-type activities

Total primary government

DISCRETELY PRESENTED COMPONENT UNITS

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 income
Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION (DEFICIT), JULY 1, 2017, AS RESTATED
(Note 2)

NET POSITION (DEFICIT), JUNE 30, 2018

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
ASSETS					
Pooled cash and investments: (Notes 1 and 5)					
Operating	\$ 2,283,053	135,004	570,526	66,971	321,125
Other	2,103,333	35,166	6,315	2,874	3,806
Total pooled cash and investments	4,386,386	170,170	576,841	69,845	324,931
Other investments (Notes 4 and 5)	4,241			117	
Taxes receivable	173,423	39,390	11,813	6,078	2,225
Interest receivable	21,981	365	1,423	219	844
Other receivables	1,947,886	50,181	2,941	1,993	3,697
Due from other funds (Note 15)	665,194	2,339	15,119	15,195	
Advances to other funds (Note 15)	124,840		6,466		
Inventories	52,964	13,382	1	440	
TOTAL ASSETS	7,376,915	275,827	614,604	93,887	331,697
DEFERRED OUTFLOWS OF RESOURCES (Note 20)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,376,915	275,827	614,604	93,887	331,697
LIABILITIES					
Accounts payable	\$ 540,193	6,189	6,643	2,730	1,515
Accrued payroll	422,519	42,777		4,439	
Other payables	111,361	2,916	3	597	
Due to other funds (Note 15)	208,100	16,822	31,347	4,304	6,652
Advances payable	1,732,965		66,042		
Third party payor (Notes 11 and 14)	39,690				
TOTAL LIABILITIES	3,054,828	68,704	104,035	12,070	8,167
DEFERRED INFLOWS OF RESOURCES (Note 20)	426,896	31,468	8,177	4,404	3,504
FUND BALANCES (Note 21)					
Nonspendable	136,890	13,382	1	440	
Restricted	77,406	162,273	502,292	17,614	320,026
Committed	704,954				
Assigned	480,065		99	59,359	
Unassigned	2,495,876				
TOTAL FUND BALANCES	3,895,191	175,655	502,392	77,413	320,026
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,376,915	275,827	614,604	93,887	331,697

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				ASSETS
				Pooled cash and investments: (Notes 1 and 5)
\$ 1,274,517	1,723,084		\$ 6,374,280	Operating
2,459	61,785		2,215,738	Other
1,276,976	1,784,869		8,590,018	Total pooled cash and investments
	75,300	(26,575)	53,083	Other investments (Notes 4 and 5)
	10,964		243,893	Taxes receivable
3,223	4,002		32,057	Interest receivable
	149,052		2,155,750	Other receivables
1,623	45,075		744,545	Due from other funds (Note 15)
	11,323		142,629	Advances to other funds (Note 15)
	1		66,788	Inventories
1,281,822	2,080,586	(26,575)	12,028,763	TOTAL ASSETS
	222,747		222,747	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
\$ 1,281,822	2,303,333	(26,575)	\$ 12,251,510	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
				LIABILITIES
\$	93,322		\$ 650,592	Accounts payable
	90		469,825	Accrued payroll
	1		114,878	Other payables
230,933	271,318		769,476	Due to other funds (Note 15)
	53,128		1,852,135	Advances payable
	246		39,936	Third party payor (Notes 11 and 14)
230,933	418,105		3,896,842	TOTAL LIABILITIES
	16,914		491,363	DEFERRED INFLOWS OF RESOURCES (Note 20)
				FUND BALANCES (Note 21)
	2,156		152,869	Nonspendable
1,050,889	1,582,651	(26,575)	3,686,576	Restricted
	122,379		827,333	Committed
	161,128		700,651	Assigned
			2,495,876	Unassigned
1,050,889	1,868,314	(26,575)	7,863,305	TOTAL FUND BALANCES
\$ 1,281,822	2,303,333	(26,575)	\$ 12,251,510	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018 (in thousands)

Fund balances - total governmental funds (page 29)		\$ 7,863,305
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported in governmental funds:		
Land and easements	\$ 7,410,961	
Construction-in-progress	658,288	
Buildings and improvements - net	3,671,174	
Equipment - net	371,377	
Intangible software - net	255,068	
Infrastructure - net	3,777,352	16,144,220
Deferred outflows and inflows of resources reported in the statement of net position, but not recognized in the governmental funds:		
Deferred outflows from losses on refunding of debt	\$ 15,928	
Deferred outflows from OPEB	680,394	
Deferred outflows from pension	3,530,358	
Deferred inflows from service concession arrangements	(86,627)	
Deferred inflows from OPEB	(1,436,621)	
Deferred inflows from pension	(821,969)	1,881,463
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities:		
Deferred inflows from property taxes	\$ 170,034	
Deferred inflows from long-term receivables	98,582	268,616
Other long-term asset transactions are not available for the current period and are not recognized in governmental funds:		
Payables and receivables related to capital assets	\$ 14,748	
Accrued interest on long-term receivables	143	14,891
Installment receivables from service concession arrangements.		86,627
Accrued interest payable is not recognized in governmental funds.		(18,229)
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	\$ (1,346,275)	
Unamortized premiums on bonds and notes	(82,158)	
Accreted interest on bonds and notes	(152,040)	
Capital lease obligations	(162,606)	
Accrued compensated absences	(1,498,146)	
Workers' compensation	(2,453,332)	
Litigation and self-insurance	(207,723)	
Pollution remediation obligations	(46,022)	
Net pension liability	(8,879,131)	
Net OPEB liability	(20,880,890)	
Third party payor liability	(14,370)	(35,722,693)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.		(1,167,924)
Net position of governmental activities (page 25)		<u><u>\$ (10,649,724)</u></u>

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



COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	\$ 5,655,160	852,602	144,822	91,650	
Licenses, permits and franchises	61,198	16,371	1,042		
Fines, forfeitures and penalties	175,827	2,347	850	330	422
Revenue from use of money and property:					
Investment income (Note 5)	74,490	619	3,679	765	1,957
Rents and concessions (Note 10)	114,825	100	5,439	15	
Royalties	84		716		
Intergovernmental revenues:					
Federal	3,870,108	14,651	6,987		
State	5,825,509	14,742	5,812	490	
Other	35,314	1,178	622	525	
Charges for services	1,751,140	219,219	104,036	13,862	111,487
Miscellaneous	162,610	3,406	1,806	2,385	
TOTAL REVENUES	17,726,265	1,125,235	275,811	110,022	113,866
EXPENDITURES					
Current:					
General government	1,253,758				
Public protection	5,618,266	1,173,214	240,968		
Public ways and facilities					
Health and sanitation	3,996,450				
Public assistance	6,260,375				
Education				149,950	
Recreation and cultural services	364,316				72,232
Debt service:					
Principal	7,347	533		27	
Interest and other charges	26,212	8		29	
Capital outlay	5,161	12,500			
TOTAL EXPENDITURES	17,531,885	1,186,255	240,968	150,006	72,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	194,380	(61,020)	34,843	(39,984)	41,634
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 15)	727,568	23,532		46,294	
Transfers out (Note 15)	(684,390)	(5,560)	(2,807)	(3,133)	
Issuance of debt (Note 11)					
Capital leases (Note 10)	5,161	12,500			
Sales of capital assets	1,499	265	1,157	12	
TOTAL OTHER FINANCING SOURCES (USES)	49,838	30,737	(1,650)	43,173	
NET CHANGE IN FUND BALANCES	244,218	(30,283)	33,193	3,189	41,634
FUND BALANCES, JULY 1, 2017	3,650,973	205,938	469,199	74,224	278,392
FUND BALANCES, JUNE 30, 2018	\$ 3,895,191	175,655	502,392	77,413	320,026

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				REVENUES
\$	636,216		\$ 7,380,450	Taxes
	20,189		98,800	Licenses, permits and franchises
	42,296		222,072	Fines, forfeitures and penalties
				Revenue from use of money and property:
8,960	13,352	(1,692)	102,130	Investment income (Note 5)
	29,044		149,423	Rents and concessions (Note 10)
	4		804	Royalties
				Intergovernmental revenues:
	35,007		3,926,753	Federal
561,599	242,883		6,651,035	State
	16,319		53,958	Other
	175,716		2,375,460	Charges for services
	60,139		230,346	Miscellaneous
570,559	1,271,165	(1,692)	21,191,231	TOTAL REVENUES
				EXPENDITURES
				Current:
	20,473		1,274,231	General government
	70,564		7,103,012	Public protection
	347,713		347,713	Public ways and facilities
52,010	127,820		4,176,280	Health and sanitation
	109,093		6,369,468	Public assistance
	82		150,032	Education
	11,298		447,846	Recreation and cultural services
				Debt service:
	95,496	(12,320)	91,083	Principal
	86,622	(1,692)	111,179	Interest and other charges
	51,985		69,646	Capital outlay
52,010	921,146	(14,012)	20,140,490	TOTAL EXPENDITURES
518,549	350,019	12,320	1,050,741	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
	129,816		927,210	Transfers in (Note 15)
(518,652)	(456,277)		(1,670,819)	Transfers out (Note 15)
	75,489		75,489	Issuance of debt (Note 11)
			17,661	Capital leases (Note 10)
	328		3,261	Sales of capital assets
(518,652)	(250,644)		(647,198)	TOTAL OTHER FINANCING SOURCES (USES)
(103)	99,375	12,320	403,543	NET CHANGE IN FUND BALANCES
1,050,992	1,768,939	(38,895)	7,459,762	FUND BALANCES, JULY 1, 2017
\$ 1,050,889	1,868,314	(26,575)	\$ 7,863,305	FUND BALANCES, JUNE 30, 2018

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, 2018 (in thousands)

Net change in fund balances - total governmental funds (page 33)		\$	403,543
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	\$	233,447	
Less - current year depreciation expense		(388,386)	(154,939)
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 position differs from the change in fund balance.			(2,619)
Contribution of capital assets is not recognized in the governmental funds.			21,854
Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds.			(1,432)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.			24,467
Timing differences result in more or less revenues and expenses in the statement of activities.			
Change in accrued interest on long-term receivables	\$	40	
Change in unamortized premiums		1,688	1,728
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.			(93,150)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:			
Certificates of participation and bonds	\$	36,214	
Notes, loans, and lease revenue obligation notes		34,642	
Assessment bonds		12,320	
Other long-term notes, loans and capital leases		7,907	91,083
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	\$	(196,983)	
Change in litigation and self-insurance		4,817	
Change in pollution remediation obligations		(23,941)	
Change in accrued compensated absences		(91,476)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources		85,283	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources		(1,050,819)	
Change in third party payor liability		4,837	
Change in accrued interest payable		108	
Change in accretion of bonds and notes		10,103	
Change in accretion of tobacco settlement bonds		(3,384)	
Transfer of capital assets from governmental fund to enterprise fund		(76)	(1,261,531)
The portion of internal service funds that is reported with governmental activities.			(55,668)
Change in net position of governmental activities (page 27)			<u>\$ (1,026,664)</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 5,560,029	5,588,267	5,666,093	77,826
Licenses, permits and franchises	57,678	57,678	61,198	3,520
Fines, forfeitures and penalties	186,601	186,601	175,827	(10,774)
Revenue from use of money and property:				
Investment income	59,051	59,982	124,560	64,578
Rents and concessions	125,579	129,045	114,825	(14,220)
Royalties	70	70	84	14
Intergovernmental revenues:				
Federal	4,516,385	4,571,335	3,809,229	(762,106)
State	6,242,716	6,032,459	5,819,171	(213,288)
Other	28,339	57,256	34,382	(22,874)
Charges for services	1,797,496	1,796,571	1,873,464	76,893
Miscellaneous	131,920	156,472	162,830	6,358
TOTAL REVENUES	18,705,864	18,635,736	17,841,663	(794,073)
EXPENDITURES				
Current:				
General government	2,060,024	1,960,758	1,229,282	731,476
Public protection	5,744,275	5,805,187	5,641,810	163,377
Health and sanitation	4,808,990	4,673,696	4,293,726	379,970
Public assistance	7,043,548	7,043,766	6,315,574	728,192
Recreation and cultural services	371,538	388,327	368,999	19,328
Debt service-				
Interest	8,457	8,457	8,457	
Capital outlay	828,664	876,471	117,873	758,598
TOTAL EXPENDITURES	20,865,496	20,756,662	17,975,721	2,780,941
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,159,632)	(2,120,926)	(134,058)	1,986,868
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	388	388	1,499	1,111
Transfers in	887,927	943,232	722,156	(221,076)
Transfers out	(490,356)	(495,975)	(487,236)	8,739
Appropriations for contingencies	(29,754)	(14,323)		14,323
Changes in fund balance	(191,199)	(295,022)	(155,655)	139,367
TOTAL OTHER FINANCING SOURCES (USES)	177,006	138,300	80,764	(57,536)
NET CHANGE IN FUND BALANCE	(1,982,626)	(1,982,626)	(53,294)	1,929,332
FUND BALANCE, JULY 1, 2017 (Note 16)	1,982,626	1,982,626	1,982,626	
FUND BALANCE, JUNE 30, 2018 (Note 16)	\$		1,929,332	1,929,332

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, 2018 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 851,931	861,704	854,886	(6,818)
Licenses, permits and franchises	15,018	16,487	16,371	(116)
Fines, forfeitures and penalties	2,209	2,209	2,347	138
Revenue from use of money and property:				
Investment income	938	938	1,302	364
Rents and concessions	81	81	100	19
Intergovernmental revenues:				
Federal	19,357	19,913	14,651	(5,262)
State	19,497	19,497	14,742	(4,755)
Other		482	1,178	696
Charges for services	216,427	243,074	244,264	1,190
Miscellaneous	2,611	2,611	3,406	795
TOTAL REVENUES	1,128,069	1,166,996	1,153,247	(13,749)
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	962,869	1,012,945	1,010,756	2,189
Services and supplies	153,660	144,910	138,117	6,793
Other charges	7,014	7,374	6,977	397
Capital assets	22,735	21,514	20,809	705
TOTAL EXPENDITURES	1,146,278	1,186,743	1,176,659	10,084
DEFICIENCY OF REVENUES OVER EXPENDITURES	(18,209)	(19,747)	(23,412)	(3,665)
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	297	297	265	(32)
Transfers in	1,579	1,617	2,202	585
Transfers out	(3,500)	(3,500)	(3,500)	
Appropriation for contingencies		1,500		(1,500)
Changes in fund balance	(1,936)	(1,936)	3,090	5,026
TOTAL OTHER FINANCING SOURCES (USES)	(3,560)	(2,022)	2,057	4,079
NET CHANGE IN FUND BALANCE	(21,769)	(21,769)	(21,355)	414
FUND BALANCE, JULY 1, 2017 (Note 16)	21,769	21,769	21,769	
FUND BALANCE, JUNE 30, 2018 (Note 16)	\$		414	414

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, 2018 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 141,645	146,871	147,994	1,123
Licenses, permits and franchises	1,110	1,110	1,042	(68)
Fines, forfeitures and penalties	940	940	850	(90)
Revenue from use of money and property:				
Investment income	4,319	4,717	8,338	3,621
Rents and concessions	6,231	6,231	5,439	(792)
Royalties	541	541	716	175
Intergovernmental revenues:				
Federal			6,987	6,987
State	1,489	1,489	5,812	4,323
Other	1,592	1,592	622	(970)
Charges for services	111,714	111,714	104,047	(7,667)
Miscellaneous	123	123	1,806	1,683
TOTAL REVENUES	269,704	275,328	283,653	8,325
EXPENDITURES				
Current-Public protection:				
Services and supplies	227,088	254,688	254,592	96
Other charges	8,606	25,106	18,448	6,658
Capital assets	505	505	486	19
Capital outlay	117,671	72,798	37,782	35,016
TOTAL EXPENDITURES	353,870	353,097	311,308	41,789
DEFICIENCY OF REVENUES OVER EXPENDITURES	(84,166)	(77,769)	(27,655)	50,114
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	45	45	1,157	1,112
Transfers out	(4,925)	(5,698)	(2,807)	2,891
Appropriations for contingencies		(5,624)		5,624
Changes in fund balance			6,934	6,934
TOTAL OTHER FINANCING SOURCES (USES)	(4,880)	(11,277)	5,284	16,561
NET CHANGE IN FUND BALANCE	(89,046)	(89,046)	(22,371)	66,675
FUND BALANCE, JULY 1, 2017 (Note 16)	89,046	89,046	89,046	
FUND BALANCE, JUNE 30, 2018 (Note 16)	\$		66,675	66,675

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
COUNTY LIBRARY
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	COUNTY LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 89,535	89,535	92,289	2,754
Fines, forfeitures and penalties			330	330
Revenue from use of money and property:				
Investment income	437	437	1,214	777
Rents and concessions	15	15	15	
Intergovernmental revenues:				
State	540	540	490	(50)
Other	165	165	525	360
Charges for services	2,995	2,995	13,862	10,867
Miscellaneous	934	934	2,385	1,451
TOTAL REVENUES	94,621	94,621	111,110	16,489
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	101,625	101,625	92,212	9,413
Services and supplies	83,726	83,661	62,891	20,770
Other charges	945	945	862	83
Capital assets	1,324	3,729	1,711	2,018
TOTAL EXPENDITURES	187,620	189,960	157,676	32,284
DEFICIENCY OF REVENUES OVER EXPENDITURES	(92,999)	(95,339)	(46,566)	48,773
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	12	(1)
Transfers in	48,615	51,725	46,294	(5,431)
Transfers out	(1,556)	(2,326)	(2,326)	
Changes in fund balance	(2,061)	(2,061)	(752)	1,309
TOTAL OTHER FINANCING SOURCES (USES)	45,011	47,351	43,228	(4,123)
NET CHANGE IN FUND BALANCE	(47,988)	(47,988)	(3,338)	44,650
FUND BALANCE, JULY 1, 2017 (Note 16)	47,988	47,988	47,988	
FUND BALANCE, JUNE 30, 2018 (Note 16)	\$		44,650	44,650

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, 2018 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 439	439	422	(17)
Revenue from use of money and property- Investment income	1,786	1,786	4,691	2,905
Charges for services	123,626	123,626	125,772	2,146
TOTAL REVENUES	125,851	125,851	130,885	5,034
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	12,518	12,523	7,758	4,765
Other charges	178,646	178,641	41,352	137,289
TOTAL EXPENDITURES	191,164	191,164	49,110	142,054
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,313)	(65,313)	81,775	147,088
OTHER FINANCING SOURCES (USES)				
Transfers in	122,977	122,982	119,468	(3,514)
Transfers out	(137,103)	(137,108)	(133,547)	3,561
Changes in fund balance	(89,003)	(89,003)	(84,551)	4,452
TOTAL OTHER FINANCING SOURCES (USES)	(103,129)	(103,129)	(98,630)	4,499
NET CHANGE IN FUND BALANCE	(168,442)	(168,442)	(16,855)	151,587
FUND BALANCE, JULY 1, 2017 (Note 16)	168,608	168,608	168,608	
FUND BALANCE, JUNE 30, 2018 (Note 16)	\$ 166	166	151,753	151,587

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
MENTAL HEALTH SERVICES ACT
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	MENTAL HEALTH SERVICES ACT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	\$ 7,399	7,399	19,547	12,148
Intergovernmental revenues-				
State	527,874	527,874	561,599	33,725
TOTAL REVENUES	535,273	535,273	581,146	45,873
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	19,371	19,371	410	18,961
Other Charges		50,000	50,000	
TOTAL EXPENDITURES	19,371	69,371	50,410	18,961
EXCESS OF REVENUES OVER EXPENDITURES	515,902	465,902	530,736	64,834
OTHER FINANCING USES				
Transfers out	(598,996)	(579,693)	(518,652)	61,041
Appropriations for contingencies	(99,960)	(99,960)		99,960
Changes in fund balance	(187,033)	(156,336)	(155,348)	988
TOTAL OTHER FINANCING USES	(885,989)	(835,989)	(674,000)	161,989
NET CHANGE IN FUND BALANCE	(370,087)	(370,087)	(143,264)	226,823
FUND BALANCE, JULY 1, 2017 (Note 16)	370,087	370,087	370,087	
FUND BALANCE, JUNE 30, 2018 (Note 16)	\$		226,823	226,823

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



COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
ASSETS				
Current assets:				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 1,326	34,233	32,000	347
Other	8,487	4,557	10,189	2,263
Total pooled cash and investments	9,813	38,790	42,189	2,610
Taxes receivable				
Accounts receivable - net (Note 14)	739,662	444,722	829,460	208,443
Interest receivable	89	21	30	8
Other receivables	21,678	17,499	31,733	5,261
Due from other funds (Note 15)	104,552	78,212	99,930	19,387
Advances to other funds (Note 15)				
Inventories	9,281	5,603	10,807	1,835
Total current assets	885,075	584,847	1,014,149	237,544
Noncurrent assets:				
Restricted assets (Note 5)	51,535	15,301	5,019	14,720
Other receivables (Note 14)	51,081	28,713	47,006	5,391
Capital assets: (Notes 6 and 10)				
Land and easements	3,276	16,426	18,183	217
Buildings and improvements	932,622	363,618	1,090,642	201,034
Equipment	131,096	91,407	150,051	36,825
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	61,436			287,702
Less accumulated depreciation	(330,378)	(196,346)	(398,846)	(141,540)
Total capital assets - net	814,973	289,464	880,734	389,854
Total noncurrent assets	917,589	333,478	932,759	409,965
TOTAL ASSETS	1,802,664	918,325	1,946,908	647,509
DEFERRED OUTFLOWS OF RESOURCES (Note 20)				
	244,208	156,377	326,109	66,311
LIABILITIES				
Current liabilities:				
Accounts payable	148,092	84,137	136,169	33,937
Accrued payroll	32,989	19,933	43,606	7,816
Other payables	4,861	2,360	4,242	1,333
Accrued interest payable	14,042	4,720		
Due to other funds (Note 15)	87,933	48,925	168,757	26,493
Advances from other funds (Note 15)	91,843	2,331	5,802	21,988
Advances payable		55	459	18
Current portion of long-term liabilities (Note 11)	186,176	57,356	169,039	201,119
Total current liabilities	565,936	219,817	528,074	292,704
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	67,428	39,801	88,405	15,614
Bonds and notes (Note 11)	506,455	195,550		
Premiums on bonds and notes payable (Note 11)	16,537	13,581		
Capital lease obligations (Notes 10 and 11)	61	104		
Workers' compensation (Notes 11 and 18)	97,365	38,751	146,506	28,918
Litigation and self-insurance (Notes 11 and 18)	19,097	2,301	43,390	101
Net pension liability (Notes 8 and 11)	497,378	320,031	669,460	141,365
Net OPEB liability (Notes 9 and 11)	1,294,310	862,795	1,944,615	404,610
Third party payor (Notes 11 and 14)	148,789	61,494	213,221	39,969
Total noncurrent liabilities	2,647,420	1,534,408	3,105,597	630,577
TOTAL LIABILITIES	3,213,356	1,754,225	3,633,671	923,281
DEFERRED INFLOWS OF RESOURCES (Note 20)				
	126,032	79,146	183,611	45,580
NET POSITION				
Net investment in capital assets	274,023	90,496	880,734	211,804
Restricted:				
Debt service	3,233	9,515	5,019	
Public ways and facilities				
Unrestricted (deficit)	(1,569,772)	(858,680)	(2,430,018)	(466,845)
TOTAL NET POSITION (DEFICIT) (Note 3)	\$ (1,292,516)	(758,669)	(1,544,265)	(255,041)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds
\$ 104,319	6,869	\$ 179,094	\$ 42,705
2,199	172	27,867	7,224
106,518	7,041	206,961	49,929
717		717	
14,182	4,931	2,241,400	
269	20	437	155
		76,171	8,472
1,517	158	303,756	97,929
1,335		1,335	
		27,526	8,618
124,538	12,150	2,858,303	165,103
		86,575	18,259
		132,191	
11,842	134,692	184,636	
119,091	42,227	2,749,234	
1,519	1,473	412,371	270,115
1,322		58,922	
1,211,358	57,313	1,268,671	
32,425	9,658	391,221	
(681,519)	(69,172)	(1,817,801)	(142,712)
696,038	176,191	3,247,254	127,403
696,038	176,191	3,466,020	145,662
820,576	188,341	6,324,323	310,765
		793,005	160,533
5,319	626	408,280	8,928
		104,344	20,258
	45	12,841	2,892
	21	18,783	342
5,808	941	338,857	37,897
		121,964	22,000
24		556	8,920
1,841	101	615,632	28,844
12,992	1,734	1,621,257	130,081
		211,248	55,929
7,124	1,614	710,743	26,540
		30,118	
		165	
		311,540	50,187
		64,889	
		1,628,234	342,566
		4,506,330	934,923
		463,473	
7,124	1,614	7,926,740	1,410,145
20,116	3,348	9,547,997	1,540,226
		434,369	102,218
688,723	174,476	2,320,256	96,954
		17,767	5,143
111,737		111,737	
	10,517	(5,314,798)	(1,273,243)
\$ 800,460	184,993	(2,865,038)	\$ (1,171,146)
		(3,222)	
		\$ (2,868,260)	

ASSETS

Current assets:

Pooled cash and investments: (Notes 1 and 5)

Operating

Other

Total pooled cash and investments

Taxes receivable

Accounts receivable - net (Note 14)

Interest receivable

Other receivables

Due from other funds (Note 15)

Advances to other funds (Note 15)

Inventories

Total current assets

Noncurrent assets:

Restricted assets (Note 5)

Other receivables (Note 14)

Capital assets: (Notes 6 and 10)

Land and easements

Buildings and improvements

Equipment

Intangible - software

Infrastructure

Construction in progress

Less accumulated depreciation

Total capital assets - net

Total noncurrent assets

TOTAL ASSETS

DEFERRED OUTFLOWS OF RESOURCES (Note 20)

LIABILITIES

Current liabilities:

Accounts payable

Accrued payroll

Other payables

Accrued interest payable

Due to other funds (Note 15)

Advances from other funds (Note 15)

Advances payable

Current portion of long-term liabilities (Note 11)

Total current liabilities

Noncurrent liabilities:

Accrued compensated absences (Note 11)

Bonds and notes (Note 11)

Premiums on bonds and notes payable (Note 11)

Capital lease obligations (Notes 10 and 11)

Workers' compensation (Notes 11 and 18)

Litigation and self-insurance (Notes 11 and 18)

Net pension liability (Notes 8 and 11)

Net OPEB liability (Notes 9 and 11)

Third party payor (Notes 11 and 14)

Total noncurrent liabilities

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES (Note 20)

NET POSITION

Net investment in capital assets

Restricted:

Debt service

Public ways and facilities

Unrestricted (deficit)

TOTAL NET POSITION (DEFICIT) (Note 3)

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

NET POSITION (DEFICIT) OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
OPERATING REVENUES:				
Net patient service revenues (Note 14)	\$ 1,255,403	738,763	1,789,842	280,515
Rentals				
Charges for services				
Other (Note 14)	247,645	149,613	170,420	80,924
TOTAL OPERATING REVENUES	1,503,048	888,376	1,960,262	361,439
OPERATING EXPENSES:				
Salaries and employee benefits	804,572	496,397	1,078,653	200,008
Services and supplies	202,085	119,935	274,089	35,940
Other professional services	223,341	143,543	392,376	51,201
Depreciation and amortization (Note 6)	25,300	13,322	27,675	5,187
Medical malpractice			3,195	
Rent	11,190	4,969	7,759	2,346
TOTAL OPERATING EXPENSES	1,266,488	778,166	1,783,747	294,682
OPERATING INCOME (LOSS)	236,560	110,210	176,515	66,757
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income (loss)	392	(331)	(133)	(158)
Interest expense	(33,777)	(10,326)	(714)	(1,960)
Intergovernmental transfers expense (Note 14)	(394,215)	(199,485)	(517,261)	(93,374)
Intergovernmental revenues:				
State				
Federal				
TOTAL NONOPERATING REVENUES (EXPENSES)	(427,600)	(210,142)	(518,108)	(95,492)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(191,040)	(99,932)	(341,593)	(28,735)
Capital contributions			76	
Transfers in (Note 15)	276,650	219,000	291,758	39,190
Transfers out (Note 15)	(3,981)	(16,230)		(46,627)
CHANGE IN NET POSITION	81,629	102,838	(49,759)	(36,172)
NET POSITION (DEFICIT), JULY 1, 2017, AS RESTATED (Note 2)	(1,374,145)	(861,507)	(1,494,506)	(218,869)
NET POSITION (DEFICIT), JUNE 30, 2018	\$ (1,292,516)	(758,669)	(1,544,265)	(255,041)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
\$		\$ 4,064,523	\$	OPERATING REVENUES:
	4,317	4,317	30,069	Net patient service revenues (Note 14)
85,664	545	86,209	541,666	Rentals
108	2	648,712		Charges for services
85,772	4,864	4,803,761	571,735	Other (Note 14)
				TOTAL OPERATING REVENUES
		2,579,630	497,280	OPERATING EXPENSES:
68,980	7,469	708,498	45,727	Salaries and employee benefits
2,177	621	813,259	36,547	Services and supplies
23,971	2,983	98,438	38,249	Other professional services
		3,195		Depreciation and amortization (Note 6)
		26,264		Medical malpractice
95,128	11,073	4,229,284	617,803	Rent
(9,356)	(6,209)	574,477	(46,068)	TOTAL OPERATING EXPENSES
				OPERATING INCOME (LOSS)
6,013		6,013		NONOPERATING REVENUES (EXPENSES):
727	93	590	(111)	Taxes
(173)	(75)	(47,025)	(1,996)	Investment income (loss)
		(1,204,335)		Interest expense
492	1	493		Intergovernmental transfers expense (Note 14)
2,183	25	2,208		Intergovernmental revenues:
9,242	44	(1,242,056)	(2,107)	State
(114)	(6,165)	(667,579)	(48,175)	Federal
	8,291	8,367		TOTAL NONOPERATING REVENUES (EXPENSES)
		826,598	6,727	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
(687)		(67,525)	(22,191)	Capital contributions
(801)	2,126	99,861	(63,639)	Transfers in (Note 15)
801,261	182,867		(1,107,507)	Transfers out (Note 15)
\$ 800,460	184,993		\$ (1,171,146)	CHANGE IN NET POSITION
		(7,971)		NET POSITION (DEFICIT), JULY 1, 2017, AS RESTATED (Note 2)
		\$ 91,890		NET POSITION (DEFICIT), JUNE 30, 2018
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
				CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 27)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from patient services	\$ 965,983	596,631	1,704,931	371,301
Rentals received				
Rentals received from other funds				
Cash received from (returned for) charges for services				
Other operating revenues	247,645	149,613	170,420	80,924
Cash received for services provided to other funds	26,171	29,506	42,688	663
Cash paid for salaries and employee benefits	(720,482)	(442,677)	(957,720)	(178,218)
Cash (paid) returned for services and supplies	(227)	3,585	(52,237)	(17,221)
Other operating expenses	(236,928)	(150,770)	(395,383)	(54,268)
Cash (paid) returned for services from other funds	(124,974)	(57,102)	(83,464)	15,740
Net cash provided by (required for) operating activities	157,188	128,786	429,235	218,921
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	1,217,713	794,758	1,577,727	268,101
Cash advances paid/returned to other funds	(1,141,992)	(824,695)	(1,630,685)	(303,295)
Interest paid on advances	(912)	(387)	(714)	(129)
Intergovernmental transfers	(394,215)	(199,485)	(517,261)	(93,374)
Intergovernmental receipts				
Transfers in	225,031	162,373	207,849	2,365
Transfers out	(3,981)	(16,230)		(46,627)
Net cash provided by (required for) noncapital financing activities	(98,356)	(83,666)	(363,084)	(172,959)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	56,331			192,770
Interest paid on capital borrowing	(33,499)	(10,346)		(1,831)
Principal payments on bonds and notes	(41,570)	(4,278)		(129,997)
Principal payments on capital leases	(23)	(18)		
Acquisition and construction of capital assets	(51,362)	(11,580)	(36,345)	(92,380)
Net cash provided by (required for) capital and related financing activities	(70,123)	(26,222)	(36,345)	(31,438)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	373	(313)	(129)	(158)
Net increase (decrease) in cash and cash equivalents	(10,918)	18,585	29,677	14,366
Cash and cash equivalents, July 1, 2017	72,266	35,506	17,531	2,964
Cash and cash equivalents, June 30, 2018	\$ 61,348	54,091	47,208	17,330

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
		\$ 3,638,846		CASH FLOWS FROM OPERATING ACTIVITIES
	4,317	4,317	16	Cash received from patient services
			29,965	Rentals received
81,466	(3,676)	77,790	29,204	Rentals received from other funds
108	2	648,712		Cash received from (returned for) charges for services
		99,028	484,547	Other operating revenues
		(2,299,097)	(443,662)	Cash received for services provided to other funds
(67,197)	(6,793)	(140,090)	(41,539)	Cash paid for salaries and employee benefits
(2,177)	(621)	(840,147)	(36,547)	Cash (paid) returned for services and supplies
		(249,800)		Other operating expenses
				Cash (paid) returned for services from other funds
12,200	(6,771)	939,559	21,984	Net cash provided by (required for) operating activities
		3,858,299	8,715	CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
29		(3,900,638)		Cash advances received from other funds
		(2,142)		Cash advances paid/returned to other funds
		(1,204,335)		Interest paid on advances
2,675	26	2,701		Intergovernmental transfers
		597,618	6,727	Intergovernmental receipts
(687)		(67,525)	(10,907)	Transfers in
2,017	26	(716,022)	4,535	Transfers out
				Net cash provided by (required for) noncapital financing activities
		6,093		CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
	8,291	8,291		Proceeds from taxes
		249,101	20,000	Capital contributions
(173)	(54)	(45,903)	(1,872)	Proceeds from bonds and notes
(374)	(98)	(176,317)	(20,670)	Interest paid on capital borrowing
		(41)		Principal payments on bonds and notes
(5,878)	(3,787)	(201,332)	(30,399)	Principal payments on capital leases
(332)	4,352	(160,108)	(32,941)	Acquisition and construction of capital assets
				Net cash provided by (required for) capital and related financing activities
744	102	619	(7)	CASH FLOWS FROM INVESTING ACTIVITIES
14,629	(2,291)	64,048	(6,429)	Investment income (loss)
91,889	9,332	229,488	74,617	Net increase (decrease) in cash and cash equivalents
\$ 106,518	7,041	\$ 293,536	\$ 68,188	Cash and cash equivalents, July 1, 2017
				Cash and cash equivalents, June 30, 2018

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 236,560	110,210	176,515	66,757
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	25,300	13,322	27,675	5,187
(Increase) decrease in:				
Accounts receivable - net	(94,845)	(6,201)	37,851	(12,140)
Other receivables	(1,110)	(2,649)	14,977	1,275
Due from other funds	(47,490)	(39,005)	14,648	122,241
Inventories	(1,044)	(1,338)	(1,795)	(50)
Increase (decrease) in:				
Accounts payable	30,323	30,214	7,511	(10,781)
Accrued payroll	2,981	1,570	3,874	343
Other payables	230	121	240	78
Accrued compensated absences	3,402	2,834	5,391	324
Due to other funds	47,605	37,542	132,672	45,290
Workers' compensation	5,286	3,596	8,754	1,539
Litigation and self-insurance	(2,397)	(2,258)	7,947	(721)
Net pension liability and related changes in deferred outflows and inflows of resources	8,860	2,756	7,589	430
Net OPEB liability and related changes in deferred outflows and inflows of resources	64,899	43,928	97,315	19,391
Third party payor	(121,372)	(65,856)	(111,929)	(20,242)
TOTAL ADJUSTMENTS	(79,372)	18,576	252,720	152,164
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ 157,188	128,786	429,235	218,921
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Contributions of capital assets	\$		76	
TOTAL	\$		76	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 9,813	38,790	42,189	2,610
Restricted assets	51,535	15,301	5,019	14,720
TOTAL	\$ 61,348	54,091	47,208	17,330

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES		
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds		
					RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
\$ (9,356)	(6,209)	\$ 574,477	\$ (46,068)		Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:
23,971	2,983	98,438	38,249		Depreciation and amortization
					(Increase) decrease in:
(4,279)	(4,063)	(83,677)			Accounts receivable - net
		12,493	804		Other receivables
81	(158)	50,317	(29,920)		Due from other funds
		(4,227)	(147)		Inventories
					Increase (decrease) in:
2,095	616	59,978	680		Accounts payable
		8,768	1,839		Accrued payroll
		669	324		Other payables
		11,951	2,916		Accrued compensated absences
(312)	60	262,857	3,655		Due to other funds
		19,175	2,717		Workers' compensation
		2,571			Litigation and self-insurance
		19,635	1,620		Net pension liability and related changes in deferred outflows and inflows of resources
		225,533	45,315		Net OPEB liability and related changes in deferred outflows and inflows of resources
		(319,399)			Third party payor
21,556	(562)	365,082	68,052		TOTAL ADJUSTMENTS
\$ 12,200	(6,771)	\$ 939,559	\$ 21,984		NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
					NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-
\$		\$ 76	\$		Contributions of capital assets
\$		\$ 76	\$		TOTAL
					RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
\$ 106,518	7,041	\$ 206,961	\$ 49,929		Pooled cash and investments
		86,575	18,259		Restricted assets
\$ 106,518	7,041	\$ 293,536	\$ 68,188		TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	\$ 94,986	\$ 20,613,134	\$ 1,680,551
Other investments: (Note 5)		154,198	300
Short-term investments	1,795,345		
Equity	26,117,827		
Fixed income	16,307,549		
Private equity	5,929,098		
Real estate	6,423,319		
Hedge funds	1,592,126		
Cash collateral on loaned securities	1,191,235		
Taxes receivable			221,253
Interest receivable	102,865	47,066	117,625
Other receivables	754,637		
TOTAL ASSETS	60,308,987	20,814,398	2,019,729
LIABILITIES			
Accounts payable	1,803,897		
Other payables (Note 5)	1,264,101		
Due to other governments			2,019,729
TOTAL LIABILITIES	3,067,998		2,019,729
NET POSITION			
Net position restricted for pension benefits and other purposes	\$ 57,240,989	\$ 20,814,398	\$

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

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS
ADDITIONS		
Contributions:		
Pension and OPEB trust contributions:		
Employer	\$ 2,231,532	\$
Member	636,062	
Contributions to investment trust funds		47,293,387
Total contributions	2,867,594	47,293,387
Investment earnings:		
Investment income	3,988,416	66,388
Net increase in the fair value of investments	990,520	
Securities lending income (Note 5)	18,796	
Total investment earnings	4,997,732	66,388
Less - Investment expenses:		
Expense from investing activities	189,233	
Expense from securities lending activities (Note 5)	13,113	
Total net investment expense	202,346	
Net investment earnings	4,795,386	66,388
Miscellaneous	5,613	
TOTAL ADDITIONS	7,668,593	47,359,775
DEDUCTIONS		
Administrative expenses:		
Salaries and employee benefits	58,790	
Services and supplies	19,581	
Total administrative expenses	78,371	
Benefit payments	3,812,095	
Distributions from investment trust funds		45,879,829
Miscellaneous	23,672	
TOTAL DEDUCTIONS	3,914,138	45,879,829
CHANGE IN NET POSITION	3,754,455	1,479,946
NET POSITION, JULY 1, 2017	53,486,534	19,334,452
NET POSITION, JUNE 30, 2018	\$ 57,240,989	\$ 20,814,398

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2018 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments			
Operating (Notes 1 and 5)	\$ 77,763	382,992	\$ 460,755
Other investments (Note 5)	353,973		353,973
Accounts receivable - net	24,088		24,088
Interest receivable		767	767
Other receivables	14,324	15,942	30,266
Inventories	9,731		9,731
Capital assets: (Notes 6 and 10)			
Capital assets, not being depreciated	97,328	2,039	99,367
Capital assets, net of accumulated depreciation	75,030	9,007	84,037
Total capital assets	172,358	11,046	183,404
TOTAL ASSETS	652,237	410,747	1,062,984
DEFERRED OUTFLOWS OF RESOURCES	27,652		27,652
LIABILITIES			
Accounts payable	23,482	19,982	43,464
Other payables	7,262	17	7,279
Advances payable	10,482		10,482
Long-term liabilities: (Note 11)			
Due within one year	5,418	108	5,526
Due in more than one year	95,351	575	95,926
TOTAL LIABILITIES	141,995	20,682	162,677
DEFERRED INFLOWS OF RESOURCES	10,801		10,801
NET POSITION			
Net investment in capital assets	129,259	11,046	140,305
Restricted for:			
Debt service	332		332
Community development	351,671		351,671
First 5 LA		379,019	379,019
Unrestricted	45,831		45,831
TOTAL NET POSITION	\$ 527,093	390,065	\$ 917,158

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	\$ (453,503)	(122,221)	\$ (575,724)
Program revenues:			
Charges for services	26,770		26,770
Operating grants and contributions	487,616	74,724	562,340
Capital grants and contributions	3,161		3,161
Net program (expenses) revenues	64,044	(47,497)	16,547
GENERAL REVENUES:			
Investment income	546	4,088	4,634
Miscellaneous	2,171	148	2,319
Total general revenues	2,717	4,236	6,953
CHANGE IN NET POSITION	66,761	(43,261)	23,500
NET POSITION, JULY 1, 2017, AS RESTATED (Note 2)	460,332	433,326	893,658
NET POSITION, JUNE 30, 2018	\$ 527,093	390,065	\$ 917,158

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



COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Los Angeles (County), which was established in 1850, is a legal subdivision of the State of California (State) charged with general governmental powers. The County's powers are exercised through an elected five member 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 generally accepted accounting principles (GAAP), these basic financial statements include both those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

The basic financial statements include blended, fiduciary and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations. The data from these units are combined with data of the primary government. The fiduciary component unit is reported under Fiduciary Funds in the basic financial statements. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements.

Blended Component Units

While each of the component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County's Board acting as the governing board for each of the component units and its ability to impose its will or an existence of a financial benefit/burden relationship. County management has determined that the following related entities should be included in the basic financial statements as blended component units:

Fire Protection District	Waterworks Districts
Flood Control District	Los Angeles County Capital Asset Leasing
Garbage Disposal Districts	Corporation (a Not-for-Profit Corporation) (NPC)
Improvement Districts	Various Joint Powers Authorities (JPAs)
Regional Park and Open Space District	Los Angeles County Securitization Corporation
Sewer Maintenance Districts	(LACSC)
Street Lighting Districts	

The various districts are included primarily because the Board is also their governing board and the County has operational responsibilities for the districts. 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.

The Los Angeles County Capital Asset Leasing Corporation (LACCAL) is organized as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in LACCAL's articles of incorporation or bylaws, and the component unit is included in the financial reporting entity.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Blended Component Units-Continued

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.

Fiduciary Component Unit

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 (CERL). LACERA is a cost-sharing, multi-employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. LACERA also administers a cost-sharing, multi-employer OPEB or Retiree Healthcare Program on behalf of the County. LACERA is reported in the Pension and Other Postemployment Benefit Trust Funds on the Statement of Net Position - Fiduciary Funds 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. 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 or at www.LACERA.com.

Discretely Presented Component Units

Community Development Commission (CDC) of the County of Los Angeles

CDC, established on July 1, 1982, by ordinance of the Board of Supervisors, is responsible for:

- Directing the County's housing programs, including planning, housing finance, production and conservation, and management of the County's public housing developments;
- Financing community improvements such as resurfacing streets, rehabilitating homes and businesses, and removing graffiti;
- Providing economic development and business revitalization services;
- Redeveloping housing, business, and industry in designated areas; and
- Providing comprehensive planning systems for housing and economic development.

While its Board members are the same as the County Board of Supervisors, CDC does not meet the criteria for blending due to the following: 1) there is no financial burden or benefit relationship with the County nor does management of the County have operational responsibilities over it; 2) the CDC does not provide services entirely or almost entirely to the County; and 3) the CDC total debt outstanding is not expected to be repaid with resources of the County. The financial activity of the CDC is reported within the Discretely Presented Component Units column of the government-wide financial statements. CDC issues a separate financial report that can be obtained at <https://www.lacdc.org/about-cdc/budget-and-finance> or by writing to the Community Development Commission at 700 W. Main Street, Alhambra, California 91801.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

Los Angeles County Children and Families First - Proposition 10 Commission

Los Angeles County Children and Families First - Proposition 10 Commission also known as 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, three are heads of County Departments (Public Health Services, Mental Health, and Children and Family Services), 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 discretely presented 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. First 5 hires its own employees, including an Executive Director and functions independent of the County. 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. The financial activity of First 5 is reported within the Discretely Presented Component Units column of the government-wide financial statements. First 5 issues a separate financial report that can be obtained by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Related Organization

Los Angeles County Office of Education (LACOE) is a legally separate entity from the County. LACOE is governed by a seven-member Board of Education appointed by the County Board of Supervisors. However, the County's accountability for LACOE does not extend beyond making appointments and no financial benefit/burden relationship exists between the County and LACOE. LACOE is deemed to be a related organization. LACOE issues a separate financial report that can be obtained by writing to the Los Angeles County Office of Education at 9300 Imperial Highway, Downey, California 90242-2890.

Basic Financial Statements

In accordance with Governmental Accounting Standards Board Statement (GASB) 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," the basic financial statements consist of the following:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to the basic financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government, the County, and its blended and discretely presented 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 units.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

Net position is classified into the following three components: 1) net investment in capital assets; 2) restricted and 3) unrestricted. Net position is reported as restricted when it has 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, 2018, the restricted net position balances were \$3.524 billion and \$134.65 million for governmental activities and business-type activities, respectively. For governmental activities, \$607.30 million was restricted by enabling legislation.

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

Fund Financial Statements

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

In accordance with GAAP, the County reports on each major fund. By definition, the general fund is always considered a major fund. Funds other than the general fund must be reported as major funds if they meet both the ten percent and five percent criterion, defined respectively, 1) an individual fund reports at least ten percent of any of the following: a) total fund assets and deferred outflows of resources, b) total fund liabilities and deferred inflows of resources, c) total fund revenues, or d) total fund expenditures/expenses; 2) an individual fund reports at least five percent of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the ten percent criterion. In addition, a fund may be reported as major if it is believed to be of particular importance to financial statement users.

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 and report all financial resources not accounted for and reported in another fund.

Fire Protection District Fund

The Fire Protection District Fund is used to account for fire prevention and suppression, rescue service, management of hazardous materials incidents, ocean lifeguard services, and acquisition and maintenance of District property and equipment. Funding comes primarily from the District's statutory share of the Countywide tax levy, voter-approved taxes and charges for services.

Flood Control District Fund

The Flood Control District Fund is used to account 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. Funding comes primarily from the District's statutory share of the Countywide tax levy and benefit assessments (charges for services).

County Library Fund

The County Library Fund, previously the Public Library Fund, is used to account for free library services to the unincorporated areas of the County and to cities that contract for these services. Funding comes primarily from the District's statutory share of the Countywide tax levy and voter-approved taxes.

Regional Park and Open Space District Fund

The Regional Park and Open Space District Fund is used to account for the 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 comes primarily from voter-approved assessments, charges for services and long-term debt proceeds.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Mental Health Services Act Fund

The Mental Health Services Act Fund is used to account for the Mental Health Services Act (MHSA) to support the County's mental health delivery system for children, transition age youth, adults, older adults, and families. Revenues are derived primarily by the passage of State Proposition 63 in November 2004. Proposition 63 generates mental health revenue through a one percent income surcharge on individuals with State taxable incomes over \$1.0 million.

The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds). 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 Funds provide water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. The Aviation Enterprise Funds provide airport services for five County airports. Revenues are derived primarily from airport charges and rentals. A description of each Enterprise Fund is provided below:

Harbor-UCLA Medical Center

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

Olive View-UCLA Medical Center

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

LAC+USC Medical Center

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

Rancho Los Amigos National Rehabilitation Center

The Rancho Los Amigos National Rehabilitation Center (Rancho) specializes in the rehabilitation for victims of spinal cord injuries and strokes, pathokinesiology and polio services, services for liver diseases, pediatrics, ortho diabetes, dentistry, and neuro-science.

Waterworks Funds

The Waterworks Enterprise funds are used to account for the administration, maintenance, operation and improvement of district water systems.

Aviation Funds

The Aviation Enterprise Funds are used to account for the administration, maintenance, operation and improvement of the five airports which are owned by the County.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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 and Other Postemployment Benefits Trust Funds

The Pension Trust Fund is used to account for financial activities of the County's Pension Plan administered by LACERA.

The Other Postemployment Benefits (OPEB) Trust Fund is used to account for the financial activities of the OPEB trust for the purpose of holding and investing assets to pre-fund the Retiree Health Program administered by LACERA.

Investment Trust Funds

The Pooled Investment Trust Fund is used to account for the net position of the County's external investment pool.

The Specific Investment Trust Fund is used to account for the net position 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 property taxes and departmental 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 other postemployment benefits, and investment trust funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and similar items are recognized in the fiscal year in which all eligibility requirements have been satisfied.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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. When property taxes are measurable but not available, the collectible portion (taxes levied less estimated uncollectibles) is recorded as deferred inflows of resources in the period when an enforceable legal claim to the assets arises. 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 lease obligations are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, ad valorem property taxes (except for redevelopment agency dissolution), sales taxes, investment income (loss), 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. When all eligibility requirements are met, except for the timing requirements, a deferred inflow of resources is reported until the time requirements have passed. All other revenues are not considered susceptible to accrual and are recognized when received, including property tax revenues derived from redevelopment agency dissolution.

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 four 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 Nonmajor Aviation 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 14, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting that is different from 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 at the object level for all budget units within the County, except for capital asset expenditures, which are controlled at the sub-object level. The total budget exceeds \$32.232 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, 2018. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at <https://ceo.lacounty.gov/budget>, or can be obtained from the Auditor-Controller's office.

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

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII A of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total FY 2017-2018 assessed valuation of the County of Los Angeles approximated \$1.435 trillion.

The property tax levy to support general operations of the various jurisdictions is limited to one percent (1%) of full cash value and is distributed in accordance with statutory formulae. Amounts needed to finance the annual requirements of voter-approved debt are excluded from this limitation and are separately calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 13,098 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.

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the "Redevelopment Dissolution Act" was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes," are distributed as property tax revenue to the appropriate local government agencies, including the County. Oversight Boards have been established for each of the 71 successor agencies within the County. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2018, the County's share of residual property tax revenues was \$239.32 million, of which \$201.85 million was recognized in the County's General Fund.

Deposits and Investments

Deposits and investments as discussed in Note 5 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."

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Pooled Cash and Investments-Continued

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2018, 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 34.

Other Investments

This account represents Pension and OPEB Trust Fund investments, 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 LACCAL 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 and certificates of participation.

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 categorized as nonspendable fund balance as required by GASB 54 because these amounts are not available for appropriation and expenditure.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. Certain buildings and equipment are being leased under capital leases as defined in GASB 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The present value of the minimum lease obligation has been capitalized in the statement of net position and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures in the governmental fund financial statements 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 from tax-exempt debt over the same period. For taxable debt, business-type activities interest is capitalized and not netted with interest earnings.

The County's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, \$1 million for software intangible assets, \$100,000 for non-software intangible assets, and \$25,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized subject to the threshold in the affected asset category. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 6. Amortization for software and other intangible assets is included in the reporting of depreciation.

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

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Software	5 to 25 years
Infrastructure	15 to 100 years

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deferred Outflows and Inflows of Resources

Pursuant to GASB 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB 65, "Items Previously Reported as Assets and Liabilities," the County recognizes deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position, governmental funds balance sheets, and proprietary funds statement of net position.

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time, except for pension and OPEB related deferred inflows of resources, which will be recognized as a credit to expense.

Specific disclosures of items representing deferred outflows and inflows of resources appear in Note 20.

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" because the amounts represent unearned revenue.

Compensated Absences

Vacation pay benefits accrue to employees ranging from 10 to 25 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of up to 8 days of sick leave per year depending on the benefit plan. Employees can also accumulate unused holiday and compensatory time off benefits throughout the year. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued compensated absences 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).

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Net Pension Liability and Related Balances

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

Valuation Date (VD) - June 30, 2016 rolled forward to June 30, 2017

Measurement Date (MD) - June 30, 2017

Measurement Period (MP) - July 1, 2016 to June 30, 2017

Net OPEB Liability and Related Balances - Retiree Healthcare

For purposes of measuring the net OPEB liability related to Retiree Healthcare, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

Valuation Date (VD) - June 30, 2016 rolled forward to June 30, 2017

Measurement Date (MD) - June 30, 2017

Measurement Period (MP) - July 1, 2016 to June 30, 2017

Total OPEB Liability and Related Balances - Long-Term Disability

For purposes of measuring the total OPEB liability related to Long-Term Disability (LTD), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the plan. For this purpose, the LTD plan recognizes benefit payments when due and payable in accordance with the benefit terms. Reported results pertain to liability information within the following defined timeframes:

Valuation Date (VD) - June 30, 2017

Measurement Date (MD) - June 30, 2017

Measurement Period (MP) - July 1, 2016 to June 30, 2017

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are 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 recognized in the period issued.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. 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 statements of the related fund.

Fund Balances

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Specific details related to Fund Balances appear in Note 21.

Nonspendable Fund Balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and long-term notes receivable.

Restricted Fund Balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only by changing the condition of the constraint.

Committed Fund Balance - amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the County's Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally. The underlying action that imposed the limitation needs to occur no later than the close of the fiscal year.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

Assigned Fund Balance - amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. Authorization to assign fund balance rests with the County's Board through the budget process. The Board has also delegated authority to the Chief Executive Officer and County Department Heads for contracts and purchasing authority.

Unassigned Fund Balance - the residual classification for the County's General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Supervisors establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. For its budget, the County utilizes the GASB 54 criteria and an ordinance or resolution is equally binding, for purposes of establishing a fund balance commitment. This is done through the adoption of the budget and subsequent amendments that occur throughout the fiscal year.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Cash Flows

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

Use of Estimates

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2. NEW ACCOUNTING PRONOUNCEMENTS

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current basic financial statements.

GASB 75	Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	Improves accounting and financial reporting by state and local governments for postemployment benefits (OPEB) other than pensions and improves the information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. (Notes 2, 9, 11, 20)
GASB 81	Irrevocable Split-Interest Agreements	Improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement did not have an impact on the financial statements.
GASB 85	Omnibus 2017	Addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). This statement did not have a material impact on the financial statements.
GASB 86	Certain Debt Extinguishment Issues	Improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement did not have an impact on the financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

Restatement of Net Position

The County and CDC, a discretely presented component unit, implemented GASB 75 during the fiscal year, which resulted in a restatement of net position due to the elimination of the net OPEB obligation and the recognition of net OPEB liability and the related deferred outflows and inflows of resources. In addition, CDC made a restatement of net position due to the recognition of a prior year capital asset disposition. The adjustment to the beginning net position is presented below (in thousands):

	July 1, 2017 as previously reported	Restatement	Net Position July 1, 2017, as restated
Government-Wide:			
Government activities	\$ (171,823)	(9,451,237)	\$ (9,623,060)
Business-type activities	(965,970)	(1,994,180)	(2,960,150)
Discretely Presented Component Units	898,821	(5,163)	893,658
Proprietary Funds:			
Harbor-UCLA Medical Center	(800,168)	(573,977)	(1,374,145)
Olive-View UCLA Medical Center	(489,772)	(371,735)	(861,507)
LAC+USC Medical Center	(634,504)	(860,002)	(1,494,506)
Rancho Los Amigos National Rehab Center	(30,403)	(188,466)	(218,869)
Nonmajor Internal Service Fund			
Public Works	(694,537)	(429,992)	(1,124,529)
Discretely Presented Component Units:			
CDC	465,495	(5,163)	460,332

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

3. DEFICIT NET POSITION

The following funds had a net deficit at June 30, 2018 (in thousands):

	<u>Accumulated Deficit</u>
Government-wide:	
Governmental Activities	\$ 10,649,724
Business-type Activities	2,868,260
Enterprise Funds:	
Harbor-UCLA Medical Center	1,292,516
Olive View-UCLA Medical Center	758,669
LAC+USC Medical Center	1,544,265
Rancho Los Amigos National Rehab Center	255,041
Internal Service Funds:	
Public Works	1,169,454
Equipment Acquisition	1,692

The government-wide governmental and business-type activities, enterprise and internal service funds' Public Works deficits result primarily from the recognition of certain liabilities including accrued compensated absences, net pension liability, net OPEB liability, workers' compensation, self-insurance and, for the enterprise funds, medical malpractice, and third party payors, as required by GAAP. The internal service funds' Equipment Acquisition fund deficit is a result of the early payoff of leased assets for which an advances payable was established to be recognized in future years. 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 "Various 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 the 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 FY 2004-2005 and the remaining 1997 bonds were fully refunded in FY 2007-2008. The transactions between the two component units have been accounted for as follows:

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4. ELIMINATIONS-Continued

Fund Financial Statements

At June 30, 2018, the governmental funds financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$26,575,000 that has been recorded in the nonmajor governmental funds. The governmental funds financial statements do not reflect a liability for the related bonds payable (\$26,575,000), as this obligation is not currently due. Accordingly, the value of the asset represents restricted 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 funds 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 (\$26,575,000) and investment income and interest expense (\$1,692,000 for each). Accordingly, there are no reconciling differences between the two sets of financial statements (after the effects of eliminations) for this matter.

The bonds payable of \$26,575,000, 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 11 and are captioned "Assessment Bonds."

5. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2018 (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 8,590,018	53,083			\$ 8,643,101
Proprietary Funds	256,890		104,075	759	361,724
Fiduciary Funds (excluding Pension and OPEB)	22,293,685	154,498			22,448,183
Pension and OPEB Trust Funds	94,986	59,356,499			59,451,485
Discretely Presented Component Units	460,755	353,973			814,728
Total	<u>\$ 31,696,334</u>	<u>59,918,053</u>	<u>104,075</u>	<u>759</u>	<u>\$ 91,719,221</u>

A summary of cash and investments (by type) as of June 30, 2018 is as follows (in thousands):

Cash:

Cash and investments are reported as follows:

County

Imprest Cash	\$ 6,359	Governmental Funds	\$ 8,643,101
Cash in Vault	306	Proprietary Funds	361,724
Cash in Bank	231,844	Investment Trust Funds	20,767,332
Deposits in Transit	10,515	Agency Funds	1,680,851
CDC	14,126	Pension and OPEB	
Total Cash	<u>263,150</u>	Trust Funds (LACERA)	59,451,485
		Discretely presented component unit:	
		- First 5	382,992
		- CDC	431,736
		Total Cash and Investments	<u>\$ 91,719,221</u>

Investments:

In Treasury Pool	31,551,385
In Specific Purpose Investment (SPI)	158,438
In Other Specific Investments	301
Held by Outside Trustees	49,601
In LACERA	59,356,499
In Discretely Presented Component Unit - CDC	339,847
Total Investments	<u>91,456,071</u>
Total Cash and Investments	<u>\$ 91,719,221</u>

County Treasurer Cash

As of June 30, 2018, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$231.84 million, deposits in transit were \$10.52 million, and cash in the Treasurer's vault was \$0.31 million.

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

County Treasurer Cash-Continued

Code Section 53651 delineates the types of eligible securities, and the required collateral percentage, generally at 110%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portion of deposits that is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the California Department of Business Oversight (DBO). DBO confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2018.

County Investment Pool

California Government Code Sections 53601, 53635 and 53534 authorize the County Treasurer to invest the External Investment Pool (Pool) and Specific Purpose Investments (SPI) funds in obligations of the United States Treasury, federal agencies, State and local agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard & Poor's Global Rating Services (S&P) or P-1 by Moody's Investors Service (Moody's), and F-1 by Fitch, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission (SEC), securities lending agreements, the State of California's Local Agency Investment Fund (LAIF), interest rate swaps, and supranational institutions. California Government Code Section 53534 authorizes the County Treasurer to enter into interest rate swaps agreements. However, these agreements should only be used in conjunction with the sale of the bonds approved by the Board. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2018, to support the value of shares in the Pool.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-six percent (86.58%) of the Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County's 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 Pooled Investment Trust Fund. Certain SPI have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's Pool and is reported in the Specific Investment Trust Fund in the amount of \$154,198,000. The Pool is not registered as an investment company with the SEC. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

Investments are stated at fair value and are valued on a monthly basis. The Treasurer categorizes its fair value measurements within the fair value hierarchy established by GAAP. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investment in an external government investment pool is not subject to reporting within the level hierarchy.

Investments in LAIF are governed by the California Government Code and overseen by a five member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2018, the total amount invested by all California local governments and special districts in LAIF was \$22.550 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2018 had a balance of \$88.820 billion. The PMIA is not SEC registered, but is required to invest according to the California Government Code. Included in the PMIA's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$2.370 billion at June 30, 2018. Collectively, these represent 2.67% of the PMIA balance of \$88.820 billion. The SPI holdings in the LAIF investment pool as of June 30, 2018, were \$41.15 million, which were valued using a fair value factor provided by LAIF.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The County treasurer has the following recurring fair value measurements as of June 30, 2018 (in thousands):

<u>Pool</u>	Fair Value	Fair Value Measurement Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	External Government Investment Pools
Commercial Paper	\$ 10,003,715	\$	\$ 10,003,715	\$	\$
Corporate and Deposit Notes	83,814		83,814		
Los Angeles County Securities	24,460			24,460	
Negotiable Certificates of Deposit	1,949,974		1,949,974		
U.S. Agency Securities	18,157,404		18,157,404		
U.S. Treasury Securities:					
U.S. Treasury Notes	242,641		242,641		
U.S. Treasury Bills	1,089,377		1,089,377		
Total Investments	<u>\$ 31,551,385</u>	<u>\$</u>	<u>\$ 31,526,925</u>	<u>\$ 24,460</u>	<u>\$</u>
<u>SPI</u>					
Local Agency Investment Fund	\$ 41,145	\$	\$	\$	\$ 41,145
Los Angeles County Securities	4,241			4,241	
Negotiable Certificates of Deposit	49,801		49,801		
U.S. Agency Securities	63,251		63,251		
Total Investments	<u>\$ 158,438</u>	<u>\$</u>	<u>\$ 113,052</u>	<u>\$ 4,241</u>	<u>\$ 41,145</u>
<u>Other Specific Investments</u>					
U.S. Treasury Bills	\$ 301	\$	\$ 301	\$	\$
Total Investments	<u>\$ 301</u>	<u>\$</u>	<u>\$ 301</u>	<u>\$</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

Authorized Investment Type	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U. S. Treasury Notes, Bills and Bonds	5 years	None (1)	None	None	None	None	None	None
U.S. Agency Securities	5 years	None (1)	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years (2)	None	10%*	None	10%*	None	None (2)
Asset-Backed Securities	5 years	5 years	20%	20%	None	\$750 million*	AA	AA (3)
Bankers' Acceptances	180 days	180 days	40%	40%	30%	\$750 million*	None	A-1/P-1/F1*
Negotiable Certificates of Deposit (4)	5 years	3 years*	30%	30%	None	\$750 million*	None	A-1/P-1/F1*
Commercial Paper	270 days	270 days	40%	40%	10%	\$1.5 billion*	A-1	A-1/P-1/F1
Corporate and Medium-Term Notes (5)	5 years	3 years*	30%	30%	None	\$750 million*	A	A-1/P-1/F1*
LAIF	N/A	N/A	None	\$65 million (6)*	None	None	None	None
Money Market Mutual Funds	N/A	N/A	20%	15%*	10%	10%	AAA	AAA
Repurchase Agreements	1 year	30 days*	None	\$1 billion*	None	\$500 million*	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	\$500 million (7)*	None	\$250 million*	None	None
Forwards, Futures, and Options	N/A	90 days*	None	\$100 million*	None	\$50 million*	None	A*
Interest Rate Swaps	N/A	None	None	None	None	None	A	A
Securities Lending Agreements	92 days	92 days	20%	20% (7)	None	None	None	None
Supranationals	5 years	5 years	30%	30%	None	None	AA	AA

1. Pursuant to the California Government Code 53601, the Board granted authority to make investments in U.S. Treasury Notes, Bills and Bonds, and U.S. Agency Securities that have maturities beyond 5 years.
2. Any obligation issued or caused to be issued on behalf of other County affiliates must have a minimum rating of "A3" (Moody's) or "A-" (S&P or Fitch) and the maximum maturity is limited to thirty years. Any short- or medium-term obligation issued by the State of California or a California local agency must have a minimum rating of "MIG-1" or "A2" (Moody's) or "SP-1" or "A" (S&P) and the maximum maturity is limited to 5 years.
3. All Asset-Backed securities must be rated at least "AA" and the issuer's corporate debt rating must be at least "A".
4. Euro Certificates of Deposit are further restricted to a maximum maturity of one year and a maximum percentage of portfolio of 10%.
5. Floating Rate Notes are further restricted to a maximum maturity of five years, maximum of 10% of the portfolio, and maximum investment in one issuer of \$750 million. The maximum maturity may be seven years, provided that the Board's authorization to exceed maturities in excess of five years is in effect, of which \$100 million par value may be greater than five years to maturity.
6. The maximum percentage of the portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy. Bond proceeds are considered a one-time deposit, have no maximum deposit amount, and are maintained on thirty-day increments.
7. The maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2018 is as follows (dollars in thousands):

<u>Pool</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity In Years</u>
Commercial Paper	\$ 10,003,715	\$ 10,004,830	1.82% - 2.35%	07/02/18 - 10/03/18	0.06
Corporate and Deposit Notes	83,814	84,242	2.00% - 2.42%	05/15/19 - 11/09/20	1.42
Los Angeles County Securities	24,460	25,000	2.06% - 2.62%	06/30/19 - 06/30/20	1.80
Negotiable Certificates of Deposit	1,949,974	1,950,006	1.86% - 2.74%	07/02/18 - 03/27/20	0.41
U.S. Agency Securities	18,157,404	18,576,530	0.73% - 8.00%	08/20/18 - 05/29/24	2.77
U.S. Treasury Securities:					
U.S. Treasury Notes	242,641	248,742	0.75% - 1.13%	10/31/18 - 09/30/21	2.02
U.S. Treasury Bills	1,089,377	1,090,665	1.26% - 2.24%	09/13/18 - 06/20/19	0.46
Total	<u>\$ 31,551,385</u>	<u>\$ 31,980,015</u>			1.66

The unrealized loss on investments held in the Pool was \$428,630,000 as of June 30, 2018. This amount takes into account all changes in fair value that occurred during the year. The method used to apportion the unrealized loss was based on a prorata share of each funds' cash balance as of June 30, 2018 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2018.

Specific Purpose Investments and Other Specific Investments

A summary of investments held by the SPI and Other Specific Investments at June 30, 2018 is as follows (dollars in thousands):

<u>SPI</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity In Years</u>
Local Agency Investment Fund	\$ 41,145	\$ 41,222			0.53
Los Angeles County Securities	4,241	4,045	5.00%	12/02/27	9.43
Negotiable Certificates of Deposit	49,801	50,000	1.77% - 2.05%	12/28/18 - 06/24/19	0.74
U.S. Agency Securities	63,251	67,669	1.5% - 3.27%	07/27/21 - 12/26/41	14.63
Total	<u>\$ 158,438</u>	<u>\$ 162,936</u>			6.71

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

Specific Purpose Investments and Other Specific Investments-Continued

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
U.S. Treasury Bills	\$ 301	\$ 301	2.03%	11/29/18	0.42

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than five years, with the exception of U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities, which may have maturities beyond five years. The County Treasurer manages the Pool 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 Treasurer manages the Pool's exposure to declines in fair value by limiting its weighted average maturity target to a range between 1.0 and 2.0 years, in accordance with the Investment Policy. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

The balance of the Pool's investments at June 30, 2018 is \$31.551 billion, of which 45.00% will mature in six months or less. Of the remainder, 46.93% have a maturity of more than one year. At June 30, 2018, the weighted average maturity in years for the Pool was 1.66.

The California Government Code and the Investment Policy allow the 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 Investment Policy limits the amount invested in floating rate notes to 10% of the Pool portfolio. The Investment Policy prohibits the purchase of inverse floating rate notes and hybrid or complex structured investments and for the year ended June 30, 2018, there were none.

At June 30, 2018, the Pool contained floating rate notes at fair value of \$164.74 million (0.52% of the Pool.) 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 securities is generally less susceptible to changes in value than fixed rate securities because the variable-rate coupon resets back to the market rate on a periodic basis. There were no variable rate notes in the SPI and Other Specific Investments.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Treasurer will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Treasurer and are held by either the counterparty, or the counterparty's trust department or agent but not in the Treasurer's name. At year-end, all Pool, SPI and Other Specific Investment securities, except for the Rancho Palos Verdes Redevelopment Agency Tax Allocation Bond (Bond), Bond Anticipation Notes (BANs) and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The Bond and the BANs were held in the Treasurer's vault and are recorded in the Los Angeles County Securities line item. The LAIF investments were managed by the State of California and the County is considered a pool participant.

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 mitigates these risks by holding a diversified portfolio of high quality investments.

The Investment Policy establishes acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's), and F-1 (Fitch) while an issuer of long-term debt shall be rated no less than an "A." All investments purchased during the year ended June 30, 2018 met the credit rating criteria in the Investment Policy, at the issuer level. However, while the NRSROs did rate the issuer of the investments purchased, the NRSRO did not, in all instances, rate the investment itself (e.g., commercial paper, bankers' acceptances, corporate and deposit notes, negotiable certificates of deposit, and U.S. Treasury bills, bonds and notes). Accordingly, for purposes of reporting the credit quality distribution of investments, some investments are reported as not rated.

The Investment Policy also permits investments in LAIF, pursuant to California Government Code Section 16429.1. At June 30, 2018, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

The Pool and SPI had the following U.S. Agency and commercial paper securities in a single issuer that represent 5% or more of total investments at June 30, 2018 (dollars in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Home Loan Bank	\$ 4,897,552	15.52%	\$ 34,066	21.50%
Federal Home Loan Mortgage Corporation	4,892,743	15.51%		
Federal Farm Credit Bank	4,791,949	15.19%	21,849	13.79%
Federal National Mortgage Association	3,550,340	11.25%		
Wells Fargo Bank, NA CD			24,950	15.75%
Rabobank Nederland NY CD			24,851	15.69%

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, 2018:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	P-1	Not Rated	28.44%
	Not Rated	Not Rated	Not Rated	3.26%
Corporate and Deposit Notes	AA-	Aa3	AA-	0.06%
	AA-	A1	AA-	0.08%
	AA-	Aa3	Not Rated	0.12%
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.08%
Negotiable Certificates of Deposits	AA-	Aa3	Not Rated	0.32%
	Not Rated	P-1	Not Rated	2.69%
	Not Rated	Not Rated	Not Rated	3.17%
U.S. Agency Securities	AA+	Aaa	AAA	39.83%
	AA+	Aaa	F1+	0.07%
	AA+	Aaa	Not Rated	15.71%
	AA+	Not Rated	AAA	1.30%
	Not Rated	Aaa	AAA	0.23%
	AA+	WR	Not Rated	0.08%
	Not Rated	Not Rated	AAA	0.34%
U.S. Treasury Securities:				
U.S. Treasury Notes	Not Rated	Aaa	AAA	0.77%
U.S. Treasury Bills	Not Rated	Not Rated	F1+	3.45%
				<u>100.00%</u>
<u>SPI</u>				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	25.97%
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	2.68%
Negotiable Certificates of Deposits	Not Rated	P-1	Not Rated	15.68%
	Not Rated	Not Rated	Not Rated	15.75%
U.S Agency Securities	AA+	Aaa	AAA	18.42%
	AA+	Aaa	Not Rated	21.50%
				<u>100.00%</u>
<u>Other Specific Investments</u>				
U.S. Treasury Bills	Not Rated	Not Rated	F1+	100.00%
				<u>100.00%</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

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.

Securities Lending Transactions

For the year ended June 30, 2018, the Los Angeles County Pool did not enter into any securities lending transactions.

Cash and Investments - Held by Outside Trustees

NPC and JPAs have been established for the purpose of rendering assistance to the County to refinance, acquire, construct, improve, lease and sell properties and equipment, including the construction of buildings, and purchase of equipment, land, and any other real or personal property, for the benefit of County residents, through the issuance of bonds, certificates of participation notes (COPs) and commercial paper.

The NPC and JPAs' cash is invested with the outside trustees. Investment practices are governed by the County's Investment Procedures and Guidelines, established pursuant to the California Government Code and the Los Angeles County Board of Supervisors' action.

Investments are stated at fair value. There were no deposits held by outside trustees as of June 30, 2018. A total of \$114.30 million of investments held by outside trustees are invested in the County's investment pool. In addition, the outside trustees invested \$49.60 million outside of the County's investment pool.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

Cash and Investments - Held by Outside Trustees-Continued

The following is a summary of deposits and investments held by outside trustees as of June 30, 2018 (dollars in thousands):

	Amortized Cost	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
Money market mutual funds	\$49,601	\$49,601	0.25% - 2.56%	07/01/18	0.00

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2018:

Other Investments	S&P	Moody's	Fitch	% of Portfolio
Money Market Mutual Funds	Not Rated	Not Rated	Not Rated	100.00%

LACERA Investment Portfolio

Narratives and tables presented for the Pension and OPEB Trust funds managed by the LACERA are taken directly from LACERA's Report on Audited Financial Statements for the year ended June 30, 2018 (certain terms have been modified to conform with the County's CAFR presentation). The custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk related to Pension and OPEB Trust Funds 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, Note I and the fair value measurement disclosures are included in Note P of the LACERA's audited financial statements.

Deposits-Custodial Credit Risk

Pension and OPEB Trust Funds investments are reported at fair value at June 30, 2018, (in thousands) and are as follows:

	Fair Value
Cash collateral on loaned securities	\$ 1,191,235
Short-term investments	1,795,345
Domestic and international equity	26,117,827
Fixed income	16,307,549
Real estate*	6,423,319
Private equity	5,929,098
Hedge funds	1,592,126
Total	<u>\$ 59,356,499</u>

* Refer to Note J of LACERA's Report on Audited Financial Statements for year ended June 30, 2018, for additional discussion on special purpose entities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Deposits-Custodial Credit Risk-Continued

The Pension and OPEB Trust Funds also had deposits with the Los Angeles County Pool at June 30, 2018 totaling \$94,986,000. The Pension and OPEB Trust Funds portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of total investments or plan net position.

Deposit and Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the Board of Investments (BOI) with exclusive control over LACERA's investment portfolio. The BOI established an Investment Policy Statement. BOI members exercise authority and control over the management of LACERA's Net Position Restricted for Benefits by setting policy that the investment staff executes either internally or through the use of prudent external experts.

The Investment Policy Statement encompasses the following:

- U.S. Equity Investment Policy
- Non-U.S. Equity Investment Policy
- Private Equity Investment Policy
- Fixed Income Investment Policy
- Cash and Cash Equivalents Investment Policy
- Real Estate Investment Policy
- Commodities Investment Policy
- Corporate Governance Policy and Principles
- Derivatives Investment Policy
- Emerging Manager Policy
- Manager Monitoring and Review Policy
- Securities Lending Policy
- Placement Agent Policy
- Hedge Fund Policy

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations, causing the investment to decline in value. LACERA seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the Pension and OPEB plans at an acceptable level of risk within this asset class. To control credit risk, credit quality guidelines have been established.

The majority of the Core, Core Plus, and High Yield portfolios use the following guidelines in terms of credit quality.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Domestic Fixed Income Core and Core Plus Portfolios

A minimum of 80 percent and 70 percent of Core and Core Plus portfolios, respectively, must be invested in securities rated investment-grade by the major credit rating agencies: Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch).

In addition:

- Money market instruments must be rated at least A-2/P-2 or equivalent by at least one major credit rating agency.
- All rated securities, including Rule 144A securities, must be rated at least B- by S&P or equivalent by at least one major credit rating agency at the time of purchase.
- Unrated issues may be purchased provided, in the judgment of the Investment Manager, they would not violate LACERA's minimum credit quality criteria.
- Unrated issues and securities rated BBB+, BBB, or BBB- by S&P or equivalent, in combination, may represent up to 30 percent of the portfolio.

Domestic High-Yield Fixed Income Portfolios

By definition, high-yield bonds are securities rated below investment grade. Therefore, the majority of bonds in the high-yield portfolios are rated below investment grade by at least one of the major credit rating agencies: Moody's, S&P, and Fitch.

In addition:

- Money market instruments must be rated at least A-2/P-2 or equivalent by at least one major credit rating agency.
- At least 95 percent of all rated securities, including Rule 144A securities, must be rated at least B- by S&P or equivalent by at least one major credit rating agency at the time of purchase.
- Consistent with the preceding requirement, a maximum of 5 percent of the portfolio may be invested in issues rated below B- by S&P or equivalent; however, these issues must be rated at least CCC by S&P or Caa by Moody's.
- Unrated issues may be purchased provided, in the judgment of the Investment Manager, they would not violate LACERA's minimum credit criteria.

LACERA's Opportunistic Credit portfolios allow for the assumption of more credit risk than other fixed income portfolios, by investing in securities which include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, and bank loans. LACERA utilizes specific investment guidelines for these portfolios that limit maximum exposure by issuer, industry, and sector, which result in well-diversified portfolios.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Domestic High-Yield Fixed Income Portfolios-Continued

The following is a schedule as of June 30, 2018 of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages included in the Pension Plan portfolio of \$33 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2018
(dollars in thousands)

Quality Ratings	U.S. Treasury	U.S. Govt. Agencies	Municipals	Corporate Debt/Credit Securities	Pooled Funds	Non U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	\$ 1,708,192	\$ 1,837,787	\$ 10,219	\$ 604,685	\$	\$ 22,367	\$ 318,025	\$ 4,501,275	28%
Aa			24,870	328,302	318,126	3,984	89,899	765,181	5%
A			8,548	785,183		42,360	312,151	1,148,242	7%
Baa		2,629	22,215	1,340,291	39,344	3,496	384,078	1,792,053	11%
Ba				555,357		22,016	228,823	806,196	5%
Bbb				13,752		374	22,990	37,116	0%
Bb				14,231			26,626	40,857	0%
B			90	642,681	30,624	30,367	416,897	1,120,659	7%
Caa				235,942		6,787	104,431	347,160	2%
Ca				37,970			845	38,815	0%
Ccc				4,527			504	5,031	0%
Cc				1,999				1,999	0%
C			1,272	156			195	1,623	0%
D				187			1,039	1,226	0%
NR		1,743	7,144	205,137	4,913,260	5,843	161,177	5,294,304	33%
<hr/>									
Total Investment in Fixed Income Securities - Pension Plan	\$ 1,708,192	\$ 1,842,159	\$ 74,358	\$ 4,770,400	\$ 5,301,354	\$ 137,594	\$ 2,067,680	\$ 15,901,737	100%

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2018
(dollars in thousands)

Quality Ratings	U.S. Treasury	Corporate Debt/ Credit Securities	Pooled Investments	Total	Percentage of Portfolio
Aaa	\$ 991	\$ 983	\$	\$ 1,974	1%
Aa		1,563		1,563	0%
A		6,827		6,827	2%
NR		444	362,154	362,598	97%
<hr/>					
Total Investment in Fixed Income Securities - OPEB Trust	\$ 991	\$ 9,817	\$ 362,154	\$ 372,962	100%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Custodial Credit Risk

LACERA's contract with its primary custodian State Street Bank and Trust (Bank) provides that the Bank may hold LACERA's securities registered in the Bank's or its agent's nominee name, in bearer form, book-entry form, with a clearing house corporation, or with a depository, so long as the Bank's records clearly indicate that the securities are held in custody for LACERA's account. The Bank may also hold securities in custody in LACERA's name when required by LACERA. When held in custody by the Bank, the securities are not at risk of loss in the event of the Bank's financial failure, because the securities are not property (assets) of the Bank. Cash invested overnight in the Bank's depository accounts is subject to the risk that in the event of the Bank's failure, LACERA might not recover all or some of its deposits. This risk is mitigated when the overnight deposits are insured or collateralized.

LACERA's policy as incorporated in its current contract with the Bank requires the Bank to certify it has taken all steps to assure all LACERA monies on deposit with the Bank are eligible for and covered by "pass-through insurance," in accordance with applicable law and FDIC rules and regulations. The steps taken by the Bank include paying deposit insurance premiums when due, maintaining a "prompt corrective action" capital category of "well capitalized," and identifying on the Bank's records that it acts as a fiduciary for LACERA with respect to the monies on deposit. In addition, the Bank is required to provide evidence of insurance and to maintain a Financial Institution Bond, which would cover the loss of money and securities with respect to any and all property the Bank or its agents hold in or for LACERA's account, up to the amount of the bond. To implement certain investment strategies, some of LACERA's assets are invested in investment managers' pooled vehicles. The securities in these vehicles may be held by a different custodian other than State Street Bank and Trust.

Counterparty Risk

Counterparty risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. LACERA and its managers seek to minimize risk of loss from its counterparties by diversifying the number of counterparties, periodically reviewing their credit quality and seeking to structure agreements so that collateral is posted on accrued gains if they reach certain size thresholds.

Concentration of Credit Risk

No more than 5 percent of the Core, Core Plus, or High-Yield portfolios may be invested in securities of a single issuer, except: U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and approved commingled funds.

As of June 30, 2018, LACERA did not hold any investments in any one issuer that would represent 5 percent or more of the Pension Plan Fiduciary Net Position nor the OPEB Trust Fiduciary Net Position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk

Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

To manage interest rate risk, the modified adjusted duration of the Domestic Fixed Income Core, Core Plus, and High-Yield portfolios is restricted to +/- 25.0 percent of the duration of the portfolios' respective benchmarks. Deviations from any of the stated guidelines require prior written authorization from LACERA.

The Duration in Fixed Income Securities - Pension Plan schedule for the year ended June 30, 2018 presents the duration by investment type. Whole loan mortgages included in the Pension Plan portfolio of \$33 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan

As of June 30, 2018

(dollars in thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
U.S. Treasury, U.S. Government Agency and Municipal Instruments:		
U.S. Treasury	\$ 1,708,192	7.18
U.S. Government Agency	1,842,159	0.19
Municipal / Revenue Bonds	74,358	9.06
Subtotal U.S. Treasury, U.S. Government Agency and Municipal Instruments	3,624,709	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	416,958	0.73
Commercial Mortgage-Backed Securities	261,819	2.89
Corporate and Other Credit	4,083,686	0.46
Fixed Income Swaps and Options	7,936	N/A
Pooled Funds	5,301,355	N/A
Subtotal Corporate Bonds and Credit Securities	10,071,754	
Non-U.S. Fixed Income	137,594	3.65
Private Placement Fixed Income	2,067,680	3.47
Subtotal Non-U.S. and Private Placement Securities	2,205,274	
Total Fixed Income Securities - Pension Plan	\$ 15,901,737	

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a modified duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2018
(dollars in thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
U.S. Treasury Instruments:		
U.S. Treasury	\$ 991	0.55
Subtotal U.S. Treasury Instruments	991	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	1,427	0.24
Corporate and Other Credit	8,390	3.16
Pooled Investments	362,154	N/A
Subtotal Corporate Bonds and Credit Securities	371,971	
Total Fixed Income Securities - OPEB Trust	\$ 372,962	

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a modified duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERA's authorized managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines. To mitigate foreign currency risk, LACERA has implemented a passive currency hedging program, which hedges into U.S. dollars approximately 50 percent of LACERA's foreign currency exposure for developed market equities.

The following schedule represents LACERA's exposure to foreign currency risk in U.S. dollars. LACERA is invested in several non-U.S. commingled funds. This means LACERA owns units of commingled funds, and the fund holds the actual securities and/or currencies. The values shown include LACERA's pro rata portion of non-U.S. commingled fund holdings.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan

As of June 30, 2018

(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
AFRICA							
Ghana New Cedi	\$ 2,402	\$	\$	\$	\$	\$	\$ 2,402
Kenyan Shilling	3,586						3,586
Moroccan Dirham	3,390						3,390
Nigerian Naira	16,818						16,818
South African Rand	206,894		153				207,047
AMERICAS							
Argentine Peso	1,721	2,136	428			26	4,311
Brazilian Real	173,126	(34)	81				173,173
Canadian Dollar	839,897	555	(111)			10,729	851,070
Chilean Peso	30,462						30,462
Colombian Peso	13,625		1				13,626
Mexican Peso	94,675	39,999	2,419			55	137,148
Peruvian New Sol	12,401						12,401
Uruguayan Peso		3,406					3,406
ASIA							
Australian Dollar	567,221	3,714	4,015			11,930	586,880
Chinese Renminbi	122,583						122,583
Hong Kong Dollar	1,016,518		2,952			219	1,019,689
Indian Rupee	315,667						315,667
Indonesian Rupiah	52,087		20				52,107
Japanese Yen	2,046,373	423	16,857			37,477	2,101,130
Malaysian Ringgit	58,547		296				58,843
New Taiwan Dollar	272,839						272,839
New Zealand Dollar	18,189	227	56			609	19,081
Pakistan Rupee	1,851						1,851
Philippine Peso	21,580		1				21,581
Singapore Dollar	176,918		3,783			2,380	183,081
South Korean Won	502,754		515				503,269
Thai Baht	85,664		9				85,673
Vietnamese Dong	32,888						32,888
EUROPE							
British Pound Sterling	1,671,247	13,646	2,260	1,899	25,792	45,412	1,760,256
Czech Republic Koruna	2,213						2,213
Danish Krone	148,938	22,140				4,866	175,944
Euro	2,765,040	47,163	6,485	191,811	278,346	35,273	3,324,118
Hungarian Forint	11,197						11,197
Norwegian Krone	85,919		5			1,584	87,508
Polish Zloty	25,529		233				25,762
Romanian New Leu	8,686						8,686
Russian Ruble	83,826	5,578	42				89,446
Swedish Krona	281,171		30			10,158	291,359
Swiss Franc	641,643					8,361	650,004
MIDDLE EAST							
Egyptian Pound	7,509						7,509
Israeli New Shekel	59,323					828	60,151
Lebanese Pound	1,124						1,124
Qatari Rial	12,422		31				12,453
Saudi Riyal	4,058						4,058
Turkish Lira	59,738		248				59,986
UAE Dirham	11,966						11,966
Total Investment Securities Subject to Foreign Currency Risk - Pension Plan							
	\$ 12,572,225	\$ 138,953	\$ 40,809	\$ 193,710	\$ 304,138	\$ 169,907	\$ 13,419,742

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - OPEB Trust
As of June 30, 2018
(in thousands)

Currency	Equity
AFRICA	
South African Rand	\$ 3,334
AMERICAS	
Brazilian Real	2,969
Canadian Dollar	14,114
Chilean Peso	594
Colombian Peso	228
Mexican Peso	1,553
Peruvian New Sol	183
ASIA	
Australian Dollar	10,095
Chinese Renminbi	15,941
Hong Kong Dollar	4,933
Indian Rupee	4,887
Indonesian Rupiah	1,005
Japanese Yen	36,587
Malaysian Ringgit	1,279
New Taiwan Dollar	6,532
New Zealand Dollar	457
Pakistan Rupee	91
Philippine Peso	503
Singapore Dollar	1,918
South Korean Won	7,856
Thai Baht	1,188
EUROPE	
British Pound Sterling	26,355
Czech Republic Koruna	91
Danish Krone	2,512
Euro	45,905
Hungarian Forint	137
Norwegian Krone	1,325
Polish Zloty	594
Russian Ruble	1,690
Swedish Krona	4,339
Swiss Franc	10,551
MIDDLE EAST	
Egyptian Pound	137
Israeli New Shekel	1,051
Qatari Rial	411
Turkish Lira	411
UAE Dirham	320
Total Investment Securities Subject to Foreign Currency Risk - OPEB Trust	\$ 212,076

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

The Board of Investments' policies authorize LACERA to participate in a securities lending program. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn, LACERA receives cash and non-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 securities lending program is managed by two parties: LACERA's custodian bank, State Street Bank and Trust, and a third-party lending agent, Goldman Sachs Agency Lending (GSAL). State Street Bank and Trust lends LACERA's non-U.S. equities, U.S. Treasury, and U.S. Agency securities. GSAL lends LACERA's U.S. equities and corporate bonds. Collateralization is set on non-U.S. loans at 105 percent and on U.S. loans at 102 percent of the market value of securities on loan.

State Street Global Advisors invests the collateral received from both lending programs. The collateral is invested in short-term highly liquid instruments. The maturities of the investments made with cash collateral typically do not match the maturities of their securities loans. Loans are marked-to-market daily, so that if the market value of a security on loan rises, LACERA receives additional collateral. Conversely, if the market value of a security on loan declines, then the borrower receives a partial return of the collateral. Earnings generated in excess of the interest paid to the borrowers represent net income. LACERA shares this net income with the two lending agents based on contractual agreements.

Under the terms of their lending agreements, both lending agents provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities" when loaned securities are not returned. LACERA does not have the ability to pledge assets received as collateral without a borrower default. In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent is liable to LACERA for the difference, plus interest. Either LACERA or the borrower of the security can terminate a loan on demand.

At fiscal year-end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. As of June 30, 2018, there were no known 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, 2018.

As of June 30, 2018, the fair value of securities on loan was \$1.552 billion, with a value of cash collateral received of \$1.191 billion, which is included in Other payables on the financial statements, and non-cash collateral of \$425.62 million. LACERA's income, net of expenses from securities lending, was \$5.68 million for the year ended June 30, 2018.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2018
(in thousands)

<u>Securities on Loan</u>	<u>Fair Value of Securities on Loan</u>	<u>Cash Collateral Received</u>	<u>Non-Cash Collateral Received</u>
U.S. Equities	\$ 255,378	\$ 262,055	\$
U.S. Fixed Income	1,230,315	913,980	369,603
Non-U.S. Equities	66,789	15,200	56,016
Total	<u>\$ 1,552,482</u>	<u>\$ 1,191,235</u>	<u>\$ 425,619</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments are disclosed in the following table:

Interest Rate Risk Analysis
As of June 30, 2018
(dollars in thousands)

Investment Type	Notional Value (Dollar)	Notional Shares Units	Fair Value	Investment Maturities (in years)				
				Less Than 1	1 - 5	6 - 10	More than 10	No Maturity
Credit Default Swaps Bought	\$ 132,245		\$ (8,310)	\$	\$ (8,310)	\$	\$	\$
Credit Default Swaps Written	41,146		1,018	(1)	989	28	2	
Fixed Income Futures Long		1,421,312						
Fixed Income Futures Short		(528,379)						
Fixed Income Options Bought		539,280	4,326	1,354	2,972			
Fixed Income Options Written		(451,027)	(5,136)	(1,472)	(3,654)		(10)	
Pay Fixed Interest Rate Swaps	900,285		20,169		7,044	9,209	3,916	
Receive Fixed Interest Rate Swaps	204,058		(2,523)		(2,430)	(81)	(12)	
Total Return Swaps Bond	64,670		519	519				
Total Return Swaps Equity	(519,127)		(1,671)	(1,796)	125			
Total	<u>\$ 823,277</u>	<u>981,186</u>	<u>\$ 8,392</u>	<u>\$ (1,396)</u>	<u>\$ (3,264)</u>	<u>\$ 9,156</u>	<u>\$ 3,896</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds

The hedge fund category of investments is not a separate asset class but is comprised of strategies that may: 1) invest in securities within LACERA's existing asset classes or across multiple asset classes; 2) have an absolute return objective; and 3) include the ability to use specialized techniques, such as leverage and short-selling, and instruments such as derivatives.

LACERA employs two hedge fund of funds managers, Grosvenor Capital Management (GCM) and Goldman Sachs Asset Management (GSAM), with specialized knowledge and expertise to construct four hedge fund portfolios. The hedge fund of fund managers identify, select, implement, and monitor these investment strategies in the portfolios consistent with LACERA's stated objectives, constraints, and Investment Policy Statements.

In September 2011, LACERA began investing in hedge funds with a goal of reducing the volatility of the Pension Trust Fund without materially decreasing Pension Trust Fund returns. This initial investment consisted of a portfolio of hedge funds invested in a diversified strategy managed by GCM.

In December 2012, LACERA began investing in a second portfolio of hedge funds focused on opportunistic credit strategies, also managed by GCM.

In April 2015, LACERA began investing in a third portfolio, managed in a diversified strategy by GSAM. Within this portfolio, LACERA directly invests in underlying fund vehicles, while GSAM maintains discretion over fund selection and overall portfolio development.

In January 2016, LACERA began investing in a fourth portfolio, also focused on opportunistic credit strategies and managed by GCM.

In March 2018, LACERA began investing in a fifth portfolio. This portfolio is identified as the Direct Portfolio because LACERA invests directly in funds that have been approved by LACERA's Board of Investments rather than delegating manager selection to a fund of funds manager.

The three hedge fund portfolios managed by GCM are each structured as a limited partnership in which LACERA is the sole limited partner, and each was created to hold the interests in the underlying hedge funds. GCM serves as General Partner and owns a 0.01 percent stake in each partnership.

Each underlying fund investment in the entire hedge fund program is in an entity legally structured to limit liability for each investor to the capital invested by that investor.

The investment performance for this strategy is measured separately from other asset classes. The fair value of assets invested in hedge funds as of June 30, 2018 was \$1.59 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value

For the year ended June 30, 2016, LACERA adopted GASB 72, Fair Value Measurement and Application. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements and disclosures. LACERA categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles in the United States of America (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Certain investments held by LACERA are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with the requirements of GAAP.

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities classified in Level 3 are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by LACERA's custodian bank.

Hedge Funds, Private Equity, and Real Estate Funds

Investments in hedge funds, private equity, and real estate funds are valued at estimated fair value, as determined in good faith by the General Partner (GP) in accordance with fair value principles in accordance with GAAP. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are reported by LACERA based on the practical expedient allowed under GAAP.

Real Estate Investments

Investments in real estate are valued at estimated fair value, as determined in good faith by the Investment Manager. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the Investment Manager. Properties are subject to independent third party appraisals every three years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments and Derivatives Measured at Fair Value - Pension Plan
As of June 30, 2018
(in thousands)

Investments by Fair Value Level	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	\$ 416,958	\$	\$ 416,958	\$
Commercial Mortgage-Backed Securities	261,819		261,819	
Corporate and Other Credit	4,083,686		4,078,272	5,414
Municipal/Revenue Bonds	74,358		74,358	
Non-U.S. Fixed Income	137,594		137,594	
Private Placement Fixed Income	2,067,680	1,104	2,062,720	3,856
U.S. Government Agency	1,842,159		1,841,828	331
U.S. Treasury	1,708,192		1,708,192	
Whole Loan Mortgages	32,850			32,850
Total Fixed Income Securities	10,625,296	1,104	10,581,741	42,451
Equity Securities				
Non-U.S. Equity	2,074,878	2,074,457		421
Pooled Investments	295,080	295,080		
U.S. Equity	13,130,228	13,122,685	3,865	3,678
Total Equity Securities	15,500,186	15,492,222	3,865	4,099
Real Estate	5,498,415			5,498,415
Collateral from Securities Lending	1,191,235		1,191,235	
Total Investments by Fair Value Level	\$ 32,815,132	\$ 15,493,326	\$ 11,776,841	\$ 5,544,965
Investments Measured at NAV				
Fixed Income	\$ 5,301,354			
Equity	10,160,905			
Hedge Funds	1,592,126			
Private Equity	5,929,098			
Real Estate	827,831			
Total Investments Measured at NAV	23,811,314			
Total Investments	\$ 56,626,446			
Derivatives				
Foreign Exchange Contracts	\$ 169,907	\$	\$ 169,907	\$
Foreign Fixed Income Derivatives	(2,735)	(251)	(2,484)	
U.S. Equity Derivatives	(88)	49	(137)	
U.S. Fixed Income Derivatives	10,672	(7,477)	18,149	
Total Derivatives	\$ 177,756	\$ (7,679)	\$ 185,435	\$

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at the Net Asset Value
As of June 30, 2018
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds ⁽¹⁾	\$ 5,301,354	\$	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds ⁽²⁾	10,160,905	43,431	Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds ⁽³⁾	1,592,126		Daily, Monthly, Quarterly, Semi-Annual, Annual, Self-Liquidating	5-180 days
Private Equity ⁽⁴⁾	5,929,098	3,762,043	Not Eligible	N/A
Real Estate ⁽⁴⁾	827,831	335,408	Not Eligible	N/A
Total Investments Measured at the NAV	<u>\$23,811,314</u>			

- (1) Commingled Fixed Income Funds: 5 fixed income funds are considered commingled in nature. They are valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; two of the funds representing seven percent of Commingled Fixed Income assets have liquidity available at the end of the fund terms which range from 3 to 7 years.
- (2) Commingled Equity Funds: 13 equity funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; three of the funds representing five percent of Commingled Equity assets have liquidity available subject to lock up periods that limit or prohibit redemptions for the next three to four years.
- (3) Hedge Funds: LACERA's Hedge Funds portfolio consists of 90 funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms, seventy-seven percent of the fund assets are available within 12 months; these funds provide daily, monthly, quarterly, semi-annual, or annual liquidity. Some of these funds are subject to redemption notices that extend the time frame to receive redemptions beyond the next twelve months. The remaining twenty-three percent of fund assets are in self-liquidating funds which do not permit voluntary redemption/withdrawals or in funds that offer periodic liquidity that extends beyond the next twelve months.

LACERA's Hedge Funds portfolio invests in the following strategies:

- (a) Macro and Tactical Trading, this strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, inter-country relations, and economic and technical analysis.
- (b) Equity Long/Short, this strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors.
- (c) Credit, this strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit.
- (d) Relative Value, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by purchasing and/or shorting these instruments.
- (e) Multi-Strategy, this strategy aims to pursue varying strategies in order to diversify risks and reduce volatility.
- (f) Event Driven, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event.
- (g) Commodities, this strategy invests across the global commodity markets based on an analysis of factors, including supply and demand, legislative and environmental policies, trends in growth rates and resource consumption, global monetary and trade policy, geopolitical events and technical factors.
- (4) Private Equity and Real Estate Funds: LACERA's Private Equity portfolio consists of 250 funds, investing primarily in Buyout Funds, with some exposure to Venture Capital, Special Situations. The Real Estate portfolio, comprised of 15 commingled funds, invests in both U.S. and Non-U.S. commercial real estate. The fair values of these funds have been determined using net assets valued at the end of the period and net assets valued one quarter in arrears plus current quarter cash flows. 13 out of 15 funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust
As of June 30, 2018
(in thousands)

Investments by Fair Value Level	Total	Quoted prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	\$ 1,427	\$	\$ 1,427	\$
Corporate and Other Credit	8,390		8,390	
U.S. Government Agency	94,866	94,866		
U.S. Treasury	991		991	
Total Fixed Income Securities	105,674	94,866	10,808	
Equity Securities				
Pooled Investments	456,824	456,824		
Total Equity Securities	456,824	456,824		
Total Investments by Fair Value Level	\$ 562,498	\$ 551,690	\$ 10,808	\$
Investments Measured at Net Asset Value (NAV)				
Fixed Income	\$ 267,288			
Real Estate Investment Trust (REIT)	97,073			
Total Investments Measured at NAV	364,361			
Total Investments	\$ 926,859			

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2018
(dollars in thousands)

	Fair Value	Unfunded Commitments ⁽²⁾	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds	\$ 267,288		Daily, Monthly	1-30 days or N/A
Real Estate Investment Trust (REIT)	97,073		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV ⁽¹⁾	\$ 364,361			

⁽¹⁾ Commingled Index Funds: The OPEB Master Trust is invested in 8 funds that are considered commingled in nature. They are valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month.

⁽²⁾ There are no unfunded commitments in the OPEB Trust. As of June 30, 2018, there was \$1.5 million uninvested cash in the OPEB Trust which was deposited into the OPEB cash account and then subsequently invested after month end.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 is as follows (in thousands):

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,416,527	38,387		\$ 2,454,914
Easements	4,945,935	10,112		4,956,047
Software in progress	22,006	34,378	(38,851)	17,533
Construction in progress-buildings and improvements	329,759	137,969	(163,392)	304,336
Construction in progress-infrastructure	338,960	79,203	(81,744)	336,419
Subtotal	<u>8,053,187</u>	<u>300,049</u>	<u>(283,987)</u>	<u>8,069,249</u>
Capital assets, being depreciated:				
Buildings and improvements	5,604,542	169,503	(40,892)	5,733,153
Equipment	1,610,622	161,058	(83,039)	1,688,641
Software	615,605	42,791	(168,188)	490,208
Infrastructure	7,874,431	57,418	(1,080)	7,930,769
Subtotal	<u>15,705,200</u>	<u>430,770</u>	<u>(293,199)</u>	<u>15,842,771</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,967,889)	(111,931)	17,841	(2,061,979)
Equipment	(1,159,378)	(109,601)	79,118	(1,189,861)
Software	(207,862)	(42,244)	14,966	(235,140)
Infrastructure	(3,995,572)	(158,129)	284	(4,153,417)
Subtotal	<u>(7,330,701)</u>	<u>(421,905)</u>	<u>112,209</u>	<u>(7,640,397)</u>
Total capital assets, being depreciated, net	<u>8,374,499</u>	<u>8,865</u>	<u>(180,990)</u>	<u>8,202,374</u>
Governmental activities capital assets, net	<u>\$ 16,427,686</u>	<u>308,914</u>	<u>(464,977)</u>	<u>\$ 16,271,623</u>
<u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 153,058			\$ 153,058
Easements	31,578			31,578
Construction in progress-buildings and improvements	232,980	118,797	(2,639)	349,138
Construction in progress-infrastructure	43,431	14,771	(16,119)	42,083
Subtotal	<u>461,047</u>	<u>133,568</u>	<u>(18,758)</u>	<u>575,857</u>
Capital assets, being depreciated:				
Buildings and improvements	2,749,048	3,380	(3,194)	2,749,234
Equipment	354,794	83,100	(25,523)	412,371
Software	58,922			58,922
Infrastructure	1,258,843	9,828		1,268,671
Subtotal	<u>4,421,607</u>	<u>96,308</u>	<u>(28,717)</u>	<u>4,489,198</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

6. CAPITAL ASSETS-Continued

Business-type Activities-Continued

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Less accumulated depreciation for:				
Buildings and improvements	\$ (841,592)	(47,829)	762	\$ (888,659)
Equipment	(246,835)	(27,853)	9,390	(265,298)
Software	(35,042)	(3,938)		(38,980)
Infrastructure	(601,316)	(23,548)		(624,864)
Subtotal	<u>(1,724,785)</u>	<u>(103,168)</u>	<u>10,152</u>	<u>(1,817,801)</u>
Total capital assets, being depreciated, net	<u>2,696,822</u>	<u>(6,860)</u>	<u>(18,565)</u>	<u>2,671,397</u>
Business-type activities capital assets, net	<u>3,157,869</u>	<u>126,708</u>	<u>(37,323)</u>	<u>3,247,254</u>
Total capital assets, net	<u>\$ 19,585,555</u>	<u>435,622</u>	<u>(502,300)</u>	<u>\$ 19,518,877</u>

Depreciation Expense

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

Governmental activities:

General government	\$ 36,212
Public protection	166,241
Public ways and facilities	89,863
Health and sanitation	36,236
Public assistance	16,374
Education	4,482
Recreation and cultural services	38,978
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>33,519</u>
Total depreciation expense, governmental activities	<u>\$ 421,905</u>

Business-type activities:

Hospitals	\$ 71,484
Waterworks	23,971
Aviation	2,983
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>4,730</u>
Total depreciation expense, business-type activities	<u>\$ 103,168</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units

CDC

Capital assets activity for the CDC component unit for the year ended June 30, 2018, was as follows (in thousands):

	Balance July 1, 2017, as restated (Note 2)	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 92,183	264		\$ 92,447
Construction in progress-buildings and improvements	1,670	3,520	(309)	4,881
Subtotal	93,853	3,784	(309)	97,328
Capital assets, being depreciated:				
Buildings and improvements	227,654	1,026		228,680
Equipment	9,082	1,540	(267)	10,355
Subtotal	236,736	2,566	(267)	239,035
Less accumulated depreciation for:				
Buildings and improvements	(151,013)	(4,677)		(155,690)
Equipment	(7,618)	(868)	171	(8,315)
Subtotal	(158,631)	(5,545)	171	(164,005)
Total capital assets being depreciated, net	78,105	(2,979)	(96)	75,030
CDC capital assets, net	\$ 171,958	805	(405)	\$ 172,358

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2018, was as follows (in thousands):

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated-				
Land	\$ 2,039			\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,766	49		2,815
Subtotal	14,842	49		14,891
Less accumulated depreciation for:				
Buildings and improvements	(2,921)	(243)		(3,164)
Equipment	(2,650)	(70)		(2,720)
Subtotal	(5,571)	(313)		(5,884)
Total capital assets being depreciated, net	9,271	(264)		9,007
First 5 LA capital assets, net	\$ 11,310	(264)		\$ 11,046

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

7. SERVICE CONCESSION ARRANGEMENTS (SCA)

GASB 60, "Accounting and Financial Reporting for Service Concession Arrangements (SCA)" defines an SCA as a type of public-private or public-public partnership. An SCA is an arrangement, which meets specific criteria under GASB 60, between a government (the transferor) and an operator.

The County determined that golf courses met the criteria set forth in GASB 60 (where the County is the transferor) and therefore included these SCAs in the County's financial statements as deferred inflows of resources. GASB 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as an operator.

Golf Courses

The County manages a public golf course system, which offers affordable greens fees, discount programs for senior citizens and students, and a junior golf program. Each golf course is leased under agreement with an operator, which provides for activities such as golf course management, clubhouse operations, and food and beverage concessions. The operators collect user fees and are responsible for the day-to-day operations of the golf courses. The operators are required to operate and maintain the golf courses, and make installment payments to the County, in accordance with their respective contracts.

As of June 30, 2018, the present value of the installment payments under contract is estimated to be \$86.63 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rates of 5.12%, 3.55% and 3.70% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from 6 years to 21 years as of June 30, 2018. The FY 2017-2018 total monthly installment payments are approximately \$670,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The acquisition value of the golf courses, including buildings and land, is reported at \$24.87 million as of June 30, 2018.

8. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the CERL. LACERA is a cost-sharing, multi-employer defined benefit plan. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

Los Angeles Superior Court
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 issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

8. PENSION PLAN-Continued

Benefits Provided

Benefits are authorized in accordance with the California Constitution, the CERL, the bylaws, and procedures and policies adopted by LACERA's Boards of Retirement and Investments. The Board may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members.

LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Vesting occurs when a member accumulates five years of creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

Contributions

LACERA has nine benefit tiers known as A, B, C, D, E and G, and Safety A, B and C. All tiers except E are employee contributory. Tier E is employee non-contributory. Prior to December 31, 2012, new general members were only eligible for tier D or E and new safety members were only eligible for Safety B. As of January 1, 2013, new general employees are only eligible for tier G and new safety members are only eligible for Safety C. These new tiers were added as a result of the California Public Employees' Pension Reform Act of 2013 (PEPRA) and became effective January 1, 2013. 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 FY 2017-2018:

July 1, 2017 - September 30, 2017	A	B	C	D	E	G
General Members	24.11%	15.94%	15.32%	16.19%	17.49%	16.07%
Safety Members	32.25%	25.94%	21.93%			
October 1, 2017 - June 30, 2018	A	B	C	D	E	G
General Members	26.06%	17.50%	16.80%	18.17%	19.57%	18.04%
Safety Members	34.45%	27.75%	23.73%			

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

8. PENSION PLAN-Continued

Contributions-Continued

The rates were determined by the actuarial valuation performed as of June 30, 2016. Some of the assumptions used in the actuarial valuation performed as of June 30, 2016 were updated, including lowering the investment rate of return from 7.50% to 7.25%. The LACERA Board of Investments adopted the recognition of the increase in the calculated employer contribution rates due to the new assumptions over a three year period. As a result, the employer contribution rates used in fiscal year 2017-2018, beginning October 1, 2017, increased by 1.48% to 2.20% over the rates used in fiscal year 2016-2017 and may increase again during the following fiscal year.

Employee rates vary by option and employee entry age from 5% to 16% of their annual covered salary.

During fiscal year 2017-2018, the County contributed the full amount of the Actuarial Determined Contribution, as determined by the actuarial valuations, in the form of semi-monthly cash payments in the amount of \$1.466 billion.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County reported a liability of \$10.850 billion for its proportionate share of the net pension liability in accordance with the parameters of GASB 68. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, projected forward to the measurement date, taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net pension liability was based on a projection of the County's future contribution effort to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2017, the County's proportionate share was 96.12%, which was a decrease of 0.05% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1.402 billion which is reported as \$1.163 billion for governmental activities and \$0.239 billion for business-type activities. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	\$	\$ 34,706
Change in assumptions		2,590,314
Change in experience	797,165	
Change in proportion and differences between County contributions and proportionate share of contributions	180,661	227,711
Contributions made subsequent to measurement date		1,466,411
Total	<u>\$ 977,826</u>	<u>\$ 4,319,142</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

8. PENSION PLAN-Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-Continued

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner in accordance with GASB 68. Investment gains or losses are recognized in pension expense over a five year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, which is 8 years.

Amounts currently reported as deferred outflows and inflows of resources, other than contributions related to pension, will be recognized in pension expense as follows (in thousands):

	<u>Deferred Outflows/(Inflows) of Resources</u>
Year Ending June 30:	
2019	\$ 27,687
2020	750,334
2021	439,511
2022	(252,916)
2023	229,021
Thereafter	681,268

Deferred outflows of \$1.466 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Actuarial Assumptions

Valuation Timing	June 30, 2016, rolled forward to June 30, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.75%
General Wage Growth	3.25%
Projected Salary Increases	3.51% to 11.51%
Investment Rate of Return	7.38%, net of investment expense, including inflation
Cost of Living Adjustments (COLA)	Based on changes in the Consumer Price Index from the previous January 1 to the current January 1, to the nearest 0.50% of 1.00%, limited to a maximum of 3.00%. Supplemental Targeted Adjustment for Retirees (STAR) COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MP2014 Ultimate Projection Scale. See June 30, 2016 actuarial valuation for details. It can be found at www.LACERA.com .
Experience Study	Covers the three year period ended June 30, 2016.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

8. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.25%, net of all expenses) was determined using a building block method in which a median, or expected, geometric rate of return was developed for each major asset class. The median rates were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. The assumptions used reflect a change in the discount rate from 7.63% as of June 30, 2016 to 7.38% as of June 30, 2017.

For the year ended June 30, 2017:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Global Equity	41.40%	5.70%
Fixed Income	27.80%	2.60%
Real Estate	11.00%	4.60%
Private Equity	10.00%	6.90%
Commodities	2.80%	1.60%
Hedge Funds	5.00%	3.10%
Other Opportunities	0.00%	4.50%
Cash	2.00%	(0.20)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is equal to the 7.25% long-term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.38%) or 1-percentage point higher (8.38%) than the current rate (in thousands):

	1% Decrease (6.38%)	Discount Rate (7.38%)	1% Increase (8.38%)
Net Pension Liability	\$19,188,603	\$10,849,931	\$ 3,956,420

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

8. PENSION PLAN-Continued

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2017 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

The County offers to its employees three deferred compensation plans created in accordance with Sections 401 and 457 of the Internal Revenue Code. One or more of these plans are available to substantially all employees and allow participants to defer a portion of their current income until future years.

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The Plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2018, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2018, were \$242.19 million.

The Savings Plan is a Section 401(k) defined contribution plan covering eligible full-time permanent employees of the County not covered by collective bargaining agreements and who desire to participate in the Plan. Employees eligible for voluntary participation in this plan are also eligible for participation in the Deferred Compensation and Thrift Plan. The plan is funded by employer and employee contributions. As of June 30, 2018, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2018, were \$64.56 million.

The Pension Savings Plan is a Section 457 defined contribution plan covering part-time, temporary and seasonal County employees who are not eligible to participate in the retirement programs provided through the LACERA. The Plan was established in lieu of employee coverage under Social Security. Participation in the plan is mandatory and employees must contribute a minimum of 4.5% of their eligible earnings and the County makes a contribution equal to 3% of compensation. Participants may contribute additional amounts beyond the required 4.5%. Total employer contributions for the year ended June 30, 2018, were \$7.98 million.

The plans are administered through a third-party administrator. The assets of the plans are held in trust by Wells Fargo Bank, N.A. and invested at the direction of the participants. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare

Plan Description

LACERA administers a cost-sharing, multi-employer Retiree Healthcare (RHC) OPEB program on behalf of the County, its affiliated Superior Court, and four outside districts. The outside districts include: Little Lake Cemetery District, Local Agency Formation Commission, Los Angeles County Office of Education and the South Coast Air Quality Management District.

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.

In June 2014, the LACERA Board approved the County's request to modify the agreements to create a new retiree healthcare benefit plan in order to lower its Retiree Healthcare Program (RHP) costs. Structurally, this means the County will be segregating all current retirees and current employees into RHP Tier 1 and placing all employees hired after June 30, 2014 into RHP Tier 2. Under the new RHP Tier 2, retirees who are eligible for Medicare will be required to enroll in that program. In addition, coverage will be available for employees or eligible survivors only.

Pursuant to the 1982, 1994, and 2014 Agreements between the County and LACERA, the parties agreed to the continuation of the health insurance benefits then in existence. The County agreed to subsidize a portion of the insurance premiums of certain retired members and their eligible dependents based on the member's length of service. The County further agreed to maintain the status quo of existing benefits provided to participants. As part of the 2014 Agreement, the County modified the existing healthcare benefit plan, which created a new benefit structure, Tier 2, for all employees hired after June 30, 2014. LACERA agreed not to change retired members' contributions toward insurance premiums or modify medical benefit levels without the County's prior consent. Active employees are not required to make contributions to the plan.

Pursuant to the California Government Code, the County established an irrevocable Other Postemployment Benefit (OPEB) Trust for the purpose of holding and investing assets to pre-fund the RHP, which LACERA administers. On May 15, 2012, the Los Angeles County Board of Supervisors entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. The OPEB Trust does not modify the County's benefit programs.

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 or www.LACERA.com.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided

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. Service includes all service on which the member's retirement allowance was based.

The RHC OPEB Program offers members an extensive choice of medical plans as well as two dental/vision plans. The medical plans are either HMOs or indemnity plans, and some are designed to work with Medicare benefits, such as the Medicare Supplement or Medicare HMO plans. Coverage is available regardless of preexisting medical conditions. Under Tier 2, retirees who are eligible for Medicare are required to enroll in that program. Medicare-eligible retirees and their covered dependents must enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan under Tier 2.

Medical and Dental/Vision - Program benefits are provided through third party insurance carriers with the participant's cost for medical and dental/vision insurance varying according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. The County contribution subsidizing the participant's cost starts at 10 years of service credit in the amount of 40% of the lesser of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. For each year of retirement service credit earned beyond 10 years, the County contributes four percent per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plans. Members are responsible for premium amounts above the benchmark plans, including those with 25 or more years of service credit.

Under Tier 1, the County subsidy is based on the coverage elected by the retiree. The benchmark plans are Anthem Blue Cross Plans I and II for medical and Cigna Indemnity Dental/Vision for dental and vision. Under Tier 2, the County subsidy is based on retiree only coverage. Tier 2 medical benchmark plans are Anthem Blue Cross Plans I and II for Medicare-ineligible members, Anthem Blue Cross Plan III for Medicare-eligible members, and Cigna Indemnity Dental/Vision for dental and vision plans.

Medicare Part B - The County reimburses the member's Medicare Part B Standard rate premiums paid by member to Social Security for Part B coverage, subject to annual approval by the County Board of Supervisors. Eligible members and their dependents must be enrolled in both Medicare Part A and Medicare Part B and enrolled in a LACERA- administered Medicare HMO Plan or Medicare Supplement Plan and meet all of the qualifications. Under Tier 2, the County reimburses for Medicare Part B (at the standard rate) for eligible members or eligible survivors only.

Disability - If a member is granted a service-connected disability retirement and has less than 13 years of service, the County contributes the lesser of 50% of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. Under Tier 2, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52% subsidy. This percentage increases 4% for each additional completed year of service, up to a maximum of 100%.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided-Continued

Death/Burial Benefit - There is a one-time lump-sum \$5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree, reimbursed to LACERA by the County. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this death benefit.

Contributions

The County's required contribution during FY 2017-2018 is on a pay-as-you-go basis. During FY 2017-2018, the County made payments to LACERA totaling \$559.08 million for retiree health care benefits. Included in this amount was \$61.70 million for Medicare Part B reimbursements and \$8.70 million in death benefits. Additionally, \$44.8 million was paid by member participants. During FY 2017-2018, the County also contributed \$120.80 million in excess of the pay-as-you-go amounts.

Investments

The LACERA Board of Investments is responsible for setting the investment policy and investing any contributions made to the OPEB Trust from the participating employers. The OPEB Trust has a long-term investment horizon, and utilizes an asset allocation which encompasses a strategic, long-run perspective of capital markets. The current target asset allocation is invested in high quality, short-term fixed income instruments and any remaining assets invested in a passive global equity portfolio. This policy provides for diversification of assets in an effort to maximize the total return of the OPEB Trust consistent with market conditions and risk control. The following was the adopted asset allocation policy as of June 30, 2017.

Asset Class	Target Allocation	Expected Geometric Nominal Return (30 years)	Expected Geometric Real Return (30 years)
Cash	11.20%	3.05%	0.31%
Short-Term U.S. Bonds	7.28%	3.90%	1.14%
U.S. Equity	44.02%	6.44%	3.61%
Foreign Developed Equity	18.75%	6.87%	4.02%
Emerging Markets Equity	18.75%	7.68%	4.82%
Total	100.00%	6.66%	3.81%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Healthcare OPEB Plan

Annual RHC OPEB Expense and Net OPEB Liability

At June 30, 2018, the County reported a liability of \$25.249 billion for its proportionate share of the net RHC OPEB liability. The net RHC OPEB liability was measured as of June 30, 2017, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2016, projected forward to the measurement date taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net OPEB liability was based on a projection of the County's future contribution effort to the OPEB plan relative to the projected contributions of all OPEB participants actuarially determined. At June 30, 2017, the County's proportionate share was 95.39%, which was an increase of 0.09% from the proportion measured at June 30, 2016.

For the year ended June 30, 2018, the County recognized OPEB expense of \$1.971 billion which is reported as \$1.636 billion for governmental activities and \$0.335 million for business-type activities. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of change in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to RHC OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	\$ 41,152	\$
Change of assumptions	1,491,716	
Change in proportion and differences between County contributions and the proportionate share of contributions	141,408	139,553
Contributions made subsequent to measurement date		679,872
Total	<u>\$ 1,674,276</u>	<u>\$ 819,425</u>

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the net RHC OPEB liability to be recognized in future periods in a systematic and rationale manner in accordance with GASB 75. Investment gains or losses are recognized in OPEB expense over a five year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life of all active and inactive members, which is 9 years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Annual RHC OPEB Expense and Net OPEB Liability-Continued

Amounts currently reported as deferred outflows and inflows of resources, other than contributions related to RHC OPEB, will be recognized in RHC OPEB expense as follows (in thousands):

	<u>Deferred Outflows/(Inflows) of Resources</u>
Year Ending June 30:	
2019	\$ (196,985)
2020	(196,985)
2021	(196,985)
2022	(196,987)
2023	(186,696)
Thereafter	(560,085)

Deferred outflows of resources of \$679.87 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2016, rolled forward to June 30, 2017
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Market Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2017 actuarial valuation of retirement benefits. It can be found at www.LACERA.com .
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates P-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2016.
Discount Rate	4.69%
Long-term expected rate of return, net of investment expenses	6.66%
20 Year Tax-Exempt Municipal Bond Yield	3.58%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions-Continued

Healthcare Cost Trend rates:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	4.40%	4.50%
LACERA Medical Over 65	4.60%	4.50%
Part B Premiums	6.80%	4.35%
Dental/Vision	2.00%	3.70%
Weighted Average Trend	4.57%	4.47%

Discount Rate

GASB 75 requires determination of whether the OPEB Trust's Fiduciary Net Position is projected to be sufficient to make projected benefit payments. The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate) which was 3.58% as of June 30, 2017. For 2017, the long-term expected rate of return of 6.66% was applied to projected benefit payments from 2017 to 2052. The municipal bond rate was applied to the remaining periods. The resultant blended discount rate used to measure the Total OPEB Liability as of June 30, 2017 was 4.69%, an increase of 0.35% from the rate as of June 30, 2016.

Sensitivity of the County's Proportionate Share of the RHC OPEB Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net RHC OPEB liability calculated using the discount rate of 4.69%, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.69%) or 1-percentage point higher (5.69%) than the current rate (in thousands):

	<u>1% Decrease (3.69%)</u>	<u>Discount Rate (4.69%)</u>	<u>1% Increase (5.69%)</u>
Net RHC OPEB Liability	\$ 30,459,305	\$ 25,249,103	\$ 21,167,638

Sensitivity of the County's Proportionate Share of the RHC OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the County's proportionate share of the net RHC OPEB liability, as well as what the County's proportionate share of the net RHC OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net RHC OPEB Liability	\$ 20,433,664	\$ 25,249,103	\$ 31,697,598

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

OPEB Plan Fiduciary Net Position

Detailed information about OPEB plan fiduciary net position as of June 30, 2017 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Long-Term Disability

Plan Description

The County provides Long-Term Disability (LTD) benefits to employees and these benefits have been determined to fall within the definition of OPEB, per GASB 75. The LTD plans are administered by the County and are not administered through a trust. Each of the LTD Plans are a single employer plan and the amounts paid by the County are paid when the benefits become due during the reporting period. These LTD benefits provide for income replacement if an employee is unable to work because of illness or injury. The Board of Supervisors approved the County's original LTD plan effective March 3, 1982. Effective January 1, 1991, a new Megaflex plan was approved by the Board of Supervisors and includes a Megaflex LTD plan and a LTD Health Plan. The LTD Health Plan was added to the LTD program and made available to all participants effective January 1, 2002.

Benefits Provided

The benefit provisions of the four LTD plans is as follows:

Eligibility

Non-Megaflex Income/Survivor Income Benefit (SIB) - The Plans cover:

- (1) An employee who becomes totally disabled as a direct result of an injury or disease while performing his assigned duties; or,
- (2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County; or,
- (3) A qualified beneficiary of a deceased employee who had previously become totally disabled as a direct result of an injury or disease while performing his assigned duties;
- (4) A qualified beneficiary of a deceased employee who had previously become totally disabled after having completed five or more years of continuous service with the County.
- (5) A qualified beneficiary of an employee who dies as a direct result of an injury or disease while performing his assigned duties, or,
- (6) A qualified beneficiary of an employee who dies in active service after having completed five or more years of continuous service with the County.

Megaflex Income/SIB - The Plans covers:

- (1) An employee purchases LTD coverage and then becomes totally disabled; or,

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

- (2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County and is a member of Retirement Plan E.
- (3) the Qualified Beneficiary of a Retirement Plan E participant who is currently enrolled in the Survivor Income Benefit Plan at the time of death.

Non-MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

Benefit Formula

Non-Megaflex Income/SIB - The plan provides a Basic monthly benefit of:

- (1) 60% of Basic Monthly Compensation (commences after 6 months of disability)
- (2) Annual Cost of Living Adjustment (COLA), beginning after 2 years of benefit payments (limited to a maximum of 2%/year), if disabled after 1/1/2001.
- (3) For a qualified beneficiary, 55% of the LTD disability benefit that the employee was receiving or would have received immediately prior to death; and, continues for the life of the qualified surviving spouse/domestic partner and upon spousal death to the qualified children beneficiaries.

Megaflex Income/SIB - The plan provides a Basic monthly benefit of:

- (1) 40% or 60% of Basic Monthly Compensation (commences after 6 months of disability)
 - a. Plan E members
 - (1) With 5+ years of services 40% non-elective or can buy up to 60
 - (2) With less than 5 years of service: can buy 40% or 60%
 - b. Plan A, B, C, or D members: can buy 40% or 60%
- (2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2% per year), if disabled after 1/1/2001.
- (3) For a qualified beneficiary, the plan provides a Basic Monthly Benefit of 10%, 15%, 25%, 35%, or 50% of employee's monthly salary if they elected.

Non-MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Maximum Period

Non-Megaflex Income/SIB and Megaflex Income/SIB - LTD benefits stop when:

- (1) Employee is no longer totally disabled or turns age 65, whichever occurs first. However, if employee is age 62 or older when benefit commences, benefit can continue beyond age 65 (length depends on age at commencement) as follows:

Age at Disability	Maximum Period
62	3 ½
63	3
64	2 ½
65	2
66	1 ¾
67	1 ½
68	1 ¼
69 and older	1

or

- (2) Employee takes early or normal retirement under Plan E.

Employees covered by benefit terms

At June 30, 2018, the following employee were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:

Inactive employees or beneficiaries currently receiving benefit payments	2,518
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	74,357

LTD Health Plans

Inactive employees or beneficiaries currently receiving benefit payments	594
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	65,168

Total LTD OPEB LIABILITY

At June 30, 2018, the County reported a total LTD OPEB liability of \$1.073 billion. The total LTD OPEB liability was determined by an actuarial valuation as of July 1, 2017.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2017
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Inflation	The inflation rate is included in the salary increase percentage and the Healthcare cost trend rates.
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2017 RHC OPEB Program's actuarial valuation report. It can be found at www.LACERA.com .
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates - 2014 Ultimate Projection Scale.
Discount Rate	Equal to the municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate) as of June 2017, which was 3.58 percent as of June 30, 2017.

Healthcare Cost Trend rates:

Year	Rate (preMedicare/ post Medicare)	Year	Rate (pre Medicare/ post Medicare)
2017-2018	4.40%/4.60%	2037-2038	6.10%/5.60%
2018-2019	5.80%/6.00%	2047-2048	5.70%/5.60%
2019-2020	6.30%/6.00%	2057-2058	5.50%/5.80%
2020-2021	6.70%/6.50%	2067-2068	5.10%/5.30%
2021-2022	5.70%/6.10%	2077-2078	4.50%/4.60%
2022-2023	5.80%/6.10%	2087-2088	4.50%/4.60%
2023-2024	5.30%/5.30%	2097-2098	4.50%/4.50%
2024-2025	5.40%/5.40%	2099+	4.50%/4.50%
2025-2026	5.60%/5.40%		
2026-2027	5.80%/5.40%		
2027-2028	5.90%/5.50%		

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Changes in the Total LTD OPEB Liability (in thousands):

Total OPEB Liability at 6/30/2017	\$ 1,159,467
Service Cost	49,068
Interest	33,546
Changes of benefit terms	
Differences between expected and actual experience	589
Changes of assumptions or other inputs	(106,200)
Contributions	
Net Investment Income	
Benefit payments	(63,430)
Net Changes	<u>(86,427)</u>
Total LTD OPEB Liability at 6/30/2018	<u>\$ 1,073,040</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 2.85% as of 6/30/2016 to 3.58% as of 6/30/2017.

Sensitivity of the total LTD OPEB Liability to Changes in the Discount Rate

The following represents the County's total LTD OPEB liability calculated using the discount rate of 3.58%, as well as what the County's proportionate share of the total LTD OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current rate (in thousands):

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total LTD OPEB Liability	\$ 1,221,142	\$ 1,073,040	\$ 942,900

Sensitivity of the County's Total LTD OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the County's total LTD OPEB liability, as well as what the County's total LTD OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
Total LTD OPEB Liability	\$ 1,062,959	\$ 1,073,040	\$ 1,084,827

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long Term Disability-Continued

OPEB Expense and the Deferred Outflows of Resources and Deferred Inflows of Resources Related to LTD OPEB

For the year ended June 30, 2018, the County recognized LTD OPEB expense of \$30.925 million which is reported as \$25.602 million for governmental activities and \$5.323 million for business-type activities. OPEB expense represents the change in the total LTD OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of change in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to LTD OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Change in experience	\$	\$ 540
Change of assumptions	97,351	
Change in proportionate share	25,183	25,183
Amounts paid by the employer for OPEB benefits subsequent to the measurement date	20,541	
Total	<u>\$ 143,075</u>	<u>\$ 25,723</u>

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rationale manner in accordance with GASB 75. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 12 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

Amounts currently reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows (in thousands):

	Deferred Outflows/(Inflows) of Resources
Year Ending June 30:	
2019	\$ (8,800)
2020	(8,800)
2021	(8,800)
2022	(8,800)
2023	(8,800)
Thereafter	(52,811)

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long Term Disability-Continued

Combined Balances of the net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and the OPEB Expense

The following total balances are reflected in the accompanying statement of net position (in thousands):

	<u>RHC OPEB</u>	<u>LTD OPEB</u>	<u>Total</u>
Net OPEB Liability	\$25,249,103	\$1,073,040	\$26,322,143
Deferred Outflows of Resources	819,425	25,723	845,148
Deferred Inflows of Resources	1,674,276	143,075	1,817,351
OPEB Expense	1,970,614	30,925	2,001,539

10. 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, 2018 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 95,517
2020	75,581
2021	57,097
2022	43,085
2023	33,204
2024-2028	103,645
2029-2033	54,505
2034-2038	22,618
2039-2043	15,327
2044-2048	14,654
2049	733
Total	<u>\$ 515,966</u>

Rent expenses related to operating leases were \$97,382,000 for the year ended June 30, 2018.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

10. LEASES-Continued

Capital Lease Obligations

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of future minimum lease payments as of June 30, 2018 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2019	\$ 24,960	\$ 78
2020	27,008	78
2021	26,766	52
2022	26,431	34
2023	26,430	11
2024-2028	101,043	
2029-2033	73,402	
2034-2038	36,704	
Total	<u>342,744</u>	<u>253</u>
Less: Amount representing interest	180,138	18
Present value of future minimum lease payments	<u>\$ 162,606</u>	<u>\$ 235</u>

The following is a schedule of property under capital leases by major classes at June 30, 2018 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 32,238	\$
Buildings and improvements	142,638	
Equipment	58,270	276
Accumulated depreciation	(65,876)	(45)
Total	<u>\$ 167,270</u>	<u>\$ 231</u>

Future rent revenues to be received from noncancelable subleases are \$884,000 as of June 30, 2018.

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, asset development projects and Whiteman Airport. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. The asset development projects are ground leases and development agreements are entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Whiteman Airport lease is for hanger space. The asset development leases cover remaining periods ranging generally from 4 to 80 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 17 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 60 years and are accounted for in the General Fund. The airport lease covers a remaining period of 13 years and is accounted for in the Aviation Enterprise Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

10. LEASES-Continued

Leases of County-Owned Property-Continued

The land carrying value of the asset development project ground leases and the Marina del Rey Project area leases is \$640,790,000. The carrying value of the capital assets associated with the regional park and Whiteman Airport operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2018 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2019	\$ 45,733	\$ 187
2020	45,653	192
2021	45,633	197
2022	45,427	201
2023	42,788	206
Thereafter	1,607,422	1,848
Total	<u>\$ 1,832,656</u>	<u>\$ 2,831</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2018 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Minimum rentals	\$ 44,645	\$ 179
Contingent rentals	21,861	
Total	<u>\$ 66,506</u>	<u>\$ 179</u>

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

11. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans, pension (see Note 8), OPEB (see Note 9), capital lease obligations (see Note 10) and other liabilities, which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

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

	Original Par Amount of Debt	Balance June 30, 2018
Regional Park and Open Space District		
Bonds (issued by Public Works		
Financing Authority), 3.00% to 5.25%	\$ 275,535	\$ 28,505
NPC Bonds, 5.00%	26,986	15,182
Public Buildings Bonds and Notes,		
0.32% to 7.62%	1,075,096	1,063,220
Los Angeles County Securitization		
Corporation Tobacco Settlement		
Asset-Backed Bonds, 5.25% to 6.65%	319,827	400,085
NPC Bond Anticipation Notes, 1.57% to 2.43%	23,557	23,557
Marina del Rey Loans, 4.50% to 4.70%	23,500	13,174
Lease Revenue Obligation Notes, 1.20% to 2.70%	75,489	75,489
Total	<u>\$ 1,819,990</u>	<u>\$ 1,619,212</u>

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

	Original Par Amount of Debt	Balance June 30, 2018
NPC Bonds, 5.00%	\$ 10,494	\$ 5,903
Public Buildings Bonds and Notes,		
0.32% to 7.62%	774,228	750,188
NPC Bond Anticipation Notes, 1.57%	1,443	1,443
Lease Revenue Obligation Notes, 1.20% to 2.70%	249,101	249,101
Waterworks District Loans, 2.28%	8,869	7,315
Aviation Loan, 2.95%	2,000	1,715
Total	<u>\$ 1,046,135</u>	<u>\$ 1,015,665</u>

Assessment Bonds

The Regional Park and Open Space District (District) issued voter approved assessment bonds in 1997, some of which were advance refunded in FY 2004-2005 and the remainder in FY 2007-2008, to fund the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the District. As discussed in Note 4, the bonds were purchased by the Public Works Financing Authority (Authority) and similar bonds were issued as a public offering. The bonds issued by the Authority are payable from the pledged proceeds of annual assessments levied on parcels within the District's boundaries.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

Assessment Bonds-Continued

The bonds mature in FY 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 \$27,966,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were \$14,012,000 and \$125,567,000, respectively.

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 12,955	\$ 1,039
2020	13,620	352
Subtotal	26,575	<u>\$ 1,391</u>
Add: Unamortized bond premiums	1,930	
Total assessment bonds	<u>\$ 28,505</u>	

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established and are component units of the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed.

Principal and interest requirements on Certificates of Participation (COPs) and Bonds (NPC bonds, Public Buildings Bonds and COPs for governmental activities and NPC bonds and Public Buildings Bonds and COPs for business-type activities) are as follows (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds-Continued

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 40,057	\$ 66,077	\$ 20,981	\$ 44,716
2020	34,892	65,375	19,430	43,783
2021	39,571	56,608	18,727	42,815
2022	50,020	46,521	19,340	41,779
2023	49,821	44,126	20,184	40,669
2024-2028	160,277	192,176	116,288	182,762
2029-2033	180,899	141,829	148,361	139,606
2034-2038	176,279	90,145	188,716	84,915
2039-2043	169,381	36,438	172,789	20,810
2044-2046	63,360	4,362		
Subtotal	964,557	<u>\$ 743,657</u>	724,816	<u>\$ 641,855</u>
Add: Accretions	33,617			
Unamortized bond premiums	80,228		31,275	
Total certificates of participation and bonds	<u>\$ 1,078,402</u>		<u>\$ 756,091</u>	

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the Los Angeles County Securitization Corporation (LACSC) under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of \$ 319,827,000 and a residual certificate in exchange for the rights to receive and retain 25.9% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2018 were \$131,514,000. 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 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.7% interest rate at the time of the sale, was \$309,230,000. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

Principal and interest requirements (in thousands) for the Tobacco Settlement Asset-Backed bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$	\$ 19,194
2020		19,194
2021	22,115	19,194
2022		17,136
2023		17,136
2024-2028		85,680
2029-2033	46,370	69,311
2034-2038	62,196	60,223
2039-2043	53,157	38,737
2044-2046	97,824	16,173
Subtotal	281,662	<u>\$ 361,978</u>
Add: Accretions	118,423	
Total tobacco settlement asset-backed bonds	<u>\$ 400,085</u>	

Notes, Loans, and Lease Revenue Obligation Notes

Notes and Loans

BANs are issued by the LACCAL 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 lease obligations with a three-year term secured by County real property. During FY 2017-2018, LACCAL, an Internal Service Fund, issued additional BANs in the amount of \$20,000,000 as reflected in governmental activities and \$0 as reflected in business-type activities.

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

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of \$3,410,000 and \$5,473,000 from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Notes and Loans-Continued

principal and interest payments of the loans are expected to require less than 46.73% of the annual surcharge revenues. During FY 2017-2018, the County did not obtain any additional loans. As of June 30, 2018, total loans drawn are \$3,396,000 on the Sepulveda Feeder Interconnection project and \$5,473,000 on the Marina del Rey Waterline Replacement project.

In July 2014, the Board approved the Whiteman Airport Leasehold Interest Acquisition Project, with a total Project cost of \$4,020,000. To partially finance the acquisition, the Aviation Fund obtained an Airport Development Loan from the State of California Department of Transportation, Aeronautics Program for \$2,000,000 with an annual interest rate of 2.95%. The Airport Development Loan will be repaid over 17 years with revenue generated by rental income. During FY 2017-2018, the County did not obtain any additional airport development loans.

Lease Revenue Obligation Notes

Lease revenue obligation notes (LRON) 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 may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON are secured by two irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON, and one revolving credit facility with an additional bank supporting the issuance of direct placement revolving notes. This program is secured by sixteen County-owned properties pledged as collateral in a lease-revenue financing structure with the LACCAL. The LOCs and the revolving credit facility were issued for a three-year period and have a termination date of April 12, 2019. The County has the option to extend the LOCs and the revolving credit for an additional one-year period or to some other term mutually agreed to with the participating banks.

The aggregate maximum principal amount of the two LOCs is \$300,000,000, which consists of \$100,000,000 of Series A (Bank of the West), and \$200,000,000 of Series B (U.S. Bank). The maximum principal amount of the Series C (Wells Fargo) direct placement revolving credit facility is \$200,000,000. The County is responsible for the payment of a non-refundable letter of credit fee for each LOC and a non-refundable commitment fee for the revolving credit facility on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for Series A is equal to 0.35% of the maximum principal amount of the LOC. For Series B, the letter of credit fee is equal to 0.43% of the maximum principal amount of the LOC. The commitment fee for the Series C revolving notes issued through the Wells Fargo credit facility is equal to 0.30% of the maximum principal amount. As of June 30, 2018, \$324,590,000 of LRON issued under the program were outstanding, including \$98,090,000 of Series A, \$200,000,000 of Series B, and \$26,500,000 of Series C.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes-Continued

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. During FY 2017-2018, the County redeemed \$1,910,000 and reissued \$32,732,000 for governmental activities and reissued \$159,728,000 for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional \$132,130,000 of new County LRON, which is reported as \$42,757,000 for governmental activities and \$89,373,000 for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2018 is \$324,590,000, which is reported as \$75,489,000 for governmental activities and \$249,101,000 for business-type activities. The average interest rate on LRON issued in FY 2017-2018 was 1.06%.

Principal and interest requirements on NPC BANS, Marina del Rey Loans and LRON for governmental activities and NPC BANS, Waterworks District Loans, Aviation Loan and LRON for business-type activities are as follows (in thousands):

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 79,998	\$ 593	\$ 250,835	\$ 134
2020	20,995	550	492	208
2021	1,039	505	504	196
2022	1,086	458	516	184
2023	1,135	410	528	171
2024-2028	6,489	1,234	2,841	657
2029-2033	1,478	67	3,054	293
2034-2035			804	19
Total notes, loans, and LRON	<u>\$ 112,220</u>	<u>\$ 3,817</u>	<u>\$ 259,574</u>	<u>\$ 1,862</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

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

<u>Debt Type</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Assessment bonds	\$ 26,575	\$ 1,391	\$	\$
Certificates of participation and bonds	964,557	743,657	724,816	641,855
Tobacco settlement asset-backed bonds	281,662	361,978		
Notes, loans, and LRON	112,220	3,817	259,574	1,862
Subtotal	1,385,014	<u>\$ 1,110,843</u>	984,390	<u>\$ 643,717</u>
Add: Accretions	152,040			
Unamortized premiums on bonds payable	82,158		31,275	
Total bonds and notes	<u>\$ 1,619,212</u>		<u>\$ 1,015,665</u>	

Long-term liabilities recorded in the government-wide statement of net position include accreted interest on zero coupon bonds and unamortized bond premiums.

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. GASB 86 requires that debt also be considered defeased when cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust to extinguish debt (Note 2). Accordingly, the trust account assets and the related debt service payments for the defeased bonds would not be reflected in the County's statement of net position. At June 30, 2018, there were no outstanding bonds and certificates of participation considered defeased.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2018 (in thousands):

	Balance July 1, 2017	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Bonds and notes payable	\$ 1,388,537	95,489	99,012	\$ 1,385,014	\$ 133,010
Add: Unamortized premium on bonds payable	83,846		1,688	82,158	2,060
Total bonds and notes payable	1,472,383	95,489	100,700	1,467,172	135,070
Interest accretion on capital appreciation bonds payable	158,759	3,384	10,103	152,040	13,635
Other long-term liabilities:					
Capital lease obligations (Note 10)	151,941	17,661	6,996	162,606	7,061
Accrued compensated absences	1,463,066	201,775	107,383	1,557,458	94,981
Workers' compensation (Note 18)	2,309,735	622,898	423,198	2,509,435	421,809
Litigation and self-insurance (Note 18)	212,540	75,565	80,382	207,723	118,412
Pollution remediation obligation (Note 19)	22,081	30,173	6,232	46,022	3,830
Net pension liability (Note 8)	8,831,107	390,590		9,221,697	
Net OPEB liability, as restated (Note 2, 9)	22,012,693		196,880	21,815,813	
Third party payor	61,504	31,392	38,590	54,306	39,936
Total governmental activities	<u>\$36,695,809</u>	<u>1,468,927</u>	<u>970,464</u>	<u>\$ 37,194,272</u>	<u>\$ 834,734</u>
Business-type activities:					
Bonds and notes payable	\$ 917,351	249,101	182,062	\$ 984,390	\$ 271,816
Add: Unamortized premium on bonds payable	32,004		729	31,275	1,157
Total bonds and notes payable	949,355	249,101	182,791	1,015,665	272,973
Other long-term liabilities:					
Capital lease obligations (Note 10)		276	41	235	70
Accrued compensated absences	213,663	27,742	15,791	225,614	14,366
Workers' compensation (Note 18)	329,818	56,331	37,156	348,993	37,453
Litigation and self-insurance (Note 18)	88,979	11,360	8,789	91,550	26,661
Net pension liability (Note 8)	1,441,564	186,670		1,628,234	
Net OPEB liability, as restated (Note 2, 9)	4,550,039		43,709	4,506,330	
Third party payor (Note 14)	1,052,496	248,255	567,654	733,097	269,624
Total business-type activities	<u>\$ 8,625,914</u>	<u>779,735</u>	<u>855,931</u>	<u>\$ 8,549,718</u>	<u>\$ 621,147</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

11. 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 County Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences, pension, OPEB, and litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes. Accretions decreased during FY 2017-2018, thereby decreasing liabilities for Bonds and Notes by \$6,719,000 for governmental activities. Note 18 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance.

Discretely Presented Component Unit

Long-term debt obligations and corresponding activity for the CDC discretely presented component unit for the year ended June 30, 2018, was as follows (in thousands):

	July 1, 2017	Additions	Maturities	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Bonds and notes payable	\$ 17,535	511	2,660	\$ 15,386	\$ 2,509
Compensated absences	856	1,120	1,073	903	812
Capital lease obligations	29	1,172	221	980	245
Claims payable	4,237	2,632	2,323	4,546	455
Net pension liability	15,967	8,500	1,947	22,520	
Net OPEB liability, as restated (Note 2)	3,000	181	1,073	2,108	
Total governmental activities	<u>\$ 41,624</u>	<u>14,116</u>	<u>9,297</u>	<u>\$ 46,443</u>	<u>\$ 4,021</u>
Business-type activities:					
Bonds and notes payable	\$ 37,005		665	\$ 36,340	\$ 700
Compensated absences	734	947	907	774	697
Net pension liability	11,942	6,733	1,793	16,882	
Net OPEB liability, as restated (Note 2)	470	28	168	330	
Total business-type activities	<u>\$ 50,151</u>	<u>7,708</u>	<u>3,533</u>	<u>\$ 54,326</u>	<u>\$ 1,397</u>
Total long-term obligations	<u>\$ 91,775</u>	<u>21,824</u>	<u>12,830</u>	<u>\$ 100,769</u>	<u>\$ 5,418</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

12. SHORT-TERM DEBT

On July 3, 2017, the County issued \$800,000,000 of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.90%. 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 2017. The notes matured and were redeemed on June 29, 2018.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2018, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$28,047,000 and limited obligation improvement bonds totaling \$2,372,000. 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.

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, 2018, the amount of industrial development and other conduit bonds outstanding was \$69,060,000.

Redevelopment Refunding Bonds

The County of Los Angeles Redevelopment Refunding Authority, a joint powers authority between the County and the Public Works Financing Authority, was established to issue bonds that would enable successor agencies to former redevelopment agencies within the County to refund their outstanding tax allocation bonds in order to achieve debt service savings and to provide significant economies of scale through reduced costs of issuance and lower interest rates. The bonds are secured by a lien on future tax revenues of successor agencies. 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, 2018, the amount of redevelopment refunding bonds outstanding was \$669,427,000.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. 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 Demonstration Project: Medi-Cal 2020

On December 30, 2015, the federal Centers for Medicaid and Medicare Services (CMS) approved the special terms and conditions (STCs) for Medi-Cal 2020 - a five-year renewal of California's Section 1115(a) Medi-Cal Demonstration Project, which provides California with new federal funding through programs with an intent to shift focus away from hospital-based and inpatient care, towards outpatient, primary, and preventative care. Medi-Cal 2020 covers the period January 1, 2016 to December 31, 2020.

Revenues for the public hospitals under Medi-Cal 2020 are composed of:

- 1) Global Payment Program
- 2) Public Hospitals Redesign and Incentives in Medi-Cal
- 3) Whole Person Care

Global Payment Program

The Global Payment Program (GPP) is a payment reform program that aims to change the way county-owned and operated Public Hospital Systems (PHS) in California are compensated for providing care to the remaining uninsured. The program encourages a shift away from cost-based, hospital-centric models of care, through financial incentives to provide cost-effective primary and specialty care.

The GPP funds are comprised of Disproportional Share Hospital (DSH) funds that otherwise would have been allotted to a PHS, and Safety Net Uncompensated Care Pool (SNCP). DSH is a federal program to support safety-net hospital caring for a disproportionate share of low-income patients. SNCP was established under California's 2005 waiver to support services provided to uninsured patients. The GPP lifts restrictions that have historically impeded providing services for the remaining uninsured in the most appropriate setting for each patient, and now includes non-traditional methods of care delivery that have not been covered under either program.

The shift from volume to value is done through a value-based point methodology, which takes into account both the value of care to the patient, and the recognition of costs to the health care system.

Each participating PHS has an opportunity to earn a global budget for care to the remaining uninsured, and must meet service thresholds to receive full funding. Points are assigned to services in the following categories:

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project: Medi-Cal 2020-Continued

Global Payment Program-Continued

- Traditional Outpatient (e.g., primary or specialty care visit, dental, ER/urgent care, mental health visit)
- Non-Traditional Outpatient (e.g., health coaching, care navigation, community wellness encounters)
- Technology-Based Outpatient (e.g., nurse advice line, email consultation, provider-to-provider eConsult for specialty care)
- Inpatient and Facility Stays (e.g., trauma care, ICU stays, recuperative care, respite care, sober center stays, skilled nursing facility stays).

The County provides funding for the State of California's (State's) share of the program by "using Intergovernmental Transfers (IGTs)" to draw down federal matching funds.

The estimated GPP revenues and related IGTs recorded in FY 2017-2018, in thousands, were as follows:

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 342,431	\$ 176,969
Olive View-UCLA Medical Center	149,586	80,118
LAC+USC Medical Center	588,081	364,571
Rancho Los Amigos National Rehab Center	52,449	35,927
Total	<u>\$ 1,132,547</u>	<u>\$ 657,585</u>

The General Fund received \$100.21 million for GPP, which was recorded as "Charges for Services" revenue on the governmental funds statement.

Public Hospital Redesign and Incentives in Medi-Cal

The Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program is the successor to the 2010 Bridge to Reform waiver's Delivery System Reform Incentive Program (DSRIP), a pay-for-performance program that improves care delivery to prepare California's PHS for an influx of newly covered patients through the implementation of the Affordable Care Act (ACA).

PRIME directs PHS, district, and municipal hospitals to use evidence-based quality improvement methods to achieve ambitious, year-over-year performance targets. All federal funding for this program is contingent on meeting these targets.

Efforts within PRIME include (1) increasing the capability to furnish patient-centered, data driven, team-based care, (2) improving the capacity to provide point-of-care services, complex care management and population health management, (3) improving population and health outcomes, (4) high quality care that integrates physical and behavioral health services in the most appropriate setting and (5) moving towards value-based payments. The estimated revenues below, in thousands, were recorded as "other operating revenues" in FY 2017-2018:

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project: Medi-Cal 2020-Continued

Public Hospital Redesign and Incentives in Medi-Cal-Continued

	PRIME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 170,303	\$ 128,200
Olive View-UCLA Medical Center	109,137	50,656
LAC+USC Medical Center	69,466	59,151
Rancho Los Amigos National Rehab Center	69,635	44,997
Total	<u>\$ 418,541</u>	<u>\$ 283,004</u>

The General Fund received \$147.47 million for PRIME, and was recorded as "Intergovernmental Revenue Federal" on the governmental funds statement.

Whole Person Care

Whole Person Care (WPC) pilot program focuses on coordination of health, behavioral health, and social services in a patient-centered manner with the goals of improved beneficiary health and well-being through more efficient and effective use of resources.

WPC program is on a calendar year basis, starting with 2016. The General Fund received \$156.08 million for WPC revenues, which were recorded as "Intergovernmental Revenue Federal" on the governmental funds statement. In addition, the General Fund recorded \$92.49 million of WPC IGT expenditures, which were recorded as health and sanitation expenditures on the governmental funds statement.

Medi-Cal Demonstration Project: Bridge to Reform

Bridge to Reform was approved in November 2010 by CMS, pursuant to Section 1115(a) of the Social Security Act. This waiver affected many aspects of Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State drew down federal matching funds. Bridge to Reform covered the period November 1, 2010 to October 31, 2015, with a temporary extension to December 31, 2015.

Although DSH and SNCP ended in FY2014-2015, the Department of Health Care Services (DHCS) has yet to perform the final reconciliation for various program years. In FY 2017-2018, the financial impact of these programs is immaterial.

Low Income Health Program (LIHP) / Healthy Way LA (HWLA) Out-of-Network (OON)

On January 21, 2014, the Board authorized DHS to make an IGT to fund the non-federal share of supplemental payments to private hospitals for OON emergency care and post-stabilization services provided to the LIHP's MCE population. However, DHCS recently notified DHS that CMS denied the LIHP OON supplemental payment. Therefore, the accrual for the prior years IGTs, amounting to \$6.02 million was eliminated.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Managed Care for Seniors and Persons with Disabilities

Under the Medi-Cal Demonstration Project, in an effort to provide more coordinated care and contain costs, Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) are required to enroll in managed care plans, rather than using a fee for service system. In FY 2017-2018, an estimated \$134.77 million of SPD revenues were recorded as part of net patient service revenue.

The Medi-Cal Demonstration Project required the County to make IGTs to the State to fund the non-federal share of Medi-Cal inpatient payments for the SPD managed care population. Expenses associated with such IGTs were negative \$1.89 million in FY 2017-2018 due to IGT adjustments to close out the prior year for the program that ended in FY 2016-2017.

The General Fund received \$0.01 million for SPD, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Affordable Care Act

On January 1, 2014, when the federal health care reform of the Patient Protection went into effect, the Hospital Presumptive Eligibility program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

The Medicaid Coverage Expansion (MCE), also known as the Optional Medicaid Expansion program, provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138% of the Federal Poverty Level. The Federal Medical Assistance Percentage (FMAP) for the MCE Program is 100% from July 1, 2016 through December 31, 2016, 95% from January 1, 2017 through December 31, 2017, and 94% effective January 1, 2018.

During FY2017-2018, LA Care Health Plan (LA Care), one of the health plans which subcontracts with the County to provide services for their Medi-Cal managed care members, continued to pay the County managed care capitation payments based on the FY 2016-2017 contract rates. The two organizations worked together to determine the new rates and the negotiated rates were finalized in September 2018 but the agreements have not yet been executed. For the MCE capitated lives, the official MCE rates decreased for FY2017-2018. The County will pay back LA Care in FY 2018-2019 approximately \$193.88 million, which was reflected as third party payor liability due within one year. Refer to Third Party Payor Liability section of this Note below for additional information.

In FY 2017-2018, the total estimated MCE revenues and related estimated IGTs, including prior year over/under-realization were as follows (in thousands):

	Program Revenues	Intergovernmental Transfers Expense
MCE	\$ 309,017	\$ 27,100
MCRS - MCE	95,423	7,886
Total	<u>\$ 404,440</u>	<u>\$ 34,986</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs

Medi-Cal Fee-For-Service

The Medi-Cal Demonstration Project restructured the financing method by which the State draws down federal matching funds for the inpatient hospital fee-for service (FFS) to cost-based reimbursement. The nonfederal share of the Medi-Cal FFS are provided by the hospitals primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financing participation, currently provided at a 50% match. For FY 2017-2018, an estimated \$390.28 million of Medi-Cal FFS revenues were recorded as part of net patient service revenue.

Medi-Cal Physician State Plan Amendment

The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Revenues of \$23.28 million were recognized and recorded as part of net patient service revenue during FY 2017-2018 and included adjustments for the over/under-realization of revenues associated with FYs 2006-2007 through FY2009-2010 and FYs 2014-2015 through FY2016-2017.

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburses 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, outpatient centers and Ambulatory Care Network health centers (excluding clinics that provide predominately public health services). CBRC revenues in FY 2017-2018 were \$241.61 million. As of June 30, 2018, the County estimated that approximately \$132.19 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a noncurrent asset in the proprietary fund statements of net position for each hospital. Liabilities associated with CBRC are discussed in the Third Party Payor Liability section of this Note.

The General Fund received \$1.19 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement.

Medi-Cal Cost Report Settlements

In FY 2017-2018, the County recognized favorable audit settlements of \$113.36 million related to FY 2012-2013, FY 2014-2015, and FY 2015-2016. The County's various level appeals to the Office of Administrative Appeals of certain audit adjustments have been favorably resolved resulting in \$4.57 million of final settlement revenues.

The State auditors are in the process of auditing the FY 2016-2017 cost reports and settlements are expected by the 4th quarter of FY 2018-2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplements

The State is obtaining CMS' approval to continue the Medi-Cal Managed Care Rate Supplements (MCRS) paid to LA Care and Health Net Health Plans for FY 2017-2018. The supplements are funded by IGTs made by the County. The County does not receive the supplemental payments directly from the State; rather, the State contracts with LACare and Health Net, which then subcontract for services with various provider networks.

In addition, in order to receive the supplemental payments, the County is required by Welfare and Institutions Code Section 14301.4, to pay the State a 20% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2017-2018, including prior year over/under realization, were as follows (in thousands):

	MCRS Revenues	Intergovernmental Transfers Expense
LA Care	\$ 189,024	\$ 73,668
Health Net	80,173	37,863
Total	<u>\$ 269,197</u>	<u>\$ 111,531</u>

Managed Care Rule

On April 25 2016, CMS published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule. The rule, many provisions of which went into effect July 1, 2017, is an update to the regulatory framework for Medicaid, aligning it as much as possible with Medicare and other commercial insurance requirements for issues like rate setting, access standards, grievances and appeals, and quality.

The managed care rule limits the ability of states to direct payments to health care providers, unless certain conditions are met. Among the allowable exceptions are payments tied to performance, and payments that provide a uniform payment increase which includes a pre-determined increase over contracted rates. The previous SPD-SB208 and AB85 MCE-to-Cost programs did not meet these conditions. In order to retain this critical funding, the following two programs were introduced:

1. Enhanced Payment Program
2. Quality Incentive Program

Enhanced Payment Program

The Enhanced Payment Program (EPP) creates a funding to be used to supplement the base rates public health care systems receive through Medi-Cal managed care contracts, meant to meet the managed care rule's exception that allows payments that provide a uniform increase within a class of providers such as a predetermined increase over contracted rates.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Enhanced Payment Program-Continued

Enhanced payments public health care systems would be eligible to receive depend largely on systems' existing payment arrangements with their managed care plans. Under the proposed structure, health plans would receive an add-on to their managed care rates and would provide interim payments to providers throughout the year. Payments would be reconciled at the end of the year, protecting health plans from any risk associated with payment.

At FY 2017-2018 year-end, the estimated EPP revenues and related IGTs are as follows (in thousands):

	EPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 155,941	\$ 19,021
Olive View-UCLA Medical Center	95,202	14,162
LAC+USC Medical Center	190,019	20,988
Rancho Los Amigos National Rehab Center	5,979	1,386
Total	<u>\$ 447,141</u>	<u>\$ 55,557</u>

Quality Incentive Program

The Quality Incentive Program (QIP) is meant to meet the Managed Care Rule's exception that allows payments tied to performance.

The QIP represents a new pay for performance program for California's public health care systems that would convert funding from previously-existing supplemental payments into a value-based structure. QIP payments are tied to the achievement of performance on a set of clinically-established quality measures for Medi-Cal managed care enrollees.

The QIP is structured similar to the PRIME program. The QIP's measures do not directly overlap with any of the quality measures being used in PRIME, but are designed to be complementary.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Quality Incentive Program-Continued

At FY 2017-2018 year-end, the estimated QIP revenues and related IGTs are as follows (in thousands):

	QIP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 47,212	\$ 23,606
Olive View-UCLA Medical Center	27,690	13,845
LAC+USC Medical Center	55,103	27,551
Rancho Los Amigos National Rehab Center	9,145	4,573
Total	<u>\$ 139,150</u>	<u>\$ 69,575</u>

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of \$733.10 million (see Note 11) as of June 30, 2018, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are \$269.63 million. Due to a decrease in MCE rates for FYs 2015-2016 and 2016-2017, the County will pay back LA Care in FY 2018-2019 approximately \$193.88 million. In addition, it is estimated that the County's Hospitals will pay \$1.62 million in additional CBRC unallowable costs in FY 2018-2019.

The noncurrent liabilities for third party payors are \$463.47 million. The primary programs associated with third party payors liabilities include DSH (\$239.36 million), Medi-Cal (\$75.36 million), SNCP (\$54.95 million), Medicare (\$68.74 million), SPD (\$12.27 million) and other miscellaneous programs (\$12.79 million).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2018 (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	\$ 3,056,352	\$ 1,832,175	\$ 4,429,974	\$ 717,854	\$ 10,036,355
Less: Allowance for uncollectible amounts	<u>2,316,690</u>	<u>1,387,453</u>	<u>3,600,514</u>	<u>509,411</u>	<u>7,814,068</u>
Accounts receivable - net	<u>\$ 739,662</u>	<u>\$ 444,722</u>	<u>\$ 829,460</u>	<u>\$ 208,443</u>	<u>\$ 2,222,287</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. 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 the Department's Ability-to-Pay program, through other collection efforts by the Department, by the Treasurer and 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 year ended June 30, 2018 is as follows (in thousands):

Estimated cost of charity care	\$ 582,433
Charity care at established rates	1,060,335

Realignment

As a result of the ACA, the State of California (State) adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment funds will be redirected to support Social Services programs based on a formula. The redirection is based on the assumption that the counties will decrease their cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio is 80% State and 20% County for FYs 2014-2015 and beyond. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected.

In FY 2017-2018, the State did not withhold any County's Health Realignment funds. This amount is expected to be reconciled against actual revenues and expenses for FY 2017-2018 within two years. The redirection amount will be subject to the State's review and approval. The financial impact of the potential redirection of realignment funding in future years is not yet known.

In FY 2016-2017, the State withheld \$5.61 million from the County's Health Realignment funds. However, based on updated revenues realized for FY 2016-2017 services in FY 2017-2018, the projected redirection amount is \$231.70 million. As a result, the "Intergovernmental Revenue State" revenue has been reduced by \$226.09 million in the County's General Fund in FY 2017-2018.

In FY 2015-2016, the State withheld \$100.73 million from the County's Health Realignment funds. However, based on updated revenues realized for FY 2015-2016 services in FY 2017-2018, the projected redirection amount is \$314.31 million. As a result, the "Intergovernmental Revenue State" revenue has been reduced by \$213.58 million in the County's General Fund in FY 2017-2018.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Martin Luther King, Jr. Community Hospital

The County and the University of California ("UC"), with the State, have created a wholly independent, non-profit 501(c)(3) entity, the Martin Luther King, Jr. - Los Angeles Healthcare Corporation (MLK-LA), to operate a new hospital at the MLK-MACC site. The hospital will: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010. The new MLK Community Hospital opened on May 14, 2015.

To assist with the opening of the MLK Hospital, the County provided MLK-LA with \$50.00 million of coordination start-up funds, \$39.10 million of grant funding, and \$82.00 million of long-term loan funding, which includes a 30-year loan in the amount of \$50.00 million, a 10-year revolving line of credit in the amount of \$20.00 million, and a 2-year loan in the amount of \$12.00 million. On January 5, 2016, the Board of Supervisors approved an additional short-term revolving loan in the amount of \$40.00 million to assist MLK-LA with post-hospital opening expenses. All the loans have been repaid in full, with the exception of the 30-year loan, which has a current outstanding balance of \$46.43 million. In addition, the DHS has committed to make ongoing annual payments of \$18.00 million for indigent care support, and \$50.00 million of intergovernmental transfers for the benefit of the MLK Hospital.

15. 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. The majority of the interfund balances resulted from the time lag between the time that (1) goods and services were provided; (2) the recording of those transactions in the accounting system; and (3) payments between the funds were made. 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, 2018.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

15. 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, 2018 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	\$ 16,014
	Flood Control District	5,667
	County Library	4,304
	Regional Park and Open Space District	6,652
	Mental Health Services Act	230,933
	Nonmajor Governmental Funds	116,738
	Harbor-UCLA Medical Center	64,713
	Olive View-UCLA Medical Center	41,723
	LAC+USC Medical Center	154,625
	Rancho Los Amigos Nat'l Rehab Center	15,013
	Waterworks Enterprise Funds	419
	Nonmajor Aviation Funds	30
	Internal Service Funds	8,363
		<u>665,194</u>
Fire Protection District	General Fund	1,083
	Nonmajor Governmental Funds	<u>1,256</u>
		<u>2,339</u>
Flood Control District	General Fund	1,691
	Nonmajor Governmental Funds	1,381
	Waterworks Enterprise Funds	231
	Nonmajor Aviation Funds	32
	Internal Service Funds	11,784
		<u>15,119</u>
County Library	General Fund	15,106
	Fire Protection District	1
	Flood Control District	6
	Nonmajor Governmental Funds	82
		<u>15,195</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Mental Health Services Act	General Fund	\$ 1,623
Nonmajor Governmental Funds	General Fund	17,998
	Fire Protection District	2
	Flood Control District	28
	Nonmajor Governmental Funds	10,910
	Internal Service Funds	16,137
		<u>45,075</u>
Harbor-UCLA Medical Center	General Fund	65,324
	Fire Protection District	21
	Nonmajor Governmental Funds	28,142
	Olive View-UCLA Medical Center	7,036
	LAC+USC Medical Center	3,079
	Rancho Los Amigos Nat'l Rehab Center	950
		<u>104,552</u>
Olive View-UCLA Medical Center	General Fund	48,037
	Fire Protection District	163
	Nonmajor Governmental Funds	7,333
	Harbor-UCLA Medical Center	10,381
	LAC+USC Medical Center	10,999
	Rancho Los Amigos Nat'l Rehab Center	1,299
		<u>78,212</u>
LAC+USC Medical Center	General Fund	12,767
	Fire Protection District	114
	Nonmajor Governmental Funds	68,786
	Harbor-UCLA Medical Center	10,349
	Olive View-UCLA Medical Center	115
	Rancho Los Amigos Nat'l Rehab Center	7,799
		<u>99,930</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	\$ 19,324
	Fire Protection District	31
	Harbor-UCLA Medical Center	17
	LAC+USC Medical Center	15
		<u>19,387</u>
Waterworks Enterprise Funds	General Fund	53
	Internal Service Funds	1,464
		<u>1,517</u>
Nonmajor Aviation Funds	Fire Protection District	9
	Internal Service Funds	149
		<u>158</u>
Internal Service Funds	General Fund	25,094
	Fire Protection District	467
	Flood Control District	25,646
	Nonmajor Governmental Funds	36,690
	Harbor-UCLA Medical Center	2,473
	Olive View-UCLA Medical Center	51
	LAC+USC Medical Center	39
	Rancho Los Amigos Nat'l Rehab Center	1,432
	Waterworks Enterprise Funds	5,158
	Nonmajor Aviation Funds	879
		<u>97,929</u>
Total Interfund Receivables/Payables		<u><u>\$ 1,146,230</u></u>

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the County Library and the four 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 augment funding for programs operated in the General Fund and hospitals.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2018 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	\$ 1,590
	County Library	46,294
	Nonmajor Governmental Funds	106,051
	Harbor-UCLA Medical Center	217,612
	Olive View-UCLA Medical Center	187,796
	LAC+USC Medical Center	117,923
	Rancho Los Amigos Nat'l Rehab Center	6,943
	Internal Service Funds	181
		<u>684,390</u>
Fire Protection District	Nonmajor Governmental Funds	<u>5,560</u>
Flood Control District	Nonmajor Governmental Funds	23
	Internal Service Funds	2,784
		<u>2,807</u>
County Library	General Fund	1,326
	Nonmajor Governmental Funds	1,807
		<u>3,133</u>
Mental Health Services Act	General Fund	<u>518,652</u>
Nonmajor Governmental Funds	General Fund	196,683
	Fire Protection District	21,942
	Nonmajor Governmental Funds	15,243
	Harbor-UCLA Medical Center	55,386
	Olive View-UCLA Medical Center	28,893
	LAC+USC Medical Center	124,252
	Rancho Los Amigos Nat'l Rehab Center	10,726
	Internal Service Funds	3,152
		<u>456,277</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	347
	Rancho Los Amigos Nat'l Rehab Center	3,634
		<u>3,981</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	\$ 708
	Rancho Los Amigos Nat'l Rehab Center	15,522
		<u>16,230</u>
Rancho Los Amigos Nat'l Rehab Center	LAC+USC Medical Center	<u>46,627</u>
Waterworks Enterprise Funds	Nonmajor Governmental Funds	77
	Internal Service Funds	610
		<u>687</u>
Internal Service Funds	General Fund	10,907
	Harbor-UCLA Medical Center	3,652
	Olive View-UCLA Medical Center	2,311
	LAC+USC Medical Center	2,956
	Rancho Los Amigos Nat'l Rehab Center	2,365
		<u>22,191</u>
Total Interfund Transfers		<u><u>\$ 1,760,535</u></u>

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term and long-term advances to assist the Hospital Funds in meeting their cash flow requirements. The County estimates that a portion of Hospital revenue is not collectible within one year and has identified long-term receivables in each Hospital Enterprise Fund. To assist the Hospital Funds in meeting their cash flow requirements, the General Fund provided a \$14.40 million long-term advance and classified a corresponding amount of fund balance as nonspendable balance.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2018 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
General Fund	Harbor-UCLA Medical Center	\$ 77,439	\$ 14,404	\$ 91,843
	Olive View-UCLA Medical Center	2,331		2,331
	LAC+USC Medical Center	5,802		5,802
	Rancho Los Amigos Nat'l Rehab Center	21,988		21,988
	Internal Service Funds	2,876		2,876
		<u>110,436</u>	<u>14,404</u>	<u>124,840</u>
Flood Control District	Internal Service Funds	<u>6,466</u>		<u>6,466</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>11,323</u>		<u>11,323</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,335</u>		<u>1,335</u>
Total Interfund Advances		<u>\$ 129,560</u>	<u>\$ 14,404</u>	<u>\$143,964</u>

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental funds 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, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed and assigned fund balances that are subsequently canceled or otherwise made available are recorded as changes in fund balance in other financing sources.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.
- For the General Fund, obligations for accrued compensated absences 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 6.
- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, 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 deferred inflows of resources and are being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, 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.
- 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, 2018.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

	General Fund	Fire Protection District	Flood Control District	County Library	Regional Park and Open Space District	Mental Health Services Act
Fund balance - budgetary basis	\$ 1,929,332	\$ 414	\$ 66,675	\$ 44,650	\$ 151,753	\$ 226,823
Budgetary fund balances	1,877,378	183,438	448,181	34,270	172,602	841,265
Subtotal	3,806,710	183,852	514,856	78,920	324,355	1,068,088
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	173,934	412		283		
Accrual of compensated absences	81,756					
Unamortized balance of sale of tobacco settlement revenue	(222,747)					
Change in revenue accruals	(124,300)	(19,180)	(12,464)	(3,460)	(4,329)	(17,199)
Change in OPEB Agency Fund	179,838	10,571		1,670		
Subtotal	88,481	(8,197)	(12,464)	(1,507)	(4,329)	(17,199)
Fund balance - GAAP basis	<u>\$ 3,895,191</u>	<u>\$ 175,655</u>	<u>\$ 502,392</u>	<u>\$ 77,413</u>	<u>\$ 320,026</u>	<u>\$ 1,050,889</u>

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2018, there were contractual commitments of approximately \$18.82 million for various general government construction projects and approximately \$23.95 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2018, LACERA had outstanding capital commitments to various investment managers, approximating \$4.800 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

17. OTHER COMMITMENTS-Continued

Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2018, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	\$	\$	\$ 435,779	\$ 435,779
Fire Protection District	55,366			55,366
Flood Control District	106,418			106,418
County Library			16,200	16,200
Regional Park and Open Space District	75,134			75,134
Mental Health Services Act	1,134			1,134
Nonmajor Governmental Funds	114,591	6,296	2,717	123,604
Total Encumbrances	<u>\$ 352,643</u>	<u>\$ 6,296</u>	<u>\$ 454,696</u>	<u>\$ 813,635</u>

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as property, aviation, employee fidelity, boiler and machinery, cyber, catastrophic workers’ compensation, art objects, volunteers, special events, public official bonds, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been settlements related to these programs that exceeded self-insured retention in the last three years. Losses did not exceed coverage in FY 2015-2016, FY 2016-2017 or FY 2017-2018.

The County retains the risk for all other loss exposures. Major areas of risk include workers’ compensation, medical malpractice, law enforcement, natural disasters, inverse condemnation, non-tort and tort liability. 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 recovery/subrogation of approximately 10% of the total liability expenditures. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

18. RISK MANAGEMENT-Continued

As indicated in the following table, the County's workers' compensation balance as of June 30, 2018 was approximately \$2.858 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2018. Approximately \$86.09 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2018, the County's estimate of these liabilities is \$3.158 billion. Changes in the reported liability since July 1, 2016 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year- End
<u>2016-2017</u>				
Workers' Compensation	\$ 2,432,994	\$ 629,023	\$ (422,464)	\$ 2,639,553
Other	294,992	82,396	(75,869)	301,519
Total	<u>\$ 2,727,986</u>	<u>\$ 711,419</u>	<u>\$ (498,333)</u>	<u>\$ 2,941,072</u>
<u>2017-2018</u>				
Workers' Compensation	\$ 2,639,553	\$ 679,229	\$ (460,354)	\$ 2,858,428
Other	301,519	86,925	(89,171)	299,273
Total	<u>\$ 2,941,072</u>	<u>\$ 766,154</u>	<u>\$ (549,525)</u>	<u>\$ 3,157,701</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$195.75 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.

19. POLLUTION REMEDIATION

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 cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. 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 cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

19. POLLUTION REMEDIATION-Continued

As of June 30, 2018, the County's estimated pollution remediation obligation totaled \$46.02 million. This obligation was associated with the County's governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liability was 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 the estimated obligation when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligation.

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide and the proprietary funds statement of net position as of June 30, 2018 are described as follows:

- The deferred outflows of resources, included on the government-wide statement of net position, relates to the unamortized losses on refunding of debt, changes in the net pension liability as discussed in Note 8, and changes in the net OPEB liability as discussed in Note 9. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- The deferred inflows of resources, included on the government-wide statement of net position, relates to the future installment payments of service concession arrangements as discussed in Note 7, from changes in the net pension liability as discussed in Note 8, and from changes in the net OPEB liability as discussed in Note 9.

Government-wide
Statement of Net Position (in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Unamortized losses on refunding of debt	\$ 15,928		\$ 15,928
Pensions	3,666,454	652,688	4,319,142
OPEB	704,831	140,317	845,148
Total government-wide deferred outflows of resources	<u>\$ 4,387,213</u>	<u>793,005</u>	<u>\$ 5,180,218</u>
Deferred inflows of resources:			
Service concession arrangements	\$ 86,627		\$ 86,627
Pensions	853,663	124,163	977,826
OPEB	1,507,145	310,206	1,817,351
Total government-wide deferred inflows of resources	<u>\$ 2,447,435</u>	<u>434,369</u>	<u>\$ 2,881,804</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Funds

Statement of Net Position (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total	ISF Funds
Deferred outflows of resources:						
Pensions	\$ 202,507	127,325	267,117	55,739	\$ 652,688	\$ 136,096
OPEB	41,701	29,052	58,992	10,572	140,317	24,437
Total proprietary funds deferred outflows of resources	<u>\$ 244,208</u>	<u>156,377</u>	<u>326,109</u>	<u>66,311</u>	<u>\$ 793,005</u>	<u>\$ 160,533</u>
Deferred inflows of resources:						
Pensions	\$ 36,543	24,023	50,660	12,937	\$ 124,163	\$ 31,694
OPEB	89,489	55,123	132,951	32,643	310,206	70,524
Total proprietary funds deferred inflows of resources	<u>\$ 126,032</u>	<u>79,146</u>	<u>183,611</u>	<u>45,580</u>	<u>\$ 434,369</u>	<u>\$ 102,218</u>

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2018 are described as follows:

- The intra-entity sales of future tobacco settlement revenues are reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.
- Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. The County has included two such items, which are property tax revenues to be collected beyond the 60 day accrual period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Governmental Funds

Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	County Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources - Tobacco settlement revenues	<u>\$</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>222,747</u>	<u>\$ 222,747</u>
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 222,747						\$ 222,747
Property tax revenues	119,077	26,938	8,177	4,404	3,504	7,934	170,034
Other long-term receivables	85,072	4,530				8,980	98,582
Total governmental funds deferred inflows of resources	<u>\$ 426,896</u>	<u>31,468</u>	<u>8,177</u>	<u>4,404</u>	<u>3,504</u>	<u>16,914</u>	<u>\$ 491,363</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

21. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2018 (in thousands) is as follows:

	General Fund	Fire Protection District	Flood Control District	County Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Government Funds
Fund Balances:							
Nonspendable:							
Inventories	\$ 52,964	13,382	1	440			1
Long-term receivables	83,926						
Permanent fund principal							2,155
Total Nonspendable	<u>136,890</u>	<u>13,382</u>	<u>1</u>	<u>440</u>			<u>2,156</u>
Restricted for:							
Purpose of fund		162,273	502,292	17,614	320,026	1,050,889	1,152,059
Purpose of utility user tax	67,830						
Grand Avenue project	4,600						
Sheriff Pitchess landfill	2,976						
La Alameda project	2,000						
Capital projects							59,457
Debt service							371,022
Endowments and annuities							113
Total Restricted	<u>77,406</u>	<u>162,273</u>	<u>502,292</u>	<u>17,614</u>	<u>320,026</u>	<u>1,050,889</u>	<u>1,582,651</u>
Committed to:							
Purpose of fund							46,146
Capital projects and extraordinary maintenance	143,391						76,233
Health services-tobacco settlement	92,588						
Budget uncertainties	104,506						
Consolidated correctional treatment facility debt service	92,117						
Office of Diversion and Re-Entry Permanent Supportive Housing	80,084						
Assessor tax system	6,627						
Health services operations	16,000						
Interoperable and countywide communication	922						
Services to unincorporated areas	4,015						
Financial system	9,050						
Department of children and family services	8,840						
Health services future financial requirements	6,363						

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

21. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	County Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Government Funds
Affordable Housing	\$ 558						
Public works-permit tracking system	3,625						
TTC remittance processing and mailroom equipment	8,400						
Information technology enhancements	97,317						
Live scan	2,000						
Board budget policies and priorities	27,998						
TTC unsecured property tax system	463						
Sheriff unincorporated patrol	90						
Total Committed	704,954						122,379
Assigned to:							
Purpose of fund			99	59,359			122,006
Future purchases	478,647						
Capital projects							39,122
Imprest cash	1,418						
Total Assigned	480,065		99	59,359			161,128
Unassigned	2,495,876						
Total Fund Balances	\$3,895,191	175,655	502,392	77,413	320,026	1,050,889	1,868,314

Reserve for "Rainy Day" Fund

On June 22, 2009, the Board established a Reserve for "Rainy Day" fund. The Reserve for "Rainy Day" fund was established and maintained to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10.00% of on-going locally generated revenue. Transfers, at a minimum of ten percent (10.00%) of excess fund balance, less Board approved carryovers, will be set aside in the Rainy Day Fund and/or OPEB trust fund each year until the 10.00% cap is met. Excess fund balance is defined as the difference between the actual year-end fund balance amount as determined by the Auditor-Controller, less the estimated fund balance amount included in the Adopted Budget. Board approved carryover is defined as unspent funding that was previously approved by the Board for critical programs and/or uncompleted projects.

When the Reserve cap of 10.00% is reached, the annual 10.00% of excess fund balance amount should be deposited into the OPEB trust fund to be made available for unfunded retiree health obligations. The objective is to avoid on-going commitments with funding that may not be sustainable in an economic downturn.

The County's "Rainy-Day" fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for "Rainy Day" funds in the amount of \$478.06 million is reported as unassigned fund balance in the General Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 2, 2018, the County issued \$700,000,000 in 2018-2019 TRANS, which will mature on June 28, 2019. The TRANS are collateralized by taxes and other revenues attributable to the 2018-2019 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 1.55%.

Los Angeles County Facilities Inc. (LACF) Lease Revenue Bonds Series 2018A and 2018B

LACF is a California nonprofit public benefit corporation and an organization described under Section 501(c)(3) of the Internal revenue Code of 1986. It was formed on April 28, 2016. On July 26, 2018, LACF issued \$302,380,000 of lease revenue bonds, which includes \$297,280,000 in tax-exempt lease revenue bonds (Series 2018A), maturing from 2023-2051, with yields ranging from 1.78% to 3.51%, and \$5,100,000 in federally taxable lease revenue bonds (2018B), maturing in 2022, with a yield of 3.25%. Proceeds from the sale of the bonds will be used to finance the construction of the Vermont Corridor County Administration Building and parking structure. LACF will be included as a blended component unit in the FY 2018-19 CAFR.

Lease Revenue Obligation Notes (LRON)

On October 9, 2018, the LACCAL issued an additional \$7,000,000 in LRON with an indicative interest rate of 2.88%. On November 15, 2018, the LACCAL issued an additional \$20,000,000 in LRON with an indicative interest rate of 2.02%. After issuance, the interest rates are subject to change each month. The proceeds are being used to fund capital requirements of various capital projects. These LRON issuances are supported and secured by a revolving credit agreement and pledged County properties.

Medi-Cal Payments to Ineligible Beneficiaries

On October 30, 2018, the California State Auditor issued a report to the State Department of Health Care Services (SDHCS) that questioned California Medical Assistance Program (Medi-Cal) payments. The report covered the audit period from 2014 through 2017. The findings of \$4.0 billion in Medi-Cal overpayments, including \$2.1 billion related to Los Angeles County beneficiaries, primarily related to questionable payments made to ineligible beneficiaries during the four-year period, including those whose temporary eligibility status had expired. The State Auditor recommended that the SDHCS develop and implement a system to ensure timely resolution of any discrepancies between the State and counties. Additionally, in a letter dated November 19, 2018, the US Senate Committee on Homeland Security and Governmental Affairs has requested the Centers for Medicare and Medicaid Services (CMS) to review whether the federal government should seek refunds for the federal portions of potential overpayments and what actions CMS intends to take with respect to federal reimbursements. The financial impact, if any, in future years to the County has yet to be quantified with respect to this matter.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

22. SUBSEQUENT EVENTS-Continued

Los Angeles County Flood Control District Parcel Tax (Measure W)

On November 6, 2018, Los Angeles County voters approved the Los Angeles County Flood Control District Parcel Tax (Measure W). Proceeds from the Tax will be used to fund projects and programs consistent with the expenditure plan in an ordinance ("Ordinance") amending the District Code establishing the Los Angeles Region, Safe, Clean Water Program. Projects include, but are not limited to; increasing stormwater capture and reducing urban runoff pollution which may increase water supply; improve water quality; and provide community investment benefits as defined in the Ordinance. Measure W is estimated to generate \$300 million in annual revenue effective in FY 2019-20.

Woolsey Wildfire

In November 2018, a wind-driven wildfire known as the Woolsey Fire burned acreage located in both Ventura and Los Angeles Counties. According to the most recent CAL FIRE incident information reports, the Woolsey Fire burned 96,949 acres, destroyed an estimated 1,500 structures, and damaged an estimated 341 structures. The Federal Emergency Management Agency (FEMA) issued a Disaster Declaration for this fire on November 9, 2018. The financial impact in future years to the County has yet to be quantified with respect to this matter.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of the County's Proportionate Share of the Net Pension Liability and Related Ratios
Last 10 Fiscal Years^{1,2}
(Dollar amounts in thousands)

	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Pension Plan's fiduciary net position as percentage of total pension liability	82.370%	81.749%	86.296%	86.804%
County's proportionate share of the collective net pension liability	\$10,849,931	\$10,272,671	\$ 7,448,374	\$ 6,957,082
County's proportion as percentage of the collective net pension liability	96.119%	96.170%	96.081%	95.897%
Covered payroll	\$ 7,320,575	\$ 6,986,004	\$ 6,948,738	\$ 6,672,228
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	148.211%	147.046%	107.190%	104.269%

Schedule of County's Pension Contributions
Last 10 Fiscal Years^{1,3}
(Dollar amounts in thousands)

	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$1,466,411	\$1,300,711	\$ 1,389,628	\$ 1,437,555
Less: Contributions in relation to the ADC	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 7,631,381	\$ 7,320,575	\$6,986,004 ²	\$ 6,948,738
Contributions as a percentage of total covered payroll	19.216%	17.768%	19.892%	20.688%

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the measurement date.
(3) Reflects data as of the reporting date.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

The following assumptions used to determine the Total Pension Liability have changed:

The Discount rate decreased from 7.63% as of the June 30, 2016 measurement date to 7.38% as of the June 30, 2017 measurement date, the inflation rate decreased from 3.00% to 2.75%, and the projected salary increases decreased from 3.50% to 3.25%.

There were no changes of assumptions in determining the ADC since FY 2014-15.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of the County's Proportionate Share of the Net RHC OPEB Liability
Last 10 Fiscal Years^{1,2}
(Dollar amounts in thousands)

	<u>6/30/2017</u>
County's proportion as a percentage of the collective net OPEB liability	95.391%
County's proportionate share of the collective net OPEB liability	\$ 25,249,103
Covered-employee payroll	\$ 8,176,831
County's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	308.788%
Plan fiduciary net position as a percentage of the total OPEB liability	2.730%

Schedule of County's RHC OPEB Contributions
Last 10 Fiscal Years^{1,3}
(Dollar amounts in thousands)

	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 1,901,000
Less: Contributions in relation to the ADC	559,076
Contribution Deficiency (excess)	<u>\$ 1,341,924</u>
Covered-employee payroll	\$ 8,571,345
Contributions as a percentage of total covered-employee payroll	6.523%

- (1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
- (2) Reflects data as of the measurement date.
- (3) Reflects data as of the reporting date.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The Discount rate increased from 4.34% as of June 30, 2016 to 4.69% as of June 30, 2017.

The Investment rate of return decreased from 6.72% as of June 30, 2016 to 6.66% as of June 30, 2017.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of Changes in the Total LTD OPEB Liability and Related Ratios
Last 10 Fiscal Years¹
(Dollar amounts in thousands)

	<u>6/30/2017</u>
Total OPEB Liability	
Service Cost	\$ 49,068
Interest	33,546
Changes of benefit terms	
Differences between expected and actual experience	589
Changes of assumptions or other inputs	(106,200)
Contributions	
Net Investment Income	
Benefit payments	<u>(63,430)</u>
Net Change in Total OPEB Liability	<u>(86,427)</u>
 Total LTD OPEB Liability - beginning	 <u>1,159,467</u>
Total LTD OPEB Liability - ending	<u><u>\$ 1,073,040</u></u>
 Covered-employee payroll	 \$ 8,571,345
 Total LTD OPEB Liability as a percentage of covered-employee payroll	 12.519%

Notes to schedule:

Changes of benefit terms: No changes to benefit terms

Changes of assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

As of June 30, 2016	2.85%
As of June 30, 2017	3.58%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)
Total LTD OPEB Liability
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The Discount rate increased from 2.85% as of June 30, 2017 to 3.58% as of June 30, 2018.

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4 to pay related benefits.

COUNTY OF LOS ANGELES
MAJOR GOVERNMENTAL FUND
GENERAL FUND

The General Fund is the general operating fund of the County. It is used to account for and report all financial resources not accounted for and reported in another fund. Revenues are derived from Taxes; Licenses, permits and franchises; Fines, forfeitures and penalties; Revenue from use of money and property; Intergovernmental revenues; Charges for services and Miscellaneous. Expenditures are expended for functions of General government; Public protection; Public ways and facilities; Health and sanitation; Public assistance; Education; Recreation and cultural services; Debt service and Capital outlay.

COUNTY OF LOS ANGELES
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 1,027,121	1,028,683	965,497	63,186
Services and supplies	1,578,878	1,419,957	735,823	684,134
Other charges	137,560	206,972	197,205	9,767
Capital assets	30,712	20,553	17,239	3,314
Intrafund transfers	(714,247)	(715,407)	(686,482)	(28,925)
TOTAL GENERAL GOVERNMENT	2,060,024	1,960,758	1,229,282	731,476
PUBLIC PROTECTION:				
Salaries and employee benefits	4,431,050	4,557,711	4,484,190	73,521
Services and supplies	988,634	953,958	889,803	64,155
Other charges	381,121	382,217	362,228	19,989
Capital assets	44,870	23,848	15,381	8,467
Intrafund transfers	(101,400)	(112,547)	(109,792)	(2,755)
TOTAL PUBLIC PROTECTION	5,744,275	5,805,187	5,641,810	163,377
HEALTH AND SANITATION:				
Salaries and employee benefits	1,796,135	1,740,591	1,652,367	88,224
Services and supplies	3,003,412	2,936,515	2,547,742	388,773
Other charges	362,773	348,363	334,915	13,448
Capital assets	18,530	24,106	22,657	1,449
Intrafund transfers	(371,860)	(375,879)	(263,955)	(111,924)
TOTAL HEALTH AND SANITATION	4,808,990	4,673,696	4,293,726	379,970
PUBLIC ASSISTANCE:				
Salaries and employee benefits	2,494,300	2,494,169	2,351,411	142,758
Services and supplies	1,418,347	1,423,245	1,146,024	277,221
Other charges	3,190,596	3,186,035	2,871,345	314,690
Capital assets	6,400	6,455	4,115	2,340
Intrafund transfers	(66,095)	(66,138)	(57,321)	(8,817)
TOTAL PUBLIC ASSISTANCE	7,043,548	7,043,766	6,315,574	728,192
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	173,246	175,896	173,899	1,997
Services and supplies	180,628	192,854	174,476	18,378
Other charges	20,064	28,474	26,771	1,703
Capital assets	3,377	3,128	3,018	110
Intrafund transfers	(5,777)	(12,025)	(9,165)	(2,860)
TOTAL RECREATION AND CULTURAL SERVICES	371,538	388,327	368,999	19,328
DEBT SERVICE-				
Interest	8,457	8,457	8,457	
CAPITAL OUTLAY	828,664	876,471	117,873	758,598
TOTAL GENERAL FUND	\$ 20,865,496	20,756,662	17,975,721	2,780,941



NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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

The Other Streets, Highways, Roads and Bridges Funds: Article 3-Bikeway, Off-Street Parking, Proposition C Local Return, Proposition C Local Return Capital Reserve, Special Road Districts, Construction Fee Districts, Transit Operations, Paratransit Operations, Measure M and Measure R Local Returns are used to account for transportation and road related services or functions. Revenues are derived from local sales tax revenue, parking meter receipts, Districts' share of the countywide tax levy, State and other intergovernmental revenues and service charges to parking lots.

The Street Lighting Districts Funds are used to account for the installation and maintenance of street lighting systems. Revenues are derived primarily from the countywide tax levy and benefit assessments.

The Garbage Disposal Districts Funds are used to account for the provisions of the Health and Safety Code to provide garbage and refuse collection and disposal services within the boundaries of each District. Revenues are mostly from charges for services and property taxes.

The Sewer Maintenance Districts Funds are used to account for the Health and Safety Code for the administration, maintenance, operation and repair of sanitary sewers, appurtenances, pumping plants, sewer treatment plants and related services. These Districts are financed through sewer service charges.

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

The Health and Sanitation Funds: Hospital Services, Physician Services, Statham Alcohol, Alcohol and Drug Problem, Proposition 36, Driving Under the Influence, AIDS Education, Air Quality Improvement, Bicycle Safety Helmet, Hazardous Waste Enforcement, Mission Canyon Closure, Solid Waste Management Funds, Cancer Patient Welfare, and EMS Vehicle Replacement are used to account for the cost of emergency services for the indigent, County alcoholism programs and services, AIDS education, air quality improvements, bicycle safety, hazardous waste enforcement, solid waste management, cancer patient services, and replacement of vehicles. Revenues are from patient collections, court fines, State-assessed vehicle fees, penalties assessed for hazardous waste violations, and sanitation services.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Other Public Protection Funds: Jail Store, Inmate Welfare, Narcotic Enforcement, Vehicle Theft Prevention, Countywide Warrant System, Sheriff's Processing Fees, Training and Automation, Automated Fingerprint Identification System, DNA Identification Fund, District Attorney Asset Forfeiture, Fire Department Developer Fees, Forest Mitigation, Information Systems Advisory Body, Drug Abuse Gang Diversion, Jury Operations Improvement, Dependency Court Facilities, Small Claims Advisor Program, and Fire Department Helicopter Accumulative Capital Outlay are used to account for certain services and supplies to inmates, to supplement the cost of various law enforcement, prosecutorial investigation, fire protection activities, and to finance vehicle and helicopter replacement, facilities improvement, equipment maintenance and automated systems. Child Seat Restraint Loaner is used to account for the operation of a child restraint low-cost purchase and loan program. Fish and Game is used to account for the preservation and propagation of fish and wildlife. Revenues are derived from sale of minor supplies, fines related to controlled substance convictions, benefit assessments, forfeiture of assets used in connection with transportation or possession of a controlled substance, court fines and revenues and local fish and game fines. Probation Community Corrections Performance Incentives fund is used to account for the improvement of public safety outcomes at the community level utilizing evidence-based services geared towards maintaining offenders within the community. Revenues are derived principally from State revenues. The Consumer Protection Settlement Fund is used to account for the County's consumer protection, enforcement, and education programs. Revenues are derived from settlements from businesses that engage in unfair businesses practices.

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

The Homeless and Housing Measure H Fund is used to account for providing homeless prevention programming for families and individuals; expanding rapid re-housing; developing interim/bridge housing for those exiting institutions; increasing employment opportunities for homeless adults via social and/or subsidized employment; expanding the Jail In Reach Program; providing services and rental subsidies for permanent supportive housing; implementing a coordinated countywide outreach and engagement system; establishing a decriminalization policy and first responders training to effectively address homeless encampments and unsheltered homeless individuals; enhancing the emergency shelter system; preserving and promoting the development of affordable housing for homeless families and individuals; and implementing other strategies and efforts that seek to coordinate a seamless homeless services system to better combat homelessness among single adults, families, and youth. Revenues are derived primarily from a voter approved local sales tax.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Recreation Funds: Golf Course, Park Improvement, Recreation and Development, Tesoro Adobe Park, San Gabriel Canyon, and Ford Theatres are used to account for the maintenance and improvements to County parks and golf courses, public recreation areas, and Ford Theatres. Civic Art Special fund is used to account for civic art projects. The Cable TV Franchise fund is used to account for cable-related activities. The Off-Highway Vehicle fund is used to account for the development, construction, operation, and maintenance of off-highway vehicle recreation facilities. Revenues are derived from a percentage of golf course green fees, vehicle entrance fees collected from the regional parks, and percentage of the design and construction costs.

The Courthouse Temporary Construction Fund is used to temporarily account for monies ultimately to be used for various courthouse construction projects. Revenues are derived principally from surcharges included in fines for criminal convictions.

The Criminal Justice Temporary Construction Fund is used to temporarily account for monies ultimately to be used for the improvement of criminal justice facilities and automated information systems. Revenues are derived principally from surcharges on criminal fines.

The Registrar-Recorder Improvement Funds: Modernization and Improvement, Micrographics, Social Security Truncation, Vitals and Health Statistics, and Multi-County e-Recording Project funds are used to account for the improvement of Registrar-Recorder automated information systems. Revenues are derived principally from recording and filing fees.

The Other Special Revenue Funds: Information Technology Infrastructure and the Accumulative Capital Outlay (ACO) are used to account for the replacement of motor vehicles, printing, information technology, and communications equipment. Asset Development Implementation fund is used to account for short to intermediate financing for County asset development activities. Productivity Investment is used to account for the start-up and incidental costs associated with productivity improvement projects. Civic Center Employee parking is used to account for providing parking services and alternative means of transportation for County employees. County Library Developer Fees are used to account for the acquisition of land, construct library facilities, and purchase equipment and library materials. Various funds are used to account for resources that are legally restricted and the principal and earnings may be used for purposes that support general government and education.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR DEBT SERVICE FUNDS

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Regional Park and Open Space District receives long-term debt proceeds and also receives voter-approved benefit assessments in the form of charges for services. Joint Powers Authorities-Public Works Financing Authority and Public Buildings receive their funds primarily from the General Fund in the form of operating transfers. The Los Angeles County Securitization Corporation receives funding primarily from the collection of the County's future tobacco settlement payments and from long-term debt proceeds secured by the County's Tobacco Assets.

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

Disney Parking Project
2010 Multiple Capital Projects I - Series A
2010 Multiple Capital Projects I - Series B
2012 Disney Concert Hall Parking Garage Project Refunding
2012 Multiple Capital Projects II - Series 2012
2015 Multiple Capital Projects - Series A
Lease Revenue Refunding Bonds, 2015 Series B
Lease Revenue Refunding Bonds, 2015 Series C
Lease Revenue Bonds, 2016 Series D
Lease Revenue Obligation Notes

Los Angeles County Securitization Corporation

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Accumulative Capital Outlay Funds are used to account for specific capital projects in accordance with Government Code Section 53731.

Improvement Districts are used to account for the projects financed by contributions from property owners.

Public Buildings projects are used to account for capital projects financed by bonds, lease revenue obligation notes and operating transfers.

Gap Loan Fund is used to account for the County's proceeds from sale of "Gap Loan" receivables that are restricted for capital spending purposes.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR PERMANENT FUNDS

Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support various County programs.

COUNTY OF LOS ANGELES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
JUNE 30, 2018 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 1,468,670	82,043	170,091	2,280	\$ 1,723,084
Other	61,395	23	363	4	61,785
Total pooled cash and investments	1,530,065	82,066	170,454	2,284	1,784,869
Other investments		66,021	9,279		75,300
Taxes receivable	10,964				10,964
Interest receivable	3,370	188	439	5	4,002
Other receivables	149,052				149,052
Due from other funds	41,579		3,496		45,075
Advances to other funds	11,323				11,323
Inventories	1				1
TOTAL ASSETS	1,746,354	148,275	183,668	2,289	2,080,586
DEFERRED OUTFLOWS OF RESOURCES		222,747			222,747
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,746,354	371,022	183,668	2,289	\$ 2,303,333
LIABILITIES					
Accounts payable	\$ 91,967		1,355		\$ 93,322
Accrued payroll	90				90
Other payables	1				1
Due to other funds	263,834		7,463	21	271,318
Advances payable	53,090		38		53,128
Third party payor	246				246
TOTAL LIABILITIES	409,228		8,856	21	418,105
DEFERRED INFLOWS OF RESOURCES	16,914				16,914
FUND BALANCES					
Nonspendable	1			2,155	2,156
Restricted	1,152,059	371,022	59,457	113	1,582,651
Committed	46,146		76,233		122,379
Assigned	122,006		39,122		161,128
TOTAL FUND BALANCES	1,320,212	371,022	174,812	2,268	1,868,314
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,746,354	371,022	183,668	2,289	\$ 2,303,333

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 636,216				\$ 636,216
Licenses, permits and franchises	20,189				20,189
Fines, forfeitures and penalties	42,296				42,296
Revenue from use of money and property:					
Investment income	8,196	3,255	1,886	15	13,352
Rents and concessions	29,044				29,044
Royalties	4				4
Intergovernmental revenues:					
Federal	35,007				35,007
State	242,883				242,883
Other	16,319				16,319
Charges for services	154,648	14,080	6,988		175,716
Miscellaneous	32,185	26,914	1,040		60,139
TOTAL REVENUES	1,216,987	44,249	9,914	15	1,271,165
EXPENDITURES					
Current:					
General government	20,427			46	20,473
Public protection	70,564				70,564
Public ways and facilities	347,713				347,713
Health and sanitation	127,820				127,820
Public assistance	109,093				109,093
Education	82				82
Recreation and cultural services	11,298				11,298
Debt service:					
Principal		95,496			95,496
Interest and other charges		86,622			86,622
Capital outlay			51,985		51,985
TOTAL EXPENDITURES	686,997	182,118	51,985	46	921,146
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	529,990	(137,869)	(42,071)	(31)	350,019
OTHER FINANCING SOURCES (USES)					
Transfers in	28,292	96,517	5,007		129,816
Transfers out	(413,185)	(7,674)	(35,418)		(456,277)
Issuance of debt		32,732	42,757		75,489
Sales of capital assets	328				328
TOTAL OTHER FINANCING SOURCES (USES)	(384,565)	121,575	12,346		(250,644)
NET CHANGE IN FUND BALANCES	145,425	(16,294)	(29,725)	(31)	99,375
FUND BALANCES, JULY 1, 2017	1,174,787	387,316	204,537	2,299	1,768,939
FUND BALANCES, JUNE 30, 2018	\$ 1,320,212	371,022	174,812	2,268	\$ 1,868,314



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2018 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
ASSETS						
Pooled cash and investments:						
Operating	\$ 102,014	161,234	83,035	51,525	43,883	186,666
Other	30,211	9,590	860	669	1,433	7,473
Total pooled cash and investments	132,225	170,824	83,895	52,194	45,316	194,139
Taxes receivable		331	1,273	942	721	7,670
Interest receivable	368	386	205	133	110	392
Other receivables	17,907	8,671	6	1,032	895	
Due from other funds	17,252	909	3,421		2,045	
Advances to other funds	8,193	1,117	167		1,192	
Inventories	1					
TOTAL ASSETS	\$ 175,946	182,238	88,967	54,301	50,279	202,201
LIABILITIES						
Accounts payable	\$ 4,291	5,520	1,826	418	240	11,588
Accrued payroll						
Other payables		1				
Due to other funds	28,085	6,587	3,602	1,064	8,263	111,706
Advances payable	42,608	9,156				
Third party payor	246					
TOTAL LIABILITIES	75,230	21,264	5,428	1,482	8,503	123,294
DEFERRED INFLOWS OF RESOURCES		227	861	1,275	985	4,546
FUND BALANCES						
Nonspendable	1					
Restricted	100,715	160,747	82,678	51,544	40,791	74,361
Committed						
Assigned						
TOTAL FUND BALANCES	100,716	160,747	82,678	51,544	40,791	74,361
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 175,946	182,238	88,967	54,301	50,279	202,201

Health and Sanitation	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
					ASSETS
					Pooled cash and investments:
\$ 57,112	484,983	6,765	72,424	26,858	Operating
1,973	4,470	604	68	916	Other
59,085	489,453	7,369	72,492	27,774	Total pooled cash and investments
27					Taxes receivable
132	1,180	3	82	50	Interest receivable
16,577	1,009	468	101,619	583	Other receivables
635	427		1,600	720	Due from other funds
654					Advances to other funds
					Inventories
\$ 77,110	492,069	7,840	175,793	29,127	TOTAL ASSETS
					LIABILITIES
\$ 13,702	2,422	1,018	47,529	945	Accounts payable
					Accrued payroll
					Other payables
2,868	54,278	202	36,208	2,022	Due to other funds
1,326					Advances payable
					Third party payor
17,896	56,700	1,220	83,737	2,967	TOTAL LIABILITIES
9,020					DEFERRED INFLOWS OF RESOURCES
					FUND BALANCES
					Nonspendable
49,559	391,126	6,620	92,056	3,357	Restricted
	38,127				Committed
635	6,116			22,803	Assigned
50,194	435,369	6,620	92,056	26,160	TOTAL FUND BALANCES
\$ 77,110	492,069	7,840	175,793	29,127	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES
COMBINING BALANCE SHEET - Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
JUNE 30, 2018 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 14,507	69,357	17,815	90,492	\$ 1,468,670
Other	922	1,104	689	413	61,395
Total pooled cash and investments	15,429	70,461	18,504	90,905	1,530,065
Taxes receivable					10,964
Interest receivable	45	169		115	3,370
Other receivables			197	88	149,052
Due from other funds		10		14,560	41,579
Advances to other funds					11,323
Inventories					1
TOTAL ASSETS	\$ 15,474	70,640	18,701	105,668	\$ 1,746,354
LIABILITIES					
Accounts payable	\$	2,422		46	\$ 91,967
Accrued payroll				90	90
Other payables					1
Due to other funds	932	855	2,560	4,602	263,834
Advances payable					53,090
Third party payor					246
TOTAL LIABILITIES	932	3,277	2,560	4,738	409,228
DEFERRED INFLOWS OF RESOURCES					16,914
FUND BALANCES					
Nonspendable					1
Restricted	14,542	67,363	16,141	459	1,152,059
Committed				8,019	46,146
Assigned				92,452	122,006
TOTAL FUND BALANCES	14,542	67,363	16,141	100,930	1,320,212
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 15,474	70,640	18,701	105,668	\$ 1,746,354



COUNTY OF LOS ANGELES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
REVENUES						
Taxes	\$ 4,208	67,013	23,817	6,554		274,657
Licenses, permits and franchises	5,810					
Fines, forfeitures and penalties		20	83	277	169	909
Revenue from use of money and property:						
Investment income (loss)	1,571	1,228	533	338	276	159
Rents and concessions	68	149				
Royalties						
Intergovernmental revenues:						
Federal	30,409	4,598				
State	178,393	388	131	35		
Other	874	13,581	276	1	41	
Charges for services	13,573	4,810	3,426	19,960	37,189	20,369
Miscellaneous	126	3				
TOTAL REVENUES	235,032	91,790	28,266	27,165	37,675	296,094
EXPENDITURES						
Current:						
General government						
Public protection						
Public ways and facilities	247,590	70,779	29,344			
Health and sanitation				23,442	33,984	31,095
Public assistance						
Education						
Recreation and cultural services						
TOTAL EXPENDITURES	247,590	70,779	29,344	23,442	33,984	31,095
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,558)	21,011	(1,078)	3,723	3,691	264,999
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(1,913)	(11,958)	(11)		(759)	(224,784)
Sales of capital assets		32			15	
TOTAL OTHER FINANCING SOURCES (USES)	(1,913)	(11,926)	(11)		(744)	(224,784)
NET CHANGE IN FUND BALANCES	(14,471)	9,085	(1,089)	3,723	2,947	40,215
FUND BALANCES, JULY 1, 2017	115,187	151,662	83,767	47,821	37,844	34,146
FUND BALANCES, JUNE 30, 2018	\$ 100,716	160,747	82,678	51,544	40,791	74,361

Health and Sanitation	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
					REVENUES
\$			259,967		Taxes
9,745		1,376		21	Licenses, permits and franchises
9,987	5,494	2,277			Fines, forfeitures and penalties
					Revenue from use of money and property:
352	3,175	8	(629)	173	Investment income (loss)
13	20,698			1,523	Rents and concessions
					Royalties
					Intergovernmental revenues:
					Federal
679	63,127			130	State
1,546					Other
18,120	11,806	5,501		4,944	Charges for services
	28,881	61		3,094	Miscellaneous
40,442	133,181	9,223	259,338	9,885	TOTAL REVENUES
					EXPENDITURES
					Current:
	61,753				General government
					Public protection
					Public ways and facilities
39,299					Health and sanitation
		8,198	100,895		Public assistance
					Education
				11,298	Recreation and cultural services
39,299	61,753	8,198	100,895	11,298	TOTAL EXPENDITURES
1,143	71,428	1,025	158,443	(1,413)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
					OTHER FINANCING SOURCES (USES)
25	3,500			1,458	Transfers in
(2,498)	(68,884)	(956)	(66,387)	(1,976)	Transfers out
	23			33	Sales of capital assets
(2,473)	(65,361)	(956)	(66,387)	(485)	TOTAL OTHER FINANCING SOURCES (USES)
(1,330)	6,067	69	92,056	(1,898)	NET CHANGE IN FUND BALANCES
51,524	429,302	6,551		28,058	FUND BALANCES, JULY 1, 2017
\$ 50,194	435,369	6,620	92,056	26,160	FUND BALANCES, JUNE 30, 2018

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
REVENUES					
Taxes	\$				\$ 636,216
Licenses, permits and franchises				3,237	20,189
Fines, forfeitures and penalties	10,896	12,184			42,296
Revenue from use of money and property:					
Investment income (loss)	181	493		338	8,196
Rents and concessions				6,593	29,044
Royalties				4	4
Intergovernmental revenues:					
Federal					35,007
State					242,883
Other					16,319
Charges for services			11,890	3,060	154,648
Miscellaneous				20	32,185
TOTAL REVENUES	11,077	12,677	11,890	13,252	1,216,987
EXPENDITURES					
Current:					
General government				20,427	20,427
Public protection	941	7,870			70,564
Public ways and facilities					347,713
Health and sanitation					127,820
Public assistance					109,093
Education				82	82
Recreation and cultural services					11,298
TOTAL EXPENDITURES	941	7,870		20,509	686,997
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,136	4,807	11,890	(7,257)	529,990
OTHER FINANCING SOURCES (USES)					
Transfers in				23,309	28,292
Transfers out	(15,010)		(14,534)	(3,515)	(413,185)
Sales of capital assets				225	328
TOTAL OTHER FINANCING SOURCES (USES)	(15,010)		(14,534)	20,019	(384,565)
NET CHANGE IN FUND BALANCES	(4,874)	4,807	(2,644)	12,762	145,425
FUND BALANCES, JULY 1, 2017	19,416	62,556	18,785	88,168	1,174,787
FUND BALANCES, JUNE 30, 2018	\$ 14,542	67,363	16,141	100,930	\$ 1,320,212

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 647,131	647,443	636,348	(11,095)
Licenses, permits and franchises	17,033	17,033	20,189	3,156
Fines, forfeitures and penalties	50,071	50,071	42,296	(7,775)
Revenue from use of money and property:				
Investment income	7,761	8,972	19,803	10,831
Rents and concessions	27,134	27,134	29,044	1,910
Royalties	2	2	4	2
Intergovernmental revenues:				
Federal	42,053	42,053	35,007	(7,046)
State	253,031	253,031	242,883	(10,148)
Other	25,329	27,249	16,319	(10,930)
Charges for services	146,721	146,721	154,564	7,843
Miscellaneous	20,640	20,640	32,185	11,545
TOTAL REVENUES	1,236,906	1,240,349	1,228,642	(11,707)
EXPENDITURES				
Current:				
General government	34,013	32,313	20,475	11,838
Public protection	370,098	367,581	86,113	281,468
Public ways and facilities	536,963	538,883	375,358	163,525
Health and sanitation	219,558	219,558	148,682	70,876
Public assistance	167,361	167,361	111,447	55,914
Education	6,796	6,446	84	6,362
Recreation and cultural services	20,267	30,283	11,690	18,593
TOTAL EXPENDITURES	1,355,056	1,362,425	753,849	608,576
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(118,150)	(122,076)	474,793	596,869
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	329	329	328	(1)
Transfers in	32,904	34,373	31,393	(2,980)
Transfers out	(548,183)	(556,338)	(401,276)	155,062
Appropriations for contingencies	(227,893)	(229,181)		229,181
Changes in fund balances	29,006	40,906	63,450	22,544
TOTAL OTHER FINANCING SOURCES (USES)	(713,837)	(709,911)	(306,105)	403,806
NET CHANGE IN FUND BALANCES	(831,987)	(831,987)	168,688	1,000,675
FUND BALANCES, JULY 1, 2017	831,987	831,987	831,987	
FUND BALANCES, JUNE 30, 2018	\$		1,000,675	1,000,675

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 4,281	4,281	4,208	(73)
Licenses, permits and franchises	4,670	4,670	5,810	1,140
Revenue from use of money and property:				
Investment income	1,339	1,339	2,518	1,179
Rents and concessions	102	102	68	(34)
Intergovernmental revenues:				
Federal	39,749	39,749	30,409	(9,340)
State	191,037	191,037	178,393	(12,644)
Other	600	1,560	874	(686)
Charges for services	15,319	15,319	13,573	(1,746)
Miscellaneous	231	231	126	(105)
TOTAL REVENUES	257,328	258,288	235,979	(22,309)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	244,141	257,061	250,488	6,573
Other charges	11,401	9,401	4,247	5,154
Capital assets	2,260	3,260	1,468	1,792
Capital Outlay	34,537	24,537	19,510	5,027
TOTAL EXPENDITURES	292,339	294,259	275,713	18,546
DEFICIENCY OF REVENUES OVER EXPENDITURES	(35,011)	(35,971)	(39,734)	(3,763)
OTHER FINANCING SOURCES (USES)				
Transfers in	600	1,560		(1,560)
Transfers out	(7,801)	(7,801)	(1,913)	5,888
Changes in fund balance	36,958	36,958	46,830	9,872
TOTAL OTHER FINANCING SOURCES (USES)	29,757	30,717	44,917	14,200
NET CHANGE IN FUND BALANCE	(5,254)	(5,254)	5,183	10,437
FUND BALANCE, JULY 1, 2017	5,254	5,254	5,254	
FUND BALANCE, JUNE 30, 2018	\$		10,437	10,437

Continued....

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 71,523	71,523	67,034	(4,489)
Fines, forfeitures and penalties	23	23	20	(3)
Revenue from use of money and property:				
Investment income	1,559	1,559	2,491	932
Rents and concessions	178	178	149	(29)
Intergovernmental revenues:				
Federal	2,304	2,304	4,598	2,294
State	42	42	388	346
Other	22,931	22,931	13,581	(9,350)
Charges for services	19,022	19,022	4,810	(14,212)
Miscellaneous	7	7	3	(4)
TOTAL REVENUES	117,589	117,589	93,074	(24,515)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	150,443	149,631	57,051	92,580
Other charges	1,580	2,322	2,312	10
Capital assets	2,969	2,969	48	2,921
Capital Outlay	40,995	41,065	11,055	30,010
TOTAL EXPENDITURES	195,987	195,987	70,466	125,521
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(78,398)	(78,398)	22,608	101,006
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			32	32
Transfers in	131	131		(131)
Transfers out	(158)	(12,058)	(11,958)	100
Appropriations for contingencies	(12,035)	(12,035)		12,035
Changes in fund balance	(3,213)	8,687	17,362	8,675
TOTAL OTHER FINANCING SOURCES (USES)	(15,275)	(15,275)	5,436	20,711
NET CHANGE IN FUND BALANCE	(93,673)	(93,673)	28,044	121,717
FUND BALANCE, JULY 1, 2017	93,673	93,673	93,673	
FUND BALANCE, JUNE 30, 2018	\$		121,717	121,717

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 24,255	24,255	23,882	(373)
Fines, forfeitures and penalties	93	93	83	(10)
Revenue from use of money and property-				
Investment income	551	551	1,152	601
Intergovernmental revenues:				
State	138	138	131	(7)
Other	616	616	276	(340)
Charges for services	3,181	3,181	3,426	245
TOTAL REVENUES	28,834	28,834	28,950	116
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	39,170	39,070	19,692	19,378
Other charges	9,457	9,557	9,487	70
Capital assets	10	10		10
TOTAL EXPENDITURES	48,637	48,637	29,179	19,458
DEFICIENCY OF REVENUES OVER EXPENDITURES	(19,803)	(19,803)	(229)	19,574
OTHER FINANCING SOURCES (USES)				
Transfers in	3,481	3,481	3,101	(380)
Transfers out	(3,503)	(3,503)	(3,112)	391
Appropriations for contingencies	(692)	(692)		692
Changes in fund balance	489	489	501	12
TOTAL OTHER FINANCING SOURCES (USES)	(225)	(225)	490	715
NET CHANGE IN FUND BALANCE	(20,028)	(20,028)	261	20,289
FUND BALANCE, JULY 1, 2017	20,028	20,028	20,028	
FUND BALANCE, JUNE 30, 2018	\$		20,289	20,289

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,456	6,456	6,578	122
Fines, forfeitures and penalties	331	331	277	(54)
Revenue from use of money and property-				
Investment income	408	408	749	341
Intergovernmental revenues:				
State	37	37	35	(2)
Other			1	1
Charges for services	19,871	19,871	19,864	(7)
TOTAL REVENUES	27,103	27,103	27,504	401
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	30,843	30,843	23,622	7,221
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,740)	(3,740)	3,882	7,622
OTHER FINANCING USES				
Appropriations for contingencies	(101)	(101)		101
Changes in fund balance	(5,511)	(5,511)	(5,451)	60
TOTAL OTHER FINANCING USES	(5,612)	(5,612)	(5,451)	161
NET CHANGE IN FUND BALANCE	(9,352)	(9,352)	(1,569)	7,783
FUND BALANCE, JULY 1, 2017	9,352	9,352	9,352	
FUND BALANCE, JUNE 30, 2018	\$		7,783	7,783

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 260	260	169	(91)
Revenue from use of money and property-				
Investment income	236	236	625	389
Intergovernmental revenues-				
Other	38	38	41	3
Charges for services	36,884	36,884	37,201	317
TOTAL REVENUES	37,418	37,418	38,036	618
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	65,293	65,293	33,593	31,700
Other charges	1,000	1,000	514	486
Capital assets	260	260	169	91
Capital Outlay	2,000	2,000		2,000
TOTAL EXPENDITURES	68,553	68,553	34,276	34,277
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,135)	(31,135)	3,760	34,895
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			15	15
Transfers out	(868)	(1,103)	(759)	344
Appropriations for contingencies	(2,964)	(2,729)		2,729
Changes in fund balance	53	53	522	469
TOTAL OTHER FINANCING SOURCES (USES)	(3,779)	(3,779)	(222)	3,557
NET CHANGE IN FUND BALANCE	(34,914)	(34,914)	3,538	38,452
FUND BALANCE, JULY 1, 2017	34,914	34,914	34,914	
FUND BALANCE, JUNE 30, 2018	\$		38,452	38,452

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 274,367	274,679	274,679	
Fines, forfeitures and penalties			909	909
Revenue from use of money and property-				
Investment income	500	1,711	1,843	132
Charges for services			20,369	20,369
Miscellaneous	50	50		(50)
TOTAL REVENUES	274,917	276,440	297,800	21,360
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	23,709	23,709	14,285	9,424
Other charges	39,522	39,522	34,546	4,976
TOTAL EXPENDITURES	63,231	63,231	48,831	14,400
EXCESS OF REVENUES OVER EXPENDITURES	211,686	213,209	248,969	35,760
OTHER FINANCING SOURCES (USES)				
Transfers out	(228,477)	(228,477)	(224,784)	3,693
Appropriations for contingencies	(3,115)	(4,638)		4,638
Changes in fund balance			471	471
TOTAL OTHER FINANCING SOURCES (USES)	(231,592)	(233,115)	(224,313)	8,802
NET CHANGE IN FUND BALANCE	(19,906)	(19,906)	24,656	44,562
FUND BALANCE, JULY 1, 2017	19,906	19,906	19,906	
FUND BALANCE, JUNE 30, 2018	\$		44,562	44,562

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 7,961	7,961	9,745	1,784
Fines, forfeitures and penalties	14,953	14,953	9,987	(4,966)
Revenue from use of money and property:				
Investment income	430	430	808	378
Rents and concessions	16	16	13	(3)
Intergovernmental revenues:				
State	717	717	679	(38)
Other	1,144	2,104	1,546	(558)
Charges for services	17,540	17,540	18,120	580
TOTAL REVENUES	42,761	43,721	40,898	(2,823)
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	56,241	56,136	41,374	14,762
Capital assets	690	795	579	216
TOTAL EXPENDITURES	56,931	56,931	41,953	14,978
DEFICIENCY OF REVENUES OVER EXPENDITURES	(14,170)	(13,210)	(1,055)	12,155
OTHER FINANCING SOURCES (USES)				
Transfers in	25	25	25	
Transfers out	(4,510)	(5,470)	(2,498)	2,972
Appropriations for contingencies	(16,932)	(16,932)		16,932
Changes in fund balance	671	671	1,473	802
TOTAL OTHER FINANCING SOURCES (USES)	(20,746)	(21,706)	(1,000)	20,706
NET CHANGE IN FUND BALANCE	(34,916)	(34,916)	(2,055)	32,861
FUND BALANCE, JULY 1, 2017	34,916	34,916	34,916	
FUND BALANCE, JUNE 30, 2018	\$		32,861	32,861

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 7,290	7,290	5,494	(1,796)
Revenue from use of money and property:				
Investment income	1,614	1,614	6,932	5,318
Rents and concessions	18,704	18,704	20,698	1,994
Intergovernmental revenues-				
State	60,923	60,923	63,127	2,204
Charges for services	10,340	10,340	11,806	1,466
Miscellaneous	16,360	16,360	28,881	12,521
TOTAL REVENUES	115,231	115,231	136,938	21,707
EXPENDITURES				
Current-Public protection:				
Services and supplies	223,510	217,493	46,937	170,556
Other charges	2,000			
Capital assets	43,026	48,526	11,198	37,328
TOTAL EXPENDITURES	268,536	266,019	58,135	207,884
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(153,305)	(150,788)	78,803	229,591
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	48	48	23	(25)
Transfers in	3,500	3,500	3,500	
Transfers out	(94,916)	(97,433)	(68,884)	28,549
Appropriations for contingencies	(157,408)	(157,408)		157,408
Changes in fund balance	(3,147)	(3,147)	(2,276)	871
TOTAL OTHER FINANCING SOURCES (USES)	(251,923)	(254,440)	(67,637)	186,803
NET CHANGE IN FUND BALANCE	(405,228)	(405,228)	11,166	416,394
FUND BALANCE, JULY 1, 2017	405,228	405,228	405,228	
FUND BALANCE, JUNE 30, 2018	\$		416,394	416,394

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 1,378	1,378	1,376	(2)
Fines, forfeitures and penalties	2,121	2,121	2,277	156
Revenue from use of money and property-				
Investment income	5	5	14	9
Charges for services	4,372	4,372	5,501	1,129
Miscellaneous	58	58	61	3
TOTAL REVENUES	7,934	7,934	9,229	1,295
EXPENDITURES				
Current-Public assistance-				
Services and supplies	10,431	10,431	8,543	1,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,497)	(2,497)	686	3,183
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,159)	(1,159)	(956)	203
Appropriations for contingencies	(1,291)	(1,291)		1,291
Changes in fund balance	(243)	(243)	149	392
TOTAL OTHER FINANCING SOURCES (USES)	(2,693)	(2,693)	(807)	1,886
NET CHANGE IN FUND BALANCE	(5,190)	(5,190)	(121)	5,069
FUND BALANCE, JULY 1, 2017	5,190	5,190	5,190	
FUND BALANCE, JUNE 30, 2018	\$		5,069	5,069

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	HOMELESS AND HOUSING MEASURE H			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 266,249	266,249	259,967	(6,282)
Revenue from use of money and property-				
Investment income			348	348
TOTAL REVENUES	266,249	266,249	260,315	(5,934)
EXPENDITURES				
Current-Public assistance:				
Services and supplies		2,009	2,009	
Other Charges	156,930	154,921	100,895	54,026
TOTAL EXPENDITURES	156,930	156,930	102,904	54,026
EXCESS OF REVENUES OVER EXPENDITURES	109,319	109,319	157,411	48,092
OTHER FINANCING USES				
Transfers out	(101,586)	(101,586)	(66,387)	35,199
Appropriations for contingencies	(7,733)	(7,733)		7,733
Changes in fund balance			(1)	(1)
TOTAL OTHER FINANCING USES	(109,319)	(109,319)	(66,388)	42,931
NET CHANGE IN FUND BALANCE			91,023	91,023
FUND BALANCE, JULY 1, 2017				
FUND BALANCE, JUNE 30, 2018	\$		91,023	91,023

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 24	24	21	(3)
Revenue from use of money and property:				
Investment income	43	43	313	270
Rents and concessions	2,234	2,234	1,523	(711)
Intergovernmental revenues-				
State	137	137	130	(7)
Charges for services	4,843	4,843	4,944	101
Miscellaneous	3,921	3,921	3,094	(827)
TOTAL REVENUES	11,202	11,202	10,025	(1,177)
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	19,208	30,183	11,690	18,493
Other Charges	959			
Capital assets	100	100		100
TOTAL EXPENDITURES	20,267	30,283	11,690	18,593
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,065)	(19,081)	(1,665)	17,416
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			33	33
Transfers in	887	1,396	1,458	62
Transfers out	(12,820)	(3,313)	(1,976)	1,337
Appropriations for contingencies	(236)	(236)		236
Changes in fund balance	2,949	2,949	3,036	87
TOTAL OTHER FINANCING SOURCES (USES)	(9,220)	796	2,551	1,755
NET CHANGE IN FUND BALANCE	(18,285)	(18,285)	886	19,171
FUND BALANCE, JULY 1, 2017	18,285	18,285	18,285	
FUND BALANCE, JUNE 30, 2018	\$		19,171	19,171

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 12,000	12,000	10,896	(1,104)
Revenue from use of money and property-				
Investment income	200	200	296	96
TOTAL REVENUES	12,200	12,200	11,192	(1,008)
EXPENDITURES				
Current-Public protection:				
Services and supplies	16,686	16,686	941	15,745
Other charges	15,011	15,011	15,010	1
TOTAL EXPENDITURES	31,697	31,697	15,951	15,746
DEFICIENCY OF REVENUES OVER EXPENDITURES	(19,497)	(19,497)	(4,759)	14,738
OTHER FINANCING USES				
Changes in fund balance			(1)	(1)
NET CHANGE IN FUND BALANCE	(19,497)	(19,497)	(4,760)	14,737
FUND BALANCE, JULY 1, 2017	19,497	19,497	19,497	
FUND BALANCE, JUNE 30, 2018	\$		14,737	14,737

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 13,000	13,000	12,184	(816)
Revenue from use of money and property-				
Investment income	700	700	1,020	320
TOTAL REVENUES	13,700	13,700	13,204	(496)
EXPENDITURES				
Current-Public protection:				
Services and supplies	65,351	65,351	11,804	53,547
Other charges	4,514	4,514	223	4,291
TOTAL EXPENDITURES	69,865	69,865	12,027	57,838
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(56,165)	(56,165)	1,177	57,342
OTHER FINANCING USES				
Transfers out	(6,800)	(6,800)		6,800
Changes in fund balance			(1)	(1)
TOTAL OTHER FINANCING USES	(6,800)	(6,800)	(1)	6,799
NET CHANGE IN FUND BALANCE	(62,965)	(62,965)	1,176	64,141
FUND BALANCE, JULY 1, 2017	62,965	62,965	62,965	
FUND BALANCE, JUNE 30, 2018	\$		64,141	64,141

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	REGISTRAR-RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 14,777	14,777	11,890	(2,887)
OTHER FINANCING USES				
Transfers out	(17,873)	(17,873)	(14,534)	3,339
Appropriations for contingencies	(15,687)	(15,687)		15,687
Changes in fund balance			(1)	(1)
TOTAL OTHER FINANCING USES	(33,560)	(33,560)	(14,535)	19,025
NET CHANGE IN FUND BALANCE	(18,783)	(18,783)	(2,645)	16,138
FUND BALANCE, JULY 1, 2017	18,783	18,783	18,783	
FUND BALANCE, JUNE 30, 2018	\$		16,138	16,138

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 3,000	3,000	3,237	237
Revenue from use of money and property:				
Investment income	176	176	694	518
Rents and concessions	5,900	5,900	6,593	693
Royalties	2	2	4	2
Charges for services	572	572	3,060	2,488
Miscellaneous	13	13	20	7
TOTAL REVENUES	9,663	9,663	13,608	3,945
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	6,500	6,500	6,313	187
Services and supplies	26,509	24,809	13,999	10,810
Capital assets	1,004	1,004	163	841
Total general government	34,013	32,313	20,475	11,838
Education-				
Services and supplies	6,796	6,446	84	6,362
TOTAL EXPENDITURES	40,809	38,759	20,559	18,200
DEFICIENCY OF REVENUES OVER EXPENDITURES	(31,146)	(29,096)	(6,951)	22,145
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	281	281	225	(56)
Transfers in	24,280	24,280	23,309	(971)
Transfers out	(67,712)	(69,762)	(3,515)	66,247
Appropriations for contingencies	(9,699)	(9,699)		9,699
Changes in fund balance			837	837
TOTAL OTHER FINANCING SOURCES (USES)	(52,850)	(54,900)	20,856	75,756
NET CHANGE IN FUND BALANCE	(83,996)	(83,996)	13,905	97,901
FUND BALANCE, JULY 1, 2017	83,996	83,996	83,996	
FUND BALANCE, JUNE 30, 2018	\$		97,901	97,901

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2018 (in thousands)

	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 27,513		54,530		\$ 82,043
Other	23				23
Total pooled cash and investments	27,536		54,530		82,066
Other investments		26,575	1,073	38,373	66,021
Interest receivable	31		157		188
TOTAL ASSETS	27,567	26,575	55,760	38,373	148,275
DEFERRED OUTFLOWS OF RESOURCES				222,747	222,747
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 27,567	26,575	55,760	261,120	\$ 371,022
FUND BALANCES - RESTRICTED	\$ 27,567	26,575	55,760	261,120	\$ 371,022
TOTAL FUND BALANCES	\$ 27,567	26,575	55,760	261,120	\$ 371,022

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
REVENUES					
Revenue from use of money and property-					
Investment income	\$ 191	1,692	957	415	\$ 3,255
Charges for services	14,080				14,080
Miscellaneous				26,914	26,914
TOTAL REVENUES	14,271	1,692	957	27,329	44,249
EXPENDITURES - Debt service					
Principal	12,320	12,320	63,261	7,595	95,496
Interest and other charges	1,692	1,692	63,625	19,613	86,622
TOTAL EXPENDITURES	14,012	14,012	126,886	27,208	182,118
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	259	(12,320)	(125,929)	121	(137,869)
OTHER FINANCING SOURCES (USES)					
Transfers in			96,517		96,517
Transfers out			(2,279)	(5,395)	(7,674)
Issuance of debt			32,732		32,732
TOTAL OTHER FINANCING SOURCES (USES)			126,970	(5,395)	121,575
NET CHANGE IN FUND BALANCES	259	(12,320)	1,041	(5,274)	(16,294)
FUND BALANCES, JULY 1, 2017	27,308	38,895	54,719	266,394	387,316
FUND BALANCES, JUNE 30, 2018	\$ 27,567	26,575	55,760	261,120	\$ 371,022

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	\$ 203	203	295	92
EXPENDITURES				
Debt service:				
Principal	12,320	12,320	12,320	
Interest	1,727	1,727	1,692	35
TOTAL EXPENDITURES	14,047	14,047	14,012	35
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,844)	(13,844)	(13,717)	127
OTHER FINANCING SOURCES (USES)				
Transfers in	14,126	14,126	14,080	(46)
Changes in fund balance	(316)	(316)	(316)	
TOTAL OTHER FINANCING SOURCES (USES)	13,810	13,810	13,764	(46)
NET CHANGE IN FUND BALANCE	(34)	(34)	47	81
FUND BALANCE, JULY 1, 2017	34	34	34	
FUND BALANCE, JUNE 30, 2018	\$		81	81

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2018 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 114,621	12	5,748	49,710	\$ 170,091
Other	260		7	96	363
Total pooled cash and investments	114,881	12	5,755	49,806	170,454
Other investments			9,279		9,279
Interest receivable	291		22	126	439
Due from other funds	3,496				3,496
TOTAL ASSETS	\$ 118,668	12	15,056	49,932	\$ 183,668
LIABILITIES					
Accounts payable	\$ 1,355				\$ 1,355
Due to other funds	1,932		498	5,033	7,463
Advances payable	38				38
TOTAL LIABILITIES	3,325		498	5,033	8,856
FUND BALANCES					
Restricted			14,558	44,899	59,457
Committed	76,233				76,233
Assigned	39,110	12			39,122
TOTAL FUND BALANCES	115,343	12	14,558	44,899	174,812
TOTAL LIABILITIES AND FUND BALANCES	\$ 118,668	12	15,056	49,932	\$ 183,668

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES					
Revenue from use of money and property-					
Investment income	\$ 1,172		308	406	\$ 1,886
Charges for services	6,988				6,988
Miscellaneous	1,040				1,040
TOTAL REVENUES	9,200		308	406	9,914
EXPENDITURES - Capital outlay	18,497		33,488		51,985
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,297)		(33,180)	406	(42,071)
OTHER FINANCING SOURCES (USES)					
Transfers in	5,000		7		5,007
Transfers out	(222)		(30,163)	(5,033)	(35,418)
Issuance of debt			42,757		42,757
TOTAL OTHER FINANCING SOURCES (USES)	4,778		12,601	(5,033)	12,346
NET CHANGE IN FUND BALANCES	(4,519)		(20,579)	(4,627)	(29,725)
FUND BALANCES, JULY 1, 2017	119,862	12	35,137	49,526	204,537
FUND BALANCES, JUNE 30, 2018	\$ 115,343	12	14,558	44,899	\$ 174,812

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2018 (in thousands)

	Annuities	Endowments	Total
ASSETS			
Pooled cash and investments:			
Operating	\$ 466	1,814	\$ 2,280
Other	1	3	4
Total pooled cash and investments	467	1,817	2,284
Interest receivable	1	4	5
TOTAL ASSETS	<u>\$ 468</u>	<u>1,821</u>	<u>\$ 2,289</u>
LIABILITIES			
Due to other funds	\$	21	\$ 21
FUND BALANCES			
Nonspendable	410	1,745	2,155
Restricted for annuities and endowments	58	55	113
TOTAL FUND BALANCES	<u>468</u>	<u>1,800</u>	<u>2,268</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 468</u>	<u>1,821</u>	<u>\$ 2,289</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Annuities	Endowments	Total
REVENUES			
Revenue from use of money and property-			
Investment income	\$ 4	11	\$ 15
EXPENDITURES - General government	23	23	46
DEFICIENCY OF REVENUES OVER EXPENDITURES	(19)	(12)	(31)
NET CHANGE IN FUND BALANCES	(19)	(12)	(31)
FUND BALANCES, JULY 1, 2017	487	1,812	2,299
FUND BALANCES, JUNE 30, 2018	\$ 468	1,800	\$ 2,268



INTERNAL SERVICE FUNDS

COUNTY OF LOS ANGELES
INTERNAL SERVICE FUNDS

The Public Works Fund is used to account for the cost of services provided by the Department of Public Works to the Road Fund, Flood Control District, County Engineer and various other special districts and agencies. Costs are recovered through billings for services.

The Equipment Acquisition Fund is used to account for the operations of the Los Angeles County Capital Asset Leasing Corporation. County departments are charged for equipment items acquired on their behalf. The charges represent recovery of equipment depreciation expense and bond interest expense.

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 37,138	5,567	\$ 42,705
Other	7,190	34	7,224
Total pooled cash and investments	44,328	5,601	49,929
Interest receivable	86	69	155
Other receivables	8,472		8,472
Due from other funds	97,736	193	97,929
Inventories	8,618		8,618
Total current assets	159,240	5,863	165,103
Noncurrent assets:			
Restricted assets		18,259	18,259
Capital assets:			
Equipment	203,481	66,634	270,115
Less accumulated depreciation	(106,527)	(36,185)	(142,712)
Total capital assets - net	96,954	30,449	127,403
Total noncurrent assets	96,954	48,708	145,662
TOTAL ASSETS	256,194	54,571	310,765
DEFERRED OUTFLOWS OF RESOURCES	160,533		160,533
LIABILITIES			
Current liabilities:			
Accounts payable	7,951	977	8,928
Accrued payroll	20,258		20,258
Other payables	2,892		2,892
Accrued interest payable		342	342
Due to other funds	37,888	9	37,897
Advances from other funds	22,000		22,000
Advances payable	70	8,850	8,920
Current portion of long-term liabilities	9,299	19,545	28,844
Total current liabilities	100,358	29,723	130,081
Noncurrent liabilities:			
Accrued compensated absences	55,929		55,929
Bonds and notes		26,540	26,540
Workers' compensation	50,187		50,187
Net pension liability	342,566		342,566
Net OPEB liability	934,923		934,923
Total noncurrent liabilities	1,383,605	26,540	1,410,145
TOTAL LIABILITIES	1,483,963	56,263	1,540,226
DEFERRED INFLOWS OF RESOURCES	102,218		102,218
NET POSITION			
Net investment in capital assets	96,954		96,954
Restricted-			
Debt service		5,143	5,143
Unrestricted (deficit)	(1,266,408)	(6,835)	(1,273,243)
TOTAL NET POSITION (DEFICIT)	\$ (1,169,454)	(1,692)	\$ (1,171,146)

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$ 16	30,053	\$ 30,069
Charges for services	541,666		541,666
TOTAL OPERATING REVENUES	541,682	30,053	571,735
OPERATING EXPENSES:			
Salaries and employee benefits	497,280		497,280
Services and supplies	45,715	12	45,727
Other professional services	36,547		36,547
Depreciation and amortization	13,601	24,648	38,249
TOTAL OPERATING EXPENSES	593,143	24,660	617,803
OPERATING INCOME (LOSS)	(51,461)	5,393	(46,068)
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	(191)	80	(111)
Interest expense		(1,996)	(1,996)
TOTAL NONOPERATING REVENUES (EXPENSES)	(191)	(1,916)	(2,107)
INCOME (LOSS) BEFORE TRANSFERS	(51,652)	3,477	(48,175)
Transfers in	6,727		6,727
Transfers out		(22,191)	(22,191)
CHANGE IN NET POSITION	(44,925)	(18,714)	(63,639)
TOTAL NET POSITION (DEFICIT), JULY 1, 2017, AS RESTATED	(1,124,529)	17,022	(1,107,507)
TOTAL NET POSITION (DEFICIT), JUNE 30, 2018	<u>\$ (1,169,454)</u>	<u>(1,692)</u>	<u>\$ (1,171,146)</u>

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rentals received	\$ 16		\$ 16
Rentals received from other funds		29,965	29,965
Cash received from charges for services	29,204		29,204
Cash received from charges for services to other funds	484,547		484,547
Cash paid for salaries and employee benefits	(443,662)		(443,662)
Cash paid for services and supplies	(41,527)	(12)	(41,539)
Other operating expenses	(36,547)		(36,547)
Net cash provided by (required for) operating activities	(7,969)	29,953	21,984
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash advances received from (returned to) other funds	(135)	8,850	8,715
Transfers in	6,727		6,727
Transfers out		(10,907)	(10,907)
Net cash provided by (required for) noncapital financing activities	6,592	(2,057)	4,535
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bonds and notes		20,000	20,000
Interest paid on capital borrowing		(1,872)	(1,872)
Principal payments on bonds and notes		(20,670)	(20,670)
Acquisition and construction of capital assets	(12,813)	(17,586)	(30,399)
Net cash required for capital and related financing activities	(12,813)	(20,128)	(32,941)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (loss)	(121)	114	(7)
Net increase (decrease) in cash and cash equivalents	(14,311)	7,882	(6,429)
Cash and cash equivalents, July 1, 2017	58,639	15,978	74,617
Cash and cash equivalents, June 30, 2018	\$ 44,328	23,860	\$ 68,188

Continued...

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF CASH FLOWS - Continued
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (51,461)	5,393	\$ (46,068)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:			
Depreciation and amortization	13,601	24,648	38,249
(Increase) decrease in:			
Other receivables	804		804
Due from other funds	(29,832)	(88)	(29,920)
Inventories	(147)		(147)
Increase in:			
Accounts payable	680		680
Accrued payroll	1,839		1,839
Other payables	324		324
Accrued compensated absences	2,916		2,916
Due to other funds	3,655		3,655
Workers' compensation	2,717		2,717
Net pension liability and related changes in deferred outflows and inflows of resources	1,620		1,620
Net OPEB liability and related changes in deferred outflows and inflows of resources	45,315		45,315
TOTAL ADJUSTMENTS	43,492	24,560	68,052
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	<u>\$ (7,969)</u>	<u>29,953</u>	<u>\$ 21,984</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 44,328	5,601	\$ 49,929
Restricted assets		18,259	18,259
TOTAL	<u>\$ 44,328</u>	<u>23,860</u>	<u>\$ 68,188</u>

FIDUCIARY FUNDS

COUNTY OF LOS ANGELES
FIDUCIARY FUNDS

PENSION TRUST FUND

The Pension Trust Fund is used to account for financial activities of the County's Pension Plan administered by LACERA.

OPEB TRUST FUND

The OPEB Trust Fund is used to account for the financial activities of the OPEB trust for the purpose of holding and investing assets to pre-fund the Retiree Healthcare Program administered by LACERA.

POOLED INVESTMENT TRUST FUND

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

SPECIFIC INVESTMENT TRUST FUND

The Specific Investment Trust Fund is used to account for the net position 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

Property Tax Funds

This group of funds is used to account for the monies received from property and other taxes, which must be held pending authority for distribution to the appropriate recipients.

Departmental Funds

This group of funds is used to account for cash and other assets and related liabilities where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
JUNE 30, 2018 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 94,986		\$ 94,986
Other investments:			
Short-term investments	1,781,195	14,150	1,795,345
Equity	25,661,003	456,824	26,117,827
Fixed income	15,934,587	372,962	16,307,549
Private equity	5,929,098		5,929,098
Real estate	6,326,246	97,073	6,423,319
Hedge funds	1,592,126		1,592,126
Cash collateral on loaned securities	1,191,235		1,191,235
Interest receivable	102,733	132	102,865
Other receivables	754,637		754,637
TOTAL ASSETS	59,367,846	941,141	60,308,987
LIABILITIES			
Accounts payable	1,803,897		1,803,897
Other payables	1,263,967	134	1,264,101
TOTAL LIABILITIES	3,067,864	134	3,067,998
NET POSITION			
Net position restricted for pension and other postemployment benefits	\$ 56,299,982	941,007	\$ 57,240,989

COUNTY OF LOS ANGELES
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 1,524,823	706,709	\$ 2,231,532
Member	591,262	44,800	636,062
Total contributions	2,116,085	751,509	2,867,594
Investment earnings:			
Investment income	3,925,181	63,235	3,988,416
Net increase in the fair value of investments	974,529	15,991	990,520
Securities lending income	18,796		18,796
Total investment earnings	4,918,506	79,226	4,997,732
Less - Investment expenses:			
Expense from investing activities	188,753	480	189,233
Expense from securities lending activities	13,113		13,113
Total net investment expense	201,866	480	202,346
Net investment earnings	4,716,640	78,746	4,795,386
Miscellaneous	5,613		5,613
TOTAL ADDITIONS	6,838,338	830,255	7,668,593
DEDUCTIONS			
Administrative expenses:			
Salaries and employee benefits	58,790		58,790
Services and supplies	19,391	190	19,581
Total administrative expenses	78,181	190	78,371
Benefit payments	3,180,154	631,941	3,812,095
Miscellaneous	23,672		23,672
TOTAL DEDUCTIONS	3,282,007	632,131	3,914,138
CHANGE IN NET POSITION	3,556,331	198,124	3,754,455
NET POSITION, JULY 1, 2017	52,743,651	742,883	53,486,534
NET POSITION, JUNE 30, 2018	\$ 56,299,982	941,007	\$ 57,240,989

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 JUNE 30, 2018 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 20,613,134		\$ 20,613,134
Other investments		154,198	154,198
Interest receivable	46,184	882	47,066
TOTAL ASSETS	20,659,318	155,080	20,814,398
NET POSITION			
Net position restricted for pool participants and investment trust fund	\$ 20,659,318	155,080	\$ 20,814,398

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ADDITIONS			
Contributions to investment trust funds	\$ 47,239,141	54,246	\$ 47,293,387
Investment income (loss)	67,031	(643)	66,388
TOTAL ADDITIONS	47,306,172	53,603	47,359,775
DEDUCTIONS			
Distributions from investment trust funds	45,852,223	27,606	45,879,829
CHANGE IN NET POSITION	1,453,949	25,997	1,479,946
NET POSITION, JULY 1, 2017	19,205,369	129,083	19,334,452
NET POSITION, JUNE 30, 2018	\$ 20,659,318	155,080	\$ 20,814,398

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (in thousands)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>PROPERTY TAX FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 382,174	67,241,066	67,236,564	\$ 386,676
TOTAL ASSETS	<u>\$ 382,174</u>	<u>67,241,066</u>	<u>67,236,564</u>	<u>\$ 386,676</u>
LIABILITIES				
Due to other governments	\$ 382,174	67,241,066	67,236,564	\$ 386,676
TOTAL LIABILITIES	<u>\$ 382,174</u>	<u>67,241,066</u>	<u>67,236,564</u>	<u>\$ 386,676</u>
<u>DEPARTMENTAL FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,369,355	84,889,765	84,965,245	\$ 1,293,875
Other investments	300	602	602	300
Taxes receivable	203,443	555,054	537,244	221,253
Interest receivable	115,482	118,510	116,367	117,625
TOTAL ASSETS	<u>\$ 1,688,580</u>	<u>85,563,931</u>	<u>85,619,458</u>	<u>\$ 1,633,053</u>
LIABILITIES				
Due to other governments	\$ 1,688,580	85,563,931	85,619,458	\$ 1,633,053
TOTAL LIABILITIES	<u>\$ 1,688,580</u>	<u>85,563,931</u>	<u>85,619,458</u>	<u>\$ 1,633,053</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,751,529	152,130,831	152,201,809	\$ 1,680,551
Other investments	300	602	602	300
Taxes receivable	203,443	555,054	537,244	221,253
Interest receivable	115,482	118,510	116,367	117,625
TOTAL ASSETS	<u>\$ 2,070,754</u>	<u>152,804,997</u>	<u>152,856,022</u>	<u>\$ 2,019,729</u>
LIABILITIES				
Due to other governments	\$ 2,070,754	152,804,997	152,856,022	\$ 2,019,729
TOTAL LIABILITIES	<u>\$ 2,070,754</u>	<u>152,804,997</u>	<u>152,856,022</u>	<u>\$ 2,019,729</u>



STATISTICAL SECTION

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

CONTENTS	PAGE
FINANCIAL TRENDS	215
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY	222
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	226
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	232
The schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION.....	234
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

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



COUNTY OF LOS ANGELES
NET POSITION BY CATEGORY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(*accrual basis of accounting*)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
							(2)			(3)
Governmental activities										
Net investment in capital assets (1)	\$ 14,081,048	14,271,861	14,484,468	14,593,171	14,654,785	14,789,236	14,846,719	14,982,488	15,165,318	14,984,847
Restricted	1,644,109	1,861,498	2,925,662	2,908,564	2,655,717	2,727,379	3,098,677	3,320,163	3,391,358	3,524,215
Unrestricted (deficit)	(972,862)	(2,133,744)	(4,247,364)	(6,127,737)	(6,919,526)	(8,199,840)	(16,822,355)	(17,719,601)	(18,728,499)	(29,158,786)
Subtotal governmental activities net position	14,752,295	13,999,615	13,162,766	11,373,998	10,390,976	9,316,775	1,123,041	583,050	(171,823)	(10,649,724)
Business-type activities										
Net investment in capital assets (1)	2,217,449	2,293,147	2,242,340	2,241,059	2,218,647	2,271,730	2,298,915	2,269,835	2,305,050	2,320,256
Restricted	192,427	163,820	122,216	104,997	68,169	76,908	84,672	92,699	112,775	134,647
Unrestricted (deficit)	(1,032,677)	(1,373,660)	(1,336,706)	(1,588,985)	(1,721,419)	(1,930,232)	(3,220,744)	(3,446,986)	(3,383,795)	(5,323,163)
Subtotal business-type activities net position	1,377,199	1,083,307	1,027,850	757,071	565,397	418,406	(837,157)	(1,084,452)	(965,970)	(2,868,260)
Primary government										
Net investment in capital assets (1)	16,298,497	16,565,008	16,726,808	16,834,230	16,873,432	17,060,966	17,145,634	17,252,323	17,470,368	17,305,103
Restricted	1,836,536	2,025,318	3,047,878	3,013,561	2,723,886	2,804,287	3,183,349	3,412,862	3,504,133	3,658,862
Unrestricted (deficit)	(2,005,539)	(3,507,404)	(5,584,070)	(7,716,722)	(8,640,945)	(10,130,072)	(20,043,099)	(21,166,587)	(22,112,294)	(34,481,949)
Total primary government net position	\$ 16,129,494	15,082,922	14,190,616	12,131,069	10,956,373	9,735,181	285,884	(501,402)	(1,137,793)	(13,517,984)

Notes:

- (1) The County adopted GASB 63 in FY 2012-13. For FY 2008-09 through 2011-12, the amounts were reported as Invested in capital assets, net of related debt. Net assets were also renamed as net position.
- (2) The County adopted GASB 68 and 71 in FY 2014-15 and prior year amounts were not restated.
- (3) The County adopted GASB 75 in FY 2017-18 and prior year amounts were not restated.

COUNTY OF LOS ANGELES
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(*accrual basis of accounting*)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses							(2)			(3)
Government activities:										
General government	\$ 1,103,361	1,236,226	1,100,781	1,315,662	1,274,689	1,307,001	1,429,897	1,235,949	1,354,561	1,579,367
Public protection	6,125,158	6,163,910	6,081,466	6,608,319	6,309,193	6,682,960	6,638,192	7,098,459	7,532,191	7,841,468
Public ways and facilities	327,403	352,549	417,250	355,527	381,211	366,582	415,586	375,295	397,231	415,805
Health and sanitation	2,783,150	2,718,876	2,781,183	3,036,296	3,066,172	3,557,523	3,136,924	3,417,720	3,868,785	4,307,099
Public assistance	5,233,389	5,518,036	5,728,637	5,599,244	5,538,106	5,830,165	6,007,973	6,191,975	6,441,552	6,693,008
Education	109,910	101,397	104,159	112,497	119,680	119,037	107,336	141,195	127,901	160,097
Recreation and cultural services	331,726	319,000	311,422	310,369	316,372	278,459	365,755	388,284	276,625	487,173
Interest on long-term debt	165,782	139,824	134,429	110,541	105,491	97,777	99,400	93,022	104,899	106,425
Subtotal governmental activities expenses	16,179,879	16,549,818	16,659,327	17,448,455	17,110,914	18,239,504	18,201,063	18,941,899	20,103,745	21,590,442
Business-type activities:										
Hospitals	3,443,266	3,394,724	3,541,874	3,768,699	3,889,206	3,838,574	4,017,633	4,309,615	4,990,891	5,370,965
Waterworks	76,904	76,817	83,592	94,651	84,824	84,499	85,479	86,463	90,517	95,301
Aviation	5,073	4,743	4,658	5,022	5,332	6,402	6,675	5,661	2,776	11,148
Community Development Commission (1)	268,201	294,785	284,048	289,924						
Subtotal business-type activities expenses	3,793,444	3,771,069	3,914,172	4,158,296	3,979,362	3,929,475	4,109,787	4,401,739	5,084,184	5,477,414
Total primary government expenses	19,973,323	20,320,887	20,573,499	21,606,751	21,090,276	22,168,979	22,310,850	23,343,638	25,187,929	27,067,856
Program Revenues										
Governmental activities:										
Charges for services										
General government	634,153	432,084	451,082	455,062	473,047	488,685	469,598	514,167	556,361	530,893
Public protection	1,323,593	1,342,970	1,308,388	1,304,650	1,248,402	1,222,157	1,246,654	1,276,055	1,311,858	1,263,462
Health and sanitation	484,240	639,602	635,950	665,863	615,531	784,997	535,836	620,468	715,414	762,326
Recreation and cultural services	172,899	178,935	179,705	183,151	200,827	200,639	206,794	149,032	154,686	251,160
Other charges for services	79,844	92,226	82,462	103,799	51,735	55,027	46,125	48,362	41,164	53,449
Subtotal governmental activities charges for services	2,694,729	2,685,817	2,657,587	2,712,525	2,589,542	2,751,505	2,505,007	2,608,084	2,779,483	2,861,290
Operating grants and contributions	7,215,270	7,636,509	7,939,142	7,715,282	8,186,681	8,579,502	8,976,986	9,296,996	9,795,607	10,263,315
Capital grants and contributions	206,137	115,640	149,569	38,352	104,486	12,850	35,685	24,860	64,055	26,310
Total governmental activities program revenues	10,116,136	10,437,966	10,746,298	10,466,159	10,880,709	11,343,857	11,517,678	11,929,940	12,639,145	13,150,915
Business-type activities:										
Charges for services										
Hospitals	2,022,633	2,099,010	2,210,619	2,181,405	2,371,130	2,455,940	2,960,080	3,161,974	3,877,494	4,064,523
Other charges for services	73,311	70,853	72,429	81,239	75,762	78,625	77,746	83,286	81,694	90,526
Subtotal business-type activities charges for services	2,095,944	2,169,863	2,283,048	2,262,644	2,446,892	2,534,565	3,037,826	3,245,260	3,959,188	4,155,049
Operating grants and contributions	279,195	317,162	681,471	776,779	522,112	485,888	500,840	315,070	457,686	651,303
Capital grants and contributions	837	2,018	437	1,311	47	3,156	2,353	5,582	1,195	8,291
Total business-type activities program revenues	2,375,976	2,489,043	2,964,956	3,040,734	2,969,051	3,023,609	3,541,019	3,565,912	4,418,069	4,814,643
Total primary government program revenues	12,492,112	12,927,009	13,711,254	13,506,893	13,849,760	14,367,466	15,058,697	15,495,852	17,057,214	17,965,558

Notes:

- (1) Due to the implementation of GASB 61, the Community Development Commission became a discretely presented component unit and is no longer part of the primary government in FY 2012-13.
(2) The County adopted GASB 68 and 71 in FY 2014-15 and prior year amounts were not restated.
(3) The County adopted GASB 75 in FY 2017-18 and prior year amounts were not restated.

Continued...

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

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net (expenses) / revenues:										
Governmental activities	(6,063,743)	(6,111,852)	(5,913,029)	(6,982,296)	(6,230,205)	(6,895,647)	(6,683,385)	(7,011,959)	(7,464,600)	(8,439,527)
Business-type activities	(1,417,468)	(1,282,026)	(949,216)	(1,117,562)	(1,010,311)	(905,866)	(568,768)	(835,827)	(666,115)	(662,771)
Total primary government net expenses	(7,481,211)	(7,393,878)	(6,862,245)	(8,099,858)	(7,240,516)	(7,801,513)	(7,252,153)	(7,847,786)	(8,130,715)	(9,102,298)
General Revenues and Transfers										
Governmental Activities:										
Taxes	5,192,566	5,061,595	5,046,783	5,192,668	5,570,043	5,840,175	6,161,188	6,415,494	6,826,908	7,475,813
Unrestricted grants and contributions	756,417	701,521	677,767	608,967	745,406	513,458	512,079	374,264	428,435	433,799
Investment income (loss)	197,705	105,878	80,746	82,271	(920)	64,354	74,220	122,763	53,363	101,730
Miscellaneous	142,075	132,856	129,963	134,827	150,957	134,611	181,119	141,146	178,922	149,384
Extraordinary items - Net position transferred to private-purpose trust fund				(6,282)						
Transfers (Net)	(1,011,862)	(895,250)	(859,079)	(818,923)	(913,686)	(731,152)	(603,762)	(581,699)	(777,901)	(747,863)
Subtotal governmental activities	5,276,901	5,106,600	5,076,180	5,193,528	5,551,800	5,821,446	6,324,844	6,471,968	6,709,727	7,412,863
Business-type activities:										
Taxes	4,453	4,415	4,265	4,382	4,347	4,681	4,919	5,309	5,676	6,013
Unrestricted grants and contributions	37	143	41	51	37	33				
Investment income (loss)	9,844	2,693	2,142	1,770	(171)	3,908	1,289	1,463	898	675
Miscellaneous	25,758	35,463	28,232	21,657	13,171	19,101	26,012	61	122	110
Transfers (Net)	1,011,862	895,250	859,079	818,923	913,686	731,152	603,762	581,699	777,901	747,863
Subtotal business-type activities	1,051,954	937,964	893,759	846,783	931,070	758,875	635,982	588,532	784,597	754,661
Total primary government	6,328,855	6,044,564	5,969,939	6,040,311	6,482,870	6,580,321	6,960,826	7,060,500	7,494,324	8,167,524
Changes in Net Position										
Government activities	(786,842)	(1,005,252)	(836,849)	(1,788,768)	(678,405)	(1,074,201)	(358,541)	(539,991)	(754,873)	(1,026,664)
Business-type activities	(365,514)	(344,062)	(55,457)	(270,779)	(79,241)	(146,991)	67,214	(247,295)	118,482	91,890
Total primary government	\$ (1,152,356)	\$ (1,349,314)	\$ (892,306)	\$ (2,059,547)	\$ (757,646)	\$ (1,221,192)	\$ (291,327)	\$ (787,286)	\$ (636,391)	\$ (934,774)

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

	(1)	2008-09	2009-10	2010-11	(3)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Fund												
Reserved for:												
Encumbrances	\$	368,798	373,511									
Inventories		46,486	44,279									
Assets unavailable for appropriation		124,567	366,638									
Total Reserved Balance		539,851	784,428									
Unreserved, designated for:												
Program expansion		464,395	305,831									
Health services		228,229	168,702									
Capital projects		278,955	144,366									
Unreserved, undesignated, reported in:												
General fund		1,655,388	1,592,484									
Total Unreserved Balance		2,626,967	2,211,383									
Nonspendable				259,127		259,597	253,836	272,007	272,384	324,555	212,281	136,890
Restricted				35,377		55,115	59,786	40,577	55,694	67,880	70,157	77,406
Committed						332,255	528,865	482,740	334,346	364,679	429,440	704,954
Assigned				763,038		405,285	376,181	538,078	491,954	446,579	494,783	480,065
Unassigned				1,664,901		1,589,699	1,660,982	1,769,406	2,035,445	2,180,549	2,444,312	2,495,876
Total General Fund		3,166,818	2,995,811	2,722,443		2,641,951	2,879,650	3,102,808	3,189,823	3,384,242	3,650,973	3,895,191
All Other Governmental Funds (2)												
Reserved for:												
Encumbrances		391,728	383,683									
Inventories		42,965	44,039									
Housing programs		1,618	2,026									
Debt service		447,866	448,391									
Endowments & annuities		3,019	2,826									
Assets unavailable for appropriation		16,152	15,484									
Total Reserved Balance		903,348	896,449									
Unreserved, designated for:												
Special revenue funds		641,311	731,996									
Unreserved, undesignated, reported in:												
Special revenue funds		991,162	1,096,078									
Capital projects special funds		188,992	193,410									
Total Unreserved Balance		1,821,465	2,021,484									
Nonspendable				54,082		46,371	11,191	11,953	14,047	12,817	13,859	15,979
Restricted				3,173,112		3,181,643	2,920,249	2,856,062	3,240,873	3,362,644	3,462,658	3,609,170
Committed				111,363		125,838	123,956	115,116	112,034	109,538	119,251	122,379
Assigned				143,704		147,775	171,992	190,659	202,283	197,022	213,021	220,586
Total All Other Governmental Funds		2,724,813	2,917,933	3,482,261		3,501,627	3,227,388	3,173,790	3,569,237	3,682,021	3,808,789	3,968,114
Total Governmental Fund Balance	\$	5,891,631	5,913,744	6,204,704		6,143,578	6,107,038	6,276,598	6,759,060	7,066,263	7,459,762	7,863,305

Notes:

(1) FY 2008-09 through 2009-10 have not been restated for the implementation of GASB 54.

(2) "All Other Governmental Funds" consists of the following funds: Fire Protection District, Flood Control District, County Library, Regional Park and Open Space District, Mental Health Services Act and Nonmajor Governmental Funds.

(3) The County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned. The governmental funds are reported in the new required format beginning FY 2010-11.



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

Revenues (by source)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes	\$ 5,081,939	4,960,714	4,955,254	5,104,498	5,486,739	5,772,589	6,078,449	6,350,290	6,736,037	7,380,450
Licenses, permits and franchises	80,823	69,440	80,278	83,252	91,833	91,160	92,079	93,069	98,554	98,800
Fines, forfeitures and penalties	364,047	353,432	341,143	300,310	302,310	284,318	279,246	251,321	242,837	222,072
Revenue from use of money and property:										
Investment income (loss)	196,575	105,618	80,584	81,947	(551)	64,097	73,966	122,423	57,043	102,130
Rents and concessions	90,881	94,101	111,659	114,178	118,224	124,664	133,208	134,627	157,590	149,423
Royalties	1,073	1,006	1,285	3,446	3,029	2,435	1,503	900	801	804
Intergovernmental revenues:										
Federal	3,272,856	3,582,396	3,480,705	3,234,009	3,205,637	3,259,773	3,412,218	3,540,477	3,712,553	3,926,753
State	4,446,417	4,544,074	4,981,043	4,970,871	5,456,853	5,700,379	6,012,662	6,002,364	6,390,825	6,651,035
Other	183,787	169,268	162,385	131,217	215,145	83,587	69,212	69,237	86,281	53,958
Charges for services	2,193,709	2,172,974	2,136,897	2,207,558	2,088,029	2,274,997	2,023,074	2,142,415	2,326,217	2,375,460
Miscellaneous	327,762	273,309	218,607	224,000	283,518	210,090	259,466	215,413	256,217	230,346
Total Revenues	16,239,869	16,326,332	16,549,840	16,455,286	17,250,766	17,868,089	18,435,083	18,922,536	20,064,955	21,191,231
Expenditures (by function)										
Current:										
General government	963,275	877,098	898,099	999,962	997,690	1,026,961	1,172,098	1,057,069	1,175,868	1,274,231
Public protection	5,561,576	5,600,679	5,516,837	5,649,097	5,842,286	6,030,388	6,353,892	6,737,132	6,934,740	7,103,012
Public ways and facilities	309,264	332,036	340,886	324,449	326,159	338,953	378,345	322,182	361,137	347,713
Health and sanitation	2,645,030	2,567,715	2,628,816	2,840,532	2,929,151	3,359,430	3,074,411	3,282,130	3,635,865	4,176,280
Public assistance	4,951,368	5,194,752	5,387,205	5,252,926	5,255,655	5,437,728	5,688,513	5,900,845	6,042,952	6,369,468
Education	115,315	107,963	110,550	109,159	115,750	121,237	123,723	132,397	130,056	150,032
Recreation and cultural services	302,988	300,199	302,924	299,663	319,863	346,690	357,458	376,270	401,564	447,846
Debt services:										
Principal (2)	200,175	196,941	218,856	186,951	123,581	350,393	463,680	393,501	114,661	91,083
Interest and other charges	220,467	246,461	269,895	110,998	101,089	99,038	97,877	133,261	113,274	111,179
Capital outlay	75,494	32,799	101,592	176,197	397,807	218,498	139,228	61,518	19,997	69,646
Total Expenditures	15,344,952	15,456,643	15,775,660	15,949,934	16,409,031	17,329,316	17,849,225	18,396,305	18,930,114	20,140,490
Excess of Revenues over Expenditures	894,917	869,689	774,180	505,352	841,735	538,773	585,858	526,231	1,134,841	1,050,741
Other Financing Sources (Uses)										
Transfers in	527,231	565,138	639,472	719,565	782,464	664,819	757,897	572,677	662,781	927,210
Transfers out	(1,540,633)	(1,454,259)	(1,510,310)	(1,542,578)	(1,696,268)	(1,404,311)	(1,353,746)	(1,151,110)	(1,441,818)	(1,670,819)
Issuance of debt		36,977	326,363	192,281	293,284	366,957	461,811	305,527	34,642	75,489
Refunding bonds issued				50,675				199,885		
Payment to refunded bonds escrow agent								(199,885)		
Bond premium proceeds					3,848		27,354	50,300	404	17,661
Proceeds from capital leases	880	2,333	43,523	15,128	2,780	1,736	866	547		
Sales of capital assets	6,145	2,235	17,732	4,733	1,365	1,586	2,422	3,031	2,649	3,261
Total other financing sources (uses)	(1,006,377)	(847,576)	(483,220)	(560,196)	(612,527)	(369,213)	(103,396)	(219,028)	(741,342)	(647,198)
Extraordinary item - Net position transferred to private-purpose trust fund				(6,282)						
Net change in fund balances	\$ (111,460)	22,113	290,960	(61,126)	229,208	169,560	482,462	307,203	393,499	403,543
Debt service as a percentage of noncapital expenditures (1)	2.81%	2.91%	3.17%	1.92%	1.41%	2.69%	3.23%	2.93%	1.25%	1.02%

Note:

(1) The debt service percentage calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

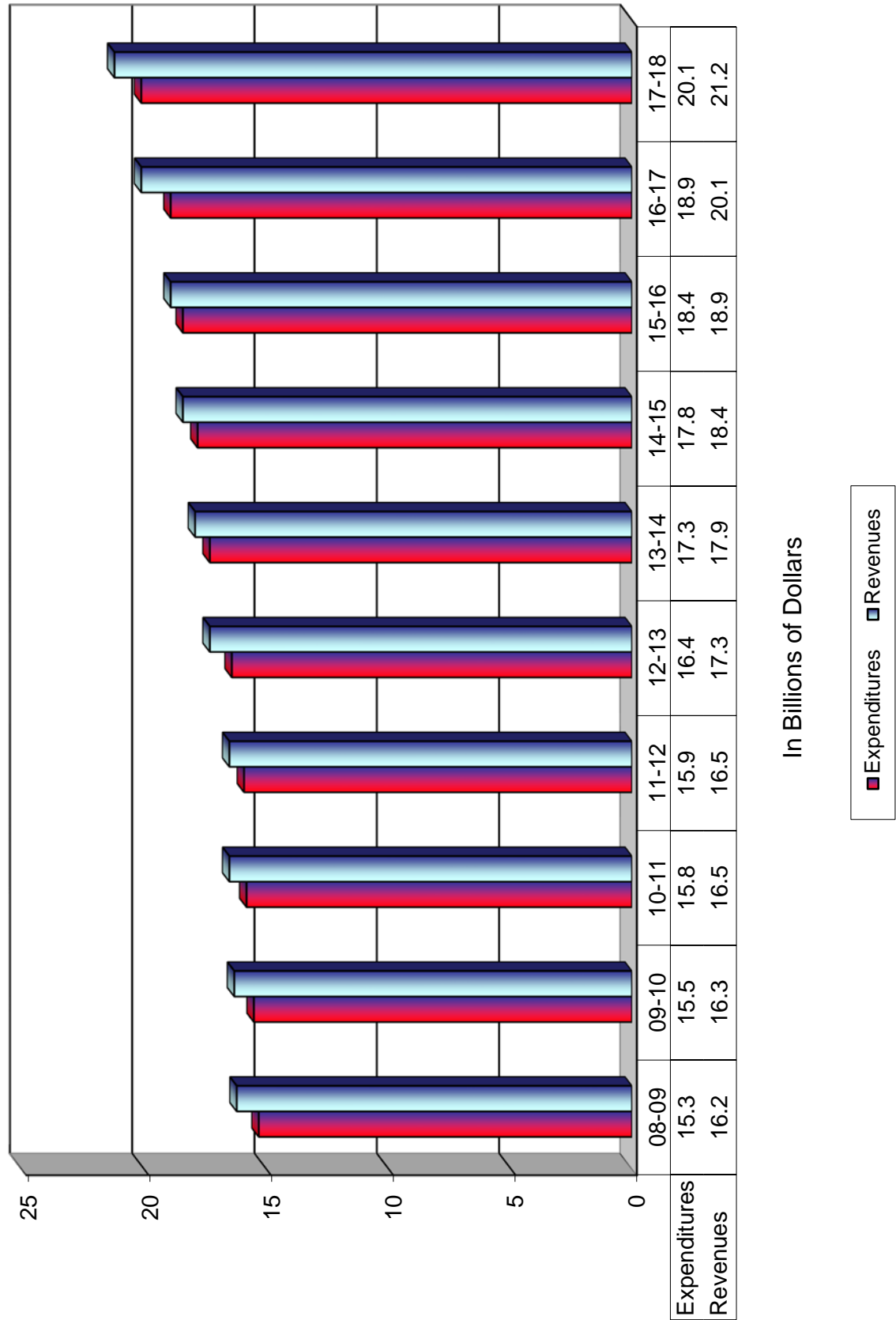
(2) Includes principal amounts for capital leases, previously reported as a separate line item. Capital lease interest is included in Interest and other charges.

Amount from GW to FB reconciliation for Capital Outlay \$ 349,363 234,040 366,201 457,331 432,727 631,200 454,502 416,575 693,502 233,447

COUNTY OF LOS ANGELES

Governmental Funds Expenditures and Revenues (UNAUDITED)

Last Ten Fiscal Years



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

Fiscal Year	(2) Secured	(3) Unsecured	(4) Unitary	(5) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2008 - 2009	\$ 1,057,718,427	52,279,248	12,298,465	(41,418,999)	1,080,877,141	1.00000%
2009 - 2010	1,055,807,331	53,193,853	11,891,981	(45,881,461)	1,075,011,704	1.00000%
2010 - 2011	1,040,789,623	49,744,044	12,120,596	(47,184,173)	1,055,470,090	1.00000%
2011 - 2012	1,058,615,951	48,214,334	12,950,932	(49,248,993)	1,070,532,224	1.00000%
2012 - 2013	(6) 1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.00000%
2013 - 2014	1,134,707,829	49,662,548	13,989,870	(53,103,768)	1,145,256,479	1.00000%
2014 - 2015	1,197,665,178	50,777,030	14,325,069	(54,911,046)	1,207,856,231	1.00000%
2015 - 2016	1,270,136,487	52,284,478	15,846,612	(55,760,332)	1,282,507,245	1.00000%
2016 - 2017	1,337,673,405	54,868,734	17,308,742	(55,392,206)	1,354,458,675	1.00000%
2017 - 2018	1,417,559,668	57,596,412	17,864,439	(57,634,568)	1,435,385,951	1.00000%

Notes:

- (1) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (2) Secured property is generally real property, as defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (3) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (4) Unitary properties are railroads, utilities and pipelines crossing the County and are assessed by the State Board of Equalization and the County Assessor. Effective FY 2012-13, Unitary pipelines previously reported under Secured, are now reported under Unitary.
- (5) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (6) Effective FY 2012-13, Secured property does not include the Unitary pipelines assessed by the County Assessor.

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

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

Fiscal Year	County of Los Angeles		Overlapping Rates (1) (2) (4)			Total Direct and Overlapping Rates
	Countywide Ad Valorem Tax (3)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District		
2008 - 2009	1.000000	.038541	.146897	.004300		1.189738
2009 - 2010	1.000000	.041220	.174921	.004300		1.220441
2010 - 2011	1.000000	.038895	.227264	.003700		1.269859
2011 - 2012	1.000000	.038666	.203483	.003700		1.245849
2012 - 2013	1.000000	.037694	.224356	.003500		1.265550
2013 - 2014	1.000000	.029754	.190980	.003500		1.224234
2014 - 2015	1.000000	.028096	.187055	.003500		1.218651
2015 - 2016	1.000000	.023030	.165464	.003500		1.191994
2016 - 2017	1.000000	.021297	.167052	.003500		1.191849
2017 - 2018	1.000000	.021345	.168182	.003500		1.193027

Notes:

- (1) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
(2) The County is divided into 13,098 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.
(3) Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
(4) An exception to the 1% limit was provided by Proposition 46 which was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.

Source:

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

COUNTY OF LOS ANGELES
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
 CURRENT YEAR AND NINE YEARS AGO
 JUNE 30, 2018 AND JUNE 30, 2009 (in thousands)

Taxpayer	2018			(1)		
	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 8,152,039	1	0.59%	\$ 4,237,662	1	0.41%
Maguire Properties	4,021,768	2	0.29%	2,937,885	2	0.29%
Douglas Emmett Residential	3,803,697	3	0.28%	2,646,247	3	0.26%
Universal Studios, LLC	2,434,727	4	0.17%			
Chevron USA Inc / Texaco / Unocal	2,298,426	5	0.17%	2,379,496	5	0.23%
Southern California Gas Co.	2,296,268	6	0.17%	1,494,078	10	0.14%
Tishman Speyer / Archstone Smith / ASN	2,157,298	7	0.16%			
Tesoro Refining and Marketing Co.	2,044,653	8	0.15%			
Prologis / AMB	1,883,598	9	0.14%			
AT&T Communications	1,854,511	10	0.13%			
BP West Coast Products				2,570,656	4	0.25%
Trizec LLC				1,841,309	6	0.18%
Participants in Long Beach Unit				1,738,449	7	0.17%
Exxon / Mobil Corp.				1,645,689	8	0.16%
Verizon California Inc.				1,499,091	9	0.15%
Total	\$ 30,946,985		2.25%	\$ 22,990,562		2.24%

Note:

(1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,377,789,539 as of June 30, 2018 is based on Secured \$1,417,559,668 plus Unitary \$17,864,439 less exemptions of \$57,634,568. Total assessed value, \$1,028,597,893 as of June 30, 2009 is based on Secured \$1,057,718,427 plus Unitary \$12,298,465 less exemptions of \$41,418,999. (in thousands)

Source:

Los Angeles County Treasurer and Tax Collector

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

Fiscal Year	Taxes Levied	Collections within the fiscal year of the levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008 - 2009	\$ 12,317,105	\$ 11,751,840	95.4%	\$ 565,265	\$ 12,317,105	100.0%
2009 - 2010	12,457,417	12,047,862	96.7%	409,555	12,457,417	100.0%
2010 - 2011	12,651,611	12,344,040	97.6%	307,571	12,651,611	100.0%
2011 - 2012	12,822,884	12,556,003	97.9%	263,549	12,819,552	100.0%
2012 - 2013	13,286,464	13,044,463	98.2%	212,606	13,257,069	99.8%
2013 - 2014	13,673,951	13,452,687	98.4%	189,998	13,642,685	99.8%
2014 - 2015	14,394,534	14,167,462	98.4%	163,542	14,331,004	99.6%
2015 - 2016	14,906,832	14,704,346	98.6%	146,817	14,851,163	99.6%
2016 - 2017	15,750,769	15,563,458	98.8%	119,949	15,683,407	99.6%
2017 - 2018	16,910,307	16,685,415	98.7%	(2)	16,685,415	98.7%

Note:

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

(2) No amounts are shown in FY 2017-18 because the property taxes levied will be collected in the following fiscal year.

Source:

Auditor-Controller-Accounting Division-Property Tax Section

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

Fiscal Year	Governmental Activities								
	General Obligation Bonds	Assessment Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Accrued Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Pension Bonds Payable	Capital Leases
2008-09	\$	\$ 246,875	\$ 726,236	\$ 413,252	\$ 138,476	\$ 44,121	\$ (34,848)	\$ 485,092	\$ 157,794
2009-10		222,660	670,242	414,651	160,642	40,195	(31,805)	256,717	148,073
2010-11		197,285	912,191	513,462	172,237	36,314	(28,942)		181,260
2011-12		170,725	863,211	563,381	172,662	32,259	(25,949)		190,746
2012-13	(3)	142,870	810,740	597,536	172,142	32,107	(23,165)		183,056
2013-14	(4)	113,615	770,872	681,090	170,583	27,908			174,121
2014-15		82,880	852,579	647,817	167,904	51,085			166,320
2015-16		50,610	1,031,590	389,706	164,005	85,091			158,410
2016-17		38,895	1,008,101	341,541	158,759	83,846			151,941
2017-18		26,575	964,557	393,882	152,040	82,158			162,606

Fiscal Year	Business-Type Activities								
	General Obligation Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Pension Bonds Payable	Capital Leases	Total Primary Government (1)	Per Personal Income (2)	Per Capita (2)
2008-09	\$ 86	\$ 95,715	\$ 219,580	\$ 6,549	\$ 168,542	\$ 143	\$ 2,667,613	0.68%	\$ 257
2009-10	67	86,178	264,253	5,691	89,196		2,326,760	0.57%	223
2010-11	46	539,072	162,212	4,791			2,689,928	0.64%	273
2011-12	24	530,627	235,767	3,850			2,737,303	0.63%	276
2012-13	(3)	819,374	59,824	36,027			2,830,511	0.63%	283
2013-14		812,802	63,976	35,084			2,850,051	0.58%	283
2014-15		787,537	62,719	34,186			2,853,027	0.55%	280
2015-16		759,028	158,561	32,905			2,829,906	0.51%	276
2016-17		746,678	170,673	32,004			2,732,438	0.47%	266
2017-18		724,816	259,574	31,275			2,797,483	0.46%	271

Notes:

- (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements.
- (2) See the "Demographic and Economic Statistics" table for personal income and population.
- (3) The outstanding debt was restated as a result of Community Development Commission becoming a discretely presented component unit rather than a blended component unit due to the implementation of GASB 61 in FY 2012-13.
- (4) The unamortized loss on advance debt refund, which was previously reported under bonds payable, is now reported as deferred outflows of resources due to the implementation of GASB 65 in FY 2013-14.

Source:
Auditor-Controller, County of Los Angeles

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

Fiscal Year	Population (1)	Assessed Value (1)	General Bonded Debt (2)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
2008-09	10,393	\$ 1,080,877,141		0.000000	0.0000
2009-10	10,441	1,075,011,704		0.000000	0.0000
2010-11	9,858	1,055,470,090		0.000000	0.0000
2011-12	9,912	1,070,532,224		0.000000	0.0000
2012-13	10,019	1,093,886,935		0.000000	0.0000
2013-14	10,069	1,145,256,479		0.000000	0.0000
2014-15	10,192	1,207,856,231		0.000000	0.0000
2015-16	10,240	1,282,507,245		0.000000	0.0000
2016-17	10,278	1,354,458,675		0.000000	0.0000
2017-18	10,328	1,435,385,951		0.000000	0.0000

Notes:

- (1) See "Demographic & Economic Statistics" table for population and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
(2) There has been no long-term general bonded debt outstanding for the ten fiscal years presented here.

Source:

Los Angeles Economic Development Corporation Economic Forecast: [website:www.laedc.org](http://www.laedc.org)

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
JUNE 30, 2018

2017-18 Net Assessed Valuation	\$ 1,435,385,951,002
Redevelopment Incremental Valuation	198,208,366,398
Full Cash Value (2017-18)	1,237,177,584,604 (1)
Population - (2018)	10,328,000 (2)

	Percent Applicable	Debt June 30, 2018
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	48.418	\$ 29,341,308
Los Angeles Community College District	100	4,165,830,000
Other Community College Districts	Various (3)	3,310,602,738
Arcadia Unified School District	100	219,448,560
Beverly Hills Unified School District	100	380,866,507
Glendale Unified School District	100	258,794,986
Long Beach Unified School District	100	1,137,920,702
Los Angeles Unified School District	100	10,604,150,000
Pasadena Unified School District	100	352,160,000
Pomona Unified School District	100	277,754,187
Redondo Beach Unified School District	100	216,200,712
Santa Monica-Malibu Unified School District	100	362,490,614
Torrance Unified School District	100	462,594,845
Other Unified School Districts	Various (3)	3,739,728,042
High School and School Districts	Various (3)	1,930,890,474
City of Los Angeles	100	700,210,000
City of Industry	100	82,730,000
Other Cities	100	50,200,000
Community Facilities Districts	100	707,367,747
Los Angeles County Regional Park & Open Space Assessment District	100	26,575,000 (4)
1915 Act and Benefit Assessment Bonds - Estimate	100	110,428,829
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 29,126,285,251
DIRECT GENERAL FUND OBLIGATION DEBT:		
Los Angeles County General Fund Obligations	100	\$ 1,781,818,000 (5)
Subtotal Direct General Fund Obligation Debt		\$ 1,781,818,000
OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Los Angeles County Office of Education Certificates of Participation	100	\$ 6,500,306
Community College District Certificates of Participation	Various (6)	28,043,097
Baldwin Park Unified School District Certificates of Participation	100	28,680,000
Compton Unified School District Certificates of Participation	100	17,260,000
Los Angeles Unified School District Certificates of Participation	100	195,975,000
Paramount Unified School District Certificates of Participation	100	28,470,000
Other Unified School District Certificates of Participation	Various (6)	186,107,205

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
JUNE 30, 2018

	Various (6)	
High School and Elementary School District General Fund Obligations		143,447,018
City of Beverly Hills General Fund Obligations	100	122,980,000
City of Los Angeles General Fund and Judgment Obligations	100	1,575,490,524
City of Long Beach General Fund Obligations	100	137,720,000
City of Long Beach Pension Obligation Bonds	100	25,130,000
City of Pasadena General Fund Obligations	100	433,172,722
City of Pasadena Pension Obligation Bonds	100	119,460,000
Other Cities' General Fund Obligations	100	1,543,056,868
Los Angeles County Sanitation Districts Financing Authority	100	113,228,705
Antelope Valley Hospital District General Fund Obligations	100	16,235,609
Subtotal Overlapping General Fund Obligation Debt		\$ 4,720,957,054
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,502,775,054
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(7,400,000)
Cities' supported bonds		(459,644,520)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,035,730,534
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		\$ 3,597,402,759
GROSS COMBINED TOTAL DEBT		\$ 39,226,463,064 (7)
NET COMBINED TOTAL DEBT		\$ 38,759,418,544
TOTAL GROSS DIRECT DEBT		\$ 1,781,818,000
TOTAL NET DIRECT DEBT		\$ 1,781,818,000
TOTAL GROSS OVERLAPPING DEBT		\$ 37,444,645,064
TOTAL NET OVERLAPPING DEBT		\$ 36,977,600,544
RATIOS TO 2017-18 NET ASSESSED VALUATION		
Total Overlapping Tax and Assessment Debt		2.03%
RATIOS TO FULL CASH VALUE		
Gross Combined Direct Debt (\$1,781,818,000)		0.14%
Net Combined Direct Debt (\$1,781,818,000)		0.14%
Gross Combined Total Debt		3.17%
Net Combined Total Debt		3.13%
RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION		
Total Overlapping Tax Increment Debt		1.81%

Notes:

- (1) This balance is reduced by homeowners exemptions of \$7,380,665,734.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance and the U.S. Census Bureau as of January 1 of each year.
- (3) All 100%, or almost 100%, except for Antelope Valley Joint 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.
- (4) Excludes refunding issue to be sold.
- (5) Includes Assessment Bonds, Certificates of Participation, Notes, Loans and Other Debt, and Capital Leases.
- (6) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
- (7) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

Source:
California Municipal Statistics - for general information purposes only.

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

	(1)	(2)	(3)	
Fiscal Year	Assessed Value	Legal Debt Limit	Total Net Applicable Debt	Legal Debt Margin / Debt Limit
2008 - 2009	\$ 1,080,877,141	\$ 13,510,964	\$	100.00%
2009 - 2010	1,075,011,704	13,437,646	13,437,646	100.00%
2010 - 2011	1,055,470,090	13,193,376	13,193,376	100.00%
2011 - 2012	1,070,532,224	13,381,653	13,381,653	100.00%
2012 - 2013	1,093,886,935	13,673,587	13,673,587	100.00%
2013 - 2014	1,145,256,479	14,315,706	14,315,706	100.00%
2014 - 2015	1,207,856,231	15,098,203	15,098,203	100.00%
2015 - 2016	1,282,507,245	16,031,341	16,031,341	100.00%
2016 - 2017	1,354,458,675	16,930,733	16,930,733	100.00%
2017 - 2018	1,435,385,951	17,942,324	17,942,324	100.00%

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2018

Assessed valuation (net taxable)	1,435,385,951
Applicable percentage in computing capacity	1.25%
Total debt limit	\$ 17,942,324
Less: Total net applicable debt	
Legal debt margin, June 30, 2018	\$ 17,942,324

Notes:

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

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

Fiscal Year	Calabasas Landfill Bond Fees					Regional Park and Open Space Special Assessment Bond				
	Revenue Collected	Debt Service			Total Debt Service	Coverage	Special Assessment Collection	Debt Service		Total Debt Service
		Principal	Interest					Principal	Interest	
2008-09	\$ (5,243,834)	\$ 1,490,000	\$ 1,546,934		\$ 3,036,934	(1.73)	\$ 79,140,000	\$ 23,120,000	\$ 12,821,950	\$ 35,941,950
2009-10	1,003,124	1,610,000	1,484,784		3,094,784	0.32	80,130,000	24,215,000	11,691,825	35,906,825
2010-11	713,746	1,735,000	1,424,409		3,159,409	0.23	80,152,000	25,375,000	10,514,544	35,889,544
2011-12	679,673	1,860,000	1,359,346		3,219,346	0.21	79,484,000	26,560,000	9,270,388	35,830,388
2012-13	637,823	2,010,000	1,275,646		3,285,646	0.19	80,380,000	27,855,000	7,925,013	35,780,013
2013-14	591,361	2,165,000	1,182,721		3,347,721	0.18	80,455,000	29,255,000	6,497,263	35,752,263
2014-15	545,354	2,325,000	1,090,709		3,415,709	0.16	80,090,000	30,735,000	4,997,513	35,732,513
2015-16 (1)							28,889,000	32,270,000	3,422,388	35,692,388
2016-17							28,899,000	11,715,000	2,312,925	14,027,925
2017-18							125,567,000	12,320,000	1,691,856	14,011,856

Notes:

(1) Disclosure for FY 2015-16 and thereafter is not necessary due to refunding of Calabasas Landfill Project Series 2005 on September 2, 2015 by the issuance of Lease Revenue Refunding Bonds, 2015 Series B.

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

Year	Population County of Los Angeles *	Personal Income *	Per Capita Personal Income (1)	School Enrollment (2) **	Unemployment Rate *
2009	10,393	\$ 392,000,000	\$ 37,718	1,632	11.7%
2010	10,441	405,000,000	38,789	1,575	12.3%
2011	9,858	420,900,000	42,696	1,590	12.3%
2012	9,912	435,300,000	43,916	1,578	11.1%
2013	10,019	451,100,000	45,024	1,564	9.8%
2014	10,069	487,900,000	48,456	1,553	8.2%
2015	10,192	521,900,000	51,207	1,539	6.9%
2016	10,240	557,382,000	54,432	1,523	5.1%
2017	10,278 (3)	585,515,000 (3)	56,968 (3)	1,511	4.6% (3)
2018	10,328 (4)	602,632,000 (4)	58,349 (4)	1,493	4.3% (4)

Notes:

- (1) Amounts shown are in actual dollars (not thousands).
- (2) Public school enrollment.
- (3) Amount revised from prior year.
- (4) Amount is a projection as of February 2018.

Sources:

- * Los Angeles Economic Development Corporation Economic Forecast: website address: www.laedc.org.
- ** California Department of Education website address: www.cde.ca.gov.

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

Industry	June 30, 2018			June 30, 2009		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	828,400	1	16.93%	738,500	1	17.02%
Educational & Health Services	804,800	2	16.45%	666,700	2	15.37%
Professional & Business Services	629,100	3	12.86%	515,400	4	11.88%
Government	594,400	4	12.15%	612,700	3	14.12%
Leisure & Hospitality	552,200	5	11.29%	390,700	6	9.01%
Manufacturing	350,400	6	7.16%	397,300	5	9.16%
Financial Activities	222,200	7	4.54%	218,400	7	5.03%
Information	211,900	8	4.33%	192,100	8	4.43%
Other Services	155,300	9	3.17%	139,700	9	3.22%
Construction	144,300	10	2.95%	117,600	10	2.71%
Ten largest industries	4,493,000		91.83%	3,989,100		91.95%
All other industries	399,900		8.17%	349,200		8.05%
Total industries	4,892,900		100.00%	4,338,300		100.00%

Note:

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

Source:

State of California Employment Development Department website address: www.edd.ca.gov/labormarketinfo.

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

Function / Program (1) and (2)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government	11,605	11,100	10,831	10,680	(4) 10,578	(4) 10,528	10,571	10,764	10,902	11,093
Public Protection (3)	42,583	36,378	35,428	35,433	33,702	33,556	33,537	33,664	33,694	32,877
Health and Sanitation	27,345	26,826	26,133	26,029	25,839	26,431	27,144	27,703	28,639	30,351
Public Assistance	20,940	20,665	20,280	20,043	19,963	20,346	20,808	21,376	21,913	21,963
Education	1,829	1,622	1,481	1,431	1,459	1,442	1,432	1,475	1,496	1,467
Recreation and Cultural Services	3,075	2,861	2,761	2,812	2,811	2,853	2,839	2,898	2,931	2,991
Total	107,377	99,452	96,914	96,428	94,352	95,156	96,331	97,880	99,575	100,742

Notes:

- (1) Full time equivalent count is calculated by dividing the total number of man-months paid by 12. Full time equivalent employees include all employees on the County's payroll system.
- (2) Specific data for Public Ways and Facilities is not available.
- (3) Beginning with 2009-10, totals reflect the exclusion of Superior Court employees that are no longer on the County's payroll and are identified as State employees.
- (4) Restated FY 2012-13 and FY 2013-14 due to migration from CWTAPPS to TIMEI, which occurred in April 2012, to eliminate duplicate entries. Figures have been revised from previous publication.

Source:

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

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

Function / Program (8)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government										
Assessor - Number of re-appraisable transfers processed	153,807	164,464	158,643	149,864	146,369	150,006	138,322	137,918	137,818	137,842
Auditor-Controller - Number of warrants issued monthly (1)	254,316	221,097	220,649	230,243	222,142	215,210	189,729	177,203	177,256	170,648
Registrar-Recorder - Number of registered voters	5,880,094	7,963,267	5,877,366	6,026,350	6,328,413	6,293,102	6,394,639	6,517,088	6,611,486	6,726,161
Public Protection										
Sheriff - Inmate population (9)	19,300	18,000	15,300	16,400	18,710	18,951	19,041	16,740	16,713	17,114
Sheriff - Crime rate total (2)	290.65	249.44	246.84	252.13	252.20	231.93	235.60	250.30	262.34	242.17
Probation - Juvenile halls/camps population (10)	2,800	2,600	2,385	2,354	2,004	1,635	1,438	1,270	1,193	1,070
Health and Sanitation										
Health Services - Average daily inpatient census (11)	1,293	1,313	1,321	1,263	1,234	1,213	1,212	1,171	1,157	1,115
Health Services - Outpatient visits (12)	2,710,000	2,817,000	2,811,000	2,970,000	3,161,000	3,339,000	2,793,000	3,013,000	2,782,000	2,834,000
Mental Health - Number of outpatient services to children and youth (3)	57,518	61,835	62,732	69,708	73,513	73,062	61,111	78,930	27,204	36,589
Public Assistance										
Children and Family Services - Child protective services caseloads	479,900	498,100	521,600	539,700	533,500	540,200	533,400	507,900	504,700	503,800
Children and Family Services - Adoption caseloads	24,300	24,800	24,500	23,900	23,800	23,700	22,700	22,300	22,200	22,600
Public Social Services - Average persons aided monthly thru CalWorks (4)	369,700	409,100	442,200	438,400	428,100	422,800	410,100	397,200	325,600	313,500
Public Social Services - Average number of indigents aided monthly	74,900	91,700	106,600	108,100	104,800	104,800	97,100	93,100	79,800	86,200
Community and Senior Services - Number of vulnerable adults served	27,828	28,779	30,654	33,187	36,788	37,779	38,558	42,341	44,692	47,696
Education										
County Library - Number of items which circulate to the public (7)	10,926,000	6,817,165	6,795,552	6,788,216	6,048,903	5,839,322	4,930,145	4,799,808	4,743,720	4,715,099
Recreation and Culture										
Museum of Art - Total education program participants	326,922	307,121	423,560	487,297	512,658	502,269	530,163	526,919	554,799	512,343
Museum of Natural History - Annual attendance (5)	873,230	858,297	933,588	1,162,231	1,012,661	1,140,844	1,131,507	1,291,131	1,284,602	1,299,856
Parks and Recreation - Total passive and active park users (6)	10,309,706	11,405,713	11,020,797	11,290,652	11,403,559	11,517,595	11,626,319	11,824,089	11,883,209	14,249,371

Notes:

- (1) Conversion of participants and vendors to electronic benefit transfer (EBT) and direct deposit in January 2009.
- (2) Represents number of offenses per 10,000 residents and refers to most serious crimes.
- (3) Data includes fee-for-service outpatient clients and costs. FY 2014-15 have lag times of data due to implementation of Integrated Behavioral Health Information System on October 16, 2015. FY 2016-17 reflects decline in statistics due to change in methodology and data refers only to children 11-15 years of age. However, FY 2015-16 and prior years, the data refers to children 0-15 years of age.
- (4) CalWorks is California's program to administer the Federal Temporary Assistance for Needy Families block grant that provides temporary financial support and supportive services to eligible adults with children to enable them to transition from welfare to work and to achieve economic self-sufficiency.
- (5) Reflects admission to Exposition Park, George C. Page Museum and William S. Hart Museum. Protected increase in attendance based on opening of renovated galleries and new exhibits.
- (6) Starting in FY 2017-18 information includes the reporting attendance of local community parks. Passive activities include walking, jogging, running, leisure and picnic activities.
- (7) New system implemented in FY 2006-07, along with the new methodology for accumulating data. Revised holdings based on substantial collection review and catalog updating. FY 2014-15 data went down due to weeding process.
- (8) Indicators are not available for the Public Ways and Facilities function.
- (9) The average length of stay that the inmates spend in jail in FY 2017-18 will increase to 62.2 days as compared to an average of 60.7 days in 2016-17.
- (10) Beginning FY 2012-13 figures reflect three camps that are temporarily closed.
- (11) In FY 2016-17, DHS completed its transition to utilize data from its new electronic health record system. The new system is called Online Real-Time Centralized Health Information Database (ORCHID) that can address the challenges posed by the Affordable Care Act (ACA) implemented on January 1, 2014.
- (12) FY 2012-13 expansion capacity of Community Clinic approved by the Board.

* Figures have been revised from previous publications.
 ** FY 2017-18 data is an estimate.

Sources:
 2018-2019 Recommended County Budget and Departments

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

Function / Program (1)	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Public Protection										
Animal Shelters (4)	6	6	6	6	6	6	6	6	7	7
Public ways and facilities										
Mileage of maintained County roads	3,217	3,219	3,219	3,218	3,206	3,187	3,187	3,187	3,185	3,185
Miles of unincorporated County bikeways	145	145	148	148	162	171	182	175	179	186
Airports	5	5	5	5	5	5	5	5	5	5
Dams	14	14	14	14	15	14	14	14	14	14
Storm drains, in miles	2,972	3,010	3,070	3,100	3,200	3,331	3,348	3,357	3,380	3,399
Flood pump stations	45	45	45	48	48	48	48	48	48	48
Health and Sanitation										
Hospitals	4	4	4	4	4	4	4	4	4	4
Health centers	18	18	18	17	17	17	17	17	17	17
Education										
Libraries (5)	85	85	85	84	85	85	86	86	87	87
Bookmobiles	4	5	5	4	3	3	3	3	3	3
Recreation and Cultural services										
Museums (2)	4	4	5	5	5	5	5	5	5	5
Arboretums and Botanic Gardens	4	4	4	4	4	4	4	4	4	4
Golf courses (3)	19	19	19	19	19	19	20	20	20	20
Beaches (6)	15	15	15	15	15	15	15	15	15	15
Boat Slips	4,832	4,800	4,700	4,700	4,700	4,700	4,700	4,614	4,602	4,579

Note:

- (1) No capital asset indicators are available for the General Government or Public Assistance functions.
- (2) April 2011, opening of La Plaza de Cultura y Artes Museum.
- (3) On May 12, 2015, the Board approved to occupy, operate and make improvements of Norwalk Golf Course.
- (4) July 20, 2016, opening of Palmdale Animal Care Center.
- (5) Los Padrinos Juvenile Hall Library was added in FY 2016-17.
- (6) Figures have been revised from the previous publications based on updated information.

Source:

2017-18 Recommended Budget book, Department of Public Works website, Sheriff's Department website and Department of Health Services website.