

**County of Los Angeles, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013**

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

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2013
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**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE
AUDITOR-CONTROLLER

December 16, 2013

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, 2013. 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 Space District	Los Angeles County Securitization Corporation
Sewer Maintenance Districts	Community Development Commission
Street Lighting Districts	First 5 LA

These entities are component units of the County and are included in the County's basic financial statements because the County Board of Supervisors is financially accountable for

them. All component units are blended into the basic financial statements except for 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 and also explains the current year reclassification of the CDC, which was formerly a blended component unit.

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 nearly 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 who are elected by district to serve alternating four-year terms. The Assessor, District Attorney and Sheriff are also elected officials while all other departments are headed by appointed officials. On March 5, 2002, County voters approved two charter amendments providing for term limits for members of the Board of Supervisors. The affected officials are limited to three consecutive terms, a total of 12 years, commencing December 2002.

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

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

The County also provides municipal services to many incorporated cities within its boundaries under the Contract Services Plan (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 2012 Gross Domestic Product (GDP) of \$577.5 billion, Los Angeles County's economy is larger than that of 45 states and all but 19 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 continued growth in 2012, with an increase of 3.6% in economic output (as measured by GDP), a 3.4% increase in personal income, and 9.5% increase in taxable retail sales. The economic recovery is expected to continue, with several sectors of the local economy experiencing growth.

The County's unemployment rate averaged 11.1% in 2012, which represents improvement from its 2011 rate of 12.3%. In 2013 and 2014, the job market is expected to show continued improvement, with a projected decline in the unemployment rate to 9.8% and 8.9%, respectively. The significant unemployment in recent years was partially offset by the positive impact of major public and private construction projects. With over \$16 billion in voter approved general obligation bond measures, historically low interest rates and cost-effective financing programs and incentives provided by the federal government, local governments and school districts have undertaken major capital construction projects.

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 sixth largest among the world's port facilities.

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 August 30 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 Countywide Contract Monitoring Division reviews various social service contract providers to enhance accountability and performance effectiveness. In addition, the A-C operates the County's federal Health Insurance Portability and Accountability Act (HIPAA) Privacy Program, providing supervision and oversight of the County's HIPAA-covered departments. A fraud hotline provides County employees and citizens with a way to anonymously report perceived fraudulent activities by County employees, vendors, contractors, inspectors, etc. Allegations reported over the hotline are evaluated and investigated, as appropriate, by the Office of County Investigations within the A-C.

BUDGET OUTLOOK AND MAJOR INITIATIVES

The Fiscal Year (FY) 2013-14 Budget outlook continued a multi-year trend of gradual improvement. For the first time in four years, the net County cost portion of the budget is financed entirely with ongoing revenues. The County was able to balance the budget without relying on fund balance or other one-time funding solutions. Along with the overall improvement in the economy, the County's major revenue sources are steadily increasing. For the third consecutive year, assessed property values are growing and there is a 4.66% increase for FY 2013-14. The budget also assumes year-to-year growth of 4% for revenues that are derived from the County's share of State sales taxes.

For the past four years, the County maintained a trend of zero salary increases. However, collective bargaining agreements have expired and 2% wage increases are expected, with the effective date dependent on the conclusion of negotiations with individual labor unions. Employee benefits for retirement and health care premiums continue to trend upward. The County faces retirement contribution increases FY 2013-14, and this represents an ongoing increase until pension fund investment losses from 2008-09 are fully smoothed, which is expected to be over a five-year period ending in FY 2014-15.

COUNTYWIDE EFFICIENCY INITIATIVES

The County continues to aggressively explore efficiencies as a means to generate ongoing and one-time savings while improving operations. With the support of the Board, the County's Chief Executive Office has placed a high emphasis on both countywide and departmental efficiencies over the last four years, working with departments to cut operating costs through diligent efforts and innovative reengineering of existing processes. The County's major ongoing efficiency projects include streamlining purchasing and inventory management of pharmaceutical drugs, improving Medi-Cal claims processing, reducing medication costs of indigent clients, and systematic monitoring and termination of unused phone and data lines.

A newly established multi-year initiative seeks to coordinate the refunding of bonds issued by former redevelopment agencies. As debt service levels are reduced in future years for the dissolved agencies, additional property tax revenues will become available to local government agencies, including the County. The County also recently established a fuel management system to accurately track and monitor fuel usage.

CAPITAL ASSET INITIATIVES

The County continues to plan for, and fund, high priority capital asset projects that address health, public safety, recreation, and infrastructure needs. The funded projects reflect the new programmatic direction being undertaken on a national level with regard to health care and with respect to the State's policies over the incarceration of adult and juvenile offenders.

Capital spending initiatives in the health care area included the seismic retrofit of acute care inpatient facilities, expansion of surgical and emergency room facilities, and the

development of an electronic medical records system. The County is also investing in new outpatient centers at the Martin Luther King Jr., and Rancho Los Amigos Medical Center campuses, and the High Desert area. In addition, construction of a new community hospital is underway adjacent to the County's Martin Luther King Jr., outpatient center. The new hospital will be operated by an independent non-profit corporation.

In the public safety area, State realignment legislation known as AB 109 transfers certain State inmates to the County's jail system. The influx of new inmates, combined with the longer sentences of State inmates, has increased the County's jail population. To mitigate this impact, the County is developing a plan to modernize and expand its detention facilities. The 2013-14 Budget appropriates \$157.5 million for facility improvements under the plan. Upon completion of a consulting review, final plans will be developed to improve the detention facilities and services. To meet other State legislated requirements, an additional \$41 million will fund construction of a new evidence-based rehabilitation and education facility, and is partially funded by a State grant.

In addition to these health and public protection projects, the County continues to refurbish and construct new libraries, parks, and beach facilities to enrich the lives of County residents, as well as address its own governmental needs through the construction of new facilities, such as a new data center.

In 2007, the Board established the Sustainable Design Program as a component of the County's Energy and Environmental Policy. The purpose of the program is to support the County's goal of a 20% reduction in energy and resource consumption in County facilities by 2015. The 2013-14 Budget reflects the County's commitment to the ideal of sustainability, with the incorporation of sustainable design technologies into 144, or 46%, of the County's 311 active building or refurbishment projects.

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 of three percent (3%) should be made into the Reserve each year, if feasible, until the 10% cap is met. When the reserve cap of 10% is exceeded, the excess may be available for specified one-time purposes such as capital projects, unfunded retiree health obligations, efficiency measures and information technology initiatives. 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, 2013, the Reserve balance was \$197 million and it was not used as a financing source for purposes of balancing the FY 2013-14 County Budget.

OTHER INFORMATION

INDEPENDENT AUDIT

The basic financial statements have been audited by Macias Gini & O’Connell LLP (MGO). In accordance with the requirements of the Office of Management and Budget Circular A-133, as revised, MGO is also in the process of completing an annual financial and compliance audit of federal funds received by the County in FY 2012-13. The County’s single audit for FY 2011-12 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-one fiscal years.

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

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

Honorable Board of Supervisors
December 16, 2013
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ACKNOWLEDGEMENTS

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

Sincerely,

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

Wendy L. Watanabe
Auditor-Controller



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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2013

BOARD OF SUPERVISORS

Mark Ridley-Thomas, Chairman
Second District

Gloria Molina
First District

Don Knabe
Fourth District

Zev Yaroslavsky
Third District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

John R. Noguez
Assessor

Jackie Lacey
District Attorney

Leroy D. Baca
Sheriff

William T Fujioka
Chief Executive Officer

Mark J. Saladino
Treasurer and Tax Collector

Wendy L. Watanabe
Auditor-Controller

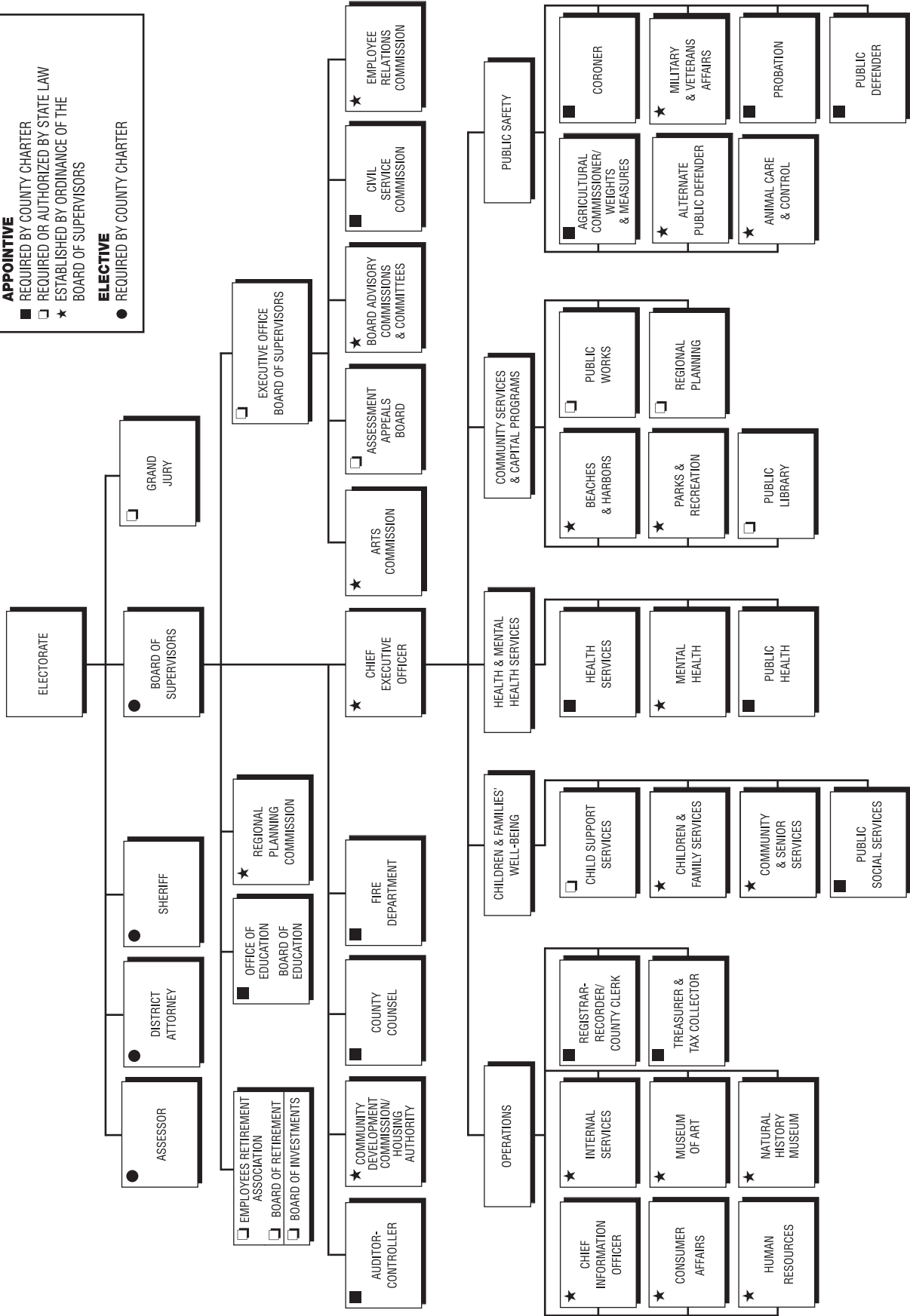
John F. Krattli
County Counsel

COUNTY OF LOS ANGELES

FY 2012-2013

LEGEND

- APPOINTIVE**
- REQUIRED BY COUNTY CHARTER
 - REQUIRED OR AUTHORIZED BY STATE LAW
 - ★ ESTABLISHED BY ORDINANCE OF THE BOARD OF SUPERVISORS
- ELECTIVE**
- REQUIRED BY COUNTY CHARTER



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



INDEPENDENT AUDITOR’S REPORT

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2013, 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), 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
Discretely presented component units	100%	100%	100%
Aggregate remaining fund information	68%	70%	11%

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, 2013, 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 Fund, Flood Control District Fund, Public Library Fund, and Regional Park and Open Space District Fund 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, 2012, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 66, *Technical Corrections - 2012, An Amendment of GASB Statements No. 10 and No. 62*. 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 22 and the schedules of funding progress on pages 121 and 122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 and other auditors 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 it.

Macias Fini & O'Connell LLP

Los Angeles, California
December 16, 2013

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

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, 2013. 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, reduced by total liabilities and deferred inflows of resources) of the County was positive \$10.956 billion. However, net position is classified into three categories and the unrestricted component is negative \$8.641 billion. See further discussion on page 8.

During the current year, the County's net position decreased by a total of \$758 million. Net position related to governmental activities decreased by \$679 million, while net position related to business-type activities decreased by \$79 million. Growth in liabilities associated with postemployment health insurance benefits was \$1.235 billion during the current year and represented the single largest factor in reducing the County's net position. See further discussion on page 8.

At the end of the current year, the County's General Fund reported a total fund balance of \$2.880 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$254 million, restricted fund balance of \$60 million, committed fund balance of \$529 million, assigned fund balance of \$376 million, and \$1.661 billion of unassigned fund balance.

The County's capital asset balances were \$18.668 billion at year-end and increased by \$334 million during the year, after restatement of prior year balances.

During the current year, the County's total long-term debt increased by \$178 million, after restatement of prior year balances. Newly issued and accreted long-term debt of \$701 million exceeded long-term debt maturities of \$523 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-Continued
(UNAUDITED)**

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, liabilities, and deferred inflows of resources, with the difference representing 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 change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

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

- **Governmental Activities** - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities which include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, 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 Fund represent the County's business activities. In the prior year, the Community Development Commission was also reflected among the County's business activities. See further discussion below under "Discretely Presented Component Units."
- **Discretely Presented Component Units** - Component units are separate entities for which the County is financially accountable. As discussed in Note 2 to the basic financial statements, the County implemented GASB Statement No. 61 in the current year and the Community Development Commission, which was reported as a blended component unit in the prior year, is now regarded as a discretely presented component unit. In addition, First 5 LA continues to be discretely presented in the financial statements.

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

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 were classified as "business-type activities" in the government-wide financial statements. The County's Internal Service Funds are also reported within the proprietary fund section. The County's 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.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other postemployment benefits to employees.

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

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, assets exceeded liabilities and deferred inflows of resources by \$10.956 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2013 and 2012 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 7,947,075	\$ 8,411,714	\$ 1,423,547	\$ 1,073,713	\$ 9,370,622	\$ 9,485,427
Capital assets	<u>15,838,545</u>	<u>15,701,869</u>	<u>2,829,716</u>	<u>2,787,9666</u>	<u>18,668,261</u>	<u>18,489,835</u>
Total assets	<u>23,785,620</u>	<u>24,113,583</u>	<u>4,253,263</u>	<u>3,861,679</u>	<u>28,038,883</u>	<u>27,975,262</u>
Current and other liabilities	1,326,042	1,761,689	401,345	268,362	1,727,387	2,030,051
Long-term liabilities	<u>11,966,513</u>	<u>10,977,896</u>	<u>3,286,521</u>	<u>2,836,246</u>	<u>15,253,034</u>	<u>13,814,142</u>
Total liabilities	<u>13,292,555</u>	<u>12,739,585</u>	<u>3,687,866</u>	<u>3,104,608</u>	<u>16,980,421</u>	<u>15,844,193</u>
Deferred inflows of resources	<u>102,089</u>	<u> </u>	<u> </u>	<u> </u>	<u>102,089</u>	<u> </u>
Net position:						
Net investment in capital assets	14,654,785	14,593,171	2,218,647	2,241,059	16,873,432	16,834,230
Restricted	2,655,717	2,908,564	68,169	104,997	2,723,886	3,013,561
Unrestricted (deficit)	<u>(6,919,526)</u>	<u>(6,127,737)</u>	<u>(1,721,419)</u>	<u>(1,588,985)</u>	<u>(8,640,945)</u>	<u>(7,716,722)</u>
Total net position	<u>\$ 10,390,976</u>	<u>\$ 11,373,998</u>	<u>\$ 565,397</u>	<u>\$ 757,071</u>	<u>\$ 10,956,373</u>	<u>\$ 12,131,069</u>

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

Current and Other Assets

Current and other assets decreased by \$465 million for governmental activities and increased by \$350 million for business-type activities. For governmental activities, there was a reduction of \$435 million in investment purchase transactions which took place at the end of the current year and settled subsequent to the statement of net position date. This decrease was offset by corresponding reductions in liabilities (Other Payables) of like amount. For business-type activities, current and other assets increased by \$350 million, largely due to a \$329 million increase in the Hospitals' accounts receivable.

Liabilities

Current and other liabilities decreased by \$436 million for governmental activities, largely due to the previously mentioned \$435 million reduction of liabilities associated with investment purchase transactions pending settlement at year-end. For business-type activities, a net increase of \$133 million in current and other liabilities was primarily due to a \$136 million increase in accounts payable for intergovernmental transfer expenses associated with the

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

Liabilities-Continued

Hospitals. Long-term liabilities increased by \$989 million for governmental activities and by \$450 million for business-type activities. Liabilities for other postemployment benefits (OPEB), although partially funded beyond a pay-as-you-go basis in the current year, increased for both governmental and business-type activities by \$1.035 billion and \$199 million, respectively. Additional significant factors increasing liabilities were newly issued capital improvement bonds and third party payor liabilities for the business-type activities. Specific disclosures related to OPEB and other changes in long-term liabilities are discussed and referenced in Notes 9 and 11 to the basic financial statements.

Deferred Inflows of Resources

As discussed in Notes 2 and 7 to the basic financial statements, the County implemented GASB Statements Nos. 60 and 63 in the current year. Sixteen of the County's golf courses are managed by private operators and were determined to be service concession arrangements. The County receives installment payments from the private operators and the present value of such payments was \$102 million and is recorded as a deferred inflow of resources, which is a newly established segment of the Statement of Net Position.

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 (\$16.873 billion) represents its investment in capital assets (i.e., land, structures and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was \$2.724 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 \$8.641 billion. Both governmental and business-type activities reported deficits in this category of \$6.920 billion and \$1.721 billion, respectively. The deficits closely parallel the OPEB related liabilities of \$6.812 billion for governmental activities and \$1.341 billion for business-type activities. Other unfunded liabilities are also factors, such as workers' compensation, compensated absences, and litigation and self-insurance claims. As discussed in Note 9 to the basic financial statements, the County funded OPEB by \$449 million beyond the pay-as-you-go amount during the current year.

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

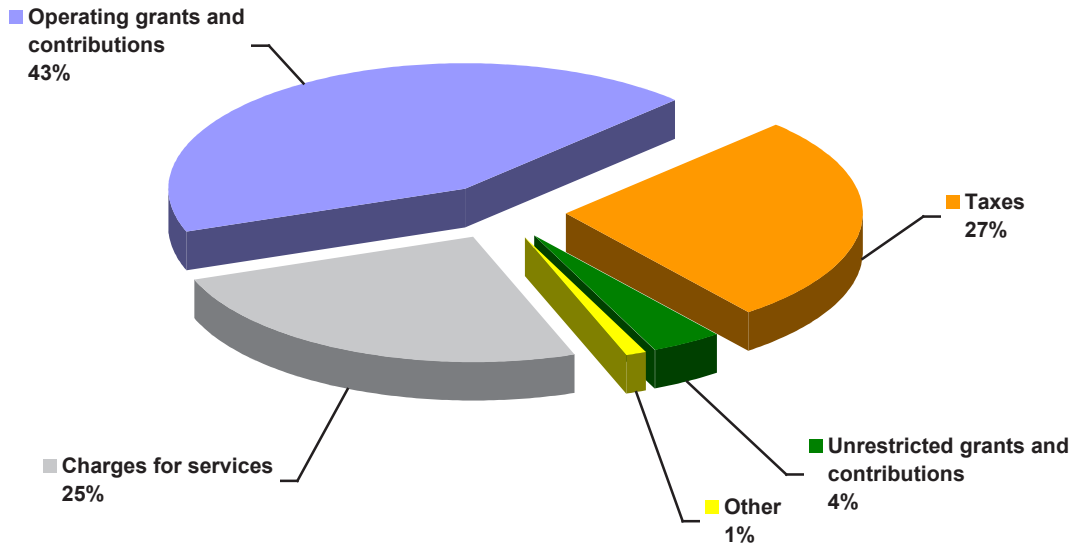
The following table indicates the changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2013 and 2012
(in thousands)

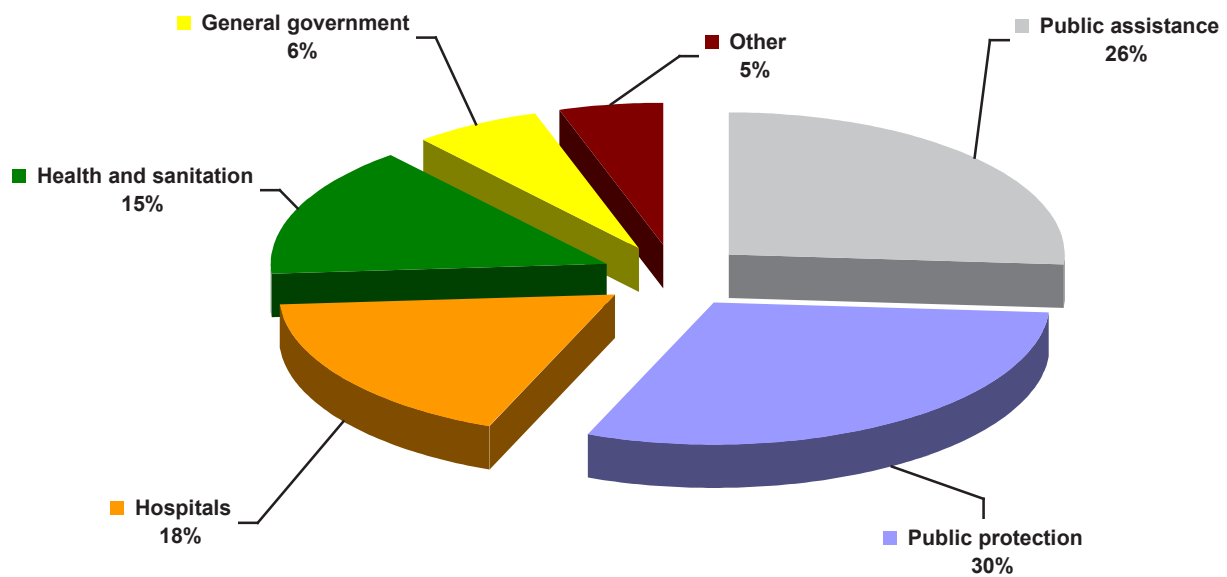
	Governmental		Business-type		Total	
	Activities		Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,589,542	\$ 2,712,525	\$ 2,446,892	\$ 2,262,644	\$ 5,036,434	\$ 4,975,169
Operating grants and contributions	8,186,681	7,715,282	522,112	776,779	8,708,793	8,492,061
Capital grants and contributions	104,486	38,352	47	1,311	104,533	39,663
General revenues:						
Taxes	5,570,043	5,192,668	4,347	4,382	5,574,390	5,197,050
Unrestricted grants and contributions	745,406	608,967	37	51	745,443	609,018
Investment earnings (loss)	(920)	82,271	(171)	1,770	(1,091)	84,041
Miscellaneous	<u>150,957</u>	<u>134,827</u>	<u>13,171</u>	<u>21,657</u>	<u>164,128</u>	<u>156,484</u>
Total revenues	<u>17,346,195</u>	<u>16,484,892</u>	<u>2,986,435</u>	<u>3,068,594</u>	<u>20,332,630</u>	<u>19,553,486</u>
Expenses:						
General government	1,274,689	1,315,662			1,274,689	1,315,662
Public protection	6,309,193	6,608,319			6,309,193	6,608,319
Public ways and facilities	381,211	355,527			381,211	355,527
Health and sanitation	3,066,172	3,036,296			3,066,172	3,036,296
Public assistance	5,538,106	5,599,244			5,538,106	5,599,244
Education	119,680	112,497			119,680	112,497
Recreation and cultural services	316,372	310,369			316,372	310,369
Interest on long-term debt	105,491	110,541			105,491	110,541
Hospitals			3,889,206	3,768,699	3,889,206	3,768,699
Waterworks			84,824	94,651	84,824	94,651
Aviation			5,332	5,022	5,332	5,022
Community Development Commission				<u>289,924</u>		<u>289,924</u>
Total expenses	<u>17,110,914</u>	<u>17,448,455</u>	<u>3,979,362</u>	<u>4,158,296</u>	<u>21,090,276</u>	<u>21,606,751</u>
Excess (deficiency) before transfers and extraordinary item	235,281	(963,563)	(992,927)	(1,089,702)	(757,646)	(2,053,265)
Transfers	(913,686)	(818,923)	913,686	818,923		
Extraordinary item		<u>(6,282)</u>				<u>(6,282)</u>
Changes in net position	(678,405)	(1,788,768)	(79,241)	(270,779)	(757,646)	(2,059,547)
Net position – beginning, as restated	<u>11,069,381</u>	<u>13,162,766</u>	<u>644,638</u>	<u>1,027,850</u>	<u>11,714,019</u>	<u>14,190,616</u>
Net position – ending	<u>\$ 10,390,976</u>	<u>\$ 11,373,998</u>	<u>\$ 565,397</u>	<u>\$ 757,071</u>	<u>\$ 10,956,373</u>	<u>\$ 12,131,069</u>

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

**REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**



**EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**



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

Governmental Activities

Revenues from governmental activities increased by \$861 million (5.2%) 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 \$471 million. State Assembly Bill 109 public safety realignment revenues grew by \$143 million, as this program expanded in the current year. There was also growth of \$130 million associated with the State Mental Health Services Act (Proposition 63). Proposition 63 revenue growth was attributable to higher State income taxes and positive State adjustments to prior year revenues. Public assistance programs experienced net revenue growth of \$122 million, as State revenues grew by \$219 million and federal revenues were lower by \$97 million. Program revenue growth of \$75 million was due to the federal Delivery System Incentive Pool revenues, which were a newly recognized funding source for the County's health services administration program.
- Taxes, the County's largest general revenue source, were \$377 million higher than the previous year. The additional growth in tax revenues was concentrated in property taxes, which grew by \$348 million. The County's assessed property tax roll grew for the second consecutive year and was 2.2% higher in the current year. Property tax revenues were also recognized in conjunction with the prior year dissolution of redevelopment agencies, which shifted residual property taxes to local government agencies, including the County. The County's share of such residual tax revenues in the current year was \$125 million and grew by \$25 million. Current year revenues of \$241 million, referred to as "pass through" payments from redevelopment dissolution, are apportioned directly to the County and are classified as property tax revenues. In the prior year, such revenues were \$101 million and classified as Other Intergovernmental Revenues. The redevelopment dissolution process places high priority on pass through revenues and resulted in more timely recognition of such revenues.
- An investment loss of nearly \$1 million was recognized in the current year, as compared with positive investment earnings of \$82 million in the prior year. As discussed in Note 5 to the basic financial statements, the County Treasury Pool incurred unrealized losses of \$179 million at the end of the current year. Although Treasury Pool investments are generally held to maturity, the amount of unrealized losses exceeded realized gains on matured investments.

Expenses related to governmental activities decreased by \$338 million (1.9%) during the current year. There were two major factors contributing to lower overall expenses. As discussed in Note 9 to the basic financial statements, the County utilized savings from LACERA pension reserves to fund \$449 million of OPEB costs beyond the pay-as-you-go amount in the current year. The additional funding source was offset by growth in current year OPEB costs of \$174 million, resulting in a net reduction of current year OPEB costs of \$275 million. In the prior year, the County reevaluated its liabilities for accrued vacation and sick leave and recognized higher one-time costs for these benefits in the prior year. In the current year, these expenses

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

Governmental Activities-Continued

were comparatively lower by \$322 million. The current year cost reductions of \$597 million noted above were partially offset by increases in salaries and other employee benefits of \$306 million. Although there were no cost of living wage increases in the current year, expenses were generally higher due to costs associated with new employees, promotions, employee health care benefits and pension contributions.

Business-type Activities

Revenues from business-type activities decreased in comparison to the prior year by \$82 million (2.7%). As previously discussed, the Community Development Commission (CDC) is discretely presented in the current year and represented \$296 million of business-type revenues in the prior year. Adjusting for this change, business-type revenues were otherwise higher by \$214 million. This increase was associated with the County's Hospitals, which recognized a year-over-year increase of \$246 million from a revenue source known as "Managed Care for Seniors and Persons with Disabilities." This amount was partially offset by lower revenues from the Medi-Cal demonstration project. Hospital revenue sources are discussed in more detail in Note 14 to the basic financial statements.

Expenses related to business-type activities decreased from the previous year by \$179 million (4.3%). CDC business-type expenses were \$290 million in the prior year. Similar to the adjustment discussed in the preceding paragraph for CDC, business-type expenses were otherwise higher by \$111 million. Intergovernmental transfer expenses were \$130 million higher and these increases were associated with the County Hospitals' managed care programs. For all Hospital facilities, the average patient census during the current year was 1,234 patients per day, which was lower in comparison with 1,263 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 Project Funds, and the Permanent Funds.

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of \$6.107 billion, an increase of \$229 million in comparison with the prior year. Of the total fund balances, \$265 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$2.980 billion is classified as restricted, \$653 million as committed, and \$548 million as assigned. The remaining balance of \$1.661 billion is classified as unassigned and is entirely associated with the General Fund.

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

Governmental Funds-Continued

Revenues from all governmental funds for the current year were \$17.251 billion, an increase of \$795 million (4.8%) from the previous year. Expenditures for all governmental funds in the current year were \$16.409 billion, an increase of \$459 million (2.9%) from the previous year. In addition, other financing uses exceeded other financing sources by \$613 million as compared to \$560 million in the prior year.

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by \$238 million (9.0%). At the end of the current fiscal year, the General Fund's total fund balance was \$2.880 billion. Of this amount, \$254 million is classified as nonspendable, \$60 million as restricted, \$529 million as committed, \$376 million as assigned and the remaining \$1.661 billion is classified as unassigned.

General Fund revenues during the current year were \$14.607 billion, an increase of \$781 million (5.6%) from the previous year. General Fund expenditures during the current year were \$14.014 billion, an increase of \$394 million (2.9%) from the previous year. Other financing sources/uses-net was negative \$356 million in the current year as compared to negative \$287 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased overall by \$550 million, with growth in all segments, led by increases in State revenues of \$388 million, federal revenues of \$86 million and "other" intergovernmental revenues of \$76 million. State revenue growth of \$388 million was largely associated with public assistance programs, which grew by \$219 million, due to higher levels of reimbursable program and administrative costs. There was also growth of \$143 million associated with the State's Assembly Bill 109 public safety realignment initiative as the program continues to expand, especially in the Sheriff's and Probation Departments, which recognized increased revenues of \$75 million and \$49 million, respectively. There were also year-over-year increases in State Proposition 172 revenues of \$36 million. Federal revenue growth of \$86 million was principally due to the federal Delivery System Incentive Pool revenues, which were a newly recognized funding source of \$75 million for the County's health services administration program. Excess assets from redevelopment agencies are not derived from current property taxes and are classified as "other" intergovernmental revenues. The General Fund's share of such revenues in the current year was \$135 million, was offset by the reclassification of \$74 million of pass through revenues, and these were the major factors that led to the net increase of "other" intergovernmental revenues.

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

Governmental Funds-Continued

- Revenues from taxes increased by \$287 million and property taxes comprised \$262 million of this increase. Current year revenues of \$191 million, referred to as “pass through” payments from redevelopment dissolution, are apportioned directly to the County’s General Fund and are classified as property tax revenues. In the prior year, such revenues were \$74 million and classified as “other” intergovernmental revenues. As previously mentioned, assessed property values were higher in the current year and additional property tax revenues were \$55 million. Residual property tax revenues from redevelopment dissolution were \$16 million higher in the current year, growing from \$88 million to \$104 million.
- General fund expenditures increased by a total of \$394 million, or 2.9%. Within this total, there were increases of \$400 million in current expenditures, increases in debt service expenditures of \$6 million, and capital outlay expenditures were lower by \$12 million. The most significant increase in current expenditures was in the public protection category, where expenditures were higher by \$157 million. Of this amount, salaries and employee benefits increased by \$112 million and were largely associated with the Sheriff’s and Probation Departments. Current expenditures were also higher by \$139 million in the public assistance category and \$123 million was related to administering a variety of assistance programs. Expenditures were also higher by \$91 million for health and sanitation programs.

The Fire Protection District reported a year-end fund balance of \$237 million, which represented an increase of \$33 million from the previous year. The increase in fund balance also brought additional liquidity to the District, as total pooled cash and investments increased by \$45 million. Revenues increased by \$63 million, of which \$57 million was attributable to property taxes. Expenditures were higher by \$27 million, of which \$18 million was related to salaries and benefits.

The Flood Control District reported a year-end fund balance of \$243 million, which was \$48 million higher than the previous year. Revenues were \$9 million higher in the current year and the increase was associated with property tax growth. Expenditures were nearly unchanged, as the current year expenditures were \$187 million, or \$3 million lower than the prior year amount of \$190 million.

The Public Library Fund reported a year-end fund balance of \$59 million, which was \$5 million higher than the previous year. Revenues grew by \$5 million, due to higher property tax revenues. Expenditures increased in the current year by \$7 million. There was a net decrease of \$8 million for “transfers in,” as contributions from the County’s General Fund were \$42 million in the current year, as compared to \$50 million in the prior year.

The Regional Park and Open Space District reported a year-end fund balance of \$330 million, which was \$8 million higher than the previous year. Current year revenues were lower by \$6 million, as investment losses in the current period were nearly \$2 million compared with positive investment income of \$5 million in the prior year. Expenditures were nearly unchanged, at \$35 million in the current year versus \$36 million in the prior year.

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

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. The amount of subsidy, per facility, ranged from \$71 million for Rancho Los Amigos National Rehabilitation Center to \$331 million for the LAC+USC Medical Center. The total subsidy amount was \$718 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 \$643 million.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund ("Measure B Fund"). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center (\$116 million), Harbor-UCLA Medical Center (\$61 million), and Olive-View UCLA Medical Center (\$38 million). The total amount of current year Measure B transfers (\$215 million) was higher than the prior year amount of \$194 million.

Waterworks Funds reported year-end net position of \$820 million, an \$8 million reduction from the previous year. Current year operating revenues of \$72 million were \$4 million higher than the previous year's amount of \$68 million. Current year operating expenses of \$85 million were \$10 million lower than the previous year's amount of \$95 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 \$68 million in the General Fund's available (unassigned) fund balance from the previous year.

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

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	Increase (Decrease) From Original <u>Budget</u>	Final Budget <u>Amount</u>	Actual <u>Amount</u>	Variance- Positive (Negative) <u>(Negative)</u>
Taxes	\$ 264,749	\$ 4,250,866	\$ 4,263,363	\$ 12,497
Intergovernmental revenues	282,836	8,976,288	8,158,498	(817,790)
Charges for services	(28,232)	1,737,959	1,572,231	(165,728)
All other revenues	63,641	618,327	600,932	(17,395)
Other sources and transfers in	<u>14,139</u>	<u>736,892</u>	<u>492,185</u>	<u>(244,707)</u>
Total	<u>\$ 597,133</u>	<u>\$ 16,320,332</u>	<u>\$ 15,087,209</u>	<u>\$ (1,233,123)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated \$597 million. The most significant changes occurred in the following areas:

- Estimated intergovernmental revenues increased by \$283 million. Of this amount, there were federal and State revenues of \$97 million added to the budget for public assistance programs due to rate increases for adoptions and foster care and increases to the In-Home Supportive Services program for higher levels of reimbursable costs. Budgeted Federal revenues, referred to as "Delivery System Reform Incentive Pool," were increased by \$81 million to reflect over-realized revenue amounts. There was a \$51 million increase to budgeted federal and State revenues associated with reimbursement of disaster recovery expenditures incurred in previous years. Net additions of \$38 million were made to budgeted intergovernmental revenues associated with redevelopment dissolution. There were other net additions to budgeted intergovernmental revenues of \$16 million.
- The budget for tax revenues was increased by \$265 million. Of this increase, \$159 million was added to the budget for unanticipated property tax revenues recognized in conjunction with redevelopment dissolution. Additionally, \$89 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. The remaining \$17 million of increased tax revenues was appropriated for a variety of programs.
- There was a net increase of \$64 million related to "all other revenues" and \$37 million of this amount was attributable to tobacco settlement revenues, which exceeded the original budget amount. There were a variety of revenue increases accounting for the remaining \$27 million.

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

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$15.087 billion, or 7.6%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues and “other sources and transfers in.”

- Actual intergovernmental revenues were \$818 million lower than the amount budgeted. Budgeted intergovernmental revenues of \$272 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. Mental health programs accounted for approximately \$208 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. Approximately \$160 million was associated with social service, child and family programs, where reimbursable costs were lower than anticipated due to hiring and promotion delays, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Public health related programs experienced budgeted revenue shortfalls of \$56 million, most of which was associated with federal grants and offset by a comparable amount of cost savings. The Probation Department under-realized revenues of \$47 million due to lower than expected reimbursement of salaries, services and supplies. The Registrar-Recorder did not realize \$24 million of federal funds (Help America Vote Act) due to lower than anticipated eligible costs. The remaining variance of \$51 million was related to a variety of other programs.
- The actual amount of “other sources and transfers in” was \$245 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund (Proposition 63) did not fully materialize at the budgeted level and “transfers in” were \$134 million lower than budgeted. In addition, “transfers in” totaling \$90 million were assumed in the budget for capital improvements and extraordinary building maintenance projects which did not incur expected costs. There were various other sources and transfers that comprised the remaining variance of \$21 million.

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

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):

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive
General government	\$ (46,960)	\$ 1,581,512	\$ 969,912	\$ 611,600
Public protection	11,133	4,963,094	4,701,404	261,690
Health and sanitation	24,306	3,381,053	2,946,179	434,874
Public assistance	108,383	5,648,187	5,289,991	358,196
All other expenditures	(8,996)	1,201,615	384,714	816,901
Transfers out	128,854	716,512	698,521	17,991
Contingencies	88,839	88,839		88,839
Fund balance changes-net	<u>291,574</u>	<u>305,022</u>	<u>164,409</u>	<u>140,613</u>
Total	<u>\$ 597,133</u>	<u>\$ 17,885,834</u>	<u>\$15,155,130</u>	<u>\$ 2,730,704</u>

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$597 million. As discussed below, the most significant increases occurred in the following areas:

- Net budgetary changes of \$292 million were made to various fund balance components. Increases were made to fund balance commitments to augment the County's "rainy day" fund by \$94 million and to provide \$64 million for low and moderate income housing. Fund balance committed for health services, funded by tobacco settlement revenues, was increased by \$43 million. Fund balance commitments were also established for budgetary uncertainties and Sheriff's operations by \$38 million and \$31 million, respectively. Miscellaneous increases of \$22 million were made to other fund balance categories, which had the effect of reducing unassigned fund balance.
- Appropriations for "transfers out" were increased by \$129 million. Of this amount, \$57 million was appropriated to augment the amount of fund transfers from the General Fund to various Hospital Funds. An additional \$51 million of one-time federal and State disaster reimbursement funds were allocated to fund transfers to debt service funds for purposes of redeeming long-term debt obligations. The remaining \$21 million was appropriated to fund transfers out to various other funds.
- Public assistance appropriations were increased by \$108 million. As previously mentioned, estimated revenues of \$97 million were added to the budget to augment appropriations for public assistance programs, primarily to fund cost increases in the adoptions, foster care, and in-home supportive services programs. Various increases in public assistance appropriations comprised the remaining \$11 million.

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

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$2.731 billion lower (15.3%) than the final total budget of \$17.886 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 \$817 million less than the budgeted amount. Nearly all (\$808 million) of this variance was related to the capital outlay category. There were many capital improvements anticipated in the budget that remained in the planning stages and did not incur expenditures during the year. Most of the unused balance has been reestablished in the following year’s budget to ensure the continuity of the projects, many of which are multi-year in nature.
- The general government function reported actual expenditures that were \$612 million less than the amount budgeted. Of this amount, \$446 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. The remaining \$166 million was spread across virtually every department comprising general government and was mostly related to savings in the areas of salaries and services and supplies.
- Overall expenditures for the health and sanitation category were \$435 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by \$297 million, primarily due to less than anticipated costs for contracted services and to a lesser extent, salary savings. The public health program recognized budgetary savings of \$63 million, with approximately half of the budgeted savings in the salaries and benefits category and the remaining half due to lower than expected contract service costs. The County’s managed care program recognized budgetary savings of \$45 million, nearly all of which was contracted services. The remaining variance of \$30 million was associated with other health programs.
- Actual public assistance expenditures were \$358 million lower than the final budget. Of this amount, \$297 million was concentrated in social service, children, and family programs. Administrative costs in these areas were lower than anticipated due to overall cost containment efforts, vacant positions, and delays in implementing new technology initiatives. There were also direct program savings associated with lower than anticipated caseloads. There were \$41 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance amount of \$20 million was related to other public assistance programs.

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

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2013 were \$18.668 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 increase in the County's capital assets (net of depreciation) for the current fiscal year was \$334 million, as shown in the following table.

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

	<u>Current Year</u>	<u>Prior Year, As Restated</u>	<u>Increase (Decrease)</u>
Land and easements	\$ 7,533,653	\$ 7,441,982	\$ 91,671
Buildings and improvements	3,934,494	3,879,751	54,743
Infrastructure	5,037,495	5,106,802	(69,307)
Equipment	510,535	500,572	9,963
Software	319,782	337,633	(17,851)
Capital assets, in progress	<u>1,332,302</u>	<u>1,067,151</u>	<u>265,151</u>
Total	<u>\$ 18,668,261</u>	<u>\$ 18,333,891</u>	<u>\$ 334,370</u>

The County's major capital asset initiatives during the current year continued to focus on new medical facilities and major improvements for the Hospitals. There was significant construction-in-progress at Harbor/UCLA Medical Center, as \$71 million was capitalized for surgical facilities and seismic retrofit projects. There were an additional \$84 million of capitalized construction costs for the Martin Luther King, Jr. inpatient tower project, and \$62 million for the Martin Luther King, Jr. Multi-Service Ambulatory Care Center project. As of the end of the current year, there were \$657 million of capital construction commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by \$178 million, as newly issued debt and accretions of \$701 million exceeded debt maturities of \$523 million. Specific changes related to governmental and business-type activities are presented in Note 11 (Long-Term Obligations) to the basic financial statements. During the current year, significant long-term debt transactions were as follows:

- Lease revenue obligation notes of \$302 million were issued for governmental and business-type activities in the amounts of \$256 million and \$46 million, respectively. For governmental activities, debt was issued to finance a new hospital facility that will be operated by a non-profit organization (see Note 14 to the basic financial statements) and fire department facilities. For business-type activities, debt was issued to finance hospital and ambulatory care improvements.

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

Debt Administration-Continued

- New debt of \$15 million was issued to finance the acquisition of equipment. Equipment debt totaling \$19 million was redeemed during the year in accordance with maturity schedules.
- New debt of \$339 million was issued for governmental and business-type activities in the amounts of \$36 million and \$303 million, respectively. New debt related to governmental activities is for fire stations and, for business-type activities, the debt proceeds are for the High Desert and Martin Luther King, Jr., ambulatory care centers.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$1.1 billion in tax and revenue anticipation notes, with maturities of \$300 million on February 28, 2013, \$400 million on March 29, 2013, and \$400 million on June 28, 2013. The General Fund also relied upon periodic borrowing from available agency funds.

Bond Ratings

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

	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
General Obligation Bonds	Aa2	AA	AA-
Facilities	A1	AA-	A+
Equipment/Non-Essential Leases	A2	AA-	A+
Operating/Non-Essential Leases	A2	AA-	A
Short-Term	MIG1	SP-1+	F1+
Flood Control District Revenue Bonds	Aaa	AA	AAA
Regional Park and Open Space District Bonds	Aa1	AA	AAA

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

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2013-2014 Budget on June 24, 2013. The Budget was adopted based on estimated fund balances that would be available at the end of 2012-2013. The Board updated the Budget on October 8, 2013 to reflect final 2012-2013 fund balances and other pertinent financial information. For the County's General Fund, the 2013-2014 Budget, as updated in October 2013, utilized \$1.498 billion of fund balance, which exceeded the previously estimated fund balance of \$1.135 billion. Of the additional fund balance of \$363 million, \$173 million was used to carryover lapsed appropriations and the remaining \$190 million was used to fund one-time projects and programs.

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

The County's 2013-2014 Budget anticipates the continuation of moderate growth that began to emerge in 2012-2013. Improvements in the housing market and the continued downward trend in unemployment have strengthened consumer confidence and increased consumer spending. Revenues associated with sales taxes are trending higher and assessed property values are 4.66% higher, marking the third consecutive year of increased value, which will provide additional property tax revenues to the County. Among the fiscal challenges facing the County are restoration of fund balance and capital outlay appropriations in the General Fund that were drawn upon to withstand the economic downturn. The County also faces salary increases that have been negotiated or for which negotiations are in progress.

The County's budget outlook, while favorable, continues to depend on the fiscal condition and outlook of the State of California. In this regard, the State Legislative Analyst's Office (LAO) reports that State revenues are growing at a faster pace than expenditures and projects State budget surpluses at least through 2017-2018. This forecast for the State should enable the County to more reliably develop its own financial forecast and spending plans for the near future.

Obtaining Additional Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
JUNE 30, 2013 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES		
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 4,022,769	66,051	\$ 4,088,820	\$ 830,841
Other	843,194	28,632	871,826	
Total pooled cash and investments	<u>4,865,963</u>	<u>94,683</u>	<u>4,960,646</u>	<u>830,841</u>
Other investments (Note 5)	63,719		63,719	194,760
Taxes receivable	250,297	787	251,084	
Accounts receivable - net (Note 14)		1,458,937	1,458,937	33,721
Interest receivable	17,003	385	17,388	684
Other receivables	1,982,376	264,604	2,246,980	57,724
Internal balances (Note 15)	689,964	(689,964)		
Inventories	66,240	20,118	86,358	22,528
Restricted assets (Note 5)	11,513	273,997	285,510	
Net pension obligation				589
Capital assets: (Notes 6 and 10)				
Capital assets, not being depreciated	8,100,366	765,589	8,865,955	103,427
Capital assets, net of accumulated depreciation	7,738,179	2,064,127	9,802,306	87,310
Total capital assets	<u>15,838,545</u>	<u>2,829,716</u>	<u>18,668,261</u>	<u>190,737</u>
TOTAL ASSETS	<u>23,785,620</u>	<u>4,253,263</u>	<u>28,038,883</u>	<u>1,331,584</u>
LIABILITIES				
Accounts payable	372,995	290,413	663,408	51,954
Accrued payroll	361,108	74,583	435,691	
Other payables (Note 5)	94,718	11,266	105,984	4,606
Accrued interest payable	20,680	24,287	44,967	
Unearned revenue	64,951	320	65,271	202
Advances payable	411,590	476	412,066	
Long-term liabilities: (Note 11)				
Due within one year	938,639	162,290	1,100,929	6,124
Due in more than one year	11,027,874	3,124,231	14,152,105	70,808
TOTAL LIABILITIES	<u>13,292,555</u>	<u>3,687,866</u>	<u>16,980,421</u>	<u>133,694</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangements (Note 7)	102,089		102,089	
NET POSITION				
Net investment in capital assets (Notes 6 and 11)	14,654,785	2,218,647	16,873,432	148,435
Restricted for:				
Capital projects	63,308		63,308	
Debt service	58,411	6,148	64,559	
Permanent funds - nonspendable	2,230		2,230	
Permanent funds - spendable	290		290	
General government	538,308		538,308	
Public protection	544,075		544,075	
Public ways and facilities	443,144	62,021	505,165	
Health and sanitation	662,118		662,118	
Recreation	336,326		336,326	
Community development				276,834
First 5 LA				723,253
Other	7,507		7,507	
Unrestricted (deficit)	(6,919,526)	(1,721,419)	(8,640,945)	49,368
TOTAL NET POSITION	<u>\$ 10,390,976</u>	<u>565,397</u>	<u>\$ 10,956,373</u>	<u>\$ 1,197,890</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

FUNCTIONS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,274,689	473,047	46,272	4,530
Public protection	6,309,193	1,248,402	1,421,567	10,318
Public ways and facilities	381,211	35,107	185,658	89,436
Health and sanitation	3,066,172	615,531	1,959,545	138
Public assistance	5,538,106	13,661	4,569,892	
Education	119,680	2,967	2,167	
Recreation and cultural services	316,372	200,827	1,580	64
Interest on long-term debt	105,491			
Total governmental activities	<u>17,110,914</u>	<u>2,589,542</u>	<u>8,186,681</u>	<u>104,486</u>
Business-type activities:				
Hospitals	3,889,206	2,371,130	521,292	
Waterworks	84,824	71,956	606	
Aviation	5,332	3,806	214	47
Total business-type activities	<u>3,979,362</u>	<u>2,446,892</u>	<u>522,112</u>	<u>47</u>
Total primary government	<u>\$ 21,090,276</u>	<u>5,036,434</u>	<u>8,708,793</u>	<u>104,533</u>
DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 629,238</u>	<u>63,947</u>	<u>494,083</u>	

GENERAL REVENUES:

Taxes:
Property taxes
Utility users taxes
Voter approved taxes
Documentary transfer taxes
Other taxes
Sales and use taxes, levied by the State
Grants and contributions not restricted to special programs
Investment loss
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET POSITION
NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)
NET POSITION, JUNE 30, 2013

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			
PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ (750,840)		\$ (750,840)	
(3,628,906)		(3,628,906)	
(71,010)		(71,010)	
(490,958)		(490,958)	
(954,553)		(954,553)	
(114,546)		(114,546)	
(113,901)		(113,901)	
(105,491)		(105,491)	
<u>(6,230,205)</u>		<u>(6,230,205)</u>	
	(996,784)	(996,784)	
	(12,262)	(12,262)	
	(1,265)	(1,265)	
	<u>(1,010,311)</u>	<u>(1,010,311)</u>	
<u>(6,230,205)</u>	<u>(1,010,311)</u>	<u>(7,240,516)</u>	
		<u>\$ (71,208)</u>	
			DISCRETELY PRESENTED COMPONENT UNITS
			GENERAL REVENUES:
			Taxes:
4,963,533	4,346	4,967,879	Property taxes
56,834		56,834	Utility users taxes
356,208		356,208	Voter approved taxes
65,984		65,984	Documentary transfer taxes
33,523	1	33,524	Other taxes
93,961		93,961	Sales and use taxes, levied by the State
745,406	37	745,443	Grants and contributions not restricted to special programs
(920)	(171)	(1,091)	Investment loss
150,957	13,171	164,128	Miscellaneous
(913,686)	913,686		TRANSFERS - NET
<u>5,551,800</u>	<u>931,070</u>	<u>6,482,870</u>	<u>(3,031)</u>
(678,405)	(79,241)	(757,646)	(74,239)
11,069,381	644,638	11,714,019	1,272,129
<u>\$ 10,390,976</u>	<u>565,397</u>	<u>\$ 10,956,373</u>	<u>\$ 1,197,890</u>
			Total general revenues and transfers
			CHANGE IN NET POSITION
			NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)
			NET POSITION, JUNE 30, 2013

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 866,912	211,307	260,619	60,441
Other	770,853	16,348	2,485	1,548
Total pooled cash and investments	<u>1,637,765</u>	<u>227,655</u>	<u>263,104</u>	<u>61,989</u>
Other investments (Notes 4 and 5)	5,676			119
Taxes receivable	171,919	42,025	13,013	6,123
Interest receivable	8,668	626	749	178
Other receivables	1,768,366	38,480	8,284	1,390
Due from other funds (Note 15)	391,605	2,046	10,594	1,955
Advances to other funds (Note 15)	754,376		6,473	
Inventories	47,375	8,045		916
TOTAL ASSETS	<u>\$ 4,785,750</u>	<u>318,877</u>	<u>302,217</u>	<u>72,670</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 321,509	4,649	4,130	1,235
Accrued payroll	309,926	32,788		3,313
Other payables (Note 5)	89,852	2,289		431
Due to other funds (Note 15)	461,480	10,980	19,428	4,105
Deferred revenue	302,656	31,424	35,678	4,590
Advances payable	404,975			
Third party payor (Notes 11 and 14)	15,702			
TOTAL LIABILITIES	<u>1,906,100</u>	<u>82,130</u>	<u>59,236</u>	<u>13,674</u>
FUND BALANCES (Note 20):				
Nonspendable	253,836	8,045		916
Restricted	59,786	228,702	242,882	9,841
Committed	528,865			
Assigned	376,181		99	48,239
Unassigned	1,660,982			
TOTAL FUND BALANCES	<u>2,879,650</u>	<u>236,747</u>	<u>242,981</u>	<u>58,996</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,785,750</u>	<u>318,877</u>	<u>302,217</u>	<u>72,670</u>

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				ASSETS
				Pooled cash and investments: (Notes 1 and 5)
\$ 329,344	2,264,216		\$ 3,992,839	Operating
1,417	45,424		838,075	Other
<u>330,761</u>	<u>2,309,640</u>		<u>4,830,914</u>	Total pooled cash and investments
	200,794	(142,870)	63,719	Other investments (Notes 4 and 5)
2,422	14,795		250,297	Taxes receivable
1,030	5,629		16,880	Interest receivable
5,335	47,703		1,869,558	Other receivables
806	321,112		728,118	Due from other funds (Note 15)
	12,088		772,937	Advances to other funds (Note 15)
			56,336	Inventories
<u>\$ 340,354</u>	<u>2,911,761</u>	<u>(142,870)</u>	<u>\$ 8,588,759</u>	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				LIABILITIES:
\$ 1,469	30,946		\$ 363,938	Accounts payable
	88		346,115	Accrued payroll
	100		92,672	Other payables (Note 5)
3,167	340,064		839,224	Due to other funds (Note 15)
5,878	31,967		412,193	Deferred revenue
	6,248		411,223	Advances payable
	654		16,356	Third party payor (Notes 11 and 14)
<u>10,514</u>	<u>410,067</u>		<u>2,481,721</u>	TOTAL LIABILITIES
				FUND BALANCES (Note 20):
	2,230		265,027	Nonspendable
329,840	2,251,854	(142,870)	2,980,035	Restricted
	123,956		652,821	Committed
	123,654		548,173	Assigned
			1,660,982	Unassigned
<u>329,840</u>	<u>2,501,694</u>	<u>(142,870)</u>	<u>6,107,038</u>	TOTAL FUND BALANCES
<u>\$ 340,354</u>	<u>2,911,761</u>	<u>(142,870)</u>	<u>\$ 8,588,759</u>	TOTAL LIABILITIES AND FUND BALANCES

COUNTY OF LOS ANGELES
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013 (in thousands)

Fund balances - total governmental funds (page 27) \$ 6,107,038

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	\$ 7,350,011	
Construction-in-progress	750,355	
Buildings and improvements - net	2,703,462	
Equipment - net	305,343	
Intangible software - net	279,394	
Infrastructure - net	<u>4,317,292</u>	15,705,857

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

Deferred revenue - taxes	\$ 188,305	
Long-term receivables	<u>160,793</u>	349,098

Installment receivables from service concession arrangements. 102,089

Accrued interest payable is not recognized in governmental funds. (20,513)

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	\$ (1,496,695)	
Unamortized premiums on bonds and notes	(32,107)	
Unamortized loss on bond refunding	23,165	
Accreted interest on bonds and notes	(172,142)	
Capital lease obligations	(183,056)	
Accrued compensated absences	(1,146,316)	
Workers' compensation	(1,792,881)	
Litigation and self-insurance	(177,078)	
Pollution remediation obligations	(15,886)	
OPEB obligation	<u>(6,520,427)</u>	(11,513,423)

Deferred inflows from service concession arrangements. (102,089)

Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position. (237,081)

Net position of governmental activities (page 23) \$ 10,390,976



COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES:				
Taxes	\$ 4,267,858	686,402	112,453	72,792
Licenses, permits and franchises	61,412	13,370	769	
Fines, forfeitures and penalties	222,226	3,976	1,696	555
Revenue from use of money and property:				
Investment income (loss) (Note 5)	8,011	(1,264)	513	(227)
Rents and concessions (Note 10)	80,046	115	6,956	15
Royalties	1,784		1,240	
Intergovernmental revenues:				
Federal	3,167,738	8,989	1,421	9
State	4,851,855	11,937	3,771	2,628
Other	163,094	29,847	4,356	2,505
Charges for services	1,565,937	169,337	117,399	2,374
Miscellaneous	216,977	651	5,169	488
TOTAL REVENUES	14,606,938	923,360	255,743	81,139
EXPENDITURES:				
Current:				
General government	979,989			
Public protection	4,694,982	883,456	187,368	
Public ways and facilities				
Health and sanitation	2,779,870			
Public assistance	5,247,031			
Education				115,750
Recreation and cultural services	272,835			
Debt service:				
Principal	10,065	773		228
Interest and other charges	20,751	101		6
Capital outlay	8,065			
TOTAL EXPENDITURES	14,013,588	884,330	187,368	115,984
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	593,350	39,030	68,375	(34,845)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 15)	504,567	387	171	42,103
Transfers out (Note 15)	(863,738)	(6,421)	(20,364)	(2,621)
Issuance of debt (Note 11)				
Bond premium proceeds (Note 11)				
Proceeds from capital leases (Note 10)	2,780			
Sales of capital assets	740	186	128	6
TOTAL OTHER FINANCING SOURCES (USES)	(355,651)	(5,848)	(20,065)	39,488
NET CHANGE IN FUND BALANCES	237,699	33,182	48,310	4,643
FUND BALANCES, JULY 1, 2012, AS RESTATED (Note 2)	2,641,951	203,565	194,671	54,353
FUND BALANCES, JUNE 30, 2013	\$ 2,879,650	236,747	242,981	58,996

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
\$	347,234		\$ 5,486,739	REVENUES:
	16,282		91,833	Taxes
808	73,049		302,310	Licenses, permits and franchises
				Fines, forfeitures and penalties
(1,809)	2,150	(7,925)	(551)	Revenue from use of money and property:
	31,092		118,224	Investment income (loss) (Note 5)
	5		3,029	Rents and concessions (Note 10)
				Royalties
	27,480		3,205,637	Intergovernmental revenues:
	586,662		5,456,853	Federal
	15,343		215,145	State
80,380	152,602		2,088,029	Other
	60,233		283,518	Charges for services
79,379	1,312,132	(7,925)	17,250,766	Miscellaneous
				TOTAL REVENUES
				EXPENDITURES:
				Current:
	17,701		997,690	General government
	76,480		5,842,286	Public protection
	326,159		326,159	Public ways and facilities
	149,281		2,929,151	Health and sanitation
	8,624		5,255,655	Public assistance
			115,750	Education
36,215	10,813		319,863	Recreation and cultural services
				Debt service:
	140,370	(27,855)	123,581	Principal
	88,156	(7,925)	101,089	Interest and other charges
	389,742		397,807	Capital outlay
36,215	1,207,326	(35,780)	16,409,031	TOTAL EXPENDITURES
				EXCESS (DEFICIENCY) OF REVENUES OVER
43,164	104,806	27,855	841,735	EXPENDITURES
				OTHER FINANCING SOURCES (USES):
	235,236		782,464	Transfers in (Note 15)
(35,488)	(767,636)		(1,696,268)	Transfers out (Note 15)
	293,284		293,284	Issuance of debt (Note 11)
	3,848		3,848	Bond premium proceeds (Note 11)
			2,780	Proceeds from capital leases (Note 10)
	305		1,365	Sales of capital assets
(35,488)	(234,963)		(612,527)	TOTAL OTHER FINANCING SOURCES (USES)
7,676	(130,157)	27,855	229,208	NET CHANGE IN FUND BALANCES
				FUND BALANCES, JULY 1, 2012,
322,164	2,631,851	(170,725)	5,877,830	AS RESTATED (Note 2)
\$ 329,840	2,501,694	(142,870)	\$ 6,107,038	FUND BALANCES, JUNE 30, 2013

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, 2013 (in thousands)

Net change in fund balances - total governmental funds (page 31) \$ 229,208

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	\$ 432,727	
Less - current year depreciation expense	(357,705)	75,022

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. (1,378)

Contribution of capital assets is not recognized in the governmental funds. 99,377

Timing differences result in more or less revenues and expenses in the statement of activities.

Change in deferred revenues	\$ (52,201)	
Change in unamortized premiums	4,000	
Change in unamortized refunding losses	(2,784)	(50,985)

Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position. (298,302)

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	\$ 84,660	
Notes, loans, and lease revenue obligation notes	189,065	
Assessment bonds	27,855	
Other long-term notes, loans and capital leases	11,066	312,646

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	\$ 18,782	
Change in litigation and self-insurance	(20,345)	
Change in pollution remediation obligations	9,408	
Change in accrued compensated absences	(16,190)	
Change in OPEB obligation	(991,118)	
Change in accrued interest payable	(277)	
Change in accretion of bonds and notes	2,991	
Change in accretion of tobacco settlement bonds	(2,471)	
Transfer of capital assets from governmental fund to enterprise fund	(41)	(999,261)

The portion of internal service funds that is reported with governmental activities. (44,732)

Change in net position of governmental activities (page 25) \$ (678,405)

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, 2013 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,986,117	4,250,866	4,263,363	12,497
Licenses, permits and franchises	49,767	49,767	61,412	11,645
Fines, forfeitures and penalties	216,892	217,769	222,226	4,457
Revenue from use of money and property:				
Investment income	39,980	40,495	32,494	(8,001)
Rents and concessions	92,110	105,778	80,046	(25,732)
Royalties	225	225	1,784	1,559
Intergovernmental revenues:				
Federal	3,698,294	3,878,878	3,171,764	(707,114)
State	4,823,288	4,886,877	4,814,183	(72,694)
Other	171,870	210,533	172,551	(37,982)
Charges for services	1,766,191	1,737,959	1,572,231	(165,728)
Miscellaneous	155,712	204,293	202,970	(1,323)
TOTAL REVENUES	15,000,446	15,583,440	14,595,024	(988,416)
EXPENDITURES:				
Current:				
General government	1,628,472	1,581,512	969,912	(611,600)
Public protection	4,951,961	4,963,094	4,701,404	(261,690)
Health and sanitation	3,356,747	3,381,053	2,946,179	(434,874)
Public assistance	5,539,804	5,648,187	5,289,991	(358,196)
Recreation and cultural services	282,240	284,038	274,912	(9,126)
Debt service-				
Interest	2,988	2,988	2,988	
Capital outlay	925,383	914,589	106,814	(807,775)
TOTAL EXPENDITURES	16,687,595	16,775,461	14,292,200	(2,483,261)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,687,149)	(1,192,021)	302,824	1,494,845
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	354	354	740	386
Transfers in	722,399	736,538	491,445	(245,093)
Transfers out	(587,658)	(716,512)	(698,521)	17,991
Appropriation for contingencies		(88,839)		88,839
Changes in fund balance	(13,448)	(305,022)	(164,409)	140,613
OTHER FINANCING SOURCES (USES) - NET	121,647	(373,481)	(370,745)	2,736
NET CHANGE IN FUND BALANCE	(1,565,502)	(1,565,502)	(67,921)	1,497,581
FUND BALANCE, JULY 1, 2012 (Note 16)	1,565,502	1,565,502	1,565,502	
FUND BALANCE, JUNE 30, 2013 (Note 16)	\$		1,497,581	1,497,581

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, 2013 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 623,995	677,134	685,136	8,002
Licenses, permits and franchises	13,058	13,058	13,370	312
Fines, forfeitures and penalties	4,131	4,131	3,976	(155)
Revenue from use of money and property:				
Investment income	1,500	1,500	782	(718)
Rents and concessions	85	85	115	30
Intergovernmental revenues:				
Federal	15,112	15,112	8,989	(6,123)
State	13,796	13,796	11,937	(1,859)
Other	30,028	4,019	29,847	25,828
Charges for services	171,840	171,840	169,337	(2,503)
Miscellaneous	415	415	651	236
TOTAL REVENUES	873,960	901,090	924,140	23,050
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	779,402	779,434	758,587	(20,847)
Services and supplies	123,699	123,837	102,843	(20,994)
Other charges	6,091	6,091	2,363	(3,728)
Capital assets	21,027	21,244	13,756	(7,488)
TOTAL EXPENDITURES	930,219	930,606	877,549	(53,057)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(56,259)	(29,516)	46,591	76,107
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	297	297	186	(111)
Transfers in		387	387	
Transfers out	(4,815)	(4,815)	(4,815)	
Appropriation for contingencies		(27,130)		27,130
Changes in fund balance	13,966	13,966	15,216	1,250
OTHER FINANCING SOURCES (USES) - NET	9,448	(17,295)	10,974	28,269
NET CHANGE IN FUND BALANCE	(46,811)	(46,811)	57,565	104,376
FUND BALANCE, JULY 1, 2012 (Note 16)	46,811	46,811	46,811	
FUND BALANCE, JUNE 30, 2013 (Note 16)	\$		104,376	104,376

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, 2013 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 96,827	109,380	108,635	(745)
Licenses, permits and franchises	711	711	769	58
Fines, forfeitures and penalties	1,824	1,824	1,696	(128)
Revenue from use of money and property:				
Investment income	1,901	1,901	3,080	1,179
Rents and concessions	7,567	7,567	6,956	(611)
Royalties	700	700	1,240	540
Intergovernmental revenues:				
Federal			1,421	1,421
State	839	839	3,771	2,932
Other	4,957	726	4,356	3,630
Charges for services	112,668	112,668	117,128	4,460
Miscellaneous	1,771	1,771	5,169	3,398
TOTAL REVENUES	229,765	238,087	254,221	16,134
EXPENDITURES:				
Current-Public protection:				
Services and supplies	204,721	198,373	180,788	(17,585)
Other charges	21,047	21,397	19,495	(1,902)
Capital assets	519	277	104	(173)
Capital outlay	19,775	25,773	9,057	(16,716)
TOTAL EXPENDITURES	246,062	245,820	209,444	(36,376)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,297)	(7,733)	44,777	52,510
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	70	70	128	58
Transfers out	(3,266)	(3,508)	(1,105)	2,403
Appropriation for contingencies		(8,322)		8,322
Changes in fund balance	(34,156)	(34,156)	(20,875)	13,281
OTHER FINANCING SOURCES (USES) - NET	(37,352)	(45,916)	(21,852)	24,064
NET CHANGE IN FUND BALANCE	(53,649)	(53,649)	22,925	76,574
FUND BALANCE, JULY 1, 2012 (Note 16)	53,649	53,649	53,649	
FUND BALANCE, JUNE 30, 2013 (Note 16)	\$		76,574	76,574

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
PUBLIC LIBRARY
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 69,233	71,198	71,364	166
Fines, forfeitures and penalties			555	555
Revenue from use of money and property:				
Investment income	400	400	388	(12)
Rents and concessions	15	15	15	
Intergovernmental revenues:				
Federal	61	61	9	(52)
State	857	857	2,628	1,771
Other	1,575	165	2,505	2,340
Charges for services	3,082	3,082	2,374	(708)
Miscellaneous	1,021	1,021	488	(533)
TOTAL REVENUES	76,244	76,799	80,326	3,527
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	81,982	82,723	74,029	(8,694)
Services and supplies	68,642	72,803	43,210	(29,593)
Other charges	434	434	275	(159)
Capital assets	580	580	299	(281)
TOTAL EXPENDITURES	151,638	156,540	117,813	(38,727)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(75,394)	(79,741)	(37,487)	42,254
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	13	13	6	(7)
Transfers in	47,449	51,383	42,103	(9,280)
Transfers out	(1,563)	(2,621)	(2,621)	
Appropriation for contingencies		(555)		555
Changes in fund balance	(683)	1,343	5,109	3,766
OTHER FINANCING SOURCES (USES) - NET	45,216	49,563	44,597	(4,966)
NET CHANGE IN FUND BALANCE	(30,178)	(30,178)	7,110	37,288
FUND BALANCE, JULY 1, 2012 (Note 16)	30,178	30,178	30,178	
FUND BALANCE, JUNE 30, 2013 (Note 16)	\$		37,288	37,288

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, 2013 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 931	931	808	(123)
Revenue from use of money and property- Investment income	3,136	3,136	1,960	(1,176)
Charges for services	80,398	80,398	80,133	(265)
TOTAL REVENUES	84,465	84,465	82,901	(1,564)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	5,721	5,721	4,747	(974)
Other charges	227,101	227,271	46,564	(180,707)
TOTAL EXPENDITURES	232,822	232,992	51,311	(181,681)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(148,357)	(148,527)	31,590	180,117
OTHER FINANCING SOURCES (USES):				
Transfers in	91,218	91,218	87,446	(3,772)
Transfers out	(127,254)	(127,254)	(122,934)	4,320
Appropriation for contingencies	(8,379)	(8,209)		8,209
Changes in fund balance	(7,515)	(7,515)	(3,761)	3,754
OTHER FINANCING SOURCES (USES) - NET	(51,930)	(51,760)	(39,249)	12,511
NET CHANGE IN FUND BALANCE	(200,287)	(200,287)	(7,659)	192,628
FUND BALANCE, JULY 1, 2012 (Note 16)	200,516	200,516	200,516	
FUND BALANCE, JUNE 30, 2013 (Note 16)	\$ 229	229	192,857	192,628

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, 2013 (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	\$ 1,547	604	1,495	280
Other	7,462	4,598	13,431	2,126
Total pooled cash and investments	<u>9,009</u>	<u>5,202</u>	<u>14,926</u>	<u>2,406</u>
Taxes receivable				
Accounts receivable - net (Note 14)	454,028	283,138	588,965	118,860
Interest receivable	97	81	21	5
Other receivables	16,052	13,031	25,174	5,723
Due from other funds (Note 15)	70,045	39,297	114,821	30,795
Advances to other funds (Note 15)				
Inventories	6,500	4,162	8,308	1,145
Total current assets	<u>555,731</u>	<u>344,911</u>	<u>752,215</u>	<u>158,934</u>
Noncurrent assets:				
Restricted assets (Note 5)	185,879	78,514	4,804	2,768
Other receivables (Note 14 and 15)	49,207	34,122	80,428	40,867
Capital assets: (Notes 6 and 10)				
Land and easements	3,276	16,426	18,183	217
Buildings and improvements	272,319	203,865	1,080,000	187,179
Equipment	77,288	44,820	94,955	16,043
Intangible - software	15,991	14,359	20,167	5,616
Infrastructure				
Construction in progress	460,563	87,440	537	11,499
Less accumulated depreciation	(223,217)	(128,053)	(275,091)	(115,077)
Total capital assets - net	<u>606,220</u>	<u>238,857</u>	<u>938,751</u>	<u>105,477</u>
Total noncurrent assets	<u>841,306</u>	<u>351,493</u>	<u>1,023,983</u>	<u>149,112</u>
TOTAL ASSETS	<u>1,397,037</u>	<u>696,404</u>	<u>1,776,198</u>	<u>308,046</u>
LIABILITIES				
Current liabilities:				
Accounts payable	95,565	43,210	120,777	26,194
Accrued payroll	22,805	14,049	31,487	6,242
Other payables	4,236	2,017	3,576	1,077
Accrued interest payable	17,248	6,818	53	138
Due to other funds (Note 15)	43,568	35,847	77,471	33,222
Advances from other funds (Note 15)	281,542	194,786	228,184	47,776
Advances payable			476	
Unearned revenue			208	45
Current portion of long-term liabilities (Note 11)	32,174	13,443	93,281	18,607
Total current liabilities	<u>497,138</u>	<u>310,170</u>	<u>555,513</u>	<u>133,301</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	53,841	28,612	67,022	13,399
Bonds and notes (Note 11)	575,195	213,815	4,005	9,311
Premiums on bonds and notes payable (Note 11)	19,216	14,917	286	665
Workers' compensation (Notes 11 and 18)	66,724	21,333	107,417	19,994
Litigation and self-insurance (Notes 11 and 18)	26,269	927	47,330	3,451
OPEB obligation (Notes 9 and 11)	377,637	264,520	574,585	124,701
Third party payor (Notes 11 and 14)	94,777	49,894	283,376	47,806
Total noncurrent liabilities	<u>1,213,659</u>	<u>594,018</u>	<u>1,084,021</u>	<u>219,327</u>
TOTAL LIABILITIES	<u>1,710,797</u>	<u>904,188</u>	<u>1,639,534</u>	<u>352,628</u>
NET POSITION				
Net investment in capital assets (Notes 6 and 11)	210,885	102,212	894,597	85,950
Restricted:				
Debt service		1,344	4,804	
Public ways and facilities				
Unrestricted (deficit)	(524,645)	(311,340)	(762,737)	(130,532)
TOTAL NET POSITION (Note 3)	<u>\$ (313,760)</u>	<u>(207,784)</u>	<u>136,664</u>	<u>(44,582)</u>

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	
\$ 53,119	8,102	\$ 65,147	\$ 30,834	
1,005	8	28,630	5,121	
<u>54,124</u>	<u>8,110</u>	<u>93,777</u>	<u>35,955</u>	
787		787		
13,650	296	1,458,937		
155	24	383	125	
		59,980	10,064	
1,108	7	256,073	73,867	
1,351		1,351		
3		20,118	9,904	
<u>71,178</u>	<u>8,437</u>	<u>1,891,406</u>	<u>129,915</u>	
		271,965	13,545	
		204,624		
11,328	134,212	183,642		
119,091	34,437	1,896,891	1,734	
1,106	1,278	235,490	273,360	
1,222		57,355		
1,179,881	53,771	1,233,652		
21,520	388	581,947		
<u>(567,811)</u>	<u>(58,991)</u>	<u>(1,368,240)</u>	<u>(133,427)</u>	
<u>766,337</u>	<u>165,095</u>	<u>2,820,737</u>	<u>141,667</u>	
<u>766,337</u>	<u>165,095</u>	<u>3,297,326</u>	<u>155,212</u>	
<u>837,515</u>	<u>173,532</u>	<u>5,188,732</u>	<u>285,127</u>	
4,035	67	289,848	9,622	
		74,583	14,993	
	360	11,266	2,045	
		24,257	197	
4,784	211	195,103	23,731	
		752,288	22,000	
		476		
67		320	1,559	
271		157,776	38,124	
<u>9,157</u>	<u>638</u>	<u>1,505,917</u>	<u>112,271</u>	
		162,874	44,232	
8,111		810,437	35,250	
		35,084		
		215,468	36,862	
		77,977		
		1,341,443	291,875	
		475,853		
<u>8,111</u>	<u></u>	<u>3,119,136</u>	<u>408,219</u>	
<u>17,268</u>	<u>638</u>	<u>4,625,053</u>	<u>520,490</u>	
758,226	165,095	2,216,965	93,023	
		6,148		
62,021		62,021		
	7,799	(1,721,455)	(328,386)	
<u>\$ 820,247</u>	<u>172,894</u>	<u>563,679</u>	<u>\$ (235,363)</u>	
		1,718		
		<u>\$ 565,397</u>		

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 and 15)

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

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

Unearned revenue

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)

Workers' compensation (Notes 11 and 18)

Litigation and self-insurance (Notes 11 and 18)

OPEB obligation (Notes 9 and 11)

Third party payor (Notes 11 and 14)

Total noncurrent liabilities

TOTAL LIABILITIES

NET POSITION

Net investment in capital assets (Notes 6 and 11)

Restricted:

Debt service

Public ways and facilities

Unrestricted (deficit)

TOTAL NET POSITION (Note 3)

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

NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 23)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (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)	\$ 688,033	419,691	1,057,167	205,286
Rentals				
Charges for services				
Other (Note 14)	184,570	112,077	214,938	23,663
TOTAL OPERATING REVENUES	872,603	531,768	1,272,105	228,949
OPERATING EXPENSES:				
Salaries and employee benefits	584,952	368,304	813,044	164,244
Services and supplies	127,941	85,993	203,418	26,828
Other professional services	183,813	119,851	345,547	39,195
Depreciation and amortization (Note 6)	7,579	6,946	26,005	3,073
Medical malpractice	5,555		12,021	3,713
Rent	7,793	3,996	4,651	2,020
TOTAL OPERATING EXPENSES	917,633	585,090	1,404,686	239,073
OPERATING LOSS	(45,030)	(53,322)	(132,581)	(10,124)
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income (loss)	(10)	68	(5)	(21)
Interest expense	(36,486)	(11,513)	(4,019)	(1,785)
Intergovernmental transfers expense (Note 14)	(207,331)	(101,072)	(324,332)	(55,379)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(243,827)	(112,517)	(328,356)	(57,185)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(288,857)	(165,839)	(460,937)	(67,309)
Capital contributions	41			
Transfers in (Note 15)	287,368	127,720	447,332	71,031
Transfers out (Note 15)	(3,822)	(1,074)	(16,506)	
CHANGE IN NET POSITION	(5,270)	(39,193)	(30,111)	3,722
TOTAL NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)	(308,490)	(168,591)	166,775	(48,304)
TOTAL NET POSITION, JUNE 30, 2013	\$ (313,760)	(207,784)	136,664	(44,582)

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		
\$		\$ 2,370,177	\$		OPERATING REVENUES:
	3,423	3,423	26,323		Net patient service revenues (Note 14)
71,948	383	72,331	440,803		Rentals
83	77	535,408			Charges for services
					Other (Note 14)
72,031	3,883	2,981,339	467,126		TOTAL OPERATING REVENUES
		1,930,544	393,787		OPERATING EXPENSES:
59,785	2,419	506,384	42,262		Salaries and employee benefits
2,973	1,005	692,384	40,930		Services and supplies
21,928	1,908	67,439	33,587		Other professional services
		21,289			Depreciation and amortization (Note 6)
		18,460			Medical malpractice
					Rent
84,686	5,332	3,236,500	510,566		TOTAL OPERATING EXPENSES
(12,655)	(1,449)	(255,161)	(43,440)		OPERATING LOSS
					NONOPERATING REVENUES (EXPENSES):
4,347		4,347			Taxes
(168)	(35)	(171)	(351)		Investment income (loss)
(138)		(53,941)	(1,891)		Interest expense
		(688,114)			Intergovernmental transfers expense (Note 14)
					Intergovernmental revenues:
264	30	294			State
377	184	561			Federal
2		2			Other
4,684	179	(737,022)	(2,242)		TOTAL NONOPERATING REVENUES (EXPENSES)
(7,971)	(1,270)	(992,183)	(45,682)		LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
	47	88			Capital contributions
154		933,605	6,120		Transfers in (Note 15)
(113)		(21,515)	(4,406)		Transfers out (Note 15)
(7,930)	(1,223)	(80,005)	(43,968)		CHANGE IN NET POSITION
828,177	174,117		(191,395)		TOTAL NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)
\$ 820,247	172,894		\$ (235,363)		TOTAL NET POSITION, JUNE 30, 2013
		764			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ (79,241)			CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (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	\$ 588,368	388,919	894,042	154,677
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	184,577	112,086	214,954	23,668
Cash received for services provided to other funds	17,606	14,207	25,566	905
Cash paid for salaries and employee benefits	(507,877)	(325,076)	(684,656)	(143,817)
Cash (paid) refunded for services and supplies	(9,841)	(25,899)	(18,606)	29,197
Other operating expenses	(218,663)	(127,371)	(417,087)	(41,310)
Cash paid for services from other funds	(126,172)	(52,050)	(131,215)	(21,996)
Net cash provided by (required for) operating activities	<u>(72,002)</u>	<u>(15,184)</u>	<u>(117,002)</u>	<u>1,324</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash advances received/returned from other funds	623,919	363,957	859,644	121,157
Cash advances paid/returned to other funds	(594,611)	(373,903)	(819,748)	(130,490)
Interest paid on advances	(1,036)	(556)	(968)	(244)
Intergovernmental transfers	(207,331)	(101,072)	(324,332)	(55,379)
Intergovernmental receipts				
Transfers in	287,368	127,720	447,332	71,031
Transfers out	(3,822)	(1,074)	(16,506)	
Net cash provided by noncapital financing activities	<u>104,487</u>	<u>15,072</u>	<u>145,422</u>	<u>6,075</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	166,725	136,960	38,147	7,804
Interest paid on capital borrowing	(30,322)	(6,389)	(3,195)	(1,912)
Principal payments on bonds and notes	(61,093)	(32,340)	(91,165)	(8,946)
Proceeds from bond premiums	18,161	14,917		
Acquisition and construction of capital assets	(136,876)	(55,480)	6,261	(3,121)
Net cash provided by (required for) capital and related financing activities	<u>(43,405)</u>	<u>57,668</u>	<u>(49,952)</u>	<u>(6,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES -				
Investment income (losses)	<u>(6)</u>	<u>(5)</u>	<u>26</u>	<u>(22)</u>
Net increase (decrease) in cash and cash equivalents	(10,926)	57,551	(21,506)	1,202
Cash and cash equivalents, July 1, 2012, as restated (Note 2)	<u>205,814</u>	<u>26,165</u>	<u>41,236</u>	<u>3,972</u>
Cash and cash equivalents, June 30, 2013	<u>\$ 194,888</u>	<u>83,716</u>	<u>19,730</u>	<u>5,174</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds
\$		\$ 2,026,006	\$
	3,423	3,423	14
70,651	1,729	72,380	26,306
83	77	535,445	35,767
		58,284	395,760
		(1,661,426)	(347,616)
(58,516)	(2,889)	(86,554)	(36,512)
(2,702)	(1,005)	(808,138)	(40,930)
		(331,433)	
9,516	1,335	(192,013)	32,789
94		1,968,771	
		(1,918,752)	
		(2,804)	
		(688,114)	
643	214	857	
154		933,605	6,120
(113)		(21,515)	(4,406)
778	214	272,048	1,714
4,551		4,551	
	47	47	
3,079		352,715	15,000
(155)		(41,973)	(1,885)
(24)		(193,568)	(19,410)
		33,078	
(9,029)	(721)	(198,966)	(30,169)
(1,578)	(674)	(44,116)	(36,464)
(216)	(42)	(265)	(367)
8,500	833	35,654	(2,328)
45,624	7,277	330,088	51,828
\$ 54,124	8,110	\$ 365,742	\$ 49,500

CASH FLOWS FROM OPERATING
ACTIVITIES:

Cash received from patient services
Rentals received
Rentals received from other funds
Cash received from charges for services
Other operating revenues
Cash received for services provided to other funds
Cash paid for salaries and employee benefits
Cash (paid) refunded for services and supplies
Other operating expenses
Cash paid for services from other funds
Net cash provided by (required for) operating activities

CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:

Cash advances received/returned from other funds
Cash advances paid/returned to other funds
Interest paid on advances
Intergovernmental transfers
Intergovernmental receipts
Transfers in
Transfers out

Net cash provided by noncapital financing activities

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:

Proceeds from taxes
Capital contributions
Proceeds from bonds and notes
Interest paid on capital borrowing
Principal payments on bonds and notes
Proceeds from bond premiums
Acquisition and construction of capital assets
Net cash provided by (required for) capital and related financing activities

CASH FLOWS FROM INVESTING ACTIVITIES -

Investment income (losses)

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, July 1, 2012, as restated (Note 2)

Cash and cash equivalents, June 30, 2013

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (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 LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating loss	\$ (45,030)	(53,322)	(132,581)	(10,124)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:				
Depreciation and amortization	7,579	6,946	26,005	3,073
Other revenues (expenses) - net	(27,268)	(806)	(2,012)	55
(Increase) decrease in:				
Accounts receivable - net	(77,730)	(64,263)	(174,723)	(12,407)
Other receivables	22,861	15,311	(12,336)	(10,692)
Due from other funds	(13,673)	11,837	(58,858)	(25,177)
Inventories	(68)	58	(2,529)	(43)
Increase (decrease) in:				
Accounts payable	42,479	15,986	54,111	14,130
Accrued payroll	406	261	585	142
Other payables	(97)	(5)	(90)	(28)
Accrued compensated absences	(844)	(664)	(1,185)	465
Due to other funds	(22,861)	(6,883)	4,422	20,001
Unearned revenue			(1,215)	45
Workers' compensation	(3,465)	(460)	(2,954)	(168)
Litigation and self-insurance	3,672	(1,480)	(5,924)	3,618
OPEB obligation	56,316	41,545	81,630	19,806
Third party payor	(14,279)	20,755	110,652	(1,372)
TOTAL ADJUSTMENTS	(26,972)	38,138	15,579	11,448
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	<u>\$ (72,002)</u>	<u>(15,184)</u>	<u>(117,002)</u>	<u>1,324</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Capital contributions	\$ 41			
TOTAL	<u>\$ 41</u>			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 9,009	5,202	14,926	2,406
Restricted assets	185,879	78,514	4,804	2,768
TOTAL	<u>\$ 194,888</u>	<u>83,716</u>	<u>19,730</u>	<u>5,174</u>

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	
\$ (12,655)	(1,449)	\$ (255,161)	\$ (43,440)	RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
				Operating loss
				Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:
21,928	1,908	67,439	33,587	Depreciation and amortization
	150	(29,881)	(691)	Other revenues (expenses) - net
(1,298)	1,351	(329,070)		(Increase) decrease in:
348		15,492	(1,468)	Accounts receivable - net
(349)	(5)	(86,225)	(9,851)	Other receivables
		(2,582)	749	Due from other funds
				Inventories
552	(536)	126,722	55	Increase (decrease) in:
		1,394	415	Accounts payable
	37	(183)	(27)	Accrued payroll
		(2,228)	(435)	Other payables
717	(121)	(4,725)	5,637	Accrued compensated absences
2		(1,168)	1,436	Due to other funds
		(7,047)	2,612	Unearned revenue
271		157		Workers' compensation
		199,297	44,210	Litigation and self-insurance
		115,756		OPEB obligation
				Third party payor
<u>22,171</u>	<u>2,784</u>	<u>63,148</u>	<u>76,229</u>	TOTAL ADJUSTMENTS
<u>\$ 9,516</u>	<u>1,335</u>	<u>\$ (192,013)</u>	<u>\$ 32,789</u>	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-
\$		\$ 41	\$	Capital contributions
<u>\$</u>	<u></u>	<u>\$ 41</u>	<u>\$</u>	TOTAL
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
\$ 54,124	8,110	\$ 93,777	\$ 35,955	Pooled cash and investments
		271,965	13,545	Restricted assets
<u>\$ 54,124</u>	<u>8,110</u>	<u>\$ 365,742</u>	<u>\$ 49,500</u>	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013 (in thousands)

	<u>PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS</u>	<u>INVESTMENT TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
ASSETS			
Pooled cash and investments (Note 5)	\$ 67,519	\$ 15,335,934	\$ 1,472,480
Other investments: (Note 5)		95,200	29,606
Stocks	21,585,974		
Bonds	9,868,608		
Short-term investments	1,828,105		
Commodities	1,194,331		
Real estate	4,108,198		
Mortgages	104,771		
Alternative assets	4,224,741		
Cash collateral on loaned securities	138,273		
Taxes receivable			309,215
Interest receivable	89,930	47,843	21,291
Other receivables	964,520		
	<u>44,174,970</u>	<u>15,478,977</u>	<u>1,832,592</u>
TOTAL ASSETS			
LIABILITIES			
Accounts payable	1,743,312		
Other payables (Note 5)	209,284	115,000	
Due to other governments			1,832,592
	<u>1,952,596</u>	<u>115,000</u>	<u>1,832,592</u>
TOTAL LIABILITIES			
NET POSITION			
Restricted for pension benefits and other purposes	<u>\$ 42,222,374</u>	<u>\$ 15,363,977</u>	<u>\$</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	<u>PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS</u>	<u>INVESTMENT TRUST FUNDS</u>
ADDITIONS:		
Contributions:		
Pension and OPEB trust contributions:		
Employer	\$ 1,172,014	\$
Member	679,572	
Contributions to investment trust funds		48,689,093
Total contributions	<u>1,851,586</u>	<u>48,689,093</u>
Investment earnings (losses):		
Investment income (loss)	2,085,006	(67,935)
Net increase in the fair value of investments	2,659,788	
Securities lending income (Note 5)	4,689	
Total investment earnings (losses)	<u>4,749,483</u>	<u>(67,935)</u>
Less - Investment expenses-		
Expense from investing activities	90,259	
Net investment earnings (losses)	<u>4,659,224</u>	<u>(67,935)</u>
Miscellaneous	<u>385</u>	
TOTAL ADDITIONS	<u>6,511,195</u>	<u>48,621,158</u>
DEDUCTIONS:		
Salaries and employee benefits	40,088	
Services and supplies	13,948	
Benefit payments	2,516,339	
Distributions from investment trust funds		47,274,065
Miscellaneous	<u>25,202</u>	
TOTAL DEDUCTIONS	<u>2,595,577</u>	<u>47,274,065</u>
CHANGE IN NET POSITION	3,915,618	1,347,093
NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)	<u>38,306,756</u>	<u>14,016,884</u>
NET POSITION, JUNE 30, 2013	<u>\$ 42,222,374</u>	<u>\$ 15,363,977</u>

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, 2013 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating	\$ 123,569	707,272	\$ 830,841
Total pooled cash and investments	<u>123,569</u>	<u>707,272</u>	<u>830,841</u>
Other investments	193,176	1,584	194,760
Accounts receivable - net	33,721		33,721
Interest receivable		684	684
Other receivables	11,161	46,563	57,724
Inventories	22,528		22,528
Net pension obligation	589		589
Capital assets:			
Capital assets, not being depreciated	101,388	2,039	103,427
Capital assets, net of accumulated depreciation	<u>76,994</u>	<u>10,316</u>	<u>87,310</u>
Total capital assets	<u>178,382</u>	<u>12,355</u>	<u>190,737</u>
TOTAL ASSETS	<u>563,126</u>	<u>768,458</u>	<u>1,331,584</u>
LIABILITIES			
Accounts payable	23,240	28,714	51,954
Other payables	946	3,660	4,606
Unearned revenue	202		202
Long-term liabilities:			
Due within one year	6,056	68	6,124
Due in more than one year	<u>70,400</u>	<u>408</u>	<u>70,808</u>
TOTAL LIABILITIES	<u>100,844</u>	<u>32,850</u>	<u>133,694</u>
NET POSITION			
Net investment in capital assets	136,080	12,355	148,435
Restricted for:			
Community development	276,834		276,834
First 5 LA		723,253	723,253
Unrestricted	<u>49,368</u>		<u>49,368</u>
TOTAL NET POSITION	<u>\$ 462,282</u>	<u>735,608</u>	<u>\$ 1,197,890</u>

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, 2013 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expense	\$ (429,163)	(200,075)	\$ (629,238)
Program revenues:			
Charges for services	63,947		63,947
Operating grants and contributions	396,905	97,178	494,083
Net program (expenses) revenues	31,689	(102,897)	(71,208)
GENERAL REVENUES:			
Investment loss	(41)	(3,402)	(3,443)
Miscellaneous	313	99	412
Total general revenues (losses)	272	(3,303)	(3,031)
CHANGE IN NET POSITION	31,961	(106,200)	(74,239)
NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)	430,321	841,808	1,272,129
NET POSITION, JUNE 30, 2013	\$ 462,282	735,608	\$ 1,197,890

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, 2013

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 both blended 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 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	Los Angeles County Capital Asset Leasing Corporation (a Non Profit Corporation) (NPC)
Flood Control District	Various Joint Powers Authorities (JPAs)
Garbage Disposal Districts	Los Angeles County Employees Retirement Association (LACERA)
Improvement Districts	Los Angeles County Securitization Corporation (LACSC)
Regional Park and Open Space District	
Sewer Maintenance Districts	
Street Lighting Districts	
Waterworks Districts	

The various districts are included primarily because the Board is also their governing board. As such, the Board establishes policy, appoints management and exercises budgetary control. The NPC and JPAs have been included because their sole purpose is to finance and construct County capital assets and because they are dependent upon the County for funding. LACERA is reported in the Pension and Other Postemployment Benefit (OPEB) 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. Separate financial statements are issued by LACERA.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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.

Discretely Presented Component Units

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

Due to the implementation of GASB Statement No. 61, the County determined that the CDC is a discretely presented component unit rather than a blended component unit.

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 on the Statement of Net Position - Discretely Presented Component Units of the basic financial statements. Separate financial statements are issued by CDC.

Los Angeles County Children and Families First – Proposition 10 Commission

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

First 5 services are focused on the development and well-being of all children, from the prenatal stage until age five. First 5 is a 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 on the Statement of Net Position – Discretely Presented Component units of the basic financial statements. Separate financial statements are issued by First 5.

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. Therefore, LACOE is deemed to be a related organization. Separate financial statements are issued by LACOE.

Component Units Financial Statements

Separate financial statements or additional financial information for each of the component units may be obtained from the Auditor-Controller at 500 West Temple Street, Room 525, Los Angeles, California 90012.

Basic Financial Statements

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), the basic financial statements consist of the following:

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

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for services provided among funds (other than internal service funds). These statements distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements-Continued

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, 2013, the restricted net position balances were \$2.656 billion and \$68.17 million for governmental activities and business-type activities, respectively. For governmental activities, \$705.83 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.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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).

Public Library Fund

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.

The County's enterprise funds consist of four Hospital Funds, Waterworks Enterprise Funds and Nonmajor Aviation Enterprise 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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.

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 Benefit 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 Benefit (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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

The government-wide, proprietary, pension and other postemployment benefit, 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.

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 revenue in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. 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. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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.

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting, which is different from 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 \$26.395 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, 2013. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control.

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

Note 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 2012-2013 assessed valuation of the County of Los Angeles approximated \$1.094 trillion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

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.

The County is divided into 12,229 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, 2013, the County's share of residual property tax revenues was \$125.08 million, of which \$104.61 million was recognized in the County's General Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments

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

Deposits and investments are reflected in the following asset accounts:

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2013 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" represent 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Restricted Assets

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

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the average cost basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are consumed. Reported inventories are categorized as nonspendable fund balance as required by GASB 54 because these amounts are not available for appropriation and expenditure.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Certain buildings and equipment are being leased under capital leases as defined in GASB Statement No. 62. 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 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 over the same period.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

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

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

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.

Deferred Outflows and Inflows of Resources

Pursuant to GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," the County recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 7 for a detailed listing of the deferred inflows of resources the County has recognized.

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."

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Compensated Absences

Vacation pay benefits accrue to employees ranging from 10 to 20 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of up to 8 days per year depending on the benefit plan. 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).

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, discounts and deferred losses on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium, discount or deferred losses on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs, are recognized in the period issued. 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 20.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

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.

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. In the FY 2012-2013 budget, the County adopted the GASB 54 criteria and determined that an ordinance or resolution is equally binding, and either action can establish 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 liabilities, 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, 2013

2. NEW PRONOUNCEMENTS

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

GASB 60	Accounting and Financial Reporting for Service Concession Arrangements	Improving financial reporting by addressing issues related to service concession arrangements. (Note 7)
GASB 61	The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34	Clarifies the reporting equity interest in legally separate organizations and requires the primary government to report its equity interest in a component unit as an asset and changes the criteria for reporting blended versus discretely presented component units. (Notes 1, 2, 6 and 11)
GASB 62	Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements	Improves financial reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.
GASB 63	Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position	Provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames Net Assets as Net Position. (Notes 1 and 7)
GASB 66	Technical Corrections-2012-An Amendment of GASB Statements No. 10 and No. 62	Improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 10 and No. 62.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. NEW PRONOUNCEMENTS-Continued

Restatement of Net Position

Due to the implementation of GASB 61, the County made a change in accounting principle which resulted in a restatement of net position due to the CDC becoming a discretely presented component unit rather than a blended component unit. The adjustment to the beginning net position is presented below (in thousands):

	Net Position/ Fund Balance July 1, 2012 as <u>Previously reported</u>	Effect of <u>CDC</u>	Net Position/ Fund Balance July 1, 2012, <u>as restated</u>
Government-Wide:			
Governmental activities	\$ 11,373,998	\$ (304,617)	\$ 11,069,381
Business-type activities	757,071	(112,433)	644,638
Discretely Presented Component Unit	841,808	430,321	1,272,129
Fund Financial Statements:			
Nonmajor Governmental funds	2,897,599	(265,748)	2,631,851
Nonmajor Enterprise funds	286,550	(112,433)	174,117
Nonmajor Internal Service funds	(188,189)	(3,206)	(191,395)
Fiduciary funds	5,971	(5,971)	

3. DEFICIT NET POSITION

The following funds had a deficit net position at June 30, 2013 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Harbor-UCLA Medical Center	\$ 313,760
Olive View-UCLA Medical Center	207,784
Rancho Los Amigos National Rehab Center	44,582
Internal Service Fund- Public Works	247,229

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

4. ELIMINATIONS

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

Fund Financial Statements

At June 30, 2013, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$142,870,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable (\$142,870,000), 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 fund financial statements. The purpose of the column is to remove the duplication of assets, fund balances, revenues and expenditures that resulted from the consolidation of the two component units into the County's overall financial reporting structure.

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within governmental activities (as appropriate under the accrual basis of accounting). The specific items eliminated were other investments and bonds payable (\$142,870,000) and investment income and interest expense (\$7,925,000 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 \$142,870,000, 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."

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 4,830,914	\$ 63,719	\$	\$	\$ 4,894,633
Proprietary Funds	129,732		283,396	2,114	415,242
Fiduciary Funds (excluding Pension and OPEB)	16,808,414	124,806			16,933,220
Pension and OPEB Trust Funds	67,519	43,053,001			43,120,520
Discretely Presented Component Units	830,841	194,760			1,025,601
Total	<u>\$ 22,667,420</u>	<u>\$ 43,436,286</u>	<u>\$ 283,396</u>	<u>\$ 2,114</u>	<u>\$ 66,389,216</u>

Deposits-Custodial Credit Risk

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

At June 30, 2013, the carrying amount of the County's deposits was \$91,234,000 and the balance per various financial institutions was \$89,453,000. The County's deposits are not exposed to custodial credit risk since all of its deposits are either covered by federal depository insurance or collateralized with securities held by the County or its agent in the County's name, in accordance with California Government Code Section 53652.

At June 30, 2013, the carrying amount of Pension and OPEB Trust Funds' deposits was \$181,509,000. Pension and OPEB Trust Funds' deposits are held in the custodial bank and, therefore, are not exposed to custodial credit risk since its deposits are eligible for and covered by "pass through insurance" in accordance with applicable law and FDIC rules and regulations.

Investments

State statutes authorize the County to invest pooled funds in certain types of investments including obligations of the United States Treasury, federal, State and local agencies, municipalities, asset-backed securities, mortgaged-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, negotiable certificates of deposits, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, floating rate notes, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission, State and local agency investment funds, mortgage pass-through securities, and guaranteed investment contracts. The investments are managed by the County Treasurer who reports on a monthly basis to the Board of Supervisors. In addition, Treasury investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial reviews, and annual financial reporting.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Investments-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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Notes, Bills and Bonds	None	None	None
U.S. Agency Securities	None	None	None
Local Agency Obligations	5 years	10%*	10%*
Bankers' Acceptances	180 days	40%	\$650 million*
Commercial Paper	270 days	40%	\$1 billion*
Certificates of Deposit	3 years*	30%	\$650 million*
Corporate Medium-Term Notes	3 years*	30%	\$650 million*
Repurchase Agreements	30 days*	\$1 billion*	\$500 million*
Reverse Repurchase Agreements	92 days	\$500 million*	\$250 million*
Securities Lending Agreements	92 days	20%*	None
Money Market Mutual Funds	N/A	15%*	10%
State of California's Local Agency Fund (LAIF)	N/A	\$50 million**	None
Asset-Backed Securities	5 years	20%	\$650 million*

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

**The maximum percentage of portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy.

Investments held by the County Treasurer are stated at fair value, except for certain non-negotiable securities that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates such as repurchase agreements, mortgage trust deeds, Los Angeles County securities and guaranteed investment contracts. The fair value of pooled investments is determined and provided by the custodian bank based on quoted market prices at month-end. The method used to determine the value of participants' equity withdrawn is based on the book value, which is amortized cost, of the participants' percentage participation at the date of such withdrawals.

At June 30, 2013, the County had open trade commitments with various brokers to purchase investments totaling \$115,000,000 with settlement dates subsequent to year-end. These investments have been included in Pooled Cash and Investments, Other Investments and the corresponding liabilities have been recorded as Other Payables.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Investments-Continued

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

The interest rate risk, foreign currency risk, credit risk, concentration of credit risk, and custodial credit risk related to Pension 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 and Note I of LACERA's Report on Audited Financial Statements for the year ended June 30, 2013.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-seven percent (87%) of the Treasurer's external investment pool consists of these involuntary participants. Voluntary participants in the County's external investment pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund. Certain Specific Purpose Investments (SPI) have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's investment pool and is reported in the Specific Investment Trust Fund in the amount of \$55,795,000. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

County pooled and other investments (excluding Pension and OPEB Trust Funds other investments) at June 30, 2013 (in thousands) are as follows:

	<u>Fair Value</u>
U.S. Agency securities	\$ 12,034,298
U.S. Treasury securities	697,989
Negotiable certificates of deposit	3,959,649
Commercial paper	6,007,442
Corporate and deposit notes	366,256
Municipal bonds	78,716
Los Angeles County securities	32,000
Money market mutual funds	18,803
Local Agency Investment Fund	49,759
Mortgage trust deeds	<u>69</u>
Total	<u>\$ 23,244,981</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Investments-Continued

Pension and OPEB Trust Funds investments are reported in the basic financial statements at fair value at June 30, 2013 (in thousands) and are as follows:

	Fair Value
Domestic and international equity	\$ 21,542,739
Fixed income	11,801,483
Real estate	4,108,198
Private equity	3,730,991
Commodities	1,194,331
Hedge Funds	493,750
Total	\$ 42,871,492

The Pension and OPEB Trust Funds also had deposits with the Los Angeles County Treasury Pool at June 30, 2013 totaling \$67,519,000. 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.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2013 to support the value of shares in the Treasurer's investment pool.

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

A summary of deposits and investments held by the Treasury Pool at June 30, 2013 is as follows (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
U.S. Agency securities	\$ 11,906,159	\$ 12,086,733	0.09% - 8.00%	08/01/13 - 07/17/19	3.03
U.S. Treasury bills	99,975	99,940	0.16%	11/14/13	0.38
U.S. Treasury notes	597,611	596,674	0.25% - 2.38%	10/31/13 - 05/31/18	2.47
Negotiable certificates of deposit	3,946,103	3,946,740	0.12% - 1.23%	07/01/13 - 06/25/15	0.25
Commercial paper	6,007,442	6,007,538	0.09% - 0.23%	07/01/13 - 09/19/13	0.05
Corporate and deposit notes	280,080	279,193	0.25% - 2.15%	09/16/13 - 09/28/15	1.27
Los Angeles County securities	32,000	32,000	0.57% - 0.61%	06/30/14 - 06/30/15	1.47
Deposits	81,446	81,446			
	\$ 22,950,816	\$ 23,130,264			

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Investments-Continued

A summary of other (non-pooled) deposits and investments at June 30, 2013, excluding the Pension and OPEB Trust Funds, is as follows (in thousands):

	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate %</u> <u>Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>
Local Agency Investment Fund \$	49,759	\$ 49,745	0.00% -12.50%	07/01/13 - 10/25/37	0.76
Corporate and deposit notes	86,176	86,153	3.75%	08/19/13 - 11/20/17	4.03
Mortgage trust deeds	69	69	5.50%	01/01/14 - 04/01/17	3.37
Municipal bonds	78,716	78,716	5.00%	08/01/13 - 09/02/21	9.73
U.S. Agency securities	128,139	130,245	0.00% - 3.24%	11/25/13 - 05/30/28	5.20
U.S. Treasury bonds	101	86	7.25%	05/15/16	2.88
U.S. Treasury bills	302	302	0.08%	12/05/13	0.43
Money market mutual funds	18,803	18,803	0.00% - 0.04%	07/01/13	0.00
Negotiable Certificates of Deposit	13,546	13,546		02/22/14 - 02/08/15	1.60
Deposits	9,788	9,788			
	<u>\$ 385,399</u>	<u>\$ 387,453</u>			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than three years, with the exception of commercial paper and bankers' acceptances, which are limited to 270 days and 180 days, respectively. In addition, U.S. Treasury Notes, Bills, and Bonds may have maturities beyond five years. The County Treasurer manages the Treasury 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 County's investment guidelines limit the weighted average maturity of its portfolios to a target of less than 1.5 years. Of the Pooled Cash and Investments and Other Investments at June 30, 2013, 57.17% have a maturity of six months or less, 7.35% have a maturity of between six and twelve months, and 35.48% have a maturity of more than one year.

As of June 30, 2013, variable-rate notes comprised 3.31% of the Treasury Pool and Other Investment portfolios. The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable-rate coupon resets back to the market rate on a periodic basis. Effectively, at each reset date, a variable-rate investment reprices back to par value, eliminating interest rate risk at each periodic reset.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Custodial Credit Risk

Custodial credit risk for investments is the risk that the County will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the County are deposited in trust for safekeeping with a custodial bank different from the County's primary bank, except for Bond Anticipation Notes, certain long-term debt proceeds issued by Los Angeles County entities, investment in the State's Local Agency Investment Fund, and mortgage trust deeds, which are held in the County Treasurer's vault. Securities are not held in broker accounts. At June 30, 2013, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk and Concentration of Credit Risk

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

The County's Investment Policy establishes minimum acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSROs). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's) while an issuer of long-term debt shall be rated no less than an "A." All investments purchased in the fiscal year met the credit rating criteria in the Investment Policy, at the issuer level. While the NRSROs rated the issuer of the investments purchased, it did not in all instances rate the investment itself (e.g. commercial paper, corporate and deposit notes, and negotiable certificates of deposit). For purposes of reporting credit quality distribution of investments in the following table, some investments are reported as not rated. At June 30, 2013, a portion of the County's other investments was invested in the State of California's Local Agency Investment Fund, which is unrated as to credit quality.

The County's Investment Policy, approved annually by the Board of Supervisors, limits the maximum total par value for each permissible security type (e.g., commercial paper and certificates of deposit) to a certain percentage of the investment pool. Exceptions to this are obligations of the United States government and United States government agencies or government-sponsored enterprises, which do not have limits. Further, the County restricts investments in any one issuer based on the issuer's NRSRO ratings. For bankers' acceptances, certificates of deposit, corporate notes and floating rate notes, the highest issuer limit was \$650 million, approximately 2.84% of the investment pool's daily investment balance. For commercial paper, the highest issuer limit was \$1 billion, or 4.37% of the investment pool's daily investment balance.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The Treasury Pool and SPI had the following U.S. Agency securities in a single issuer that represent 5 percent or more of total investments at June 30, 2013 (in thousands):

<u>Issuer</u>	<u>Pool</u>	<u>SPI</u>
Federal Farm Credit Bank	\$ 1,945,648	\$ 9,278
Federal Home Loan Bank	4,528,590	54,032
Federal Home Loan Mortgage Corp	2,513,571	2,080
Federal National Mortgage Association	2,918,363	8,081

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, 2013:

	<u>S & P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Pooled Cash and Investments:			
Commercial paper	Not Rated	Not Rated	26.27%
Corporate and deposit notes	AA-	Aa2	0.22%
	AA-	Aa3	0.33%
	AA+	A1	0.46%
	AA-	Not Rated	0.21%
Los Angeles County securities	Not Rated	Not Rated	0.14%
Negotiable certificates of deposit	AA-	Aa3	0.66%
	Not Rated	Aa2	0.75%
	Not Rated	P-1	0.44%
	Not Rated	Not Rated	15.41%
U.S. Agency securities	AA+	Aaa	48.93%
	AA+	Not Rated	3.13%
U.S. Treasury notes	Not Rated	Aaa	2.61%
U.S. Treasury bills	Not Rated	Not Rated	0.44%
			<u>100.00%</u>
Other Investments:			
Local Agency Investment Fund	Not Rated	Not Rated	13.25%
Corporate and deposit notes	AA+	A1	0.41%
	Not Rated	Not Rated	22.53%
Mortgage trust deeds	Not Rated	Not Rated	0.02%
Municipal bonds	Not Rated	Not Rated	20.96%
U.S. Agency securities	AA+	Aaa	27.06%
	Not Rated	Not Rated	7.05%
U.S. Treasury notes	Not Rated	Aaa	0.03%
U.S. Treasury bills	Not Rated	Not Rated	0.08%
Negotiable Certificates of Deposit	Not Rated	Not Rated	3.61%
Money market mutual funds	Not Rated	Not Rated	5.00%
			<u>100.00%</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The method used to apportion the unrealized loss was based on a prorata share of each funds' cash balance as of June 30, 2013 relative to the County Treasury Pool balances. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year. The unrealized loss on investments held in the Treasury Pool was \$179,448,000 as of June 30, 2013. A separate financial report is issued for the Treasury Pool as of June 30, 2013.

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.

Floating Rate Notes

The California Government Code permits the County Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The County's investment guidelines limit the amount of floating rate notes to 10% of the Los Angeles County Treasury Pool portfolio and prohibit the purchase of inverse floating rate notes and hybrid or complex structured investments. As of June 30, 2013, there were approximately \$757,880,000 in floating rate notes.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Derivatives

LACERA utilizes forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. At June 30, 2013, forward currency contracts receivable and payable totaled \$8,324,598,000 and \$8,267,068,000, respectively. All investment derivative positions are included as part of investments at fair value on LACERA's statement of plan net position. All changes in fair value are reported as part of net appreciation/(depreciation) in fair value of investments in the statement of changes in plan net position.

LACERA's Investment Policy Statement and Investment Manager Guidelines allow the limited use of other investment derivatives by certain investment managers. Detailed derivative disclosures are included in Note I of LACERA's Report on Audited Financial Statements for the year ended June 30, 2013.

Securities Lending Transactions

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

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

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

At year-end, LACERA had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. As of June 30, 2013, there were no violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2013.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. CASH AND INVESTMENTS-Continued

Securities Lending Transactions-Continued

As of June 30, 2013, the fair value of securities on loan was \$135.86 million. The value of the cash collateral received for those securities was \$138.27 million. Securities lending assets (Other Investments) and liabilities (Other Payables) of \$138.27 million are recorded in the Pension and OPEB Trust Funds. Pension and OPEB Trust Funds income, net of expenses, from securities lending was \$4.69 million for the year ended June 30, 2013.

For the year ended June 30, 2013, the Los Angeles County Treasury Pool did not enter into any securities lending transactions.

Summary of Deposits and Investments

Following is a summary of the carrying amount of deposits and investments at June 30, 2013 (in thousands):

	<u>County</u>	<u>Pension and OPEB Trust Funds</u>	<u>Total</u>
Deposits	\$ 91,234	\$ 181,509	\$ 272,743
Investments	<u>23,244,981</u>	<u>42,871,492</u>	<u>66,116,473</u>
	<u>\$23,336,215</u>	<u>\$ 43,053,001</u>	<u>\$66,389,216</u>

6. CAPITAL ASSETS

Capital assets activity as of July 1, 2012 include the following adjustments (in thousands) due to CDC becoming a discretely presented component unit rather than a blended component unit based on the implementation of GASB 61:

	<u>CDC Adjustments</u>
<u>Governmental Activities</u>	
Capital assets, not being depreciated-	
Land	\$ 19,694
Capital assets, being depreciated:	
Buildings and improvements	21,652
Equipment	<u>7,345</u>
Subtotal	<u>28,997</u>
Less accumulated depreciation for:	
Buildings and improvements	(6,724)
Equipment	<u>(6,345)</u>
Subtotal	<u>(13,069)</u>
Total capital assets, being depreciated, net	<u>15,928</u>
Governmental activities capital assets, net adjustment	<u>\$ 35,622</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

6. CAPITAL ASSETS-Continued

	<u>CDC Adjustments</u>
<u>Business-type Activities:</u>	
Capital assets, not being depreciated:	
Land	\$ 71,961
Construction in progress-buildings and improvements	<u>35,690</u>
Subtotal	<u>107,651</u>
Capital assets, being depreciated:	
Buildings and improvements	139,322
Equipment	<u>1,705</u>
Subtotal	<u>141,027</u>
Less accumulated depreciation for:	
Buildings and improvements	(126,966)
Equipment	<u>(1,390)</u>
Subtotal	<u>(128,356)</u>
Total capital assets, being depreciated, net	<u>12,671</u>
Business-type activities capital assets, net adjustment	<u>\$ 120,322</u>
CDC total capital assets, net	<u>\$ 155,944</u>

Capital assets activity for the year ended June 30, 2013 is as follows (in thousands):

	<u>Balance July 1, 2012, as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,387,388	1,329	(460)	\$ 2,388,257
Easements	4,871,153	90,901	(300)	4,961,754
Software in progress	14,383	30,209	(1,469)	43,123
Construction in progress-buildings and improvements	314,635	227,594	(106,746)	435,483
Construction in progress-infrastructure	<u>313,370</u>	<u>121,445</u>	<u>(163,066)</u>	<u>271,749</u>
Subtotal	<u>7,900,929</u>	<u>471,478</u>	<u>(272,041)</u>	<u>8,100,366</u>
Capital assets, being depreciated:				
Buildings and improvements	4,155,123	103,226	(2,235)	4,256,114
Equipment	1,401,733	130,128	(45,341)	1,486,520
Software	496,724	32,294	-	529,018
Infrastructure	<u>7,576,860</u>	<u>98,236</u>	<u>(785)</u>	<u>7,674,311</u>
Subtotal	<u>13,630,440</u>	<u>363,884</u>	<u>(48,361)</u>	<u>13,945,963</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

6. CAPITAL ASSETS-Continued

	Balance July 1, 2012, <u>as restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2013
<u>Governmental Activities-Continued</u>				
Less accumulated depreciation for:				
Buildings and improvements	(1,481,475)	(70,673)	407	(1,551,741)
Equipment	(988,765)	(104,250)	43,615	(1,049,400)
Software	(199,930)	(49,694)		(249,624)
Infrastructure	<u>(3,194,952)</u>	<u>(162,210)</u>	<u>143</u>	<u>(3,357,019)</u>
Subtotal	<u>(5,865,122)</u>	<u>(386,827)</u>	<u>44,165</u>	<u>(6,207,784)</u>
Total capital assets, being depreciated, net	<u>7,765,318</u>	<u>(22,943)</u>	<u>(4,196)</u>	<u>7,738,179</u>
Governmental activities capital assets, net	<u>\$ 15,666,247</u>	<u>448,535</u>	<u>(276,237)</u>	<u>\$ 15,838,545</u>
<u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 152,432	146		\$ 152,578
Easements	31,009	55		31,064
Software in progress	4,298	829	(3,660)	1,467
Construction in progress-buildings and improvements	390,939	218,559	(50,926)	558,572
Construction in progress-infrastructure	<u>29,526</u>	<u>11,110</u>	<u>(18,728)</u>	<u>21,908</u>
Subtotal	<u>608,204</u>	<u>230,699</u>	<u>(73,314)</u>	<u>765,589</u>
Capital assets, being depreciated:				
Buildings and improvements	1,845,007	51,884		1,896,891
Equipment	301,244	12,460	(57,605)	256,099
Software	53,695	3,660		57,355
Infrastructure	<u>1,216,906</u>	<u>16,746</u>		<u>1,233,652</u>
Subtotal	<u>3,416,852</u>	<u>84,750</u>	<u>(57,605)</u>	<u>3,443,997</u>
Less accumulated depreciation for:				
Buildings and improvements	(638,904)	(27,866)		(666,770)
Equipment	(213,640)	(18,490)	49,446	(182,684)
Software	(12,856)	(4,111)		(16,967)
Infrastructure	<u>(492,012)</u>	<u>(21,437)</u>		<u>(513,449)</u>
Subtotal	<u>(1,357,412)</u>	<u>(71,904)</u>	<u>49,446</u>	<u>(1,379,870)</u>
Total capital assets, being depreciated, net	<u>2,059,440</u>	<u>12,846</u>	<u>(8,159)</u>	<u>2,064,127</u>
Business-type activities capital assets, net	<u>\$ 2,667,644</u>	<u>243,545</u>	<u>(81,473)</u>	<u>\$ 2,829,716</u>
Total capital assets, net	<u>\$ 18,333,891</u>	<u>692,080</u>	<u>(357,710)</u>	<u>\$ 18,668,261</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

6. CAPITAL ASSETS-Continued

Depreciation Expense

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

Governmental activities:

General government	\$ 23,106
Public protection	160,514
Public ways and facilities	90,230
Health and sanitation	18,611
Public assistance	43,630
Education	2,994
Recreation and cultural services	18,620
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>29,122</u>
Total depreciation expense, governmental activities	<u>\$ 386,827</u>

Business-type activities:

Hospitals	\$ 43,603
Waterworks	21,928
Aviation	1,908
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>4,465</u>
Total depreciation expense, business-type activities	<u>\$ 71,904</u>

Discretely Presented Component Units

CDC

Capital assets activity for the CDC component unit for the year ended June 30, 2013 was as follows (in thousands):

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Capital assets, not being depreciated:				
Land	\$ 91,655	13,340	(11,755)	\$ 93,240
Construction in progress-buildings and improvements	<u>35,690</u>	<u>15,908</u>	<u>(43,450)</u>	<u>8,148</u>
Subtotal	127,345	29,248	(55,205)	101,388
Capital assets, being depreciated:				
Buildings and improvements	160,974	47,525		208,499
Equipment	<u>9,050</u>	<u>4,810</u>	<u>(4,251)</u>	<u>9,609</u>
Subtotal	170,024	52,335	(4,251)	218,108

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units-Continued

CDC-Continued

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Less accumulated depreciation for:				
Buildings and improvements	(133,690)	(2,881)		(136,571)
Equipment	<u>(7,735)</u>	<u>(1,059)</u>	<u>4,251</u>	<u>(4,543)</u>
Subtotal	(141,425)	(3,940)	4,251	(141,114)
Total capital assets being depreciated, net	<u>28,599</u>	<u>48,395</u>		<u>76,994</u>
CDC capital assets, net	<u>\$ 155,944</u>	<u>77,643</u>	<u>(55,205)</u>	<u>\$ 178,382</u>

First 5

Capital assets activity for the First 5 component unit for the year ended June 30, 2013 was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, not being depreciated-				
Land	\$ 2,039			\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	<u>2,479</u>	<u>30</u>		<u>2,509</u>
Subtotal	<u>14,555</u>	<u>30</u>		<u>14,585</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,707)	(243)		(1,950)
Equipment	<u>(2,109)</u>	<u>(210)</u>		<u>(2,319)</u>
Subtotal	<u>(3,816)</u>	<u>(453)</u>		<u>(4,269)</u>
Total capital assets being depreciated, net	<u>10,739</u>	<u>(423)</u>		<u>10,316</u>
First 5 capital assets, net	<u>\$ 12,778</u>	<u>(423)</u>		<u>\$ 12,355</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 sixteen 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, 2013, the present value of the installment payments under contract is estimated to be \$102.89 million and reported as deferred inflows of resources in the statement of net position. There is no change to the beginning net position as a result of GASB 60 implementation. The present values of the installment payments were calculated using a discount rate of 5.12% for the term of the agreement for each SCA. The lease terms for the sixteen golf courses cover remaining periods ranging from four months to 23 years as of June 30, 2013. The FY 2012-2013 total monthly installment payments are approximately \$868,000. 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 carrying value of the golf courses, including buildings and land, is reported at \$12.87 million as of June 30, 2013.

8. PENSION PLAN

Plan Description

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

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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

8. PENSION PLAN-Continued

Plan Description-Continued

LACERA is technically a cost-sharing, multi-employer defined benefit plan. However, because the non-County entities are immaterial to its operations the disclosures herein are made as if LACERA was a single employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Benefits are authorized in accordance with the California Constitution, the County Employees' Retirement Law, the bylaws, procedures and policies adopted by LACERA's Boards of Retirement and Investments and Board of Supervisors' resolutions.

LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199.

Funding Policy

LACERA has 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 2012-2013:

July 1, 2012 - September 30, 2012	A	B	C	D	E	
General Members	21.59%	15.00%	14.51%	14.80%	15.30%	
Safety Members	30.38%	24.10%				
October 1, 2012 - Dec 31, 2012	A	B	C	D	E	
General Members	22.65%	15.55%	15.35%	16.00%	16.77%	
Safety Members	31.55%	25.37%				
January 1, 2013 - June 30, 2013	A	B	C	D	E	G
General Members	22.65%	15.55%	15.35%	16.00%	16.77%	15.61%
Safety Members	31.55%	25.37%	20.98%			

The rates were determined by the actuarial valuation performed as of June 30, 2010 and June 30, 2011, respectively. The rates for plan G and Safety plan C were based on a PEPRA study completed by the actuaries. The June 30, 2011 and June 30, 2012 actuarial valuations were used to calculate the annual required contribution (ARC).

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

8. PENSION PLAN-Continued

Funding Policy-Continued

Employee rates vary by option and employee entry age from 5% to 13% of their annual covered salary.

During FY 2012-2013, the County contributed the full amount of the ARC, in the form of cash payments in the amount of \$723.09 million and a transfer from the County Contribution Credit Reserve (CCCR) in the amount of \$448.82 million. The CCCR was created pursuant to the 1994 Retirement System Funding Agreement between LACERA and the County. Seventy-five percent (75%) of excess earnings in FYs 1995-1999 were credited into the CCCR.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for FY 2012-2013, computed in accordance with GASB 27, were as follows (in thousands):

Annual required contribution (ARC):	
County	\$ 1,171,910
Non-County entities	104
Total ARC/Annual pension cost	<u>1,172,014</u>
Contributions made:	
County cash	723,091
Transfer from CCCR	448,819
Non-County entities	104
Total contributions	<u>1,172,014</u>
Change in net pension obligation (asset)	0
Net pension obligation (asset), July 1, 2012	<u>0</u>
Net pension obligation (asset), June 30, 2013	<u><u>\$ 0</u></u>

Fiscal Year Ended	Trend Information (in thousands)		Net Pension Obligation (Asset)
	Annual Pension Cost (APC)	Percentage of APC Contributed	
June 30, 2011	\$ 995,925	94.80%	0
June 30, 2012	1,078,929	100.00%	0
June 30, 2013	1,172,014	100.00%	0

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the funded ratio was determined to be 76.8%. The actuarial value of assets was \$39.039 billion, and the actuarial accrued liability (AAL) was \$50.809 billion, resulting in an unfunded AAL of \$11.770 billion. The covered payroll was \$6.620 billion and the ratio of the unfunded AAL to the covered payroll was 177.8%.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

8. PENSION PLAN-Continued

Actuarial Methods and Assumptions

The annual required contribution was calculated using the entry age normal method. The June 30, 2012 actuarial valuation also assumed an annual investment rate of return of 7.60%, and projected salary increases ranging from 4.11% to 10.08 %, with both assumptions including a 3.35% inflation factor. Additionally, the valuation assumed post-retirement benefit increases of between 2% and 3%, in accordance with the provisions of the specific benefit options. The actuarial value of assets was determined utilizing a five-year smoothed method based on the difference between the expected market value and the actual market value of assets as of the valuation date. The assumptions remained the same from the prior actuarial valuation completed as of June 20, 2011.

The County contribution rate to finance the unfunded AAL is 17.54% and 19.82% of payroll, which is a weighted average for all LACERA plans, as determined by the June 30, 2011 and 2012 actuarial valuations, respectively.

LACERA uses the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each plan.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

LACERA administers a cost-sharing, multi-employer defined benefit Other Postemployment Benefit (OPEB) plan on behalf of the County. As indicated in Note 8-Pension Plan, because the non-County entities are immaterial to its operations, the disclosures herein are made as if LACERA was a single employer defined benefit plan.

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

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

Funding Policy

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. The benefits earned by County employees range from 40% of the benchmark plan cost with ten completed years of service to 100% of the benchmark plan cost with 25 or more completed years of service. In general, each completed year of service after ten years reduces the member's cost by 4%. Service includes all service on which the member's retirement allowance was based.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funding Policy-Continued

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

As discussed in Note 8, the County's pension contribution requirements for FY 2012-2013 were partially funded by LACERA Credit Reserves of \$448.8 million, thereby reducing the County's cash contributions. The County utilized the \$448.8 of pension contribution savings to prefund the liability for retiree healthcare benefits. In addition, the County fulfilled its "pay-as-you-go" contribution requirements of \$441.1 million, thereby making total contributions of \$889.9 for retiree health care. Included in this amount was \$41.7 million for Medicare Part B reimbursements and \$7.6 million in death benefits. Additionally, \$40.4 million was paid by member participants. The County also made payments of \$37.6 million for long-term disability benefits.

OPEB Trust

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 Retiree Health Program, 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. During FY 2012-2013, the County made contributions to prefund the growing liability for retiree healthcare benefits in the amount of \$448.8 million.

The OPEB Trust does not modify the County's benefit programs.

Annual OPEB Cost and Net OPEB Obligation

The County's Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The OPEB cost and OPEB obligation were determined by the OPEB health care actuarial valuation as of July 1, 2012, and the OPEB long-term disability actuarial valuation as of July 1, 2011. The following table shows the ARC, the amount actually contributed and the net OPEB obligation (in thousands):

	<u>Retiree Health Care</u>	<u>LTD</u>	<u>Total</u>
Annual OPEB required contribution (ARC)	\$ 2,036,300	\$ 70,509	\$2,106,809
Interest on Net OPEB obligation	294,300	7,680	301,980
Adjustment to ARC	<u>(241,575)</u>	<u>(5,120)</u>	<u>(246,695)</u>
Annual OPEB cost (expense)	2,089,025	73,069	2,162,094
Less: Contributions made	<u>889,871</u>	<u>37,598</u>	<u>927,469</u>
Increase in Net OPEB obligation	1,199,154	35,471	1,234,625
Net OPEB obligation, July 1, 2012	<u>6,765,519</u>	<u>153,601</u>	<u>6,919,120</u>
Net OPEB obligation, June 30, 2013	<u>\$ 7,964,673</u>	<u>\$ 189,072</u>	<u>\$8,153,745</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Annual OPEB Cost and Net OPEB Obligation-Continued

<u>Retiree Health Care Trend Information (in thousands)</u>			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 1,897,487	19.8%	\$ 5,229,762
June 30, 2012	1,915,501	19.8%	6,765,519
June 30, 2013	2,089,025	42.6%	7,964,673

<u>LTD Trend Information (in thousands)</u>			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 62,962	56.0%	\$ 117,829
June 30, 2012	72,473	50.6%	153,601
June 30, 2013	73,069	51.5%	189,072

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date for OPEB health care benefits, the funded ratio was 0%. The actuarial value of assets was zero. The actuarial accrued liability (AAL) was \$25.733 billion, resulting in an unfunded AAL of \$25.733 billion. The covered payroll was \$6.620 billion and the ratio of the unfunded AAL to the covered payroll was 388.73%.

As of July 1, 2011, the most recent actuarial valuation date for OPEB long-term disability benefits, the funded ratio was 0%. The assumptions remained the same from the last actuarial valuation completed in 2009. The actuarial value of assets was zero. The AAL was \$1.019 billion, resulting in an unfunded AAL of \$1.019 billion. The covered payroll was \$6.620 billion and the ratio of the unfunded AAL to the covered payroll was 15.39%.

The schedules of funding progress are presented as RSI following the notes to the financial statements. These RSI schedules present multi-year trend information.

Actuarial Methods and Assumptions

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

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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Actuarial Methods and Assumptions—Continued

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

The actuarial valuations for OPEB health care and OPEB long-term disability benefits were prepared by two different firms, with some differences in the methods and assumptions used. In both valuations, the projected unit credit cost method was used. The valuation for OPEB health care assumed an annual investment rate of return of 4.35% and projected general wage increase of 3.85% per annum. The valuation for OPEB long-term disability benefits assumed an annual investment rate of return of 5% and projected general wage increase of 4% per annum. The valuations for OPEB health care and OPEB long-term disability benefits factored in annual inflation rates of 3.35% and 3.5%, respectively. The increases in salary due to promotions and longevity do not affect the amount of the OPEB program benefits. An actuarial asset valuation was not performed. Finally, the OPEB valuation report used the level percentage of projected payroll over a rolling (open) 30-year amortization period. The OPEB Long-Term Disability valuation report used the level dollar of projected payroll over a rolling (open) 30-year amortization period.

The healthcare cost trend initial and ultimate rates, based on the July 1, 2012 actuarial valuation, are as follows:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	0.30%	5.10%
LACERA Medical Over 65	0.59%	5.10%
Firefighters Local 1014 (all)	7.00%	5.10%
Part B Premiums	5.90%	5.10%
Dental (all)	3.13%	3.40%

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, 2013 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 84,810
2015	72,407
2016	44,649
2017	32,762
2018	20,925
2019-2023	53,307
2024-2028	40,335
2029-2033	30,723
Total	<u>\$ 379,918</u>

Rent expenses related to operating leases were \$95,978,000 for the year ended June 30, 2013.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 25,787
2015	23,141
2016	22,463
2017	20,401
2018	19,790
2019-2023	103,119
2024-2028	76,689
2029-2033	63,052
2034-2038	<u>35,822</u>
Total	<u>390,264</u>
Less: Amount representing interest	<u>207,208</u>
Present value of future minimum lease payments	<u>\$ 183,056</u>

The following is a schedule of property under capital leases by major classes at June 30, 2013 (in thousands):

	<u>Governmental Activities</u>
Land	\$ 17,279
Buildings and improvements	153,513
Equipment	68,769
Accumulated depreciation	<u>(44,117)</u>
Total	<u>\$ 195,444</u>

Future rent revenues to be received from noncancelable subleases are \$1,114,000 as of June 30, 2013.

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, and Asset Development Projects. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain 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 entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Asset Development leases cover remaining periods ranging generally from 1 to 84 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 22 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 55 years and are accounted for in the General Fund.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

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 \$492,441,000. The carrying value of the capital assets associated with the regional park operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2013 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 35,984
2015	36,010
2016	35,949
2017	35,799
2018	35,736
Thereafter	<u>1,402,807</u>
Total	<u>\$ 1,582,285</u>

The total of \$1,582,285 excludes amounts related to golf courses. The golf course management agreements, previously recorded as leases, are now being reported as SCAs under Note 7 due to the implementation of GASB 60. As a result, \$149,108,000 in projected installment payments are being excluded from the future minimum rental receipts.

The following is a schedule of rental income for these operating leases for the year ended June 30, 2013 (in thousands):

	<u>Governmental Activities</u>
Minimum rentals	\$ 34,410
Contingent rentals	<u>15,090</u>
Total	<u>\$ 49,500</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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans, 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.

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

	<u>Original Par Amount of Debt</u>	<u>Balance June 30, 2013</u>
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	\$ 143,195	\$ 5,745
Los Angeles County Flood Control District Revenue Bonds 4.0% to 4.12%	20,540	14,025
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	153,047
NPC Bond Anticipation Notes, 0.536% to 0.632%	26,238	26,238
NPC Bonds 1.5% to 5.0%	48,818	28,213
Marina del Rey Loans, 4.5% to 4.7%	23,500	17,352
Public Buildings Bonds and Notes, 2.0% to 7.618%	1,152,658	830,218
Lease Revenue Obligation Notes, 0.08% to 0.18%	255,949	255,949
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 5.25% to 6.65%	319,827	401,443
Total	<u>\$ 2,266,260</u>	<u>\$ 1,732,230</u>

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

	<u>Original Par Amount of Debt</u>	<u>Balance June 30, 2013</u>
NPC Bond Anticipation Notes, 0.536% to 0.632%	\$ 5,762	\$ 5,762
NPC Bonds, 1.5% to 5.0%	6,657	3,847
Public Buildings Bonds and Notes, 2.0% to 7.618%	914,292	851,554
Lease Revenue Obligation Notes, 0.08 % to 0.18 %	45,951	45,951
Waterworks District Loans, 2.28%	8,111	8,111
Total	<u>\$ 980,773</u>	<u>\$ 915,225</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS-Continued

Assessment Bonds

The Regional Park and Open Space 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.

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 \$163,183,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were \$35,780,000 and \$80,380,000, respectively.

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

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 29,255	\$ 6,497
2015	30,735	4,998
2016	32,270	3,422
2017	11,715	2,313
2018	12,320	1,692
2019-2023	<u>26,575</u>	<u>1,391</u>
Subtotal	142,870	<u>\$ 20,313</u>
Add: Unamortized bond premiums	<u>10,177</u>	
Total assessment bonds	<u>\$ 153,047</u>	

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established by, and are component units of, the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. During FY 2012-2013, the County issued lease revenue bonds of \$339,410,000 to finance \$186,087,000 of various capital improvements, to redeem \$133,465,000 of outstanding lease revenue obligation notes, and to fund debt service reserves of \$19,858,000. The allocation of debt between Governmental Activities and Business-type Activities was \$35,725,000 and \$303,685,000, respectively.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds-Continued

The County has pledged net revenues from the Calabasas Landfill for the payment of the Calabasas Landfill Project Revenue bonds, included here in the Public Buildings COPS, issued in 2005 and maturing in 2022. To the extent that the net available revenues are insufficient to cover the debt payments in any fiscal year, the County has pledged to make the debt payments from any source of legally available funds. The County paid the entire current fiscal year debt payment of \$3,286,000. Total principal and interest remaining on the bonds is \$32,673,000.

Principal and interest requirements on COPs (Flood Control District Refunding bonds and Revenue bonds, NPC bonds, and Public Buildings COPs for Governmental Activities and NPC bonds and Public Buildings COPs for Business-type Activities) are as follows (in thousands):

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 61,622	\$ 52,283	\$ 14,618	\$ 55,727
2015	64,689	49,599	22,743	50,965
2016	49,091	47,843	27,181	49,852
2017	34,389	47,819	19,801	47,781
2018	23,159	48,990	16,117	45,403
2019-2023	170,874	196,132	92,759	213,629
2024-2028	120,022	115,681	116,289	182,761
2029-2033	122,674	77,416	148,361	139,606
2034-2038	95,974	41,702	188,716	84,915
2039-2043	<u>68,246</u>	<u>8,024</u>	<u>172,789</u>	<u>20,810</u>
Subtotal	810,740	<u>\$ 685,489</u>	819,374	<u>\$ 891,449</u>
Add: Accretions	68,696			
Unamortized bond premiums	21,930		36,027	
Unamortized loss	<u>(23,165)</u>			
Total certificates of Participation and bonds	<u>\$ 878,201</u>		<u>\$ 855,401</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS-Continued

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 2013 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.

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

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$	\$ 20,051
2015		20,051
2016		20,051
2017		20,051
2018		20,052
2019-2023	38,450	94,426
2024-2028	46,370	85,680
2029-2033		69,311
2034-2038	62,196	60,224
2039-2043	53,157	38,738
2044-2048	<u>97,824</u>	<u>16,173</u>
Subtotal	297,997	<u>\$ 464,808</u>
Add: Accretions	<u>103,446</u>	
Total Tobacco Settlement Asset-Backed Bonds	<u>\$ 401,443</u>	

Notes, Loans, and Lease Revenue Obligation Notes

Notes and Loans

Bond Anticipation Notes (BANS) are issued by the Los Angeles County Capital Asset Leasing Corporation (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 2012-2013, LACCAL issued additional BANS in the amount of \$12,336,000, as reflected in Governmental Activities and \$2,664,000 as reflected in Business-type Activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Notes and Loans-Continued

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 \$3,410,400 and \$5,472,875 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 principal and interest payments of the loans are expected to require less than 47% of the annual surcharge revenues. During FY 2012-2013, the County obtained additional loans for \$3,079,000 and as of June 30, 2013, total loans drawn are \$2,838,000 on the Sepulveda Feeder Interconnection project and \$5,273,000 on the Marina del Rey Waterline Replacement project.

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 three irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON and a revolving credit facility with an additional bank supporting the issuance of direct placement revolving notes. This program is secured by twenty-four 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 18, 2016. 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 three LOCs is \$450,000,000, which consists of \$150,000,000 of callable Series A (JP Morgan), \$100,000,000 of Series B (U.S. Bank), \$200,000,000 of Series C (Wells Fargo) and \$150,000,000 direct placement revolving credit facility of Series D (Bank of America). 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 0.54% of the maximum, principal amount of the LOC. For Series B and C, the letter of credit fee is equal to 0.6% of the maximum principal amount of the LOC. The commitment fee is equal to 0.3% of the \$150,000,000 maximum principal amount of the revolving credit facility for Series D (Bank of America). As of June 30, 2013, \$301,900,000 of LRON issued under the program were outstanding, including \$53,000,000 of Series A, \$100,000,000 of Series B and \$148,900,000 of Series C.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 re-issued 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 2012-2013, the County redeemed the total amount that was outstanding at the beginning of the year and reissued County LRON that, as of June 30, 2013, are reflected as notes payable in the amount of \$255,949,000 for Governmental Activities and \$45,951,000 for Business-type Activities. The average interest rate on LRON issued in FY 2012-2013 was 0.197%. The County did not issue any Series D notes in FY 2012-2013.

Principal and interest requirements on NPC BANS, Marina del Rey Loans and LRON for Governmental Activities and NPC BANS, Waterworks District Loans and LRON for Business-type Activities are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 270,616	\$ 781	\$ 49,048	\$
2015	13,133	746	2,883	124
2016	834	711	329	179
2017	871	673	337	171
2018	911	634	345	163
2019-2023	5,207	2,516	1,844	693
2024-2028	6,489	1,234	2,066	471
2029-2033	1,478	67	2,314	223
2034-2038			658	14
Total	<u>\$ 299,539</u>	<u>\$ 7,362</u>	<u>\$ 59,824</u>	<u>\$ 2,038</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-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	\$ 142,870	\$ 20,313	\$	\$
Certificates of participation and bonds	810,740	685,489	819,374	891,449
Tobacco settlement asset-backed bonds	297,997	464,808		
Notes, loans, and LRON	<u>299,539</u>	<u>7,362</u>	<u>59,824</u>	<u>2,038</u>
Subtotal	1,551,146	<u>\$1,177,972</u>	879,198	<u>\$ 893,487</u>
Add: Accretions	172,142			
Unamortized bond premiums	32,107		36,027	
Less: Unamortized loss on advanced refunding of debt	<u>(23,165)</u>			
Total bonds and notes	<u>\$1,732,230</u>		<u>\$ 915,225</u>	

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

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related liabilities for the defeased bonds are not reflected in the County's financial position. At June 30, 2013, the amount of outstanding bonds and certificates of participation considered defeased was \$9,510,000. All of this amount was related to governmental activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

Long-term debt obligations as of July 1, 2012 include the following adjustments (in thousands) as a result of CDC becoming a discretely presented component unit rather than a blended component unit due to the implementation of GASB 61:

	<u>Long-term Liabilities July 1, 2012, as previously reported</u>	<u>Effect of CDC</u>	<u>Long-term Liabilities July 1, 2012, as restated</u>
Governmental activities:			
Bonds and notes payable	\$ 1,597,317	(30,789)	\$ 1,566,528
Unamortized bond premium	32,259		32,259
Unamortized refunding loss	<u>(25,949)</u>		<u>(25,949)</u>
Total bonds and notes payable	1,603,627	(30,789)	1,572,838
Interest accretion on bonds payable	172,662		172,662
Capital lease obligations	190,746	(133)	190,613
Accrued compensated absences	1,178,011	(802)	1,177,209
Workers' compensation	1,855,761	(2,950)	1,852,811
Litigation and self-insurance	<u>158,152</u>	<u>(1,419)</u>	<u>156,733</u>
Total governmental activities	<u>\$ 5,158,959</u>	<u>(36,093)</u>	<u>\$ 5,122,866</u>
Business-type activities:			
Bonds and notes payable	\$ 766,418	(46,702)	\$ 719,716
Unamortized bond premium	<u>3,850</u>		<u>3,850</u>
Total bonds and notes payable	770,268	(46,702)	723,566
Accrued compensated absences	<u>177,226</u>	<u>(617)</u>	<u>176,609</u>
Total business-type activities	<u>\$ 947,494</u>	<u>(47,319)</u>	<u>\$ 900,175</u>
Total effect of restatement for CDC	<u>\$ 6,106,453</u>	<u>(83,412)</u>	<u>\$ 6,023,041</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2013 (in thousands):

	Balance July 1, 2012 <u>as restated</u>	Additions/ <u>Accretions</u>	Transfers/ <u>Maturities</u>	Balance June 30, 2013	Due Within <u>One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 1,566,528	304,010	319,392	\$ 1,551,146	\$ 361,493
Add: Unamortized premium on bonds payable	32,259	3,848	4,000	32,107	4,199
Less: Unamortized amount on refunding loss	<u>(25,949)</u>	<u>2,784</u>	<u> </u>	<u>(23,165)</u>	<u>(2,922)</u>
Total bonds and notes payable	<u>1,572,838</u>	<u>310,642</u>	<u>323,392</u>	<u>1,560,088</u>	<u>362,770</u>
Interest accretion on capital appreciation bonds payable	172,662	2,471	2,991	172,142	9,746
Other long-term liabilities:					
Capital lease obligations (Note 10)	190,613	2,780	10,337	183,056	10,684
Accrued compensated absences	1,177,209	94,151	78,396	1,192,964	66,358
Workers' compensation (Note 18)	1,852,811	307,425	323,595	1,836,641	323,444
Litigation and self-insurance (Note 18)	156,733	80,083	59,738	177,078	147,487
Pollution remediation obligation (Note 19)	25,294	4,796	14,204	15,886	1,794
OPEB obligation (Note 9)	5,776,974	1,035,328	<u> </u>	6,812,302	<u> </u>
Third party payor (Note 14)	<u>16,669</u>	<u>28,469</u>	<u>28,782</u>	<u>16,356</u>	<u>16,356</u>
Total governmental activities	<u>\$ 10,941,803</u>	<u>1,866,145</u>	<u>841,435</u>	<u>\$ 11,966,513</u>	<u>\$ 938,639</u>
Business-type activities:					
Bonds and notes payable	\$ 719,716	355,379	195,897	\$ 879,198	\$ 63,666
Add: Unamortized premium on bonds payable	<u>3,850</u>	<u>33,078</u>	<u>901</u>	<u>36,027</u>	<u>943</u>
Total bonds and notes payable	<u>723,566</u>	<u>388,457</u>	<u>196,798</u>	<u>915,225</u>	<u>64,609</u>
Other long-term liabilities:					
Accrued compensated absences	176,609	9,602	11,830	174,381	11,507
Workers compensation (Note 18)	266,755	32,824	39,871	259,708	44,240
Litigation and self-insurance (Note 18)	104,785	13,177	13,020	104,942	26,965
OPEB obligation (Note 9)	1,142,146	199,297	<u> </u>	1,341,443	<u> </u>
Third party payor (Note 14)	<u>375,066</u>	<u>117,848</u>	<u>2,092</u>	<u>490,822</u>	<u>14,969</u>
Total business-type activities	<u>\$ 2,788,927</u>	<u>761,205</u>	<u>263,611</u>	<u>\$ 3,286,521</u>	<u>\$ 162,290</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 Public Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences 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 2012-2013, thereby increasing liabilities for Bonds and Notes by \$520,000 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, 2013 was as follows (in thousands):

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Maturities</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 30,789		2,661	\$ 28,128	\$ 3,589
Compensated absences	802	786	877	711	640
Capital lease obligations	133	3,131	695	2,569	600
Claims payable	<u>4,369</u>	<u>836</u>	<u>836</u>	<u>4,369</u>	<u>233</u>
Total Governmental activities	<u>\$ 36,093</u>	<u>4,753</u>	<u>5,069</u>	<u>\$ 35,777</u>	<u>\$ 5,062</u>
Business-type activities:					
Bonds and notes payable	\$ 46,702	6	6,500	\$ 40,208	\$ 570
Compensated absences	<u>617</u>	<u>577</u>	<u>723</u>	<u>471</u>	<u>424</u>
Total Business-type activities	<u>\$ 47,319</u>	<u>583</u>	<u>7,223</u>	<u>\$ 40,679</u>	<u>\$ 994</u>
Total long-term obligations	<u>\$ 83,412</u>	<u>5,336</u>	<u>12,292</u>	<u>\$ 76,456</u>	<u>\$ 6,056</u>

12. SHORT-TERM DEBT

On July 2, 2012, the County issued \$ 1,100,000,000 of short-term Tax and Revenue Anticipation Notes Series A, B and C at an effective interest rate of 0.18%, 0.19%, and 0.20%, respectively. 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 2012. The Series A notes, \$300,000,000, matured and were redeemed on February 28, 2013, the Series B notes, \$400,000,000, on March 29, 2013 and the Series C notes, \$400,000,000, on June 28, 2013.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2013, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$54,314,000 and limited obligation improvement bonds totaling \$7,466,000. 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, 2013, the amount of industrial development and other conduit bonds outstanding was \$24,255,000.

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

In November, 2010, the Centers for Medicare and Medicaid Services (CMS) approved, pursuant to Section 1115(a) of the Social Security Act, a Medi-Cal Demonstration Project, called the "California's Bridge to Reform" (Bridge to Reform), which affects many aspects of Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State draws down federal matching funds. The Bridge to Reform covers the period November 1, 2010 to October 31, 2015.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

Revenues for the public hospitals are comprised of: 1) FFS cost-based reimbursement for inpatient hospital services for Medi-Cal patients who are not enrolled in managed care; 2) Medi-Cal DSH payments; and 3) distribution from a pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP), which was capped Statewide at \$386.00 million in FY 2012-13. The non-federal share of these payments is provided by the public hospitals rather than the State, through certified public expenditures (CPE). For the inpatient hospital FFS cost-based payments, each hospital provides its own CPE. In addition to CPE, for DSH, Intergovernmental Transfers (IGTs) are also made whereby the hospital would utilize its local funding for services to draw down the federal financial participation (FFP).

The federal medical assistance percentage (FMAP), which establishes the matching amount for the FFS cost-based reimbursement, was 50% for FY 2012-13. The FMAP for DSH remains at 50%.

For the DSH and SNCP distributions, the CPEs of all the public hospitals in the State are used in the aggregate to draw down the federal match. It is therefore possible for one hospital to receive the federal match that results from another hospital's CPE. In this situation, the first hospital is referred to as a "recipient" hospital, while the second is referred to as a "donor" hospital. A recipient hospital is required to "retain" the FFP amounts resulting from donated CPEs.

The County also provides funding for the State's share of the DSH program by transferring funds to the State. These transferred funds, referred to as IGTs are used by the State to draw down federal matching funds. The combined IGTs sent to the State by each Hospital Enterprise Fund, plus the matching federal funds, are utilized by the State to provide supplemental funding for the Demonstration Project.

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

The County recognizes the funding received under the Bridge to Reform by each hospital as net patient services revenue, unless mentioned otherwise, as reflected in the statement of revenues, expenses, and changes in fund net position. The IGT payments are reflected as nonoperating expenses by each hospital in the statement of revenues, expenses, and changes in fund net position.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

The IGTs paid during FY 2012-13 are payments for services provided in FY 2012-13. The estimated Medi-Cal Demonstration Project net revenues for inpatient services, DSH and SNCP include amounts collected and accrued for FY 2012-13 as adjusted for over/under-realization of revenues for FY 2005-06 through FY 2011-12. The amounts below are in thousands:

	<u>Program Revenues</u>			<u>Intergovernmental Transfers Expense</u>
	<u>Medi-Cal FFS</u>	<u>DSH</u>	<u>SNCP</u>	
Harbor-UCLA	\$ 36,867	\$ 141,502	\$ 64,457	\$ 43,738
Olive View-UCLA	41,858	64,976	29,684	29,531
LAC+USC	104,264	98,673	111,132	111,710
Rancho	<u>21,669</u>	<u>32,303</u>	<u>19,085</u>	<u>12,513</u>
Total	<u>\$ 204,658</u>	<u>\$ 337,454</u>	<u>\$ 224,358</u>	<u>\$ 197,492</u>

Besides these revenues, the Demonstration Project provides support for public hospital systems in the following areas:

Coverage Expansion – Low Income Health Program or Healthy Way LA

Under the Demonstration Project, counties have the option to expand coverage by operating a Low Income Health Program (LIHP). Under this plan, the County may cover individuals up to 133% of the federal poverty level (FPL), known as the Medicaid Coverage Expansion (MCE) population for a particular group of services, and receive federal matching funds for the amount they expend. If a county meets certain federal requirements and has the resources available to do so, it can also cover individuals between 133% and 200% FPL, known as the Health Care Coverage Initiative (HCCI) population. The LIHP will run through the end of 2013, at which time coverage under federal health care reform will take effect.

For the County, the LIHP program is called Healthy Way LA (HWLA) – Matched. Revenues for FY 2012-13 are estimated at \$173.44 million for patient care services and \$3.76 million for administrative services.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

Delivery System Reform Incentive Pool

The Demonstration Project establishes the Delivery System Reform Incentive Pool (DSRIP) which ties federal funding to the achievement of milestones in care delivery improvements. To obtain funding under the DSRIP, public hospital systems submitted a five-year plan showing how they will accomplish desired results, and will be required to achieve significant milestones that were approved by the State and CMS. The amounts below, in thousands, were recorded as "other operating revenues" in FY 2012-13:

	<u>DSRIP Gross Revenues</u>	<u>Intergovernmental Transfers Expense</u>
Harbor-UCLA	\$ 162,877	\$ 104,332
Olive View-UCLA	104,168	39,741
LAC+USC	181,372	109,195
Rancho	<u>17,122</u>	<u>17,082</u>
Total	<u>\$ 465,539</u>	<u>\$ 270,350</u>

Managed Care for Seniors and Persons with Disabilities (SPDs)

Under the Demonstration Project, the State of California requires Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) to enroll in managed care plans, rather than using a fee for service system, in an effort to provide more coordinated care and contain costs. In FY 2012-13, an estimated \$339.98 million of SPD gross revenues were recorded.

SPD also requires that the County make IGTs to the State to fund the non-federal share of Medi-Cal inpatient payments for this population and expenses associated with such IGTs were \$125,808,000 in FY 2012-13.

Reported CPEs Subject to Audit

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

Medi-Cal Physician State Plan Amendment (Physician SPA)

Prior to July 1, 2005, Medi-Cal inpatient physician professional services (as well as non-physician practitioner services) provided by the County were reimbursed as part of an all-inclusive fixed contract rate per-diem. Effective July 1, 2005, public hospitals were no longer paid a fixed rate but were reimbursed under a Demonstration Project. The Demonstration Project payment for inpatient and other facility services excluded professional services. California State Plan Amendment 05-23 allows professional services to be paid similarly to the inpatient hospital services under the 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Physician State Plan Amendment (Physician SPA)-Continued

Net revenues of \$23.75 million were recognized during FY 2012-13 and included adjustments for the over/under-realization of revenues associated with FY 2005-06 through FY 2011-12.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

CBRC reimburses 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, Multi-Service Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services). The CBRC revenues in FY 2012-13 were \$148.64 million. As of June 30, 2013, the County estimated that approximately \$204.62 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.

Medi-Cal Cost Report Settlements

All of the FY 2008-09 CBRC audit reports were issued and total audit settlements of \$73.27 million were paid to the County. The Department of Health Services (DHS) issued appeal letters to the State Office of Administrative Appeals regarding unresolved audit adjustment issues. The informal level appeal hearing between DHS and the Medi-Cal auditors to discuss disputed adjustments before the Administrative Hearing Officer was held during June 2013. The hearing results, Report of Findings, have been issued and will be further appealed. The revised settlements will be issued sometime next year.

The State auditors are in the process of finalizing the FY 2009-10 CBRC audit findings and the anticipated issuance of the audit reports is late December 2013.

Medi-Cal Managed Care Rate Supplement

The State received permission from CMS to continue the Medi-Cal Managed Care rate supplements paid to L.A. Care and Health Net for the period October 1, 2011 through September 30, 2012. The supplement is funded by an IGT made by the County. The County does not receive managed care payments directly from the State; rather, the State contracts with L.A. Care and Health Net, which then subcontract for services with various provider networks.

In addition, in order to receive the supplemental payment, under the Welfare and Institutions Code Section 17301.4, the County is required to pay the State Department of Health Care Services a 20% administrative fee that is assessed on the full amount of the IGT. This amount is also recorded as part of IGT.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplement-Continued

For L.A. Care and Health Net, the total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2012-13, including prior year over/under realization, are as follows (in thousands):

	<u>Program Revenues</u>	<u>Intergovernmental Transfers Expense</u>
L.A. Care	\$ 119,718	\$ 69,958
Health Net	44,184	24,506
Totals	<u>\$ 163,902</u>	<u>\$ 94,464</u>

Revenues from the various Medi-Cal programs (i.e., FFS, DSH, CBRC, AB 915, SB 1732, etc.) represent approximately 64% of the hospitals' patient care revenue for the year ended June 30, 2013.

Medicare Program

Services to inpatient Medicare program beneficiaries are primarily paid under prospectively determined rates-per-discharge based upon diagnostic related groups (DRGs). Certain other services to Medicare beneficiaries are reimbursed based on a fee schedule or other rates.

Medicare audits have been ongoing at all hospitals. The initial notices of program reimbursement (NPR) have not been issued for all hospitals for recent fiscal years due to CMS Ruling No. CMS-1498-R, which required a revision to the methodology used to determine Medicare DSH payments. Before the initial NPR can be issued, CMS will revise the data matching process used to calculate the hospital's Medicare Supplemental Security Income (SSI) fraction that determines a portion of the Disproportionate Share payment adjustment for each hospital. The remaining issues, other than the Medicare DSH SSI fraction issue, have been reviewed and completed for all hospitals through FY 2006-07.

Medicare Program

For FY 2002-03 and FY 2003-04, the audits have been completed for all hospitals and NPRs have been issued for the former Martin Luther King Jr./Drew Medical Center (MLK/D MC), Harbor-UCLA Medical Center (H-UCLA MC), Rancho Los Amigos National Rehabilitation Center (RLANRC), and Olive View-UCLA Medical Center (OV-UCLA MC) only. LAC+USC Medical Center (LAC+USC MC) has not received its NPR due to the Medicare SSI fraction issue.

For FY 2004-05, the audits have been completed and the NPRs issued for MLK/D MC and OV-UCLA MC only. Except for the Medicare SSI fraction issue, the FY 2004-05 audits have been completed for LAC+USC MC, H-UCLA MC and RLANRC.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicare Program-Continued

For FY 2005-06, the audits have been completed and NPRs issued for MLK/D MC and OV-UCLA MC only. Except for the Medicare SSI fraction issue, the FY 2005-06 audits has been completed for LAC+USC MC, H-UCLA MC, and RLANRC.

For FY 2006-07, the audits for MLK/D MC, RLANRC and OV-UCLA MC have been completed and the NPRs have been issued. Except for the Medicare SSI fraction issue, the FY 2006-07 audits have been completed for H-UCLA MC and LAC+USC MC.

For FY 2007-08, the audits have been completed and NPRs have been issued for RLANRC and OV-UCLA MC. The audits are in progress for LAC+USC MC and H-UCLA MC. Effective August 16, 2007, MLK/D MC ceased to be certified as a participant in the Medicare program and will not undergo a hospital Medicare audit for FY 2007-08 due to low Medicare utilization.

For FY 2008-09, the audits have been completed and NPRs have been issued for RLANRC and OV-UCLA MC. Audits for LAC+USC MC and H-UCLA MC are in progress.

For FY 2009-10, the audits have been completed for RLANRC and OV-UCLA MC. An NPR has been issued for RLANRC. Audits for LAC+USC MC and H-UCLA MC have not been scheduled.

For FY 2010-11, audits have not been scheduled for LAC+USC MC and H-UCLA MC. The audits are in progress for RLANRC and OV-UCLA MC.

For FY 2011-12, audits have not been scheduled for LAC+USC MC, H-UCLA MC, RLANRC, and OV-UCLA MC.

Revenues from the Medicare program represent approximately 5% of patient care revenue for the year ended June 30, 2013.

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

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2013 (in thousands):

	<u>H-UCLA</u>	<u>OV-UCLA</u>	<u>LAC+USC</u>	<u>Rancho</u>	<u>Total</u>
Accounts receivable	\$2,098,317	\$ 893,076	\$ 2,446,418	\$ 283,166	\$5,720,977
Less: Allowance for uncollectible amounts	<u>1,644,289</u>	<u>609,938</u>	<u>1,857,453</u>	<u>164,306</u>	<u>4,275,986</u>
Accounts receivable - net	<u>\$ 454,028</u>	<u>\$ 283,138</u>	<u>\$ 588,965</u>	<u>\$ 118,860</u>	<u>\$1,444,991</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 County's Ability-to-Pay program, through other collection efforts by the County, 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, 2013 is as follows (in thousands):

Estimated cost of charity care	\$1,349,865
Charity care at established rates	2,301,117
Charges forgone	1,897,776

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, to operate a new the MLK Community Hospital at the MLK-MACC site. The new hospital would: 1) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and 2) 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, and is proceeding with efforts to open the new MLK Community Hospital. The new MLK Community Hospital facility is scheduled to open in FY 2014-15.

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, 2013.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 10,778
	Flood Control District	2,169
	Public Library	4,090
	Regional Park and Open Space District	2,538
	Nonmajor Governmental Funds	180,148
	Harbor-UCLA Medical Center	43,408
	Olive View-UCLA Medical Center	35,801
	LAC+USC Medical Center	74,870
	Rancho Los Amigos Nat'l Rehab Center	32,054
	Waterworks Enterprise Funds	1,081
	Nonmajor Aviation Funds	30
	Internal Service Funds	<u>4,638</u>
		<u>391,605</u>
Fire Protection District	General Fund	1,519
	Nonmajor Governmental Funds	525
	Harbor-UCLA Medical Center	1
	Internal Service Funds	<u>1</u>
		<u>2,046</u>
Flood Control District	General Fund	1,104
	Regional Park and Open Space District	500
	Nonmajor Governmental Funds	2,717
	Waterworks Enterprise Funds	250
	Nonmajor Aviation Funds	64
	Internal Service Funds	<u>5,959</u>
		<u>10,594</u>
Public Library	General Fund	<u>1,955</u>
Regional Park and Open Space District	Nonmajor Governmental Funds	<u>806</u>
Nonmajor Governmental Funds	General Fund	294,929
	Fire Protection District	16
	Flood Control District	190
	Public Library	15
	Regional Park and Open Space District	129
	Nonmajor Governmental Funds	13,686
	Internal Service Funds	<u>12,147</u>
		<u>321,112</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Harbor-UCLA Medical Center	General Fund	\$ 36,375
	Fire Protection District	39
	Nonmajor Governmental Funds	32,441
	Olive View-UCLA Medical Center	23
	LAC+USC Medical Center	1,118
	Rancho Los Amigos Nat'l Rehab Center	49
		<u>70,045</u>
Olive View-UCLA Medical Center	General Fund	23,350
	Fire Protection District	86
	Nonmajor Governmental Funds	15,836
	Harbor-UCLA Medical Center	1
	LAC+USC Medical Center	24
	<u>39,297</u>	
LAC+USC Medical Center	General Fund	55,073
	Fire Protection District	5
	Nonmajor Governmental Funds	59,263
	Harbor-UCLA Medical Center	144
	Olive View-UCLA Medical Center	23
	Rancho Los Amigos Nat'l Rehab Center	313
	<u>114,821</u>	
Rancho Los Amigos Nat'l Rehab Center	General Fund	29,441
	Fire Protection District	25
	Harbor-UCLA Medical Center	3
	LAC+USC Medical Center	1,326
	<u>30,795</u>	
Waterworks Enterprise Funds	General Fund	129
	Internal Service Funds	979
	<u>1,108</u>	
Nonmajor Aviation Funds	Internal Service Funds	<u>7</u>
Internal Service Funds	General Fund	17,605
	Fire Protection District	31
	Flood Control District	17,069
	Nonmajor Governmental Funds	34,642
	Harbor-UCLA Medical Center	11
	LAC+USC Medical Center	133
	Rancho Los Amigos Nat'l Rehab Center	806
	Waterworks Enterprise Funds	3,453
	Nonmajor Aviation Funds	117
	<u>73,867</u>	
Total Interfund Receivables/Payables		<u>\$ 1,058,058</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the Public Library and the 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 reimburse eligible costs incurred.

Interfund transfers to/from other funds for the year ended June 30, 2013 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 32
	Public Library	42,103
	Nonmajor Governmental Funds	103,062
	Harbor-UCLA Medical Center	226,855
	Olive View-UCLA Medical Center	89,659
	LAC+USC Medical Center	330,930
	Rancho Los Amigos Nat'l Rehab Center	71,030
	Internal Service Funds	<u>67</u>
		<u>863,738</u>
Fire Protection District	Nonmajor Governmental Funds	<u>6,421</u>
Flood Control District	Nonmajor Governmental Funds	19,130
	Internal Service Funds	<u>1,234</u>
		<u>20,364</u>
Public Library	General Fund	1,578
	Nonmajor Governmental Funds	<u>1,043</u>
		<u>2,621</u>
Regional Park and Open Space District	Nonmajor Governmental Funds	<u>35,488</u>
Nonmajor Governmental Funds	General Fund	482,826
	Fire Protection District	355
	Nonmajor Governmental Funds	64,772
	Harbor-UCLA Medical Center	60,513
	Olive View-UCLA Medical Center	38,061
	LAC+USC Medical Center	116,402
	Rancho Los Amigos Nat'l Rehab Center	1
	Internal Service Funds	<u>4,706</u>
		<u>767,636</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	<u>\$ 3,822</u>
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	<u>1,074</u>
LAC+USC Medical Center	General Fund	<u>16,506</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>113</u>
Internal Service Funds	General Fund	3,657
	Flood Control District	171
	Nonmajor Governmental Funds	424
	Waterworks Enterprise Funds	<u>154</u>
		<u>4,406</u>
Total Interfund Transfers		<u>\$1,722,189</u>

Interfund Transactions

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term and long-term advances to assist the Hospital Funds in meeting their cash flow requirements. 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 \$184.14 million long-term advance and classified a corresponding amount of fund balance as nonspendable balance.

Advances from/to other funds at June 30, 2013 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	\$ 242,816	\$ 38,726	\$ 281,542
	Olive View-UCLA Medical Center	160,663	34,123	194,786
	LAC+USC Medical Center	157,764	70,420	228,184
	Rancho Los Amigos Nat'l Rehab Center	6,909	40,867	47,776
	Internal Service Funds	<u>2,088</u>	<u> </u>	<u>2,088</u>
		<u>570,240</u>	<u>184,136</u>	<u>754,376</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

15. INTERFUND TRANSACTIONS-Continued

Interfund Transactions-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Flood Control District	Internal Service Funds	\$ 6,473	_____	\$ 6,473
Nonmajor Governmental Funds	Internal Service Funds	_____	12,088	_____
Waterworks Enterprise Funds	Internal Service Funds	_____	1,351	_____
Total Interfund Advances		<u>\$ 590,152</u>	<u>\$ 184,136</u>	<u>\$ 774,288</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. In FY 2012-2013 the Budget adopted by the County uses GASB 54 fund balance terminology.

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

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances 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 cancelled or otherwise made available are recorded as changes in fund balance in other financing sources.
- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred.
- For the General Fund, obligations for accrued 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 No. 6.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in 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 a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB 48. 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.
- In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2013.

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (in thousands):

	<u>General Fund</u>	<u>Fire Protection District</u>	<u>Flood Control District</u>	<u>Public Library</u>	<u>Regional Park and Open Space District</u>
Fund balance - budgetary basis	\$ 1,497,581	\$ 104,376	\$ 76,574	\$ 37,288	\$ 192,857
Budgetary fund balances	<u>1,415,680</u>	<u>144,425</u>	<u>169,726</u>	<u>22,188</u>	<u>140,327</u>
Subtotal	<u>2,913,261</u>	<u>248,801</u>	<u>246,300</u>	<u>59,476</u>	<u>333,184</u>
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	148,100	(752)	3,533	1,269	
Accrual of compensated absences	58,636				
Deferral of sale of tobacco settlement revenue	(245,987)				
Change in revenue accruals	(121,720)	(18,841)	(6,852)	(2,971)	(3,344)
Change in OPEB	<u>127,360</u>	<u>7,539</u>	<u>1,222</u>	<u>1,222</u>	<u>1,222</u>
Subtotal	<u>(33,611)</u>	<u>(12,054)</u>	<u>(3,319)</u>	<u>(480)</u>	<u>(3,344)</u>
Fund balance - GAAP basis	<u>\$ 2,879,650</u>	<u>\$ 236,747</u>	<u>\$ 242,981</u>	<u>\$ 58,996</u>	<u>\$ 329,840</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

17. COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2013, there were contractual commitments of approximately \$593.89 million for various general government construction projects and approximately \$63.45 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2013, LACERA had outstanding capital commitments to various investment managers, approximating \$3,020,000,000. Subsequent to June 30, 2013, LACERA funded \$160,000,000 of these capital commitments.

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, 2013, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
General Fund	\$	\$	\$ 366,474	\$ 366,474
Fire Protection District	24,470			24,470
Flood Control District	44,289			44,289
Public Library			11,415	11,415
Regional Park and Open Space District	68,008			68,008
Nonmajor Governmental Funds	<u>109,255</u>	<u>9,216</u>	<u>6,026</u>	<u>124,497</u>
Total Encumbrances	<u>\$ 246,022</u>	<u>\$ 9,216</u>	<u>\$ 383,915</u>	<u>\$ 639,153</u>

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, special events, public official bond, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The County also has insurance on most major structures. Losses did not exceed coverage in FY 2010-2011, FY 2011-2012 or FY 2012-2013.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

18. RISK MANAGEMENT-Continued

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

As indicated in the following table, the County's workers' compensation balance as of June 30, 2013 was approximately \$2.096 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2013. Approximately \$83,550,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2013, the County's best estimate of these liabilities is \$2.378 billion. The FY 2012-2013 beginning balances for workers' compensation and other liabilities decreased by \$2,950,000 and \$1,419,000, respectively, due to CDC becoming a discretely presented component unit rather than a blended component unit based on the implementation of GASB Statement No. 61. Changes in the reported liability since July 1, 2011 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>2011-2012</u>				
Workers' Compensation	\$ 2,070,598	\$ 407,207	\$(355,289)	\$ 2,122,516
Other	<u>212,250</u>	<u>115,340</u>	<u>(64,653)</u>	<u>262,937</u>
Total 2011-2012	<u>\$ 2,282,848</u>	<u>\$ 522,547</u>	<u>\$(419,942)</u>	<u>\$ 2,385,453</u>
<u>2012-2013</u>				
Workers' Compensation	\$ 2,119,566	\$ 340,249	\$(363,466)	\$ 2,096,349
Other	<u>261,518</u>	<u>93,260</u>	<u>(72,758)</u>	<u>282,020</u>
Total 2012-2013	<u>\$ 2,381,084</u>	<u>\$ 433,509</u>	<u>\$(436,224)</u>	<u>\$ 2,378,369</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$153.89 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

19. POLLUTION REMEDIATION

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

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

As of June 30, 2013, the County's estimated pollution remediation obligation totaled \$15,886,000. These obligations were all associated with the County's government-wide governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liabilities were determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust estimated obligations when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligations.

20. 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, 2013 (in thousands) are as follows:

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable:						
Inventories	\$ 47,375	8,045		916		
Long-term receivables	206,461					
Permanent fund principal						2,230
Total Nonspendable	253,836	8,045		916		2,230

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

20. FUND BALANCES-Continued

	General <u>Fund</u>	Fire Protection <u>District</u>	Flood Control <u>District</u>	Public <u>Library</u>	Regional Park and Open Space <u>District</u>	Nonmajor Governmental <u>Funds</u>
Restricted for:						
Purpose of fund		228,702	242,882	9,841	329,840	1,396,852
Purpose of utility user tax	36,529					
Housing authority program	13,451					
Grand Avenue project	4,600					
Sheriff Pitchess landfill	3,206					
La Alameda project	2,000					
Capital projects						276,398
Debt service						578,314
Endowments and annuities						290
Total Restricted	59,786	228,702	242,882	9,841	329,840	2,251,854
Committed to:						
Purpose of fund						48,315
Capital projects and extraordinary maintenance	148,831					75,641
Health services-tobacco settlement	92,656					
Budget uncertainties	86,698					
Low to moderate income housing	63,797					
Sheriff budget restoration	31,174					
Assessor tax system	24,836					
Interoperable and countywide communication	15,082					
Services to unincorporated areas	14,044					
Financial system	12,765					
Reopening jail beds	12,147					
Department of children and family services	8,840					
Health services future financial requirements	7,013					
Public works-permit tracking system	5,855					
Information technology enhancements	2,574					
Live scan	2,000					
TTC unsecured property tax system	463					
Sheriff unincorporated patrol	90					
Total Committed	528,865					123,956

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

20. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Assigned to:						
Purpose of fund			99	48,239		112,549
Future purchases	374,156					
Capital projects						11,105
Imprest cash	<u>2,025</u>					
Total Assigned	<u>376,181</u>		<u>99</u>	<u>48,239</u>		<u>123,654</u>
Unassigned	<u>1,660,982</u>					
Total Fund Balances	<u>\$ 2,879,650</u>	<u>236,747</u>	<u>242,981</u>	<u>58,996</u>	<u>329,840</u>	<u>2,501,694</u>

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% of on-going locally generated revenue. Transfers of three percent (3%) should be made into the Reserve each year, if feasible, until the 10% cap is met.

When the Reserve cap of 10% is exceeded, the excess may be available for specified one-time purposes such as capital projects, unfunded retiree health obligations, efficiency measures and information technology initiatives. 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 \$197,012,000 is reported as unassigned fund balance in the General Fund.

21. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2013, the County issued \$300,000,000 and \$700,000,000 in 2013-2014 TRANS Series A and B, respectively, which will mature on February 28, 2014, and June 30, 2014, respectively. The TRANS are collateralized by taxes and other revenues attributable to the 2013-2014 fiscal year and were issued in the form of Fixed Rate Notes at effective interest rates of 0.16% and 0.18%, respectively.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

21. SUBSEQUENT EVENTS-Continued

Lease Revenue Obligation Notes

On August 29, 2013, the Los Angeles County Capital Asset Leasing Corporation issued an additional \$56,100,000 in lease revenue obligation notes with an initial average rate of 0.114%. The proceeds are being used to fund capital requirements of various capital projects. The lease revenue obligation notes are secured by a long-term lease of County real estate, three letters of credit and a revolving credit facility.

Capital Asset Leasing Corporation Lease Revenue Bond Anticipation Notes

On October 4, 2013, the Corporation issued a \$7,000,000 Bond Anticipation Note with an initial interest rate of 0.535%. The rates are adjustable on January 2 and July 1, of each year. The notes were purchased by the Los Angeles County Treasury Pool and are due on June 30, 2016. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

Health Realignment

As a result of the implementation of the Affordable Care Act, the State of California (State) assumes that the counties' costs associated with providing health care to indigent population will decrease. Accordingly, Assembly Bill 85 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 these savings. These savings will be shared between the counties' health departments and the State. Estimates of the amount of Realignment funds that will be re-directed are not available at this time.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2010	\$ 38,839,392	\$ 46,646,838	\$ 7,807,446	83.3%	\$ 6,695,439	116.6%
June 30, 2011	39,193,627	48,598,166	9,404,539	80.6%	6,650,674	141.4%
June 30, 2012	39,039,364	50,809,425	11,770,061	76.8%	6,619,816	177.8%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of Funding Progress-Other Postemployment Benefits
(Dollar amounts in thousands)

Retiree Health Care

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ 0	\$ 20,901,600	\$ 20,901,600	0%	\$ 6,123,888	341.31%
July 1, 2010	0	22,939,800	22,939,800	0%	6,695,439	342.62%
July 1, 2012	0	25,733,300	25,733,300	0%	6,619,816	388.73%

Long-Term Disability

July 1, 2007	\$ 0	\$ 929,265	\$ 929,265	0%	\$ 5,615,736	16.55%
July 1, 2009	0	951,797	951,797	0%	6,547,616	14.54%
July 1, 2011	0	1,018,898	1,018,898	0%	6,619,816	15.39%

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, 2013 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 815,348	832,322	764,158	(68,164)
Services and supplies	1,251,180	1,109,837	568,211	(541,626)
Other charges	139,210	211,788	159,646	(52,142)
Capital assets	3,424	6,773	4,822	(1,951)
Intrafund transfers	(580,690)	(579,208)	(526,925)	52,283
TOTAL GENERAL GOVERNMENT	1,628,472	1,581,512	969,912	(611,600)
PUBLIC PROTECTION:				
Salaries and employee benefits	3,668,975	3,708,524	3,631,197	(77,327)
Services and supplies	931,765	904,147	740,971	(163,176)
Other charges	414,936	414,280	375,093	(39,187)
Capital assets	55,814	57,756	32,344	(25,412)
Intrafund transfers	(119,529)	(121,613)	(78,201)	43,412
TOTAL PUBLIC PROTECTION	4,951,961	4,963,094	4,701,404	(261,690)
HEALTH AND SANITATION:				
Salaries and employee benefits	1,104,265	1,103,950	1,032,533	(71,417)
Services and supplies	2,276,386	2,290,817	1,946,365	(344,452)
Other charges	156,000	171,210	156,308	(14,902)
Capital assets	11,953	12,062	6,983	(5,079)
Intrafund transfers	(191,857)	(196,986)	(196,010)	976
TOTAL HEALTH AND SANITATION	3,356,747	3,381,053	2,946,179	(434,874)
PUBLIC ASSISTANCE:				
Salaries and employee benefits	1,795,318	1,820,813	1,774,438	(46,375)
Services and supplies	1,101,989	1,113,125	965,848	(147,277)
Other charges	2,687,729	2,759,291	2,591,053	(168,238)
Capital assets	3,324	3,764	3,000	(764)
Intrafund transfers	(48,556)	(48,806)	(44,348)	4,458
TOTAL PUBLIC ASSISTANCE	5,539,804	5,648,187	5,289,991	(358,196)
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	137,268	136,835	136,462	(373)
Services and supplies	130,817	134,352	126,234	(8,118)
Other charges	12,558	12,043	11,617	(426)
Capital assets	3,241	2,875	2,661	(214)
Intrafund transfers	(1,644)	(2,067)	(2,062)	5
TOTAL RECREATION AND CULTURAL SERVICES	282,240	284,038	274,912	(9,126)
DEBT SERVICE-				
Interest	2,988	2,988	2,988	
CAPITAL OUTLAY	925,383	914,589	106,814	(807,775)
TOTAL GENERAL FUND	\$ 16,687,595	16,775,461	14,292,200	(2,483,261)



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, State Proposition 1B 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, and Measure R Local Return 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 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 State tobacco taxes, patient collections, court fines, State-assessed vehicle fees, State income tax, penalties assessed for hazardous waste violations, and sanitation services.

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The 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 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 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.

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 Recreation Funds: Golf Course, Park Improvement, Recreation and Development, Tesoro Adobe Park, San Gabriel Canyon, and Ford Theater are used to account for the maintenance and improvements to County parks and golf courses, public recreation areas, and Ford Theater. Civic Art Special fund is used to account for civic art projects. Cable TV Franchise is used to account for fund cable-related activities. The Off-Highway Vehicle 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, percentage of the design and construction costs, cable franchise fees, and licenses and user fees.

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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. Public 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.

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 Flood Control District Debt Service Funds receive their funds from a voted indebtedness tax levy. The Flood Control District additionally receives operating transfers from the Flood Control District Special Revenue Fund. The Regional Park and Open Space District receives long-term debt proceeds and also receives voter-approved benefit assessments. Joint Powers Authorities-Public Works Financing Authority and Public Buildings receive their funds primarily from the General Fund in the form of operating transfers. The Los Angeles County Securitization Corporation receives funding primarily from the collection of the County's future tobacco settlement payments and from long-term debt proceeds secured by the County's Tobacco Assets.

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

Disney Parking Project
2002 Master Refunding Project - Series B
2005 Master Refunding Project - Series A
2006 Master Refunding Project - Series A
2006 Master Refunding Project - Series B
Calabasas Landfill Project - Series 2005
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
Lease Revenue Obligation Notes

Los Angeles County Securitization Corporation

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 project in accordance with Government Code Section 53731.

Improvement Districts are used to account for the projects financed by contributions from property owners.

Public Building 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" receivable-es that are restricted for capital spending purposes.

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, 2013 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 1,752,479	146,013	363,254	2,470	\$ 2,264,216
Other	40,812	30	4,581	1	45,424
Total pooled cash and investments	1,793,291	146,043	367,835	2,471	2,309,640
Other investments		186,822	13,871	101	200,794
Taxes receivable	14,795				14,795
Interest receivable	4,847	139	636	7	5,629
Other receivables	47,656		47		47,703
Due from other funds	64,473	246,116	10,523		321,112
Advances to other funds	12,088				12,088
TOTAL ASSETS	\$ 1,937,150	579,120	392,912	2,579	\$ 2,911,761
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 30,449		497		\$ 30,946
Accrued payroll	88				88
Other payables	100				100
Due to other funds	309,964	806	29,235	59	340,064
Deferred revenue	31,967				31,967
Advances payable	6,212		36		6,248
Third party payor	654				654
TOTAL LIABILITIES	379,434	806	29,768	59	410,067
FUND BALANCES:					
Nonspendable				2,230	2,230
Restricted	1,396,852	578,314	276,398	290	2,251,854
Committed	48,315		75,641		123,956
Assigned	112,549		11,105		123,654
TOTAL FUND BALANCES	1,557,716	578,314	363,144	2,520	2,501,694
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,937,150	579,120	392,912	2,579	\$ 2,911,761

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:					
Taxes	\$ 347,234				\$ 347,234
Licenses, permits and franchises	16,282				16,282
Fines, forfeitures and penalties	73,049				73,049
Revenue from use of money and property:					
Investment income (loss)	(7,005)	8,520	659	(24)	2,150
Rents and concessions	31,092				31,092
Royalties	5				5
Intergovernmental revenues:					
Federal	27,480				27,480
State	586,662				586,662
Other	15,343				15,343
Charges for services	145,670		6,932		152,602
Miscellaneous	25,906	34,064	263		60,233
TOTAL REVENUES	1,261,718	42,584	7,854	(24)	1,312,132
EXPENDITURES:					
Current:					
General government	17,601			100	17,701
Public protection	76,480				76,480
Public ways and facilities	326,159				326,159
Health and sanitation	149,281				149,281
Public assistance	8,624				8,624
Recreation and cultural services	10,813				10,813
Debt service:					
Principal		140,370			140,370
Interest and other charges		88,156			88,156
Capital outlay			389,742		389,742
TOTAL EXPENDITURES	588,958	228,526	389,742	100	1,207,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	672,760	(185,942)	(381,888)	(124)	104,806
OTHER FINANCING SOURCES (USES):					
Transfers in	27,226	150,649	57,361		235,236
Transfers out	(692,439)	(40,682)	(34,515)		(767,636)
Issuance of debt		31,461	261,823		293,284
Refunding bonds issued					
Bond premium proceeds		3,848			3,848
Sales of capital assets	305				305
TOTAL OTHER FINANCING SOURCES (USES) _{fund}	(664,908)	145,276	284,669		(234,963)
NET CHANGE IN FUND BALANCES	7,852	(40,666)	(97,219)	(124)	(130,157)
FUND BALANCES, JULY 1, 2012, AS RESTATED	1,549,864	618,980	460,363	2,644	2,631,851
FUND BALANCES, JUNE 30, 2013	\$ 1,557,716	578,314	363,144	2,520	\$ 2,501,694



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2013 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting	Garbage Disposal	Sewer Maintenance	Health Services
	Road	Other	Districts	Districts	Districts	Measure B
ASSETS						
Pooled cash and investments:						
Operating	\$ 213,365	156,795	71,181	30,623	18,448	125,870
Other	6,706	241	397	372	530	3,784
Total pooled cash and investments	<u>220,071</u>	<u>157,036</u>	<u>71,578</u>	<u>30,995</u>	<u>18,978</u>	<u>129,654</u>
Other investments						
Taxes receivable		384	1,501	1,248	773	10,853
Interest receivable	627	452	206	90	54	362
Other receivables	28,003	12,067	3	1,877	1,281	
Due from other funds	14,510	705	5,669		1,241	172
Advances to other funds	9,096	981			1,399	
TOTAL ASSETS	<u>\$ 272,307</u>	<u>171,625</u>	<u>78,957</u>	<u>34,210</u>	<u>23,726</u>	<u>141,041</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 4,403	4,535	1,500		366	3,005
Accrued payroll						
Other payables					98	
Due to other funds	27,963	5,327	5,955	779	6,798	115,330
Deferred revenue	13,597	4,781	1,079	2,255	1,329	7,405
Advances payable	6,212					
Third party payor	654					
TOTAL LIABILITIES	<u>52,829</u>	<u>14,643</u>	<u>8,534</u>	<u>3,034</u>	<u>8,591</u>	<u>125,740</u>
FUND BALANCES:						
Restricted	219,478	156,982	70,423	31,176	15,135	15,301
Committed						
Assigned						
TOTAL FUND BALANCES	<u>219,478</u>	<u>156,982</u>	<u>70,423</u>	<u>31,176</u>	<u>15,135</u>	<u>15,301</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 272,307</u>	<u>171,625</u>	<u>78,957</u>	<u>34,210</u>	<u>23,726</u>	<u>141,041</u>

Health and Sanitation	Mental Health Services Act	Other Public Protection	Public Assistance	Recreation	
					ASSETS
\$ 29,526	635,351	231,945	6,497	9,918	Pooled cash and investments:
3,703	622	4,067	477	16,182	Operating
33,229	635,973	236,012	6,974	26,100	Other
					Total pooled cash and investments
36					Other investments
76	1,853	648	2	10	Taxes receivable
3,593		83	433	148	Interest receivable
840	33,319	2,915		343	Other receivables
612					Due from other funds
\$ 38,386	671,145	239,658	7,409	26,601	Advances to other funds
					TOTAL ASSETS
					LIABILITIES AND FUND BALANCES
\$ 7,270	86	1,862	635	297	LIABILITIES:
					Accounts payable
					Accrued payroll
				2	Other payables
3,654	104,168	21,978	625	1,305	Due to other funds
1,521					Deferred revenue
					Advances payable
					Third party payor
12,445	104,254	23,840	1,260	1,604	TOTAL LIABILITIES
					FUND BALANCES:
22,574	566,891	178,492	6,149	5,040	Restricted
		32,698			Committed
3,367		4,628		19,957	Assigned
25,941	566,891	215,818	6,149	24,997	TOTAL FUND BALANCES
\$ 38,386	671,145	239,658	7,409	26,601	TOTAL LIABILITIES AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET - Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2013 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 43,592	57,746	18,810	102,812	\$ 1,752,479
Other	1,312	1,495	769	155	40,812
Total pooled cash and investments	<u>44,904</u>	<u>59,241</u>	<u>19,579</u>	<u>102,967</u>	<u>1,793,291</u>
Other investments					
Taxes receivable					14,795
Interest receivable	128	166		173	4,847
Other receivables			167	1	47,656
Due from other funds			641	4,118	64,473
Advances to other funds					12,088
TOTAL ASSETS	<u>\$ 45,032</u>	<u>59,407</u>	<u>20,387</u>	<u>107,259</u>	<u>\$ 1,937,150</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$	2,562		3,928	\$ 30,449
Accrued payroll				88	88
Other payables					100
Due to other funds		11,891	1,604	2,587	309,964
Deferred revenue					31,967
Advances payable					6,212
Third party payor					654
TOTAL LIABILITIES		<u>14,453</u>	<u>1,604</u>	<u>6,603</u>	<u>379,434</u>
FUND BALANCES:					
Restricted	45,032	44,954	18,783	442	1,396,852
Committed				15,617	48,315
Assigned				84,597	112,549
TOTAL FUND BALANCES	<u>45,032</u>	<u>44,954</u>	<u>18,783</u>	<u>100,656</u>	<u>1,557,716</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 45,032</u>	<u>59,407</u>	<u>20,387</u>	<u>107,259</u>	<u>\$ 1,937,150</u>



COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting	Garbage Disposal	Sewer Maintenance	Health Services
	Road	Other	Districts	Districts	Districts	Measure B
REVENUES:						
Taxes	\$ 4,076	48,583	19,405	5,001		270,169
Licenses, permits and franchises	4,896					
Fines, forfeitures and penalties		41	172	498	279	1,622
Revenue from use of money and property:						
Investment income (loss)	(696)	(644)	(173)	(35)	34	(771)
Rents and concessions	43	194				
Royalties						
Intergovernmental revenues:						
Federal	26,703	629				
State	158,272	100	150	39		
Other	54	12,703	863	22		
Charges for services	20,853	990	8,114	19,702	32,125	
Miscellaneous	2,591	2		315		
TOTAL REVENUES	216,792	62,598	28,531	25,542	32,438	271,020
EXPENDITURES:						
Current:						
General government						
Public protection						
Public ways and facilities	233,274	68,621	24,264			
Health and sanitation				22,983	29,708	48,171
Public assistance						
Recreation and cultural services						
TOTAL EXPENDITURES	233,274	68,621	24,264	22,983	29,708	48,171
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,482)	(6,023)	4,267	2,559	2,730	222,849
OTHER FINANCING SOURCES (USES):						
Transfers in	366	27			31	
Transfers out	(4,197)	(26)	(6)		(423)	(226,872)
Sales of capital assets	102	5				
TOTAL OTHER FINANCING SOURCES (USES)	(3,729)	6	(6)		(392)	(226,872)
NET CHANGE IN FUND BALANCES	(20,211)	(6,017)	4,261	2,559	2,338	(4,023)
FUND BALANCES, JULY 1, 2012, AS RESTATED	239,689	162,999	66,162	28,617	12,797	19,324
FUND BALANCES, JUNE 30, 2013	\$ 219,478	156,982	70,423	31,176	15,135	15,301

	Health and Sanitation	Mental Health Services Act	Other Public Protection	Public Assistance	Recreation
\$					
	6,859			1,266	13
	23,540		9,647	2,241	
	(60)	(2,732)	(1,003)	(22)	(40)
	119		25,527		545
			148		
	452	412,379	15,118		152
	1,701				
	19,395		17,243	2,951	4,663
			18,129	2,349	2,405
	<u>52,006</u>	<u>409,647</u>	<u>84,809</u>	<u>8,785</u>	<u>7,738</u>
			68,449		
	43,988	4,431		8,624	
					10,813
	<u>43,988</u>	<u>4,431</u>	<u>68,449</u>	<u>8,624</u>	<u>10,813</u>
	8,018	405,216	16,360	161	(3,075)
			949		1,074
	(4,088)	(372,294)	(26,598)	(1,370)	(1,005)
			56		3
	<u>(4,088)</u>	<u>(372,294)</u>	<u>(25,593)</u>	<u>(1,370)</u>	<u>72</u>
	3,930	32,922	(9,233)	(1,209)	(3,003)
	22,011	533,969	225,051	7,358	28,000
\$	<u>25,941</u>	<u>566,891</u>	<u>215,818</u>	<u>6,149</u>	<u>24,997</u>

REVENUES:

Taxes

Licenses, permits and franchises

Fines, forfeitures and penalties

Revenue from use of money and property:

Investment income

Rents and concessions

Royalties

Intergovernmental revenues:

Federal

State

Other

Charges for services

Miscellaneous

TOTAL REVENUES

EXPENDITURES:

Current:

General government

Public protection

Public ways and facilities

Health and sanitation

Public assistance

Recreation and cultural services

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES

OVER EXPENDITURES

OTHER FINANCING SOURCES (USES):

Transfers in

Transfers out

Sales of capital assets

TOTAL OTHER FINANCING SOURCES (USES)

NET CHANGE IN FUND BALANCES

FUND BALANCES, JULY 1, 2012, AS RESTATED

FUND BALANCES, JUNE 30, 2013

Continued...

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
REVENUES:					
Taxes	\$				\$ 347,234
Licenses, permits and franchises				3,248	16,282
Fines, forfeitures and penalties	16,285	18,724			73,049
Revenue from use of money and property:					
Investment income (loss)	(176)	(285)		(402)	(7,005)
Rents and concessions				4,664	31,092
Royalties				5	5
Intergovernmental revenues:					
Federal					27,480
State					586,662
Other					15,343
Charges for services			17,731	1,903	145,670
Miscellaneous				115	25,906
TOTAL REVENUES	16,109	18,439	17,731	9,533	1,261,718
EXPENDITURES:					
Current:					
General government				17,601	17,601
Public protection	1,438	6,593			76,480
Public ways and facilities					326,159
Health and sanitation					149,281
Public assistance					8,624
Recreation and cultural services					10,813
TOTAL EXPENDITURES	1,438	6,593		17,601	588,958
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,671	11,846	17,731	(8,068)	672,760
OTHER FINANCING SOURCES (USES):					
Transfers in				24,779	27,226
Transfers out	(24,234)	(13,091)	(14,311)	(3,924)	(692,439)
Sales of capital assets				139	305
TOTAL OTHER FINANCING SOURCES (USES)	(24,234)	(13,091)	(14,311)	20,994	(664,908)
NET CHANGE IN FUND BALANCES	(9,563)	(1,245)	3,420	12,926	7,852
FUND BALANCES, JULY 1, 2012, AS RESTATED	54,595	46,199	15,363	87,730	1,549,864
FUND BALANCES, JUNE 30, 2013	\$ 45,032	44,954	18,783	100,656	\$ 1,557,716

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, 2013 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 339,593	339,790	346,776	6,986
Licenses, permits and franchises	14,386	14,386	16,282	1,896
Fines, forfeitures and penalties	74,362	74,362	73,049	(1,313)
Revenue from use of money and property:				
Investment income	13,375	13,375	11,167	(2,208)
Rents and concessions	31,801	31,801	31,092	(709)
Royalties	10	10	5	(5)
Intergovernmental revenues:				
Federal	32,028	32,028	27,480	(4,548)
State	580,619	580,619	586,662	6,043
Other	25,117	25,129	15,631	(9,498)
Charges for services	195,172	196,641	145,458	(51,183)
Miscellaneous	12,770	13,949	25,832	11,883
TOTAL REVENUES	1,319,233	1,322,090	1,279,434	(42,656)
EXPENDITURES:				
Current:				
General government	38,252	47,852	19,360	(28,492)
Public protection	363,961	363,961	101,992	(261,969)
Public ways and facilities	572,750	554,832	324,134	(230,698)
Health and sanitation	217,902	217,148	155,599	(61,549)
Public assistance	9,737	9,747	8,522	(1,225)
Education	14,174	14,717	1	(14,716)
Recreation and cultural services	12,942	14,862	11,418	(3,444)
TOTAL EXPENDITURES	1,229,718	1,223,119	621,026	(602,093)
EXCESS OF REVENUES OVER EXPENDITURES	89,515	98,971	658,408	559,437
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	636	636	305	(331)
Transfers in	46,247	58,319	32,893	(25,426)
Transfers out	(893,639)	(897,968)	(670,931)	227,037
Appropriation for contingencies	(59,495)	(57,278)		57,278
Changes in fund balances	(153,748)	(173,164)	(152,716)	20,448
OTHER FINANCING SOURCES (USES) - NET	(1,059,999)	(1,069,455)	(790,449)	279,006
NET CHANGE IN FUND BALANCE	(970,484)	(970,484)	(132,041)	838,443
FUND BALANCE, JULY 1, 2012	970,484	970,484	970,484	
FUND BALANCE, JUNE 30, 2013	\$		838,443	838,443

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, 2013 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 3,872	4,069	4,076	7
Licenses, permits and franchises	3,953	3,953	4,896	943
Revenue from use of money and property:				
Investment income	2,601	2,601	1,656	(945)
Rents and concessions	40	40	43	3
Intergovernmental revenues:				
Federal	32,017	32,017	26,703	(5,314)
State	171,233	171,233	158,272	(12,961)
Other	5,200	5,200	526	(4,674)
Charges for services	58,863	59,471	20,853	(38,618)
Miscellaneous	231	1,410	2,591	1,181
TOTAL REVENUES	278,010	279,994	219,616	(60,378)
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	222,628	222,870	194,747	(28,123)
Other charges	12,872	12,872	1,182	(11,690)
Capital assets	556	562	318	(244)
Capital Outlay	117,252	98,250	30,529	(67,721)
TOTAL EXPENDITURES	353,308	334,554	226,776	(107,778)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(75,298)	(54,560)	(7,160)	47,400
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			102	102
Transfers out	(6,096)	(7,096)	(3,831)	3,265
Appropriation for contingencies	(20,267)	(20,464)		20,464
Changes in fund balance	6,563	(12,978)	(4,564)	8,414
OTHER FINANCING SOURCES (USES) - NET	(19,800)	(40,538)	(8,293)	32,245
NET CHANGE IN FUND BALANCE	(95,098)	(95,098)	(15,453)	79,645
FUND BALANCE, JULY 1, 2012	95,098	95,098	95,098	
FUND BALANCE, JUNE 30, 2013	\$		79,645	79,645

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, 2013 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 43,516	43,516	48,597	5,081
Fines, forfeitures and penalties	55	55	41	(14)
Revenue from use of money and property:				
Investment income	1,975	1,975	1,071	(904)
Rents and concessions	271	271	194	(77)
Intergovernmental revenues:				
Federal			629	629
State	47	47	100	53
Other	17,701	17,701	12,700	(5,001)
Charges for services	18,761	18,761	990	(17,771)
Miscellaneous			2	2
TOTAL REVENUES	82,326	82,326	64,324	(18,002)
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	128,279	128,279	55,868	(72,411)
Other charges	3	3		(3)
Capital assets	2,825	2,825	2	(2,823)
Capital Outlay	41,284	41,284	17,505	(23,779)
TOTAL EXPENDITURES	172,391	172,391	73,375	(99,016)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(90,065)	(90,065)	(9,051)	81,014
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			5	5
Transfers in	21,000	21,482	482	(21,000)
Transfers out	(21,111)	(21,593)	(481)	21,112
Appropriation for contingencies	(3,877)	(3,877)		3,877
Changes in fund balance	(15,947)	(15,947)	(10,254)	5,693
OTHER FINANCING SOURCES (USES) - NET	(19,935)	(19,935)	(10,248)	9,687
NET CHANGE IN FUND BALANCE	(110,000)	(110,000)	(19,299)	90,701
FUND BALANCE, JULY 1, 2012	110,000	110,000	110,000	
FUND BALANCE, JUNE 30, 2013	\$		90,701	90,701

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, 2013 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 17,470	17,470	19,625	2,155
Fines, forfeitures and penalties	235	235	172	(63)
Revenue from use of money and property-				
Investment income	602	602	580	(22)
Intergovernmental revenues:				
State	153	153	150	(3)
Other	627	627	704	77
Charges for services	8,329	9,165	8,114	(1,051)
TOTAL REVENUES	27,416	28,252	29,345	1,093
EXPENDITURES:				
Current-Public ways and facilities:				
Services and supplies	47,051	46,503	23,944	(22,559)
Capital assets		1,384	39	(1,345)
TOTAL EXPENDITURES	47,051	47,887	23,983	(23,904)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,635)	(19,635)	5,362	24,997
OTHER FINANCING SOURCES (USES):				
Transfers in	5,592	6,428	5,535	(893)
Transfers out	(5,611)	(6,447)	(5,541)	906
Appropriation for contingencies	(1,893)	(1,893)		1,893
Changes in fund balance	(4,319)	(4,319)	(2,751)	1,568
OTHER FINANCING SOURCES (USES) - NET	(6,231)	(6,231)	(2,757)	3,474
NET CHANGE IN FUND BALANCE	(25,866)	(25,866)	2,605	28,471
FUND BALANCE, JULY 1, 2012	25,866	25,866	25,866	
FUND BALANCE, JUNE 30, 2013	\$		28,471	28,471

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 4,663	4,663	5,037	374
Fines, forfeitures and penalties	431	431	498	67
Revenue from use of money and property-				
Investment income	289	289	291	2
Intergovernmental revenues-				
State	39	39	39	
Charges for services	19,483	19,483	19,609	126
Miscellaneous			315	315
TOTAL REVENUES	24,905	24,905	25,789	884
EXPENDITURES:				
Current-Health and sanitation-				
Services and supplies	28,043	28,043	23,001	(5,042)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,138)	(3,138)	2,788	5,926
OTHER FINANCING USES:				
Appropriation for contingencies	(790)	(790)		790
Changes in fund balance	(3,858)	(3,858)	(3,466)	392
TOTAL OTHER FINANCING USES	(4,648)	(4,648)	(3,466)	1,182
NET CHANGE IN FUND BALANCE	(7,786)	(7,786)	(678)	7,108
FUND BALANCE, JULY 1, 2012	7,786	7,786	7,786	
FUND BALANCE, JUNE 30, 2013	\$		7,108	7,108

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, 2013 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 325	325	279	(46)
Revenue from use of money and property-				
Investment income	148	148	225	77
Intergovernmental revenues-				
Other	28	28		(28)
Charges for services	32,049	32,049	32,010	(39)
TOTAL REVENUES	32,550	32,550	32,514	(36)
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	39,087	38,324	29,122	(9,202)
Other charges	435	535	455	(80)
Capital assets	90	90	87	(3)
Capital Outlay	1,000	1,000	507	(493)
TOTAL EXPENDITURES	40,612	39,949	30,171	(9,778)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,062)	(7,399)	2,343	9,742
OTHER FINANCING SOURCES (USES):				
Transfers out	(507)	(1,291)	(392)	899
Appropriation for contingencies	(1,245)	(1,124)		1,124
Changes in fund balance	10	10	443	433
OTHER FINANCING SOURCES (USES) - NET	(1,742)	(2,405)	51	2,456
NET CHANGE IN FUND BALANCE	(9,804)	(9,804)	2,394	12,198
FUND BALANCE, JULY 1, 2012	9,804	9,804	9,804	
FUND BALANCE, JUNE 30, 2013	\$		12,198	12,198

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, 2013 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	\$ 270,072	270,072	269,441	(631)
Fines, forfeitures and penalties			1,622	1,622
Revenue from use of money and property-				
Investment income	500	500	536	36
Charges for services	535	535		(535)
TOTAL REVENUES	271,107	271,107	271,599	492
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	24,983	24,982	22,521	(2,461)
Other charges	28,329	28,329	28,156	(173)
TOTAL EXPENDITURES	53,312	53,311	50,677	(2,634)
EXCESS OF REVENUES OVER EXPENDITURES	217,795	217,796	220,922	3,126
OTHER FINANCING USES:				
Transfers out	(226,872)	(226,873)	(226,872)	1
Appropriation for contingencies	(1,919)	(1,919)		1,919
TOTAL OTHER FINANCING USES	(228,791)	(228,792)	(226,872)	1,920
NET CHANGE IN FUND BALANCE	(10,996)	(10,996)	(5,950)	5,046
FUND BALANCE, JULY 1, 2012	10,996	10,996	10,996	
FUND BALANCE, JUNE 30, 2013	\$		5,046	5,046

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, 2013 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 6,581	6,581	6,859	278
Fines, forfeitures and penalties	23,470	23,470	23,540	70
Revenue from use of money and property:				
Investment income	290	290	220	(70)
Rents and concessions	133	133	119	(14)
Intergovernmental revenues:				
State	781	781	452	(329)
Other	1,561	1,573	1,701	128
Charges for services	18,750	18,775	19,391	616
TOTAL REVENUES	51,566	51,603	52,282	679
EXPENDITURES:				
Current-Health and sanitation:				
Services and supplies	62,375	62,279	45,402	(16,877)
Capital assets	628	634	500	(134)
TOTAL EXPENDITURES	63,003	62,913	45,902	(17,011)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,437)	(11,310)	6,380	17,690
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,097)	(4,224)	(4,088)	136
Appropriation for contingencies	(1,033)	(1,033)		1,033
Changes in fund balance	2,237	2,237	2,597	360
OTHER FINANCING SOURCES (USES) - NET	(2,893)	(3,020)	(1,491)	1,529
NET CHANGE IN FUND BALANCE	(14,330)	(14,330)	4,889	19,219
FUND BALANCE, JULY 1, 2012	14,330	14,330	14,330	
FUND BALANCE, JUNE 30, 2013	\$		19,219	19,219

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, 2013 (in thousands)

	MENTAL HEALTH SERVICES ACT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Revenue from use of money and property-				
Investment income	\$ 3,234	3,234	4,118	884
Intergovernmental revenues-				
State	392,684	392,684	412,379	19,695
TOTAL REVENUES	395,918	395,918	416,497	20,579
EXPENDITURES:				
Current-Health and sanitation-				
Services and supplies	32,932	32,932	5,848	(27,084)
EXCESS OF REVENUES OVER EXPENDITURES	362,986	362,986	410,649	47,663
OTHER FINANCING USES:				
Transfers out	(506,077)	(506,077)	(372,294)	133,783
Changes in fund balance	(140,664)	(140,664)	(140,083)	581
TOTAL OTHER FINANCING USES	(646,741)	(646,741)	(512,377)	134,364
NET CHANGE IN FUND BALANCE	(283,755)	(283,755)	(101,728)	182,027
FUND BALANCE, JULY 1, 2012	283,755	283,755	283,755	
FUND BALANCE, JUNE 30, 2013	\$		182,027	182,027

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, 2013 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$			
Fines, forfeitures and penalties	9,516	9,516	9,647	131
Revenue from use of money and property:				
Investment income	1,777	1,777	1,440	(337)
Rents and concessions	26,000	26,000	25,527	(473)
Intergovernmental revenues:				
Federal	11	11	148	137
State	15,500	15,500	15,118	(382)
Charges for services	14,128	14,128	17,243	3,115
Miscellaneous	7,443	7,443	18,129	10,686
TOTAL REVENUES	74,375	74,375	87,252	12,877
EXPENDITURES:				
Current-Public protection:				
Services and supplies	210,696	210,810	63,392	(147,418)
Other charges	993	879	874	(5)
Capital assets	27,148	27,148	3,652	(23,496)
TOTAL EXPENDITURES	238,837	238,837	67,918	(170,919)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(164,462)	(164,462)	19,334	183,796
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	28	28	56	28
Transfers in	874	874	949	75
Transfers out	(38,924)	(39,049)	(26,598)	12,451
Appropriation for contingencies	(1,500)	(1,500)		1,500
Changes in fund balance	290	415	1,709	1,294
OTHER FINANCING SOURCES (USES) - NET	(39,232)	(39,232)	(23,884)	15,348
NET CHANGE IN FUND BALANCE	(203,694)	(203,694)	(4,550)	199,144
FUND BALANCE, JULY 1, 2012	203,694	203,694	203,694	
FUND BALANCE, JUNE 30, 2013	\$		199,144	199,144

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, 2013 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 1,230	1,230	1,266	36
Fines, forfeitures and penalties	2,330	2,330	2,241	(89)
Revenue from use of money and property-				
Investment income	22	22	5	(17)
Charges for services	3,055	3,055	2,951	(104)
Miscellaneous	2,473	2,473	2,349	(124)
TOTAL REVENUES	9,110	9,110	8,812	(298)
EXPENDITURES:				
Current-Public assistance-				
Services and supplies	9,737	9,747	8,522	(1,225)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(627)	(637)	290	927
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,660)	(2,660)	(1,370)	1,290
Appropriation for contingencies	(1,857)	(1,847)		1,847
Changes in fund balance	(87)	(87)	602	689
OTHER FINANCING SOURCES (USES) - NET	(4,604)	(4,594)	(768)	3,826
NET CHANGE IN FUND BALANCE	(5,231)	(5,231)	(478)	4,753
FUND BALANCE, JULY 1, 2012	5,231	5,231	5,231	
FUND BALANCE, JUNE 30, 2013	\$		4,753	4,753

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, 2013 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 22	22	13	(9)
Revenue from use of money and property:				
Investment income	52	52	24	(28)
Rents and concessions	541	541	545	4
Intergovernmental revenues-				
State	182	182	152	(30)
Charges for services	4,998	4,998	4,663	(335)
Miscellaneous	2,610	2,610	2,405	(205)
TOTAL REVENUES	8,405	8,405	7,802	(603)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	12,857	14,777	11,418	(3,359)
Other Charges	85	85		(85)
TOTAL EXPENDITURES	12,942	14,862	11,418	(3,444)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(4,537)	(6,457)	(3,616)	2,841
OTHER FINANCING SOURCES (USES):				
Sales of capital assets			3	3
Transfers in	528	1,139	1,074	(65)
Transfers out	(1,567)	(2,541)	(1,005)	1,536
Appropriation for contingencies	(3,618)	(1,335)		1,335
Changes in fund balance	2,030	2,030	2,396	366
OTHER FINANCING SOURCES (USES) - NET	(2,627)	(707)	2,468	3,175
NET CHANGE IN FUND BALANCE	(7,164)	(7,164)	(1,148)	6,016
FUND BALANCE, JULY 1, 2012	7,164	7,164	7,164	
FUND BALANCE, JUNE 30, 2013	\$		6,016	6,016

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, 2013 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 18,000	18,000	16,285	(1,715)
Revenue from use of money and property- Investment income	700	700	325	(375)
TOTAL REVENUES	18,700	18,700	16,610	(2,090)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	46,741	46,741	1,439	(45,302)
Other charges	26,395	26,395	24,234	(2,161)
TOTAL EXPENDITURES	73,136	73,136	25,673	(47,463)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(54,436)	(54,436)	(9,063)	45,373
NET CHANGE IN FUND BALANCE	(54,436)	(54,436)	(9,063)	45,373
FUND BALANCE, JULY 1, 2012	54,436	54,436	54,436	
FUND BALANCE, JUNE 30, 2013	\$		45,373	45,373

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, 2013 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	\$ 20,000	20,000	18,724	(1,276)
Revenue from use of money and property- Investment income	800	800	337	(463)
TOTAL REVENUES	20,800	20,800	19,061	(1,739)
EXPENDITURES:				
Current-Public protection:				
Services and supplies	46,164	46,164	4,222	(41,942)
Other charges	5,404	5,404	4,179	(1,225)
Capital Outlay	420	420		(420)
TOTAL EXPENDITURES	51,988	51,988	8,401	(43,587)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,188)	(31,188)	10,660	41,848
OTHER FINANCING USES:				
Transfers out	(12,900)	(12,900)	(10,224)	2,676
Changes in fund balance	(1)	(1)		1
TOTAL OTHER FINANCING USES	(12,901)	(12,901)	(10,224)	2,677
NET CHANGE IN FUND BALANCE	(44,089)	(44,089)	436	44,525
FUND BALANCE, JULY 1, 2012	44,089	44,089	44,089	
FUND BALANCE, JUNE 30, 2013	\$		44,525	44,525

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, 2013 (in thousands)

	REGISTRAR RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES-				
Charges for services	\$ 14,304	14,304	17,731	3,427
OTHER FINANCING SOURCES (USES):				
Transfers out	(17,952)	(17,952)	(14,311)	3,641
Appropriation for contingencies	(11,712)	(11,712)		11,712
Changes in fund balance	(2)	(2)	1	3
OTHER FINANCING SOURCES (USES) - NET	(29,666)	(29,666)	(14,310)	15,356
NET CHANGE IN FUND BALANCE	(15,362)	(15,362)	3,421	18,783
FUND BALANCE, JULY 1, 2012	15,362	15,362	15,362	
FUND BALANCE, JUNE 30, 2013	\$		18,783	18,783

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, 2013 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Licenses, permits and franchises	\$ 2,600	2,600	3,248	648
Revenue from use of money and property:				
Investment income	385	385	339	(46)
Rents and concessions	4,816	4,816	4,664	(152)
Royalties	10	10	5	(5)
Charges for services	1,917	1,917	1,903	(14)
Miscellaneous	13	13	41	28
TOTAL REVENUES	9,741	9,741	10,200	459
EXPENDITURES:				
Current:				
General government:				
Salaries and employee benefits	5,745	5,745	5,395	(350)
Services and supplies	31,300	40,815	13,580	(27,235)
Capital assets	1,207	1,292	385	(907)
Total general government	38,252	47,852	19,360	(28,492)
Education-				
Services and supplies	14,174	14,717	1	(14,716)
TOTAL EXPENDITURES	52,426	62,569	19,361	(43,208)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(42,685)	(52,828)	(9,161)	43,667
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	608	608	139	(469)
Transfers in	18,253	28,396	24,853	(3,543)
Transfers out	(49,265)	(49,265)	(3,924)	45,341
Appropriation for contingencies	(9,784)	(9,784)		9,784
Changes in fund balance			654	654
OTHER FINANCING SOURCES (USES) - NET	(40,188)	(30,045)	21,722	51,767
NET CHANGE IN FUND BALANCE	(82,873)	(82,873)	12,561	95,434
FUND BALANCE, JULY 1, 2012	82,873	82,873	82,873	
FUND BALANCE, JUNE 30, 2013	\$		95,434	95,434

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2013 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
ASSETS						
Pooled cash and investments:						
Operating	\$	60,769		85,244		\$ 146,013
Other		30				30
Total pooled cash and investments		60,799		85,244		146,043
Other investments			142,870	5,467	38,485	186,822
Interest receivable		96		43		139
Due from other funds		129			245,987	246,116
TOTAL ASSETS	\$	61,024	142,870	90,754	284,472	\$ 579,120
LIABILITIES AND FUND BALANCES						
LIABILITIES-						
Due to other funds	\$	806				\$ 806
FUND BALANCES - RESTRICTED		60,218	142,870	90,754	284,472	578,314
TOTAL LIABILITIES AND FUND BALANCES	\$	61,024	142,870	90,754	284,472	\$ 579,120

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, 2013 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
REVENUES (LOSSES):						
Revenue from use of money and property-						
Investment income (loss)	\$	(45)	7,925	594	46	\$ 8,520
Miscellaneous				3	34,061	34,064
TOTAL REVENUES (LOSSES)		(45)	7,925	597	34,107	42,584
EXPENDITURES - Debt service:						
Principal	17,425	27,855	27,855	53,690	13,545	140,370
Interest and other charges	1,663	7,925	7,925	49,854	20,789	88,156
TOTAL EXPENDITURES	19,088	35,780	35,780	103,544	34,334	228,526
DEFICIENCY OF REVENUES OVER EXPENDITURES						
	(19,088)	(35,825)	(27,855)	(102,947)	(227)	(185,942)
OTHER FINANCING SOURCES (USES):						
Transfers in	19,088	35,488		96,073		150,649
Transfers out				(33,854)	(6,828)	(40,682)
Issuance of debt				31,461		31,461
Bond premium proceeds				3,848		3,848
TOTAL OTHER FINANCING SOURCES (USES)	19,088	35,488		97,528	(6,828)	145,276
NET CHANGE IN FUND BALANCES						
		(337)	(27,855)	(5,419)	(7,055)	(40,666)
FUND BALANCES, JULY 1, 2012						
		60,555	170,725	96,173	291,527	618,980
FUND BALANCES, JUNE 30, 2013						
	\$	60,218	142,870	90,754	284,472	\$ 578,314

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, 2013 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Revenue from use of money and property-				
Investment income	\$ 435	435	396	(39)
EXPENDITURES:				
Debt service:				
Principal	27,855	27,855	27,855	
Interest	35,479	35,479	7,925	(27,554)
TOTAL EXPENDITURES	63,334	63,334	35,780	(27,554)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(62,899)	(62,899)	(35,384)	27,515
OTHER FINANCING SOURCES:				
Transfers in	36,036	36,036	35,488	(548)
Changes in fund balance	(704)	(704)	(116)	588
TOTAL OTHER FINANCING SOURCES	35,332	35,332	35,372	40
NET CHANGE IN FUND BALANCE	(27,567)	(27,567)	(12)	27,555
FUND BALANCE, JULY 1, 2012	27,567	27,567	27,567	
FUND BALANCE, JUNE 30, 2013	\$		27,555	27,555

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2013 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 78,116	12	203,336	81,790	\$ 363,254
Other	4,484		18	79	4,581
Total pooled cash and investments	82,600	12	203,354	81,869	367,835
Other investments			13,871		13,871
Interest receivable	222		177	237	636
Other receivables	47				47
Due from other funds	10,367		156		10,523
TOTAL ASSETS	\$ 93,236	12	217,558	82,106	\$ 392,912
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 496		1		\$ 497
Due to other funds	5,970		4,467	18,798	29,235
Advances payable	36				36
TOTAL LIABILITIES	6,502		4,468	18,798	29,768
FUND BALANCES:					
Restricted			213,090	63,308	276,398
Committed	75,641				75,641
Assigned	11,093	12			11,105
TOTAL FUND BALANCES	86,734	12	213,090	63,308	363,144
TOTAL LIABILITIES AND FUND BALANCES	\$ 93,236	12	217,558	82,106	\$ 392,912

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, 2013 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES (LOSSES):					
Revenue from use of money and property -					
Investment income (loss)	\$ (83)		1,156	(414)	\$ 659
Charges for services	6,932				6,932
Miscellaneous	263				263
TOTAL REVENUES (LOSSES)	7,112		1,156	(414)	7,854
EXPENDITURES - Capital outlay	17,934		371,808		389,742
DEFICIENCY OF REVENUES OVER EXPENDITURES	(10,822)		(370,652)	(414)	(381,888)
OTHER FINANCING SOURCES (USES) :					
Transfers in	15,394		41,967		57,361
Transfers out	(6,248)		(9,469)	(18,798)	(34,515)
Issuance of debt	1,610		260,213		261,823
OTHER FINANCING SOURCES (USES) - NET	10,756		292,711	(18,798)	284,669
NET CHANGE IN FUND BALANCES	(66)		(77,941)	(19,212)	(97,219)
FUND BALANCES, JULY 1, 2012	86,800	12	291,031	82,520	460,363
FUND BALANCES, JUNE 30, 2013	\$ 86,734	12	213,090	63,308	\$ 363,144

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2013 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
ASSETS			
Pooled cash and investments:			
Operating	\$ 477	1,993	\$ 2,470
Other		<u>1</u>	<u>1</u>
Total pooled cash and investments	<u>477</u>	<u>1,994</u>	<u>2,471</u>
Other investments	101		101
Interest receivable	<u>2</u>	<u>5</u>	<u>7</u>
 TOTAL ASSETS	 <u>\$ 580</u>	 <u>1,999</u>	 <u>\$ 2,579</u>
LIABILITIES			
Due to other funds	<u>\$</u>	<u>59</u>	<u>\$ 59</u>
FUND BALANCES			
Nonspendable	410	1,820	2,230
Restricted for annuities and endowments	<u>170</u>	<u>120</u>	<u>290</u>
TOTAL FUND BALANCES	<u>580</u>	<u>1,940</u>	<u>2,520</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 580</u>	 <u>1,999</u>	 <u>\$ 2,579</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, 2013 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES:			
Revenue from use of money and property -			
Investment loss	<u>\$ (15)</u>	<u>(9)</u>	<u>\$ (24)</u>
EXPENDITURES - General government	<u>39</u>	<u>61</u>	<u>100</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(54)</u>	<u>(70)</u>	<u>(124)</u>
NET CHANGE IN FUND BALANCES	(54)	(70)	(124)
FUND BALANCES, JULY 1, 2012	<u>634</u>	<u>2,010</u>	<u>2,644</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 580</u>	<u>1,940</u>	<u>\$ 2,520</u>



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, 2013 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 24,968	5,866	\$ 30,834
Other	5,109	12	5,121
Total pooled cash and investments	<u>30,077</u>	<u>5,878</u>	<u>35,955</u>
Interest receivable	76	49	125
Other receivables	10,064		10,064
Due from other funds	73,848	19	73,867
Inventories	9,904		9,904
Total current assets	<u>123,969</u>	<u>5,946</u>	<u>129,915</u>
Noncurrent assets:			
Restricted assets		13,545	13,545
Capital assets:			
Buildings and improvements	1,734		1,734
Equipment	159,362	113,998	273,360
Less accumulated depreciation	(79,830)	(53,597)	(133,427)
Total capital assets - net	<u>81,266</u>	<u>60,401</u>	<u>141,667</u>
Total noncurrent assets	<u>81,266</u>	<u>73,946</u>	<u>155,212</u>
TOTAL ASSETS	<u>205,235</u>	<u>79,892</u>	<u>285,127</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,853	3,769	9,622
Accrued payroll	14,993		14,993
Other payables	2,045		2,045
Accrued interest payable		197	197
Due to other funds	23,731		23,731
Advances from other funds	22,000		22,000
Unearned revenue	1,559		1,559
Current portion of long-term liabilities	9,314	28,810	38,124
Total current liabilities	<u>79,495</u>	<u>32,776</u>	<u>112,271</u>
Noncurrent liabilities:			
Accrued compensated absences	44,232		44,232
Bonds and notes		35,250	35,250
Workers' compensation	36,862		36,862
OPEB obligation	291,875		291,875
Total noncurrent liabilities	<u>372,969</u>	<u>35,250</u>	<u>408,219</u>
TOTAL LIABILITIES	<u>452,464</u>	<u>68,026</u>	<u>520,490</u>
NET POSITION			
Net investment in capital assets	81,266	11,757	93,023
Unrestricted (deficit)	(328,495)	109	(328,386)
TOTAL NET POSITION	<u>\$ (247,229)</u>	<u>11,866</u>	<u>\$ (235,363)</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$ 14	26,309	\$ 26,323
Charges for services	440,803		440,803
TOTAL OPERATING REVENUES	<u>440,817</u>	<u>26,309</u>	<u>467,126</u>
OPERATING EXPENSES:			
Salaries and employee benefits	393,787		393,787
Services and supplies	42,248	14	42,262
Other professional services	40,930		40,930
Depreciation and amortization	10,361	23,226	33,587
TOTAL OPERATING EXPENSES	<u>487,326</u>	<u>23,240</u>	<u>510,566</u>
OPERATING INCOME (LOSS)	<u>(46,509)</u>	<u>3,069</u>	<u>(43,440)</u>
NONOPERATING LOSSES AND EXPENSES :			
Investment loss	(289)	(62)	(351)
Interest expense		(1,891)	(1,891)
TOTAL NONOPERATING LOSSES AND EXPENSES	<u>(289)</u>	<u>(1,953)</u>	<u>(2,242)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(46,798)</u>	<u>1,116</u>	<u>(45,682)</u>
Transfers in	6,120		6,120
Transfers out	(749)	(3,657)	(4,406)
CHANGE IN NET POSITION	(41,427)	(2,541)	(43,968)
TOTAL NET POSITION, JULY 1, 2012, AS RESTATED	<u>(205,802)</u>	<u>14,407</u>	<u>(191,395)</u>
TOTAL NET POSITION, JUNE 30, 2013	<u><u>\$ (247,229)</u></u>	<u><u>11,866</u></u>	<u><u>\$ (235,363)</u></u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rentals received	\$ 14		\$ 14
Rentals received from other funds		26,306	26,306
Cash received from charges for services	35,767		35,767
Cash received from charges for services to other funds	395,760		395,760
Cash paid for salaries and employee benefits	(347,616)		(347,616)
Cash paid for services and supplies	(36,498)	(14)	(36,512)
Other operating expenses	(40,930)		(40,930)
Net cash provided by operating activities	6,497	26,292	32,789
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	6,120		6,120
Transfers out	(749)	(3,657)	(4,406)
Net cash provided by (required for) noncapital financing activities	5,371	(3,657)	1,714
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from bonds and notes		15,000	15,000
Interest paid on capital borrowing		(1,885)	(1,885)
Principal payments on bonds and notes		(19,410)	(19,410)
Acquisition and construction of capital assets	(17,246)	(12,923)	(30,169)
Net cash required for capital and related financing activities	(17,246)	(19,218)	(36,464)
CASH FLOWS FROM INVESTING ACTIVITIES -			
Investment losses	(287)	(80)	(367)
Net increase (decrease) in cash and cash equivalents	(5,665)	3,337	(2,328)
Cash and cash equivalents July 1, 2012, as restated	35,742	16,086	51,828
Cash and cash equivalents June 30, 2013	\$ 30,077	19,423	\$ 49,500

Continued...

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (46,509)	3,069	\$ (43,440)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:			
Depreciation and amortization	10,361	23,226	33,587
Other charges - net	(691)		(691)
(Increase) decrease in:			
Other receivables	(1,468)		(1,468)
Due from other funds	(9,848)	(3)	(9,851)
Inventories	749		749
Increase (decrease) in:			
Accounts payable	55		55
Accrued payroll	415		415
Other payables	(27)		(27)
Accrued compensated absences	(435)		(435)
Due to other funds	5,637		5,637
Unearned revenue	1,436		1,436
Workers' compensation	2,612		2,612
OPEB obligation	44,210		44,210
TOTAL ADJUSTMENTS	<u>53,006</u>	<u>23,223</u>	<u>76,229</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,497</u>	<u>26,292</u>	<u>\$ 32,789</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 30,077	5,878	\$ 35,955
Restricted assets		13,545	13,545
TOTAL	<u>\$ 30,077</u>	<u>19,423</u>	<u>\$ 49,500</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 Health Program administered by LACERA.

POOLED INVESTMENT TRUST FUND

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

SPECIFIC INVESTMENT TRUST FUND

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

AGENCY

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, 2013 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 67,519	\$	\$ 67,519
Other investments:			
Stocks	21,585,974		21,585,974
Bonds	9,568,698	299,910	9,868,608
Short-term investments	1,680,701	147,404	1,828,105
Commodities	1,194,331		1,194,331
Real estate	4,108,198		4,108,198
Mortgages	104,771		104,771
Alternative assets	4,224,741		4,224,741
Cash collateral on loaned securities	138,273		138,273
Interest receivable	88,242	1,688	89,930
Other receivables	964,520		964,520
TOTAL ASSETS	43,725,968	449,002	44,174,970
LIABILITIES			
Accounts payable	1,743,312		1,743,312
Other payables	209,137	147	209,284
TOTAL LIABILITIES	1,952,449	147	1,952,596
NET POSITION			
Restricted for pension and OPEB benefits	<u>\$ 41,773,519</u>	<u>\$ 448,855</u>	<u>\$ 42,222,374</u>

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, 2013 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 723,195	\$ 448,819	\$ 1,172,014
Member	679,572		679,572
Total contributions	1,402,767	448,819	1,851,586
Investment earnings (losses):			
Investment income	2,079,642	5,364	2,085,006
Net increase (decrease) in the fair value of investments	2,661,499	(1,711)	2,659,788
Securities lending income	4,689		4,689
Total investment earnings (losses)	4,745,830	3,653	4,749,483
Less - Investment expenses-			
Expense from investing activities	86,815	3,444	90,259
Net investment earnings	4,659,015	209	4,659,224
Miscellaneous	385		385
TOTAL ADDITIONS	6,062,167	449,028	6,511,195
DEDUCTIONS:			
Salaries and employee benefits	40,088		40,088
Services and supplies	13,775	173	13,948
Benefit payments	2,516,339		2,516,339
Miscellaneous	25,202		25,202
TOTAL DEDUCTIONS	2,595,404	173	2,595,577
CHANGE IN NET POSITION	3,466,763	448,855	3,915,618
NET POSITION, JULY 1, 2012	38,306,756		38,306,756
NET POSITION, JUNE 30, 2013	\$ 41,773,519	\$ 448,855	\$ 42,222,374

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 JUNE 30, 2013 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Pooled cash and investments	\$ 15,335,934		\$ 15,335,934
Other investments		95,200	95,200
Interest receivable	<u>47,248</u>	<u>595</u>	<u>47,843</u>
 TOTAL ASSETS	 <u>15,383,182</u>	 <u>95,795</u>	 <u>15,478,977</u>
 LIABILITIES			
Other payables	<u>75,000</u>	<u>40,000</u>	<u>115,000</u>
 NET POSITION			
Restricted for investment trust fund participants	<u>\$ 15,308,182</u>	<u>55,795</u>	<u>\$ 15,363,977</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS:			
Contributions to investment trust funds	\$ 47,458,816	1,230,277	\$ 48,689,093
Investment loss	<u>(65,707)</u>	<u>(2,228)</u>	<u>(67,935)</u>
TOTAL ADDITIONS	<u>47,393,109</u>	<u>1,228,049</u>	<u>48,621,158</u>
DEDUCTIONS -			
Distributions from investment trust funds	<u>46,003,026</u>	<u>1,271,039</u>	<u>47,274,065</u>
CHANGE IN NET POSITION	1,390,083	(42,990)	1,347,093
NET POSITION, JULY 1, 2012	<u>13,918,099</u>	<u>98,785</u>	<u>14,016,884</u>
NET POSITION, JUNE 30, 2013	<u>\$ 15,308,182</u>	<u>55,795</u>	<u>\$ 15,363,977</u>

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>PROPERTY TAX FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 308,401	49,805,643	49,815,471	\$ 298,573
Interest receivable	2,295	425	2,295	425
TOTAL ASSETS	<u>\$ 310,696</u>	<u>49,806,068</u>	<u>49,817,766</u>	<u>\$ 298,998</u>
LIABILITIES				
Due to other governments	310,696	49,806,068	49,817,766	298,998
TOTAL LIABILITIES	<u>\$ 310,696</u>	<u>49,806,068</u>	<u>49,817,766</u>	<u>\$ 298,998</u>
<u>DEPARTMENTAL FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,160,491	79,347,062	79,333,646	\$ 1,173,907
Other investments	302	50,248	20,944	29,606
Taxes receivable	330,905	596,392	618,082	309,215
Interest receivable	15,372	24,708	19,214	20,866
TOTAL ASSETS	<u>\$ 1,507,070</u>	<u>80,018,410</u>	<u>79,991,886</u>	<u>\$ 1,533,594</u>
LIABILITIES				
Due to other governments	1,507,070	80,018,410	79,991,886	1,533,594
TOTAL LIABILITIES	<u>\$ 1,507,070</u>	<u>80,018,410</u>	<u>79,991,886</u>	<u>\$ 1,533,594</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,468,892	129,152,705	129,149,117	\$ 1,472,480
Other investments	302	50,248	20,944	29,606
Taxes receivable	330,905	596,392	618,082	309,215
Interest receivable	17,667	25,133	21,509	21,291
TOTAL ASSETS	<u>\$ 1,817,766</u>	<u>129,824,478</u>	<u>129,809,652</u>	<u>\$ 1,832,592</u>
LIABILITIES				
Due to other governments	1,817,766	129,824,478	129,809,652	1,832,592
TOTAL LIABILITIES	<u>\$ 1,817,766</u>	<u>129,824,478</u>	<u>129,809,652</u>	<u>\$ 1,832,592</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	171
<p style="margin-left: 40px;">These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</p>	
REVENUE CAPACITY	178
<p style="margin-left: 40px;">These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.</p>	
DEBT CAPACITY	182
<p style="margin-left: 40px;">These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</p>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	188
<p style="margin-left: 40px;">The schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</p>	
OPERATING INFORMATION.....	190
<p style="margin-left: 40px;">These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.</p>	

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



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

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Governmental activities										
Net investment in capital assets (1)	\$ 2,384,009	2,556,556	13,567,513	14,192,494	13,913,070	14,081,048	14,271,861	14,484,468	14,593,171	14,654,785
Restricted	928,616	1,152,845	1,378,439	1,443,083	1,605,763	1,644,109	1,861,498	2,925,662	2,908,564	2,655,717
Unrestricted (deficit)	(2,203,518)	(1,572,611)	(840,389)	(194,953)	51,582	(972,862)	(2,133,744)	(4,247,364)	(6,127,737)	(6,919,526)
Subtotal governmental activities net position	1,109,107	2,136,790	14,105,563	15,440,624	15,570,415	14,752,295	13,999,615	13,162,766	11,373,998	10,390,976
Business-type activities										
Net investment in capital assets (1)	622,282	793,517	1,827,225	2,190,999	2,259,617	2,217,449	2,293,147	2,242,340	2,241,059	2,218,647
Restricted	105,557	74,173	165,427	186,266	307,985	192,427	163,820	122,216	104,997	68,169
Unrestricted (deficit)	(590,882)	(624,577)	(444,450)	(640,691)	(824,889)	(1,032,677)	(1,373,660)	(1,336,706)	(1,588,985)	(1,721,419)
Subtotal business-type activities net position	136,957	243,113	1,548,202	1,736,574	1,742,713	1,377,199	1,083,307	1,027,850	757,071	565,397
Primary government										
Net investment in capital assets (1)	3,006,291	3,350,073	15,394,738	16,383,493	16,172,687	16,298,497	16,565,008	16,726,808	16,834,230	16,873,432
Restricted	1,034,173	1,227,018	1,543,866	1,629,349	1,913,748	1,836,536	2,025,318	3,047,878	3,013,561	2,723,886
Unrestricted (deficit)	(2,794,400)	(2,197,188)	(1,284,839)	(835,644)	(773,307)	(2,005,539)	(3,507,404)	(5,584,070)	(7,716,722)	(8,640,945)
Total primary government net position	\$ 1,246,064	2,379,903	15,653,765	17,177,198	17,313,128	16,129,494	15,082,922	14,190,616	12,131,069	10,956,373

Notes:

(1) The County adopted GASB Statement No. 63 in FY 2012-13. For FY 2003-04 through 2011-12, the amounts were reported as Invested in capital assets, net of related debt. Net assets were also renamed as net position.

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

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Expenses										
Government activities:										
General government	\$ 650,096	666,778	795,290	807,155	1,171,448	1,103,361	1,236,226	1,100,781	1,315,662	1,274,689
Public protection	4,044,824	4,159,675	4,443,432	4,872,413	5,799,593	6,125,158	6,163,910	6,081,466	6,608,319	6,309,193
Public ways and facilities	222,416	249,065	360,980	282,827	299,304	327,403	352,549	417,250	355,527	381,211
Health and sanitation	1,918,831	1,941,315	2,151,515	2,223,695	2,638,135	2,783,150	2,718,876	2,781,183	3,036,296	3,066,172
Public assistance	4,383,626	4,398,391	4,465,520	4,539,458	5,061,367	5,233,389	5,518,036	5,728,637	5,599,244	5,538,106
Education	77,207	86,707	92,867	99,136	112,035	109,910	101,397	104,159	112,497	119,680
Recreation and cultural services	229,541	236,421	240,274	266,967	290,669	331,726	319,000	311,422	310,369	316,372
Interest on long-term debt	240,494	223,696	221,838	239,608	191,551	165,782	139,824	134,429	110,541	105,491
Subtotal governmental activities expenses	11,767,035	11,962,048	12,771,716	13,331,259	15,564,102	16,179,879	16,549,818	16,659,327	17,448,455	17,110,914
Business-type activities:										
Hospitals	3,063,732	3,235,176	2,778,251	2,894,493	3,092,682	3,443,266	3,394,724	3,541,874	3,768,699	3,889,206
Waterworks	45,473	43,444	67,563	97,504	74,810	76,904	76,817	83,592	94,651	84,824
Aviation	5,155	5,747	5,236	5,761	4,182	5,073	4,743	4,658	5,022	5,332
Community Development Commission (1)	222,207	217,560	202,298	211,077	246,195	268,201	294,785	284,048	289,924	
Subtotal business-type activities expense	3,336,567	3,501,927	3,053,348	3,208,835	3,417,869	3,793,444	3,771,069	3,914,172	4,158,296	3,979,362
Total primary government expenses	15,103,602	15,463,975	15,825,064	16,540,094	18,981,971	19,973,323	20,320,887	20,573,499	21,606,751	21,090,276
Program Revenues										
Governmental activities:										
Charges for services										
General government	371,723	371,338	500,233	451,050	445,948	634,153	432,084	451,082	455,062	473,047
Public protection	1,055,700	1,112,288	1,118,277	1,189,730	1,273,710	1,323,593	1,342,970	1,308,388	1,304,650	1,248,402
Health and sanitation	357,229	378,324	469,450	518,893	708,097	484,240	639,602	635,950	665,863	615,531
Recreation and cultural services	157,486	159,999	165,980	173,531	206,364	172,899	178,935	179,705	183,151	200,827
Other charges for services	55,947	65,629	83,694	63,664	104,433	79,844	92,226	82,462	103,799	51,735
Subtotal governmental activities charges for services	1,998,085	2,087,578	2,337,634	2,396,868	2,738,552	2,694,729	2,685,817	2,657,587	2,712,525	2,589,542
Operating grants and contributions	6,382,285	6,551,225	6,801,256	6,980,549	7,113,135	7,215,270	7,636,509	7,939,142	7,715,282	8,186,681
Capital grants and contributions	59,650	44,072	64,258	25,135	184,502	206,137	115,640	149,569	38,352	104,486
Total governmental activities program revenue	8,420,020	8,682,875	9,203,148	9,402,552	10,036,189	10,116,136	10,437,966	10,746,298	10,466,159	10,880,709
Business-type activities:										
Charges for services										
Hospitals	2,397,047	2,390,770	1,913,815	1,864,209	1,730,231	2,022,633	2,099,010	2,210,619	2,181,405	2,371,130
Other charges for services	57,150	68,151	90,604	93,770	76,516	73,311	70,853	72,429	81,239	75,762
Subtotal business-type activities charges for services	2,454,197	2,458,921	2,004,419	1,957,979	1,806,747	2,095,944	2,169,863	2,283,048	2,262,644	2,446,892
Operating grants and contributions	277,427	262,636	309,526	304,720	263,471	279,195	317,162	681,471	776,779	522,112
Capital grants and contributions	83,537	138,723	74,821	12,992	2,897	837	2,018	437	1,311	47
Total business-type activities program revenue	2,815,161	2,860,280	2,388,766	2,275,691	2,073,115	2,375,976	2,489,043	2,964,956	3,040,734	2,989,051
Total primary government revenues	11,235,181	11,543,155	11,591,914	11,678,243	12,109,304	12,492,112	12,927,009	13,711,254	13,506,893	13,849,760

Notes:
(1) Due to the implementation of GASB Statement No.61, the Community Development Commission became a discretely presented component unit and is no longer part of the primary government in FY 2012-13.

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

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Net (expenses) / revenues:										
Governmental activities	(3,347,015)	(3,279,173)	(3,568,568)	(3,928,707)	(5,527,913)	(6,063,743)	(6,111,852)	(5,913,029)	(6,982,296)	(6,230,205)
Business-type activities	(521,406)	(641,647)	(664,582)	(933,144)	(1,344,754)	(1,417,468)	(1,282,026)	(949,216)	(1,117,562)	(1,010,311)
Total primary government net expenses	(3,868,421)	(3,920,820)	(4,233,150)	(4,861,851)	(6,872,667)	(7,481,211)	(7,393,878)	(6,862,245)	(8,099,858)	(7,240,516)
General Revenues and Transfers										
Governmental Activities:										
Taxes	2,912,645	3,804,859	4,292,919	4,688,595	5,034,399	5,192,566	5,061,595	5,046,783	5,192,668	5,570,043
Intergovernmental-motor vehicle in-lieu taxes, not restricted	573,859									
Unrestricted grants and contributions	711,961	731,767	730,516	761,705	778,936	756,417	701,521	677,767	608,967	745,406
Investment earnings (loss)	57,807	137,382	244,005	335,851	324,132	197,705	105,878	80,746	82,271	(920)
Miscellaneous	186,406	130,904	171,049	259,357	229,810	142,075	132,856	129,963	134,827	150,957
Special Item - Contribution of Disney Hall		188,493		267,473						
Extraordinary Items - Net positions transferred to private-purpose trust fund									(6,282)	
Transfers (Net)	(712,834)	(686,549)	(989,117)	(1,049,213)	(1,152,946)	(1,011,862)	(895,250)	(859,079)	(818,923)	(913,686)
Subtotal governmental activities	3,729,844	4,306,856	4,449,372	5,263,768	5,214,331	5,276,901	5,106,600	5,076,180	5,193,528	5,551,800
Business-type activities:										
Taxes	2,845	701	743	3,782	4,405	4,453	4,415	4,265	4,382	4,347
Unrestricted grants and contributions	32	34	34	35	37	37	143	41	51	37
Investment earnings (loss)	1,452	6,416	9,703	18,043	14,073	9,844	2,693	2,142	1,770	(171)
Miscellaneous	53,401	54,103	58,804	50,443	24,950	25,758	35,463	28,232	21,657	13,171
Transfers (Net)	712,834	686,549	989,117	1,049,213	1,152,946	1,011,862	895,250	859,079	818,923	913,686
Subtotal business-type activities	770,564	747,803	1,058,401	1,121,516	1,196,411	1,051,954	937,964	893,759	846,783	931,070
Total primary government	4,500,408	5,054,659	5,507,773	6,385,284	6,410,742	6,328,855	6,044,564	5,969,939	6,040,311	6,482,870
Changes in Net Position										
Government activities	382,829	1,027,683	880,804	1,335,061	(313,582)	(786,842)	(1,005,252)	(836,849)	(1,788,768)	(678,405)
Business-type activities	249,158	106,156	393,819	188,372	(148,343)	(365,514)	(344,062)	(55,457)	(270,779)	(79,241)
Total primary government	\$ 631,987	1,133,839	1,274,623	1,523,433	(461,925)	(1,152,356)	(1,349,314)	(892,306)	(2,059,547)	(757,646)

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

	(1) 2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (3)	2011-12	2012-13
General Fund										
Reserved for:										
Encumbrances	\$ 289,174	333,499	352,523	415,001	532,752	368,798	373,511			
Inventories	29,843	39,713	42,562	42,561	43,906	46,486	44,279			
Assets unavailable for appropriation	31,548	27,415	26,970	20,718	20,808	124,567	366,638			
Total Reserved Balance	350,565	400,627	422,055	478,280	597,466	539,851	784,428			
Unreserved, designated for:										
Budget uncertainties	359,649	496,672	375,511	338,192	292,113					
Program expansion	299,357	190,548	497,370	328,795	302,763	464,395	305,831			
Health services		329,806	459,346	326,849	242,408	228,229	168,702			
Capital projects			190,184	241,489	315,355	278,955	144,366			
Unreserved, undesignated, reported in:										
General fund	878,156	909,076	793,812	1,366,839	1,624,335	1,655,388	1,592,484			
Nonspendable	1,537,162	1,926,102	2,316,223	2,602,164	2,776,974	2,626,967	2,211,383	259,127	259,597	253,836
Restricted								35,377	55,115	59,786
Committed									332,255	528,865
Assigned								763,038	405,285	376,181
Unassigned								1,664,901	1,589,699	1,660,982
Total Unreserved Balance	1,887,727	2,326,729	2,738,278	3,080,444	3,374,440	3,166,818	2,995,811	2,722,443	2,641,951	2,879,650
All Other Governmental Funds (2)										
Reserved for:										
Encumbrances	297,961	372,272	414,475	379,556	384,475	391,728	383,683			
Inventories	55,180	46,740	49,424	44,936	45,426	42,965	44,039			
Housing programs	2,260	2,079	2,117	1,662	1,167	1,618	2,026			
Debt service	231,438	259,493	508,379	467,444	447,088	447,866	448,391			
Endowments & annuities	3,315	3,339	3,332	3,380	3,455	3,019	2,826			
Assets unavailable for appropriation	34,244	34,017	46,872	32,638	53,218	16,152	15,484			
Total Reserved Balance	624,398	717,940	1,024,599	929,616	934,829	903,348	896,449			
Unreserved, designated for:										
Special revenue funds	190,899	242,539	309,291	441,196	572,711	641,311	731,996			
Unreserved, undesignated, reported in:										
Special revenue funds	622,391	610,336	792,856	835,998	931,013	991,162	1,096,078			
Capital projects funds	87,039	264,882	328,896	268,535	190,098	188,992	193,410			
Total Unreserved Balance	900,329	1,117,757	1,431,043	1,545,729	1,693,822	1,821,465	2,021,484			
Nonspendable								54,082	46,371	11,191
Restricted								3,173,112	3,181,643	2,920,249
Committed								111,363	125,838	123,956
Assigned								143,704	147,775	171,992
Total All Other Governmental Funds	1,524,727	1,835,697	2,455,642	2,475,345	2,628,651	2,724,813	2,917,933	3,482,261	3,501,627	3,227,388
Total Governmental Fund Balance	\$ 3,412,454	4,162,426	5,193,920	5,555,789	6,003,091	5,891,631	5,913,744	6,204,704	6,143,578	6,107,038

Notes:

- (1) FY 2003-04 through 2009-10 have not been restated for the implementation of GASB Statement No. 54.
- (2) "All Other Governmental Funds" consists of the following funds: Fire Protection District, Flood Control District, Public Library, Regional Park and Open Space District and Nonmajor Governmental Funds.
- (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.



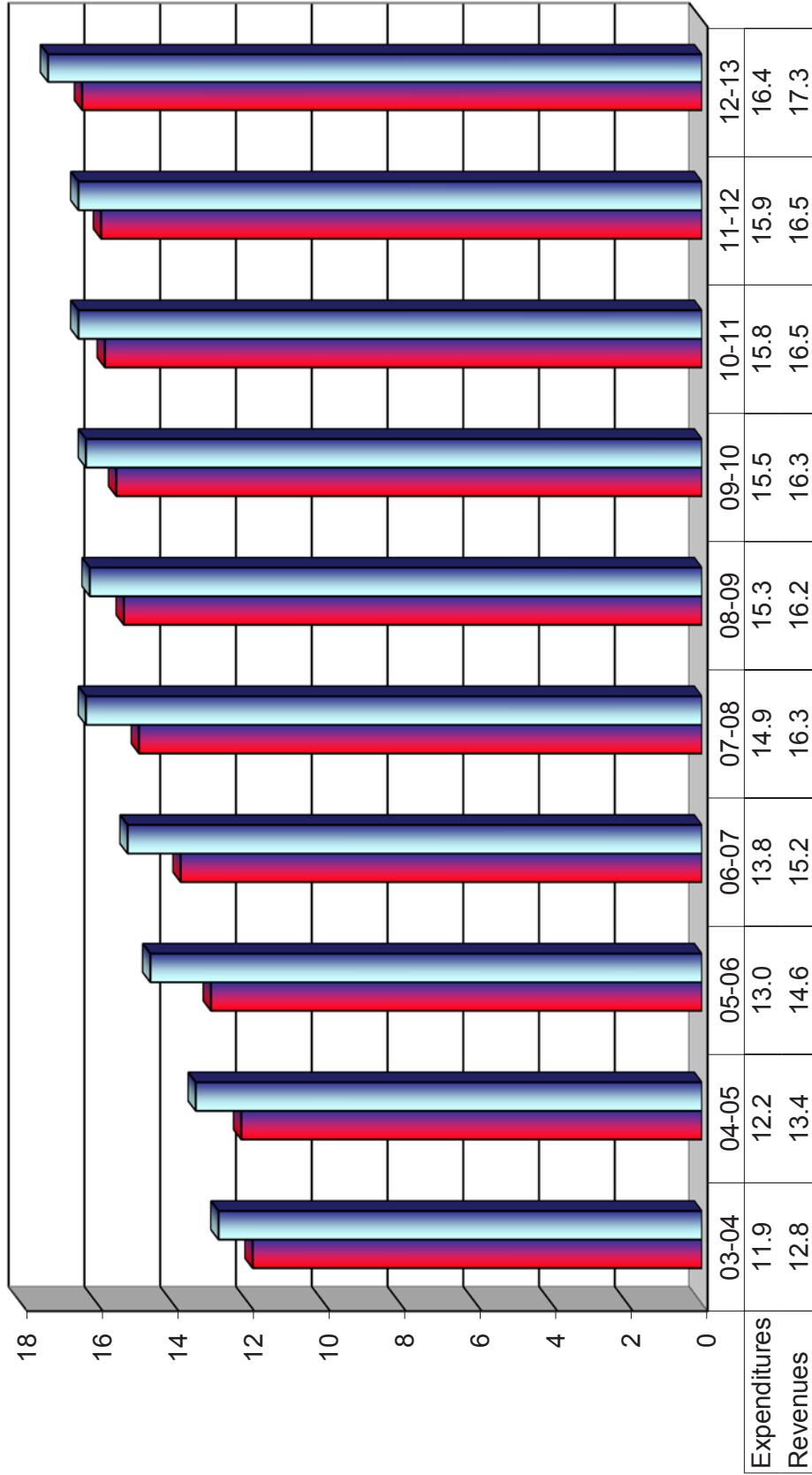
COUNTY OF LOS ANGELES
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)
 (modified accrual basis of accounting)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues (by source)										
Taxes	\$ 2,830,843	3,704,985	4,145,704	4,567,655	4,823,493	5,081,939	4,960,714	4,955,254	5,104,498	5,486,739
Licenses, permits and franchises	71,176	73,450	77,004	77,690	79,511	80,823	69,440	80,278	83,252	91,833
Fines, forfeitures and penalties	275,744	294,714	309,962	316,174	341,135	364,047	353,432	341,143	300,310	302,310
Revenue from use of money and property:										
Investment income (loss)	57,654	136,833	243,197	334,865	323,071	196,575	105,618	80,584	81,947	(551)
Rents and concessions	71,029	69,253	69,388	80,874	78,370	90,881	94,101	111,659	114,178	118,224
Royalties	299	408	615	594	978	1,073	1,006	1,285	3,446	3,029
Intergovernmental revenues:										
Federal	3,148,842	2,763,670	2,745,903	2,835,932	3,149,752	3,272,856	3,582,396	3,480,705	3,234,009	3,205,637
State	4,292,677	4,275,176	4,650,492	4,613,192	4,621,984	4,446,417	4,544,074	4,981,043	4,970,871	5,456,853
Other	113,576	122,674	121,532	154,116	170,405	183,787	169,268	162,385	131,217	215,145
Charges for services	1,616,924	1,699,477	1,927,681	1,965,724	2,241,295	2,193,709	2,172,974	2,136,897	2,207,558	2,088,029
Proceeds from property owners	73									
Miscellaneous	328,914	277,000	324,060	291,293	442,645	327,762	273,309	218,607	224,000	283,518
Total Revenues	12,807,751	13,417,640	14,615,538	15,238,109	16,272,619	16,239,869	16,326,332	16,549,840	16,455,286	17,250,766
Expenditures (by function)										
Current:										
General government	673,950	664,670	778,406	871,304	934,641	963,275	877,098	898,099	999,962	997,690
Public protection	3,934,320	4,111,311	4,413,646	4,955,338	5,328,923	5,561,576	5,600,679	5,516,837	5,649,097	5,842,286
Public ways and facilities	229,546	247,314	287,544	271,904	318,468	309,264	332,036	340,886	324,449	326,159
Health and sanitation	1,905,521	1,935,207	2,129,508	2,255,737	2,462,395	2,645,030	2,567,715	2,628,816	2,840,532	2,929,151
Public assistance	4,325,241	4,387,157	4,457,822	4,539,192	4,770,593	4,951,368	5,194,752	5,387,205	5,252,926	5,255,655
Education	79,285	85,066	92,105	99,115	105,684	115,315	107,963	110,550	109,159	115,750
Recreation and cultural services	231,210	226,768	247,845	265,029	272,028	302,988	300,199	302,924	299,663	319,863
Debt services:										
Principal (2)	294,104	357,405	420,369	330,824	239,916	200,175	196,941	218,856	186,951	123,581
Interest and other charges	182,385	181,948	126,030	211,386	259,254	220,467	246,461	269,895	110,998	101,089
Capital outlay	48,536	31,384	67,717	48,897	188,090	75,494	32,799	101,592	176,197	397,807
Total Expenditures	11,904,098	12,228,230	13,020,992	13,848,726	14,879,992	15,344,952	15,456,643	15,775,660	15,949,934	16,409,031
Excess of Revenues over Expenditures	903,653	1,189,410	1,594,546	1,389,383	1,392,627	894,917	869,689	774,180	505,352	841,735
Other Financing Sources (Uses)										
Transfers in	303,956	416,981	516,492	540,377	602,352	527,231	565,138	639,472	719,565	782,464
Transfers out	(1,020,831)	(1,104,398)	(1,504,136)	(1,592,341)	(1,752,685)	(1,540,633)	(1,454,259)	(1,510,310)	(1,542,578)	(1,696,268)
Issuance of debt	7,700	7,700	389,423	326,245	3,000	36,977	36,977	326,363	192,281	293,284
Refunding bonds issued	434,471	434,471			94,315				50,675	
Payment to refunded bonds escrow agent	(434,471)	(434,471)		(320,995)	(94,315)					
Bond premium proceeds	37,629	37,629		14,566						3,848
Proceeds for capital leases	28,312	7,329	22,533	818	98,168	880	2,333	43,523	15,128	2,780
Sales of capital assets	7,765	6,828	12,636	3,816	4,099	6,145	2,235	17,732	4,733	1,365
Total other financing sources (uses)	(680,798)	(627,931)	(563,052)	(1,027,514)	(1,045,066)	(1,006,377)	(847,576)	(483,220)	(560,196)	(612,527)
Special Item-Proceeds from sale of receivables	188,493									
Extraordinary Item - Net assets transferred to private-purpose trust fund										
Net change in fund balances	\$ 222,855	749,972	1,031,494	361,869	347,561	(111,460)	22,113	290,960	(61,126)	229,208
Debt service as a percentage of noncapital expenditures (1)	4.07%	4.48%	4.29%	4.03%	3.44%	2.81%	2.91%	3.17%	1.92%	1.41%
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	\$ 184,681	197,261	272,525	400,933	356,061	349,363	234,040	366,201	457,331	432,727

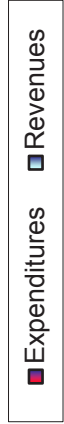
COUNTY of LOS ANGELES

Governmental Funds Expenditures and Revenues

Last Ten Fiscal Years



In Billions of Dollars



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
2003 - 2004	\$ 683,216,372	\$ 44,745,197	\$ 11,587,736	(29,937,047)	\$ 709,612,258	1.00000%
2004 - 2005	738,658,957	43,898,983	10,648,846	(31,851,689)	761,355,097	1.00000%
2005 - 2006	813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.00000%
2006 - 2007	905,276,182	45,783,429	10,638,106	(36,182,793)	925,514,924	1.00000%
2007 - 2008	990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.00000%
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%

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, is 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 <u>Los Angeles</u> Countywide Ad Valorem Tax	Overlapping Rates					Total Direct and <u>Overlapping Rates</u>
		Los Angeles County Detention Facilities (1)	Flood Control Districts (1)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
2003 - 2004	1.00000	.000992	.000462	.050574	.097002	.006100	1.155130
2004 - 2005	1.00000	.000923	.000245	.055733	.106937	.005800	1.169638
2005 - 2006	1.00000	.000795	.000049	.051289	.098634	.005200	1.155967
2006 - 2007	1.00000	.000663	.000052	.045354	.128276	.004700	1.179045
2007 - 2008	1.00000	.000000	.000000	.038051	.132136	.004500	1.174687
2008 - 2009	1.00000	.000000	.000000	.038541	.146897	.004300	1.189738
2009 - 2010	1.00000	.000000	.000000	.041220	.174921	.004300	1.220441
2010 - 2011	1.00000	.000000	.000000	.038895	.227264	.003700	1.269859
2011 - 2012	1.00000	.000000	.000000	.038666	.203483	.003700	1.245849
2012 - 2013	1.00000	.000000	.000000	.037694	.224356	.003500	1.265550

Notes:

- (1) The Secured Tax Rate and Ratios Report no longer includes the Detention Facilities & Flood Control Districts rates, as these bonds have matured.
- (A) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (B) Article XIII(A) (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
- (C) An exception to the 1% limit was provided by Proposition 46 which was approved in June, 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.
- (D) The County is divided into 12,229 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.

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

COUNTY OF LOS ANGELES
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
 CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2013 AND JUNE 30, 2004 (in thousands)

Taxpayer	2013			(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.	\$ 5,363,049	1	0.51%			
Douglas Emmett Residential	3,236,769	2	0.31%			
BP West CoBP West Coast/ARCO/Shell Oil Co.	2,315,382	3	0.22%			
Tishman Speyer/Archstone Smith/ASN	2,057,302	4	0.20%			
Chevron USA Inc/Texaco	1,906,340	5	0.18%			
MCI Worldcom	1,641,344	6	0.16%			
AT&T/Pacific Bell/SBC	1,625,901	7	0.15%			
Southern California Gas Co.	1,585,206	8	0.15%			
Exxon/Mobil Corporation	1,551,702	9	0.15%			
Maguire Properties	1,527,721	10	0.15%			
SBC California						
BP Amoco Corporation						
Verizon California Inc.						
Arden Realty LTD Partnership						
Total	\$ 22,810,716		2.18%			

	2004			(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
\$	3,222,138	1	0.49%			
	2,043,301	3	0.31%			
	1,990,711	4	0.30%			
	1,432,383	9	0.22%			
	1,749,675	6	0.26%			
	999,756	10	0.15%			
	2,293,788	2	0.34%			
	1,822,920	5	0.27%			
	1,524,366	7	0.23%			
	1,476,458	8	0.22%			
Total	\$ 18,555,496		2.79%			

Note:

(1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,044,671,411 as of June 30, 2013 is based on Secured \$1,082,301,717 plus Unitary \$13,244,954 less exemptions of \$50,875,260. Total assessed value, \$664,867,061 as of June 30, 2004 is based on Secured \$683,216,372 plus Unitary \$11,587,736 less exemptions of \$29,937,047 (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		Amount	Percentage of Levy
2003 - 2004	\$ 8,241,631	97.5%	\$ 8,031,587	97.5%	182,041	\$ 8,213,628	99.7%
2004 - 2005	8,895,871	97.3%	8,655,953	97.3%	213,987	8,869,940	99.7%
2005 - 2006	9,582,359	97.3%	9,322,047	97.3%	251,249	9,573,296	99.9%
2006 - 2007	10,632,956	96.1%	10,213,017	96.1%	414,406	10,627,423	99.9%
2007 - 2008	11,475,303	95.0%	10,905,099	95.0%	570,204	11,475,303	100.0%
2008 - 2009	12,317,105	95.4%	11,751,840	95.4%	555,293	12,307,133	99.9%
2009 - 2010	12,457,417	96.7%	12,047,862	96.7%	379,843	12,427,705	99.8%
2010 - 2011	12,651,611	97.6%	12,344,040	97.6%	233,399	12,577,439	99.4%
2011 - 2012	12,822,884	97.9%	12,556,003	97.9%	158,954	12,714,957	99.2%
2012 - 2013	13,286,464	98.2%	13,044,463	98.2%	(2)	13,044,463	98.2%

Note:

- (1) Reflects property taxes levied in prior years but collected in the current year.
- (2) No amounts are shown in FY 2012-13 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)

Governmental Activities											
Fiscal Year	General Obligation Bonds	Assessment Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund.	Pension Bonds Payable	Capital Leases		
2003-04	\$ 29,625	\$ 376,210	\$ 1,177,981	\$ 65,539	\$ 75,379	\$ 37,629	(25,133)	\$ 1,344,056	\$ 135,258		
2004-05	18,470	349,690	1,079,504	69,888	62,545	36,346	(23,876)	1,206,794	130,928		
2005-06	9,475	325,710	1,007,134	387,764	73,191	50,079	(40,818)	1,045,264	123,676		
2006-07	370	304,235	876,106	403,622	94,692	48,036	(37,985)	879,585	98,450		
2007-08		269,995	812,318	395,838	116,475	44,121	(34,848)	668,539	173,369		
2008-09		246,875	726,236	413,252	138,476	40,195	(31,805)	485,092	157,794		
2009-10		222,660	670,242	414,651	160,642	36,314	(28,942)	256,717	148,073		
2010-11		197,285	912,191	513,462	172,237	32,259	(25,949)		181,260		
2011-12		170,725	863,211	597,536	172,142	32,107	(23,165)		190,746		
2012-13 (3)		142,870	810,740						183,056		

Business-Type Activities											
Fiscal Year	General Obligation Bonds	Certificates of Participation	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Pension Bonds Payable	Capital Leases	Total Primary Government (1)	Per Personal Income (2)	Per Capita (2)		
2003-04	\$ 239	\$ 240,831	\$ 170,319	\$ 10,005	\$ 469,756	\$ 1,499	\$ 4,086,692	1.24%	\$ 405		
2004-05	181	177,944	203,121	8,909	421,781	1,097	3,744,444	1.07%	366		
2005-06	136	160,648	12,662	8,153	363,177	675	3,530,891	0.95%	345		
2006-07	121	132,062	20,008	7,368	305,612	398	3,132,675	0.82%	303		
2007-08	104	114,750	215,554	6,549	232,285	273	3,016,919	0.73%	291		
2008-09	86	95,715	219,580	5,691	168,542	143	2,667,613	0.68%	257		
2009-10	67	86,178	264,253	4,791	89,196		2,326,760	0.57%	223		
2010-11	46	539,072	162,212	3,850			2,689,928	0.64%	273		
2011-12	24	530,627	235,767	36,027			2,737,303	0.63%	276		
2012-13 (3)		819,374	59,824				2,830,511	0.63%	284		

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.

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
2003-04	10,103	\$ 709,612,258	\$ 29,625	.000042	2.9323
2004-05	10,226	761,355,097	18,470	.000024	1.8062
2005-06	10,246	835,901,668	9,475	.000011	0.9248
2006-07	10,332	925,514,924	370	.000000	0.0358
2007-08	10,364	1,009,911,291		.000000	0.0000
2008-09	10,393	1,080,877,141		.000000	0.0000
2009-10	10,441	1,075,011,704		.000000	0.0000
2010-11	9,858	1,055,470,090		.000000	0.0000
2011-12	9,912	1,070,532,224		.000000	0.0000
2012-13	9,964	1,093,886,935		.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) Long-term general bonded debt outstanding included Detention Facilities and Flood Control general obligation bonds. The Detention Facilities matured on June 1, 2007 and the Flood Control bonds matured on November 1, 2007.

Source:
 Los Angeles 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, 2013

2012-13 Net Assessed Valuation	\$ 1,093,886,934,773	
Redevelopment Incremental Valuation	141,357,566,413	
Full Cash Value (2012-13)	952,529,368,360	(1)
Population - (2013)	9,964,100	(2)

	Percent	Debt
	<u>Applicable</u>	<u>June 30, 2013</u>
100		\$ 19,770,000
		<u>\$ 19,770,000</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Metropolitan Water District	48,221	\$ 79,605,638
Los Angeles Community College District	100	3,712,555,000
Other Community College Districts	Various (3)	2,258,186,210
Arcadia Unified School District	100	167,751,006
Beverly Hills Unified School District	100	173,083,674
Glendale Unified School District	100	164,754,986
Long Beach Unified School District	100	561,282,292
Los Angeles Unified School District	100	10,945,695,000
Pasadena Unified School District	100	371,575,000
Pomona Unified School District	100	212,631,870
Redondo Beach Unified School District	100	208,972,452
Santa Monica-Malibu Unified School District	100	298,568,173
Torrance Unified School District	100	183,285,331
Other Unified School Districts	Various (3)	2,783,411,039
High School and School Districts	Various (3)	1,771,439,888
City of Los Angeles	100	1,103,285,000
City of Los Angeles Special Tax Lease Revenue Bonds	100	20,090,000
City of Industry	100	136,645,000
Other Cities	100	57,115,208
Palmdale Water District Water Revenue Bonds	100	82,145,000
Palos Verdes Library District	100	4,580,000
Community Facilities Districts	100	795,991,241
Los Angeles County Regional Park & Open Space Assessment District	100	142,870,000
1915 Act and Benefit Assessment Bonds - Estimate	100	119,659,624
Subtotal Overlapping Tax and Assessment Debt		<u>\$ 26,355,178,632</u>
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 26,374,948,632</u>
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues		(36,553,733)
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 26,338,394,899</u>

	Percent	Debt
	<u>Applicable</u>	<u>June 30, 2013</u>
100		\$ 1,915,286,000
		<u>\$ 1,915,286,000</u>

<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Los Angeles County Office of Education Certificates of Participation	100	\$ 10,377,239
Community College District Certificates of Participation	Various (7)	52,718,176
Baldwin Park Unified School District Certificates of Participation	100	40,915,000
Compton Unified School District Certificates of Participation	100	27,175,000
Los Angeles Unified School District Certificates of Participation	100	395,161,434
Pomona Unified School District Certificates of Participation	100	27,395,000
Other Unified School District Certificates of Participation	Various (7)	152,172,971

Continued

COUNTY OF LOS ANGELES
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
 JUNE 30, 2013

High School and School District General Fund Obligations	Various (7)	142,247,751
City of Beverly Hills General Fund Obligations	100	188,260,000
City of Los Angeles General Fund & Judgment Obligations	100	1,845,940,000
City of Long Beach General Fund Obligations	100	185,655,000
City of Long Beach Pension Obligations	100	50,205,000
City of Pasadena General Fund Obligations	100	470,367,641
City of Pasadena Pension Obligations	100	137,912,765
Other Cities' General Fund Obligations	100	1,325,245,107
Los Angeles County Sanitation Districts General Fund Obligations	100	272,731,537
Subtotal Overlapping General Fund Obligation Debt		<u>\$ 5,324,479,621</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 7,239,765,621</u>
Less: Los Angeles County Lease Revenue Bonds supported by landfill revenues		(5,491,835)
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investments funds		(5,052,000)
Cities' self-supporting bonds		(195,822,600)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 7,033,399,186</u>
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCY)		\$ 4,463,227,024
GROSS COMBINED TOTAL DEBT		\$ 38,077,941,277 (8)
NET COMBINED TOTAL DEBT		<u>\$ 37,835,021,109</u>
TOTAL GROSS DIRECT DEBT		\$ 1,935,056,000
TOTAL NET DIRECT DEBT		\$ 1,929,564,165
TOTAL GROSS OVERLAPPING DEBT		\$ 36,142,885,277
TOTAL NET OVERLAPPING DEBT		\$ 35,905,456,944
RATIOS TO 2012-13 NET ASSESSED VALUATION		
Total Overlapping Tax and Assessment Debt		2.41%
RATIOS TO FULL CASH VALUE		
Gross Combined Direct Debt (\$1,935,056,000)		0.20%
Net Combined Direct Debt (\$1,929,564,165)		0.20%
Gross Combined Total Debt		4.00%
Net Combined Total Debt		3.97%
RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION		
Total Overlapping Tax Increment Debt		3.16%

Notes:

- (1) This balance is reduced by homowners exemptions of \$7,980,742,436.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance and the U.S. Census Bureau as of January 1 of each year.
- (3) All 100%, or almost 100%, except for Antelope Valley Joint UHSD and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
- (4) Partially supported by the 1% ad valorem property tax levy.
- (5) Excludes refunding issue to be sold.
- (6) Includes Assessment Bonds, Certificates of Participation, Notes, Loans and Other Debt, and Capital Leases. The amount shown on the TRANS is \$1,729,437,327.
- (7) 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.
- (8) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

Source: California Municipal Statistics - for general information purposes only.

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

Fiscal Year	(1)		(2)		(3)	
	Assessed Value	Legal Debt Limit	Legal Debt Limit	Total net applicable debt	Legal Debt Margin	Legal Debt Margin/Debt Limit
2003 - 2004	\$ 709,612,258	\$ 8,870,153	\$ 8,870,153	\$ 23,470	\$ 8,846,683	99.74%
2004 - 2005	761,355,097	9,516,939	9,516,939	16,205	9,500,734	99.83%
2005 - 2006	835,901,668	10,448,771	10,448,771	8,395	10,440,376	99.92%
2006 - 2007	925,514,924	11,568,937	11,568,937	370	11,568,567	100.00%
2007 - 2008	1,009,911,291	12,623,891	12,623,891		12,623,891	100.00%
2008 - 2009	1,080,877,141	13,510,964	13,510,964		13,510,964	100.00%
2009 - 2010	1,075,011,704	13,437,646	13,437,646		13,437,646	100.00%
2010 - 2011	1,055,470,090	13,193,376	13,193,376		13,193,376	100.00%
2011 - 2012	1,070,532,224	13,381,653	13,381,653		13,381,653	100.00%
2012 - 2013	1,093,886,935	13,673,587	13,673,587		13,673,587	100.00%

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2013

Assessed valuation (net taxable)	\$ 1,093,886,935
Applicable percentage in computing capacity	1.25%
Total debt limit	\$ 13,673,587
Less: Total net applicable debt	
Legal debt margin, June 30, 2013	\$ 13,673,587

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	Marina del Rey Revenue Bonds			Regional Park and Open Space Special Assessment Bond			
	Revenue Collected	Principal	Debt Service Interest	Special Assessment Collection	Principal	Debt Service Interest	Total Debt Service Coverage
2003-04	\$ 33,509,651	\$ 10,175,000	\$ 4,319,043	\$ 78,875,000	\$ 18,525,000	\$ 20,183,154	\$ 38,708,154 2.04
2004-05	34,615,641	10,810,000	3,649,750	79,907,000	19,565,000	15,385,183	34,950,183 2.29
2005-06	(1)	50,745,000	1,649,212	78,580,000	23,980,000	17,150,338	41,130,338 1.91
2006-07				78,930,000	21,475,000	16,020,653	37,495,653 2.11
2007-08				78,613,000	34,240,000 (3)	16,867,000	51,107,000 1.54
2008-09				79,140,000	23,120,000	12,821,950	35,941,950 2.20
2009-10				80,130,000	24,215,000	11,691,825	35,906,825 2.23
2010-11				80,152,000	25,375,000	10,514,544	35,889,544 2.23
2011-12				79,484,000	26,560,000	9,270,388	35,830,388 2.22
2012-13				80,380,000	27,855,000	7,925,013	35,780,013 2.25

Fiscal Year	Calabasas Landfill Bond Fees			Regional Park and Open Space Special Assessment Bond			
	Revenue Collected	Principal	Debt Service Interest	Special Assessment Collection	Principal	Debt Service Interest	Total Debt Service Coverage
2005-06	\$ 4,092,212	\$ 1,100,000	\$ 685,849	\$ 78,875,000	\$ 18,525,000	\$ 20,183,154	\$ 38,708,154 2.29
2006-07	3,034,497	1,265,000	1,652,634	79,907,000	19,565,000	15,385,183	34,950,183 1.04
2007-08	3,126,998	1,365,000	1,608,359	78,580,000	23,980,000	17,150,338	41,130,338 1.05
2008-09	(5,243,834)	1,490,000	1,546,934	78,930,000	21,475,000	16,020,653	37,495,653 (1.73)
2009-10	1,003,124	1,610,000	1,484,784	78,613,000	34,240,000 (3)	16,867,000	51,107,000 0.32
2010-11	713,746	1,735,000	1,424,409	79,140,000	23,120,000	12,821,950	35,941,950 0.23
2011-12	679,673	1,860,000	1,359,346	80,130,000	24,215,000	11,691,825	35,906,825 0.21
2012-13 (2)	637,823	2,010,000	1,275,646	80,152,000	25,375,000	10,514,544	35,889,544 0.19

Notes:
 (1) Optional Redemption occurred on 7/1/05 using Reserve and remaining Sinking Funds.
 (2) Gross operating revenues were \$9,881,821 less operating expenses \$9,243,998 to arrive at net available revenue of \$637,823.
 (3) Reflects additional redemptions related to the Regional Park and Open Space District Refunding Revenue Bonds Series 2007 A.

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

Year	Population County of Los Angeles *	Personal Income *	Per Capita Personal Income (1)	School Enrollment (2) **	Unemployment Rate *
2004	10,103	\$ 329,048,000	\$ 32,569	1,742	6.5%
2005	10,226	349,868,000	34,214	1,734	5.3%
2006	10,246	370,860,000	36,196	1,708	4.5%
2007	10,332	379,824,000	36,762	1,673	4.4%
2008	10,364	411,000,000	39,657	1,648	6.2%
2009	10,393	392,000,000	37,718	1,632	11.7%
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	9,964 (3)	450,900,000 (3)	45,253	1,564	10.0% (3)

Notes:

- (1) Amounts shown are in actual dollars (not thousands).
 (2) Public school enrollment.
 (3) Amount is a projection as of February 2013.

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, 2013			June 30, 2004		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	755,700	1	16.92%	778,900	1	17.67%
Professional & Business Services	586,600	2	13.14%	564,000	3	12.79%
Government	563,600	3	12.62%	597,200	2	13.55%
Educational & Health Services	552,300	4	12.37%	463,200	5	10.51%
Leisure & Hospitality	439,200	5	9.83%	376,300	6	8.53%
Manufacturing	361,800	6	8.10%	490,300	4	11.12%
Financial Activities	215,500	7	4.83%	239,800	7	5.44%
Information	186,300	8	4.17%	204,100	8	4.63%
Other Services	141,000	9	3.16%	146,200	9	3.32%
Construction	117,700	10	2.64%	140,900	10	3.19%
Ten largest industries	3,919,700		87.78%	4,000,900		90.75%
All other industries	545,900		12.22%	407,900		9.25%
Total industries	4,465,600		100.00%	4,408,800		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

<u>Function/Program (1) and (2)</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
General Government	11,201	10,915	11,018	11,185	11,692	11,605	11,100	10,831	10,680	10,494
Public Protection (3)	37,688	37,065	38,049	39,528	41,560	42,583	36,378	35,428	35,433	35,509
Health and Sanitation	26,079	26,322	26,717	27,072	27,395	27,345	26,826	26,133	26,029	25,968
Public Assistance	19,048	19,132	19,540	20,329	20,867	20,940	20,665	20,280	20,043	19,947
Education	1,722	1,722	1,828	1,871	1,878	1,829	1,622	1,481	1,431	1,459
Recreation and Cultural Services	2,388	2,324	2,393	2,649	2,977	3,075	2,861	2,761	2,812	2,808
Total	98,126	97,480	99,545	102,634	106,369	107,377	99,452	96,914	96,428	96,185

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.

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 (9)	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General Government										
Assessor - Number of re-appraisable transfers processed	243,472	242,036	221,858	168,592	148,999	153,807	164,464	158,643	149,864	146,369
Auditor Controller - Number of warrants issued monthly (1)	400,928	389,807	360,394	235,336	239,750	254,316	221,097	220,649	230,243	222,142
Registrar Recorder - Number of registered voters	3,682,950	4,075,352	3,748,128	5,323,698	5,663,074	5,880,094	7,963,267	5,877,366	6,026,350	6,328,413
Public Protection										
Sheriff - Inmate population (10)	17,400	17,900	19,000	19,300	19,600	19,300	18,000	15,300	16,400	18,710
Sheriff - Crime rate total (2)	315.68	304.50	297.89	299.51	302.20	290.65	249.44	246.84	252.13	252.20
Probation - Juvenile halls/camps population (11)	3,600	3,600	3,500	4,000	4,000	2,800	2,600	2,385	2,354	2,004
Health and Sanitation										
Health Services - Average daily inpatient census (12)	1,568	1,506	1,493	1,415	1,317	1,293	1,313	1,321	1,263	1,262
Health Services - Outpatient visits (13)	2,587,000	2,606,000	2,656,000	2,665,000	2,631,000	2,710,000	2,817,000	2,951,000	2,912,000	2,879,000 (15)
Mental Health - Number of outpatient services to children and youth (3)	42,820	51,086	55,725	51,016	53,115	57,518	61,835	62,732	69,708	73,513
Public Assistance										
Children and Family Services - Child protective services caseloads (14)	532,300	521,700	527,100	531,500	518,700	479,900	498,100	521,600	539,700	530,900 (15)
Children and Family Services - Adoption caseloads	32,200	32,600	21,200	22,300	23,500	24,300	24,800	24,500	15,900	18,200 (15)
Public Social Services - Average persons aided monthly thru CalWorks (4)	432,900	415,300	388,700	358,200	351,300	369,700	409,100	442,200	438,400	441,100 (15)
Public Social Services - Average number of indigents aided monthly	64,700	66,000	63,400	59,000	62,900	74,900	91,700	106,600	108,100	102,300 (15)
Community and Senior Services - Number of vulnerable adults served	24,513	25,766	25,518	26,450	27,671	27,828	28,779	30,654	33,187	36,788
Education										
Public Library - Number of items which circulate to the public (8)	15,020,945	14,211,255	14,566,536	15,000,000	15,000,000	10,926,000	6,817,165	6,795,552	6,788,216	6,048,903
Recreation and Culture										
Museum of Art - Total education program participants (5)	258,171	225,386	250,866	200,103	305,645	326,922	307,121	423,560	487,297	512,658
Museum of Natural History - Annual attendance (6)	934,636	914,426	867,138	859,569	874,725	873,230	858,297	933,588	1,162,231	1,012,661
Parks and Recreation - Total passive and active park users (7)	8,099,699	9,246,000	9,468,000	10,713,000	11,058,046	10,309,706	11,405,713	11,020,797	11,290,652	11,403,559

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) Change methodology for 2005-06; data includes fee-for-service outpatient clients and costs which had not been included in previous year's data.
- (4) CalWorks is California's program to administer the Federal Temporary Assistance for Needy Families blockgrant that provides temporary financial support and supportive services to eligible adults with children to enable them to transition from welfare to work and to achieve economic self-sufficiency.
- (5) Reflects decrease in 2005-06 due to construction of the Broad building between the main campus and Los Angeles County Museum of Art West. Data previously submitted was revised. Also, in 2005-06 reflects spike for King Tut exhibition and in 2007-08 reflects BCAM activities.
- (6) Reflects admission to Exposition Park, George C. Page Museum and William S. Hart Museum. Projected increase in attendance based on opening of renovated galleries and new exhibits.
- (7) Information based on periodic/seasonal observation. Passive activities include walking, jogging, running, leisure and picnic activities.
- (8) New system implemented in 2006-2007, along with the new methodology for accumulating data. Revised holdings based on substantial collection review and catalog updating.
- (9) Indicators are not available for the Public Ways and Facilities function.
- (10) The average length of stay that the inmates spend in jail in 2012-13 has increased to 53 days as compared to an average of 47.8 days in 2011-12.
- (11) The Actual FY 2012-2013 figures reflects three camps that are temporary closed.
- (12) Reflects a slight decrease in 2008-09 due to the transition of LAC+USC Medical Center to a smaller facility. DHS estimates the FY 2012-2013 inpatient census to remain at a similar level as the FY 2011-2012. DHS is anticipating the implementation of the Affordable Care Act (ACA) beginning January 1, 2014.
- (13) Fiscal Year 2012-13 expansion capacity of Community Clinic approved by the Board.
- (14) Fiscal Year 2011-12 figures have been revised from previous publications.
- (15) Fiscal Year 2012-13 data is an estimate.

Sources:

2010-2011, 2011-2012, 2012-2013 & 2013-2014 Recommended County Budget and Departments

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

Function/Program (1)	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (2)	2010-11	2011-12	2012-13
Public Protection	7	7	7	6	6	6	6	6	6	6
Animal Shelters										
Public ways and facilities										
Mileage of maintained County roads	3,164	3,170	3,179	3,198	3,213	3,217	3,219	3,219	3,218	3,206
Miles of unincorporated County bikeways	134	135	139	141	141	145	145	148	148	162
Airports	5	5	5	5	5	5	5	5	5	5
Dams	15	15	15	15	15	14	14	14	14	15
Storm drains, in miles	2,754	2,777	2,782	2,865	2,800	2,972	3,010	3,070	3,100	3,200
Flood pump stations	45	45	45	45	45	45	45	45	48	48
Health and Sanitation										
Hospitals	5	5	5	5	4	4	4	4	4	4
Health centers	18	18	18	18	18	18	18	18	17	17
Education										
Libraries	84	84	84	84	84	85	85	85	84	85
Bookmobiles	5	5	5	4	4	4	5	5	4	3
Recreation and Cultural services										
Museums	4	4	4	4	4	4	5	5	5	5
Arboretums and Botanic Gardens	4	4	4	4	4	4	4	4	4	4
Golf courses	19	19	19	19	19	19	19	19	19	19
Beaches	21	20	20	20	20	17	17	14	14	14
Boat Slips	5,246	5,246	5,246	5,246	4,796	4,832	4,800	4,700	4,700	4,700

Note:

- (1) No capital asset indicators are available for the General Government or Public Assistance functions.
- (2) Opening of La Plaza de Cultura y Artes Museum.

Source:

2012-13 County of Los Angeles Annual Report, 2012-13 Recommended Budget book, Department of Public Works website, Sheriff's Department website and Department of Health Services website.