



County of Los Angeles, California Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014
John Naimo • Auditor-Controller

**County of Los Angeles, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014**

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

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2014
 TABLE OF CONTENTS

Page

I. INTRODUCTORY SECTION:

Auditor-Controller’s Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Board of Supervisors and Principal County Officials	x
Organization Chart.....	xi

II. FINANCIAL SECTION:

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited).....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	25
Statement of Activities.....	26
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis:	
General Fund	35
Fire Protection District	36
Flood Control District	37
Public Library.....	38
Regional Park and Open Space District.....	39
Statement of Net Position - Proprietary Funds	40
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	42
Statement of Cash Flows - Proprietary Funds.....	44
Statement of Fiduciary Net Position - Fiduciary Funds	48
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	49
Statement of Net Position - Discretely Presented Component Units	50
Statement of Activities - Discretely Presented Component Units	51
Notes to the Basic Financial Statements	53
Required Supplementary Information (Unaudited):	
Los Angeles County Employees Retirement Association - Schedule of Funding Progress - Pension Plan	124
Schedule of Funding Progress - Other Postemployment Benefits	125

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2014
 TABLE OF CONTENTS

	Page
Combining and Individual Fund Statements and Schedules:	
Major Governmental Fund - General Fund -	
Schedule of Expenditures - Budget and Actual on Budgetary Basis	127
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds - Summary	129
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Summary	130
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Special Revenue	136
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual on Budgetary Basis - Nonmajor Governmental Funds - Special	
Revenue:	
Totals	139
Road	140
Other Streets, Highways, Roads, and Bridges	141
Street Lighting Districts	142
Garbage Disposal Districts	143
Sewer Maintenance Districts	144
Health Services Measure B	145
Health and Sanitation	146
Mental Health Services Act	147
Other Public Protection	148
Public Assistance	149
Recreation	150
Courthouse Temporary Construction	151
Criminal Justice Temporary Construction	152
Registrar Recorder Improvement	153
Other Special Revenue	154
Combining Balance Sheet - Nonmajor Governmental Funds - Debt Service	155
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Debt Service	156
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual on Budgetary Basis - Nonmajor Governmental Funds - Debt	
Service - Regional Park and Open Space District	157
Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Capital Projects	159
Combining Balance Sheet - Nonmajor Governmental Funds - Permanent Funds	160
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Permanent Funds	161

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2014
 TABLE OF CONTENTS

	Page
Internal Service Funds:	
Combining Statement of Net Position - Internal Service Funds.....	163
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	164
Combining Statement of Cash Flows - Internal Service Funds	165
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Pension and Other Postemployment Benefit Trust Funds	167
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Pension and Other Postemployment Benefit Trust Funds	168
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Investment Trust Funds.....	169
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Investment Trust Funds.....	170
Statement of Changes in Assets and Liabilities - Fiduciary Funds - Agency Funds	171
III. STATISTICAL SECTION (Not covered by Independent Auditor's Report):	
Statistical Section - Contents	173
Schedules of Financial Trends Information:	
Net Position by Category - Last Ten Fiscal Years	175
Changes in Net Position - Last Ten Fiscal Years	176
Fund Balances, Governmental Funds - Last Ten Fiscal Years	178
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	180
Bar Chart-Governmental Funds Expenditures and Revenues - Last Ten Fiscal Years	181
Schedules of Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	182
Property Tax Rates - Direct and Overlapping Rates for Tax Area #4 - Last Ten Fiscal Years.....	183
Principal Property Taxpayers - Current Year and Nine Years Ago.....	184
Property Tax Levies and Collections - Last Ten Fiscal Years	185

COUNTY OF LOS ANGELES, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS

	Page
Schedules of Debt Capacity Information:	
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	186
Ratio of Net General Bonded Debt - Last Ten Fiscal Years	187
Estimated Direct and Overlapping Bonded Debt	188
Computation of Legal Debt Margin - Last Ten Fiscal Years	190
Pledged-Revenue Coverage - Last Ten Fiscal Years	191
Schedules of Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years.....	192
Ten Largest Industries – Current Year and Nine Years Ago	193
Schedules of Operating Information:	
Full-Time Equivalent County Employees by Function/Program - Last Ten Fiscal Years	194
Operating Indicators by Function/Program - Last Ten Fiscal Years	195
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years.....	196



JOHN NAIMO
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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LOS ANGELES, CALIFORNIA 90012-3873
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December 16, 2014

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, 2014. 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.

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

LOS ANGELES COUNTY AND ITS SERVICES

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

Los Angeles County was a general law county until 1913 when it became a charter county, as a result of local election. The County is governed by a five-member Board of Supervisors 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 (Board). The affected officials are limited to three consecutive terms, a total of 12 years, commencing December 2002. On November 30, 2014, two members of the Board reached their term limits and two new elected Board members assumed office on December 1, 2014. At the end of November 2016, two additional Board members will reach their term limits.

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 Office 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 2013 Gross Domestic Product (GDP) of \$583.9 billion, Los Angeles County's economy is larger than that of 43 states and all but 20 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 2013, with an increase of 1.1% in economic output (as measured by GDP), a 1.8% increase in personal income, and a 2.9% 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 9.8% in 2013, which represents improvement from its 2012 rate of 11.1%. In 2014 and 2015, the job market is expected to show continued improvement, with a projected decline in the unemployment rate to 8.7% and 7.8%, 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 eighth 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 October 2 of each fiscal year. Except for capital assets, expenditures are controlled at the following object levels for all budget units: salaries and employee benefits, services and supplies, other charges, and other financing uses. Amounts are budgeted and controlled for capital assets at the following sub-object levels: land, buildings and improvements, infrastructure and equipment.

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

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

In addition to these procedural controls, the Auditor-Controller's (A-C) Audit Division performs periodic internal control, operational and management audits of various County departments. On an annual basis, an audit plan is recommended by the A-C and approved by the County's Audit Committee, an oversight group appointed by the Board of Supervisors. These audits help to ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. The 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) 2014-15 Budget outlook continued to rely on slow and steady growth patterns of recent years. Overall economic conditions continue to show signs of improvement, with growth in the financial and housing markets, combined with the continuing decline in the unemployment rate. Property taxes continue to represent the largest source of local discretionary revenues and the tax assessment roll for FY 2014-15 reflects growth of 5.47%. This represents the fourth consecutive year in which assessed values have risen.

The major challenges facing the County include the slow pace of the economic recovery, the need to fund critical programs and unavoidable cost increases in the areas of salaries and employee benefits. Negotiated multi-year salary increases, which began in FY 2013-14, will continue to add to the County's salary costs in FY 2014-15. Employee benefit costs for retirement and health care premiums continue to trend upward. The County faces retirement contribution increases for FY 2014-15, largely due to the fifth and final year of smoothing pension fund investment losses from FY 2008-09. This is an important milestone since all of those losses are now fully incorporated into the County's budget and retirement costs are expected to be more stable going forward.

NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are significant program initiatives that were funded or augmented by the FY 2014-15 Budget process:

- Augmented funding of \$37 million to implement recommendations made by the Citizen's Commission on Jail Violence. This represents the second year in which funds were allocated for this purpose and brings the total ongoing funding amount to \$57 million.
- The Board directed the preparation of a series of reports which are intended to provide information on a coordinated and comprehensive diversion program for services to individuals with mental illness who are arrested or in the County jail system and about to be released. Provisional funding of \$20 million was set aside pending the receipt of the reports and specific recommendations for appropriating these funds.
- Adoption of a nurse staffing plan to ensure compliance with State regulations and to meet hospital-based clinic needs. First year funding of \$17 million was allocated and, over a four-year period, the County intends to add 737 new nursing positions.

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. Many capital asset initiatives are multi-year in nature and the FY 2014-15 Budget provides ongoing funding for initiatives in progress as well as new projects.

The County continues to address facility needs due to the enactment of the State's Public Safety Realignment Act, also known as Assembly Bill 109 (AB 109), which resulted in an influx of new inmates into County jails. The FY 2014-15 Budget appropriated \$148 million for facility improvements to various jail facilities, and an additional \$40 million to construct a reconfigured juvenile detention facility at Camp Kilpatrick to accommodate a new evidence-based rehabilitation and educational model. The project is partially funded by a State grant.

The County also continues to refurbish and construct new libraries and recreational and cultural facilities to enrich the lives of County residents. A significant newly funded project in the FY 2014-15 Budget is the \$29 million building and renovation project at the Ford Theatre. The County also continues to 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 FY 2014-15 Budget reflects the County's commitment to the ideal of sustainability, with the incorporation of sustainable design technologies into 155, or 47%, of the County's 330 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 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 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, 2014, the Reserve balance was \$232 million and it was not used as a financing source for purposes of balancing the FY 2014-15 County Budget.

On September 30, 2014, the Board augmented the County’s budget policies with the following key provisions:

- A percentage (5% - 10%) of new ongoing discretionary revenues should be set aside annually, during the budget process, as Contingency Appropriations, to hedge against any unforeseen fiscal issues during the year. At year-end, these funds will be transferred to reserves or used to augment funding for liabilities associated with postemployment health insurance benefits.
- A fixed amount (minimum of \$5 million) should be set aside annually, during the budget process, to address deferred maintenance issues.

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 2013-14. The County’s single audit for FY 2012-13 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-two fiscal years.

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

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

ACKNOWLEDGEMENTS

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

Sincerely,

A handwritten signature in black ink that reads "John Naimo". The signature is written in a cursive style with a large, looping initial "J".

John Naimo
Auditor-Controller



Government Finance Officers Association

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

Presented to

**County of Los Angeles
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2014

BOARD OF SUPERVISORS

Don Knabe, Chairman
Fourth District

Gloria Molina
First District

Zev Yaroslavsky
Third District

Mark Ridley-Thomas
Second 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

John L. Scott
Sheriff

William T Fujioka
Chief Executive Officer

Mark J. Saladino
Treasurer and Tax Collector

John Naimo
Acting Auditor-Controller

John F. Krattli
County Counsel

COUNTY OF LOS ANGELES

FY 2013-2014

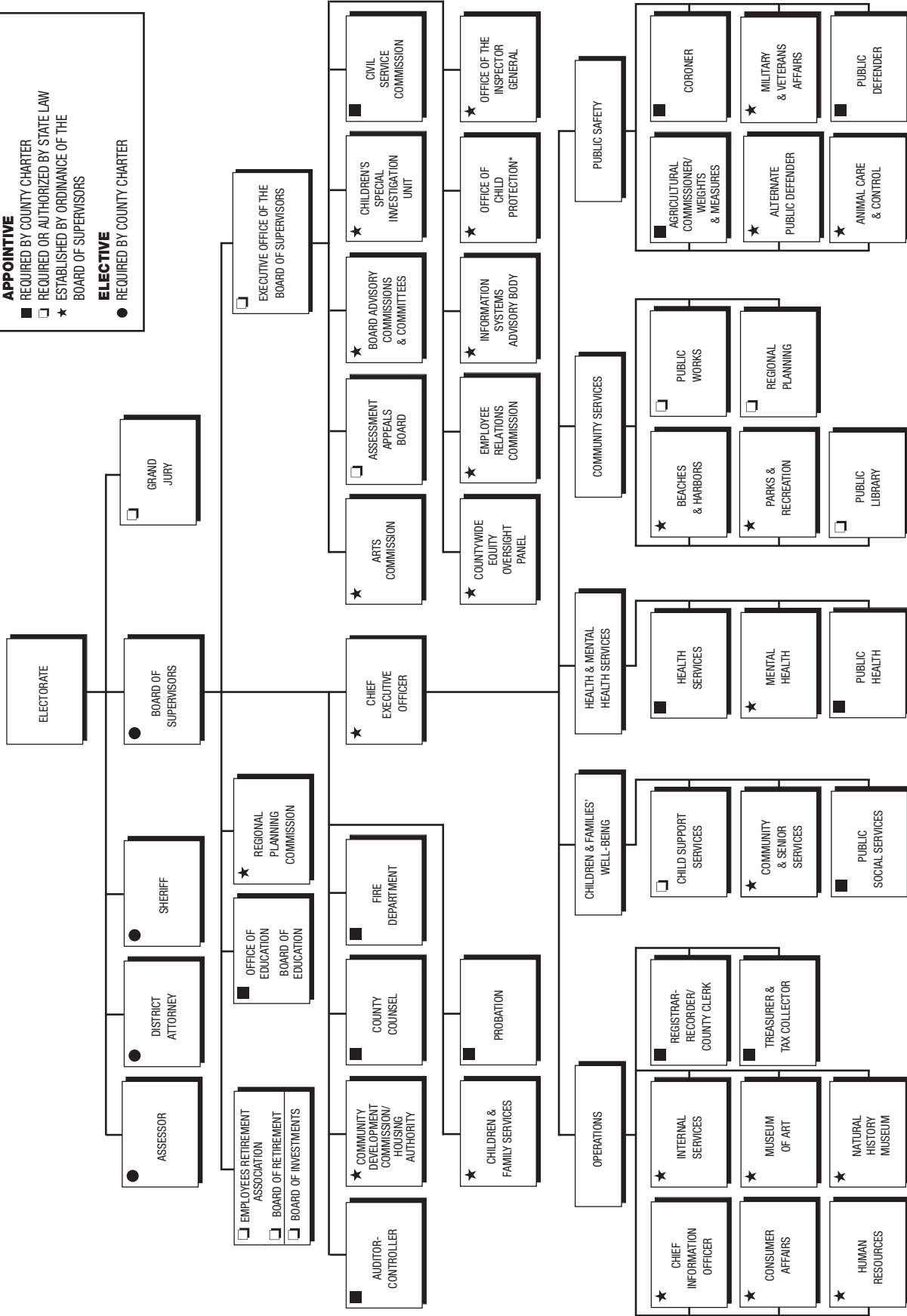
LEGEND

APPOINTIVE

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

ELECTIVE

- REQUIRED BY COUNTY CHARTER



*As of printing, has not yet been established by County ordinance.

Note: 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), Children & Family Services (Children & Families' Well-Being), Sheriff, District Attorney, Fire, and 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, 2014, 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	74%	75%	17%

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, 2014, 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, 2013, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 24 and the schedules of funding progress on pages 124 and 125 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 Gini & O'Connell LLP

Los Angeles, California
December 16, 2014

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

At the end of the current year, the net position (total assets and deferred outflows of resources, reduced by total liabilities and deferred inflows of resources) of the County was positive \$9.735 billion. However, net position is classified into three categories and the unrestricted component is negative \$10.130 billion. See further discussion on page 9.

During the current year, the County's net position decreased by a total of \$1.221 billion. Net position related to governmental activities decreased by \$1.074 billion, while net position related to business-type activities decreased by \$147 million. Growth in liabilities associated with postemployment health insurance benefits was \$1.694 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 \$3.103 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$272 million, restricted fund balance of \$41 million, committed fund balance of \$483 million, assigned fund balance of \$538 million, and \$1.769 billion of unassigned fund balance.

The County's capital asset balances were \$19.093 billion at year-end and increased by \$425 million during the year.

During the current year, the County's total long-term debt increased by \$7 million, after restatement of prior year balances in long-term debt due to the implementation of Government Accounting Standards Board (GASB) Statement No. 65 "Items Previously Reported as Assets and Liabilities." Newly issued and accreted long-term debt of \$472 million exceeded long-term debt maturities of \$465 million.

Overview of the Basic Financial Statements

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

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

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

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all County assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources which represent net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and 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.
- **Discretely Presented Component Units** - Component units are separate entities for which the County is financially accountable. The Community Development Commission and First 5 LA are displayed as discretely presented in the financial statements.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

REQUIRED SUPPLEMENTARY INFORMATION

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9.735 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2014 and 2013 (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 8,509,325	\$ 7,947,075	\$ 1,302,031	\$ 1,423,547	\$ 9,811,356	\$ 9,370,622
Capital assets	<u>16,091,301</u>	<u>15,838,545</u>	<u>3,002,176</u>	<u>2,829,716</u>	<u>19,093,477</u>	<u>18,668,261</u>
Total assets	<u>24,600,626</u>	<u>23,785,620</u>	<u>4,304,207</u>	<u>4,253,263</u>	<u>28,904,833</u>	<u>28,038,883</u>
Deferred outflows of resources (1)	<u>20,243</u>				<u>20,243</u>	
Current and other liabilities	1,732,192	1,326,042	384,084	401,345	2,116,276	1,727,387
Long-term liabilities	<u>13,474,871</u>	<u>11,966,513</u>	<u>3,501,717</u>	<u>3,286,521</u>	<u>16,976,588</u>	<u>15,253,034</u>
Total liabilities	<u>15,207,063</u>	<u>13,292,555</u>	<u>3,885,801</u>	<u>3,687,866</u>	<u>19,092,864</u>	<u>16,980,421</u>
Deferred inflows of resources	<u>97,031</u>	<u>102,089</u>			<u>97,031</u>	<u>102,089</u>
Net position:						
Net investment in capital assets	14,789,236	14,654,785	2,271,730	2,218,647	17,060,966	16,873,432
Restricted	2,727,379	2,655,717	76,908	68,169	2,804,287	2,723,886
Unrestricted (deficit)	<u>(8,199,840)</u>	<u>(6,919,526)</u>	<u>(1,930,232)</u>	<u>(1,721,419)</u>	<u>(10,130,072)</u>	<u>(8,640,945)</u>
Total net position	<u>\$ 9,316,775</u>	<u>\$ 10,390,976</u>	<u>\$ 418,406</u>	<u>\$ 565,397</u>	<u>\$ 9,735,181</u>	<u>\$ 10,956,373</u>

(1) Deferred outflows of resources for the previous year were not restated for GASB 65.

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

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Current and Other Assets

Current and other assets increased by \$562 million for governmental activities and decreased by \$122 million for business-type activities. For governmental activities, there was an increase of \$274 million in pooled cash and investments, largely due to the improved cash position of the County's General Fund, which grew by \$296 million over the prior year. Other receivables increased by \$212 million and were primarily attributable to higher receivables associated with the administration of the managed care program. For business-type activities, current and other assets decreased by \$122 million largely due to reductions in restricted assets of \$123 million associated with the use of restricted bond proceeds for hospital construction projects that were completed in the current year.

Deferred Outflows of Resources

Pursuant to the County's implementation of GASB 65, a new financial statement element for deferred outflows of resources has been added to the Summary of Net Position, representing a consumption of net position that applies to future periods and is not recognized as an outflow of resources until then. The County has deferred outflows of resources of \$20 million related to unamortized losses on refunding of debt, resulting from the difference in the carrying value of refunded debt and its reacquisition price. In the prior year, this amount was reported in a manner which reduced overall long-term liabilities.

Liabilities

Current and other liabilities increased by \$406 million for governmental activities. The largest component of this increase is \$198 million for accounts payable associated with managed care services pursuant to the County's implementation of the federal Affordable Care Act (ACA). The County organization known as Managed Care Services is the medical services organization for the Department of Health Services (DHS), and coordinates the delivery of health care in a managed care environment with the objectives of improving outcomes and reducing costs. An additional \$171 million of the increase is related to advances payable from the State for public social services and children and family programs that have yet to be earned. For business-type activities, a net decrease of \$17 million in current and other liabilities was primarily due to an \$18 million decrease in accounts payable for intergovernmental transfer expenses associated with the hospitals.

Long-term liabilities increased by \$1.508 billion for governmental activities and by \$215 million for business-type activities. Liabilities for other postemployment benefits (OPEB) increased for both governmental and business-type activities by \$1.408 billion and \$286 million, respectively. 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and are not recognized as revenue until then. The County has deferred inflows of resources totaling \$97 million. The \$97 million is the present value of installment payments due to service concession arrangements with private operators of sixteen County golf courses as discussed in Note 7.

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

Net Investment in Capital Assets

The largest portion of the County's net position (\$17.061 billion) represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt 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 \$2.804 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 \$10.130 billion. Both governmental and business-type activities reported deficits in this category of \$8.200 billion and \$1.930 billion, respectively. The deficits closely parallel the OPEB related liabilities of \$8.220 billion for governmental activities and \$1.627 billion for business-type activities. Other unfunded liabilities are also factors, such as workers' compensation, compensated absences, and litigation and self-insurance claims.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

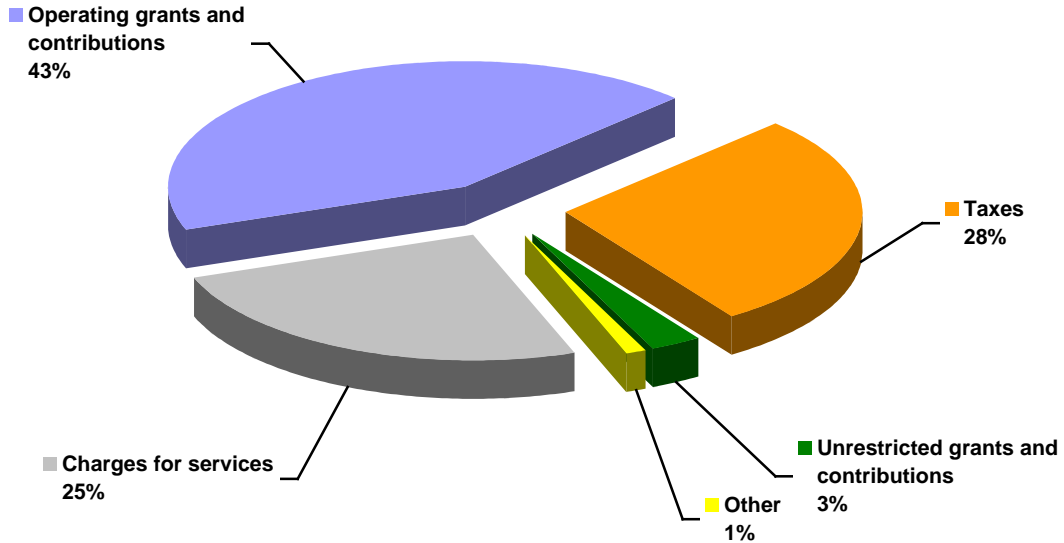
The following table details identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(in thousands)

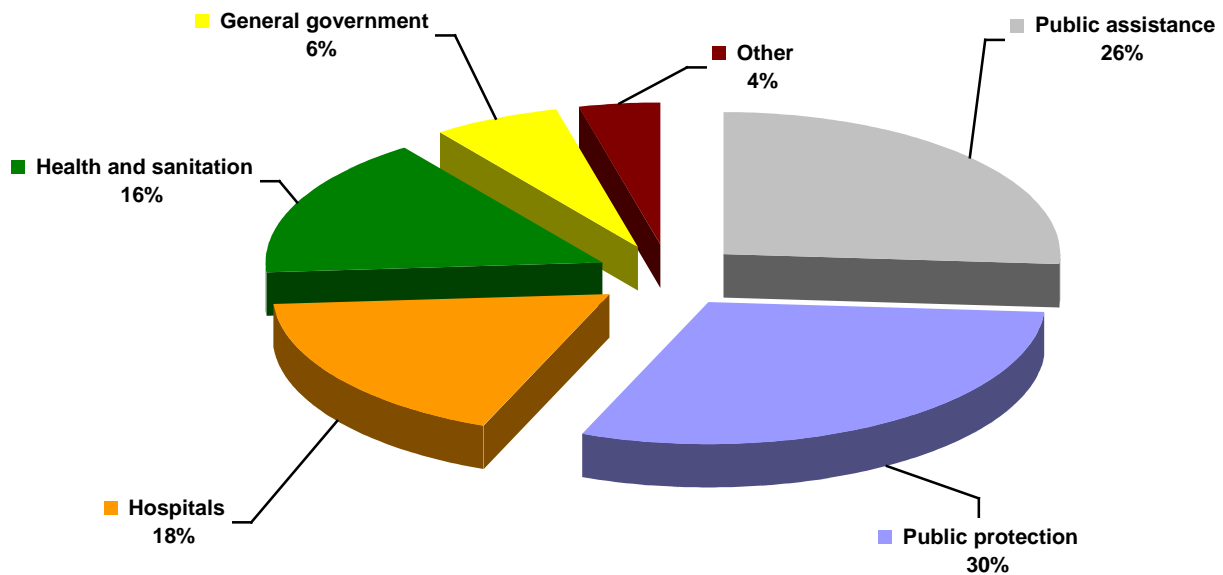
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,751,505	\$ 2,589,542	\$ 2,534,565	\$ 2,446,892	\$ 5,286,070	\$ 5,036,434
Operating grants and contributions	8,579,502	8,186,681	485,888	522,112	9,065,390	8,708,793
Capital grants and contributions	12,850	104,486	3,156	47	16,006	104,533
General revenues:						
Taxes	5,840,175	5,570,043	4,681	4,347	5,844,856	5,574,390
Unrestricted grants and contributions	513,458	745,406	33	37	513,491	745,443
Investment earnings (loss)	64,354	(920)	3,908	(171)	68,262	(1,091)
Miscellaneous	<u>134,611</u>	<u>150,957</u>	<u>19,101</u>	<u>13,171</u>	<u>153,712</u>	<u>164,128</u>
Total revenues	<u>17,896,455</u>	<u>17,346,195</u>	<u>3,051,332</u>	<u>2,986,435</u>	<u>20,947,787</u>	<u>20,332,630</u>
Expenses:						
General government	1,307,001	1,274,689			1,307,001	1,274,689
Public protection	6,682,960	6,309,193			6,682,960	6,309,193
Public ways and facilities	366,582	381,211			366,582	381,211
Health and sanitation	3,557,523	3,066,172			3,557,523	3,066,172
Public assistance	5,830,165	5,538,106			5,830,165	5,538,106
Education	119,037	119,680			119,037	119,680
Recreation and cultural services	278,459	316,372			278,459	316,372
Interest on long-term debt	97,777	105,491			97,777	105,491
Hospitals			3,838,574	3,889,206	3,838,574	3,889,206
Waterworks			84,499	84,824	84,499	84,824
Aviation			<u>6,402</u>	<u>5,332</u>	<u>6,402</u>	<u>5,332</u>
Total expenses	<u>18,239,504</u>	<u>17,110,914</u>	<u>3,929,475</u>	<u>3,979,362</u>	<u>22,168,979</u>	<u>21,090,276</u>
Excess (deficiency) before transfers	(343,049)	235,281	(878,143)	(992,927)	(1,221,192)	(757,646)
Transfers	<u>(731,152)</u>	<u>(913,686)</u>	<u>731,152</u>	<u>913,686</u>		
Changes in net position	(1,074,201)	(678,405)	(146,991)	(79,241)	(1,221,192)	(757,646)
Net position – beginning	<u>10,390,976</u>	<u>11,069,381</u>	<u>565,397</u>	<u>644,638</u>	<u>10,956,373</u>	<u>11,714,019</u>
Net position – ending	<u>\$ 9,316,775</u>	<u>\$ 10,390,976</u>	<u>\$ 418,406</u>	<u>\$ 565,397</u>	<u>\$ 9,735,181</u>	<u>\$ 10,956,373</u>

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

**REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**



**EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**



**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Governmental Activities

Revenues from governmental activities increased by \$550 million (3.2%) 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 \$393 million. Of this total, \$236 million was attributable to higher reimbursable costs in public assistance programs, \$59 million was from health and sanitation programs related to the implementation of managed care, \$56 million was for public protection related to State Assembly Bill 109 public safety realignment, and \$49 million was due to increased revenues for public ways and facilities. Revenue associated with the State Mental Health Services Act (Proposition 63) declined by \$64 million, primarily because the prior year amount included a one-time distribution of excess State funds.
- Taxes, the County's largest general revenue source, were \$270 million higher than the prior year due almost entirely to increased property taxes which grew by \$268 million. The County's assessed property tax roll grew for the third consecutive year and was 4.66% higher in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "Pass through" payments primarily from redevelopment dissolution were \$202 million, and declined by \$39 million from the prior year. Redevelopment dissolution also shifted residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was \$160 million, an increase of \$35 million compared to the prior year.
- Charges for services increased by a total of \$162 million, primarily attributable to a \$230 million increase in revenues associated with clients who were enrolled in managed care pursuant to the County's implementation of the ACA. That increase was partially offset by a \$61 million reduction in revenues for Public Health's Substance Abuse Prevention and Control program, due to lower reimbursable costs.
- Unrestricted grants and contributions declined by \$232 million due primarily to a \$134 million reduction in one-time revenues from redevelopment agencies to the County. In the prior year, State law required former redevelopment agencies to transfer excess funds to local government agencies, including the County. In addition, the County's share of tobacco settlement revenues declined by \$33 million in the current year.

Additionally, pursuant to Assembly Bill 85 (AB85), the State withheld \$88 million of current year 1991 County Health Realignment Funds based on an assumption that County healthcare costs for the indigent population will decrease. The funds will be reconciled and trued-up at the end of FY 2015-16. Although the County anticipates that the final amount withheld will be less than or equal to \$88 million, it is subject to the State's review and approval, and the financial impact of the potential redirection of realignment funding in future years is not yet known. Accordingly, the revenues associated with the amount withheld have not been recorded in the financial statements.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Governmental Activities-Continued

Expenses related to governmental activities increased by \$1.129 billion (6.6%) during the current year. Of that increase, OPEB grew by \$373 million compared to the prior year, in which the County prefunded OPEB contributions with LACERA Credit Reserves by \$449 million. OPEB is discussed in more detail in Note 9 to the basic financial statements. Expenses for services and supplies costs increased by \$289 million and were attributable to higher costs in the health and sanitation programs. Overall, salaries and employee benefits expense increased by \$367 million. This increase was attributable to higher pension costs of \$136 million, growth in employee salaries of \$124 million due primarily to a negotiated 2% general cost of living increase, and other employee benefit costs which were \$107 million higher.

Business-type Activities

Revenues from business-type activities saw a net increase in comparison to the prior year of \$65 million (2.1%). The most significant change was in the area of charges for services, which increased by \$88 million. This was partially offset by a decrease of \$36 million in operating grants and contributions. As discussed in Note 14 to the basic financial statements, County Hospital revenues are derived from a wide range of federal and State funding sources. The implementation of the ACA had the effect of changing the amounts of individual program revenues in the current year. The most significant changes were primarily attributable to supplemental revenue increases of \$355 million associated with the expansion of Medicaid/Medi-Cal coverage, partially offset by reductions in revenues for Seniors and Persons with Disabilities (SPD), Safety Net Care Pool (SNCP) and Delivery System Reform Incentive Pool (DSRIP) totaling \$255 million.

Expenses related to business-type activities decreased from the previous year by a net total of \$50 million (1.2%), primarily related to the operation of the County's hospitals. Specifically, intergovernmental transfer expenses associated with various hospital funding sources declined by \$238 million. These decreases were partially offset by increased hospital costs for salaries and employee benefits of \$168 million, and services and supplies costs of \$46 million. For all Hospital facilities, the average patient census during the current year was 1,213 patients per day, which was lower in comparison with 1,234 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

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 \$6.277 billion, an increase of \$170 million in comparison with the prior year. Of the total fund balances, \$284 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$2.897 billion is classified as restricted, \$598 million as committed, and \$729 million as assigned. The remaining balance of \$1.769 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$17.868 billion, an increase of \$617 million (3.6%) from the previous year. Expenditures for all governmental funds in the current year were \$17.329 billion, an increase of \$920 million (5.6%) from the previous year. In addition, other financing uses exceeded other financing sources by \$369 million as compared to \$613 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 \$223 million (7.7%). At the end of the current fiscal year, the General Fund's total fund balance was \$3.103 billion. Of this amount, \$272 million is classified as nonspendable, \$41 million as restricted, \$483 million as committed, \$538 million as assigned and the remaining \$1.769 billion is classified as unassigned.

General Fund revenues during the current year were \$15.208 billion, an increase of \$601 million (4.1%) from the previous year. General Fund expenditures during the current year were \$14.790 billion, an increase of \$777 million (5.5%) from the previous year. Other financing sources/uses-net was negative \$195 million in the current year as compared to negative \$356 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$253 million and property taxes comprised \$246 million of this increase. Property tax revenues associated with higher assessed property values and increased supplemental property taxes grew by \$251 million. Residual property tax revenues, which are associated with redevelopment dissolution, were \$134 million in the current year, or \$30 million higher than the prior year. This growth in property taxes was offset by "pass through" property tax revenues, which were \$35 million lower in current year.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

- Governmental Funds-Continued

- Intergovernmental revenues increased overall by \$213 million, attributable primarily to increases in State revenues of \$253 million and federal revenues of \$60 million, partially offset by a decrease in "other" intergovernmental revenues of \$100 million. State revenue growth of \$155 million was attributable to higher levels of reimbursable program and administrative costs for public assistance and children and family services programs. There was also growth of \$50 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 \$36 million and \$7 million, respectively. There were also year-over-year increases in State Proposition 172 revenues of \$38 million. The decrease in "other" intergovernmental revenues of \$100 million is due to a decline in one-time transfers from former redevelopment agencies of excess funds associated with the State's Assembly Bill 1484 redevelopment dissolution initiative.
- Charges for services increased by a total of \$178 million. As previously mentioned, there was a \$230 million increase in revenues associated with clients who were enrolled in managed care pursuant to the County's implementation of the ACA. This was partially offset by a \$61 million reduction in revenues for Public Health's Substance Abuse Prevention and Control program, due to lower reimbursable costs.
- General fund expenditures increased by a total of \$777 million, or 5.5%. Within this total, current expenditures increased by \$785 million, and debt service and capital outlay expenditures decreased by \$2 million and \$6 million, respectively. The most significant increase in current expenditures was in salaries, employee benefits and pension costs, which were higher by a total of \$300 million, partially due to the negotiated salary increases as previously discussed. Health and sanitation program expenditures were higher by \$273 million, consisting of \$168 million in services and supplies costs associated with managed care and implementation of the ACA, \$95 million related to mental health programs, and County financial assistance to the Martin Luther King (MLK) Community Hospital of \$33 million. These increases were partially offset by a \$33 million reduction in expenditures for public health programs. Current expenditures were also higher by \$117 million in the public assistance category related to administering a variety of assistance programs. Finally, \$70 million of expenditure growth was related to the County's development of a new electronic health record system known as the Online Realtime Centralized Health Information Database.

The Fire Protection District reported a year-end fund balance of \$224 million, which represented a decrease of \$13 million from the previous year. Revenues increased by \$8 million. However, expenditures were higher by \$50 million, nearly all of which was related to salaries and benefits.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Governmental Funds-Continued

The Flood Control District reported a year-end fund balance of \$305 million, which was \$62 million higher than the previous year. Pooled cash and investments improved by \$82 million in the current year. Revenues of \$256 million and expenditures of \$187 million were nearly unchanged from the previous year.

The Public Library Fund reported a year-end fund balance of \$61 million, which was \$2 million higher than the previous year. Revenues were unchanged, at \$81 million in the current and prior year. Expenditures increased in the current year by \$5 million and there was a net increase of \$9 million for "transfers in."

The Regional Park and Open Space District reported a year-end fund balance of \$323 million, which was \$7 million lower than the previous year. Current year revenues were lower by \$31 million with a related decrease in "transfers out" of \$35 million. In the current year, comparable revenues were recognized directly in the Regional Park and Open District Debt Service Fund and are now more appropriately aligned with their related expenditures, thereby eliminating the use of "transfers" between the two funds. Expenditures were \$55 million in the current year versus \$35 million in the prior year, due to an increase of \$20 million in park, recreation, and open space capital projects.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's principal proprietary funds consist of four hospital enterprise funds and each one is reported as a major fund. All of the aforementioned funds incurred a net loss prior to contributions and transfers.

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year as discussed in Note 15 to the basic financial statements. The amount of subsidy, per facility, ranged from \$16 million for Rancho Los Amigos National Rehabilitation Center to \$227 million for the Harbor-UCLA Medical Center. The total subsidy amount was \$522 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 \$718 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 (\$111 million), Harbor-UCLA Medical Center (\$56 million), and Olive-View UCLA Medical Center (\$42 million). The total amount of current year Measure B transfers (\$209 million) was lower than the prior year amount of \$215 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Proprietary Funds-Continued

Waterworks Funds reported year-end net position of \$816 million, a \$4 million reduction from the previous year. Current year operating revenues of \$75 million were \$3 million higher than the previous year's amount of \$72 million. Current year operating expenses of \$84 million were nearly the same as the previous year's amount of \$85 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 increase of \$69 million in the General Fund's available (unassigned) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	<u>Increase From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive (Negative)</u>
Taxes	\$ 144,756	\$ 4,515,896	\$ 4,518,193	\$ 2,297
Intergovernmental revenues	215,296	9,114,808	8,416,611	(698,197)
Charges for services	121,917	1,882,315	1,751,008	(131,307)
All other revenues	10,767	544,171	537,831	(6,340)
Other sources and transfers in	4,229	687,475	457,580	(229,895)
Total	<u>\$ 496,965</u>	<u>\$ 16,744,665</u>	<u>\$ 15,681,223</u>	<u>\$ (1,063,442)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$497 million. The most significant changes occurred in the following areas:

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Changes from Amounts Originally Budgeted-Continued

- Estimated intergovernmental revenues increased by \$215 million. Of this amount, \$63 million was used to augment federal and State funds budgeted for a variety of health and mental health programs. Federal revenues of \$57 million were added to the budget to more accurately reflect the General Fund's share of health care reform revenues. There was also an increase of \$35 million for public assistance programs due to higher levels of reimbursable costs. Net additions of \$35 million were made to budgeted intergovernmental revenues associated with redevelopment dissolution revenues. Budgeted federal revenues for emergency and disaster recovery were increased by \$11 million to reflect additional grant funding. There were other net additions to budgeted intergovernmental revenues of \$14 million.
- The budget for tax revenues increased by \$145 million. Of this increase, \$116 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. In addition, \$29 million was added to the budget for unanticipated property tax revenues recognized in conjunction with redevelopment dissolution.
- The budget for charges for services increased by \$122 million. This increase was associated with the General Fund's managed care program and services, which expanded in conjunction with implementing the ACA.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$15.681 billion. The amount was \$1.063 billion, or 6.4%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, charges for services, and "other sources and transfers in."

- Actual intergovernmental revenues were \$698 million lower than the amount budgeted. Budgeted intergovernmental revenues of \$263 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. Approximately \$165 million was associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Mental health programs accounted for approximately \$117 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The Probation and Sheriff's Departments under-realized revenues of \$40 million due to lower than expected reimbursement of salaries, services and supplies. Public health related programs experienced budgeted revenue shortfalls of \$37 million, most of which was associated with federal grants and offset by a comparable amount of cost savings. 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 \$52 million was related to a variety of other programs.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

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

- The actual amount of "other sources and transfers in" was \$230 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were \$132 million lower than budgeted. In addition, "transfers in" totaling \$64 million were assumed in the budget for capital improvements and extraordinary building maintenance projects which did not incur expected costs. Costs associated with Sheriff's Department programs funded by the Other Public Protection Special Revenue Funds were \$19 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of \$15 million.
- Actual charges for services were \$131 million lower than the amount budgeted, primarily due to an unanticipated reduction of \$112 million in public health program revenues which were largely associated with lower reimbursement for substance abuse prevention and control services. The remaining variance of \$19 million was related to a variety of other charges for services.

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	\$ (168,572)	\$ 1,626,295	\$ 1,011,090	\$ (615,205)
Public protection	72,772	5,173,234	4,911,255	(261,979)
Health and sanitation	267,730	3,713,484	3,335,840	(377,644)
Public assistance	57,417	5,835,422	5,495,558	(339,864)
All other expenditures	22,422	1,196,061	365,006	(831,055)
Transfers out	20,856	530,254	522,231	(8,023)
Contingencies	115,797	115,797		(115,797)
Fund balance changes-net	<u>108,543</u>	<u>51,699</u>	<u>(28,439)</u>	<u>(80,138)</u>
Total	<u>\$ 496,965</u>	<u>\$ 18,242,246</u>	<u>\$ 15,612,541</u>	<u>\$ (2,629,705)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$497 million. The most significant increases occurred in the following areas:

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Changes from Amounts Originally Budgeted-Continued

- Health and sanitation appropriations were increased by \$268 million. As previously mentioned, estimated revenues of \$242 million were added to the budget to augment appropriations to implement the Medi-Cal Expansion and the Low Income Health Plan. The difference was attributable to a net increase in health and sanitation appropriations of \$26 million.
- General government appropriations decreased by \$169 million. Of this amount, appropriations not associated with specific County departments, such as provisional appropriations, decreased by \$202 million and transferred to other functional categories to fund the financial assistance to the Martin Luther King, Jr.-Los Angeles (MLK-LA) Healthcare Corporation, various capital improvements, deferred maintenance projects, and increased salaries and employee benefits expenditures. This was offset by an increase of appropriations of \$48 million for project and facility development expenditures and various decreases to general government expenditures by \$15 million.
- After the original budget was established, appropriations for contingencies were increased by \$116 million. As previously mentioned, there was a \$116 million increase to budgeted tax revenues at the end of the fiscal year, which was accompanied by an increase in appropriations for contingencies to comply with statutory requirements.
- Net budgetary changes of \$109 million had the effect of increasing various fund balance components. There was \$82 million of financial assistance provided to the Martin Luther King, Jr.-Los Angeles (MLK-LA) Healthcare Corporation and \$30 million was committed for programs in the incorporated areas. These changes were offset by \$3 million of reductions to other fund balance categories.
- Public Protection appropriations were increased by \$73 million. Of this amount, \$47 million was for negotiated increases in salaries and employee benefits expenditures, and \$17 million was appropriated to implement the Citizen's Commission on Jail Violence recommendations. Various increases in public protection programs appropriations comprised the remaining \$9 million.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$2.630 billion lower (14.4%) than the final total budget of \$15.613 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 \$831 million less than the budgeted amount. Of this variance, \$812 million was in the capital outlay category, related to numerous 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

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

- The general government function reported actual expenditures that were \$615 million less than the amount budgeted. Of this amount, \$430 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 \$185 million was spread across County departments 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 \$378 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by \$222 million, primarily due to lower than anticipated costs for contracted services and some salary savings. The public health program recognized budgetary savings of \$141 million, with \$101 million due to lower than expected contract service costs and approximately \$44 million in salaries and benefits savings. The remaining variance of \$15 million was associated with other health programs.
- Actual public assistance expenditures were \$340 million lower than the final budget. Of this amount, \$282 million was concentrated in social service and 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 \$32 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of \$26 million was related to other public assistance programs.
- Expenditures in the public protection category were \$262 million less than the budgeted amount. Appropriations for Sheriff's and Probation services exceeded actual expenditures by \$199 million primarily due to lower than anticipated costs for contracted services and salary savings. The balance was primarily concentrated in the area of federal and State emergency grant funded programs, where actual expenditures were \$63 million less than anticipated due to delays in carrying out various projects.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2014 were \$19.093 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$425 million, as shown in the following table.

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

	Current Year	Prior Year	Increase (Decrease)
Land and easements	\$ 7,542,257	\$ 7,533,653	\$ 8,604
Buildings and improvements	4,649,013	3,934,494	714,519
Infrastructure	4,925,897	5,037,495	(111,598)
Equipment	524,218	510,535	13,683
Software	294,937	319,782	(24,845)
Capital assets, in progress	<u>1,157,155</u>	<u>1,332,302</u>	<u>(175,147)</u>
Total	<u>\$ 19,093,477</u>	<u>\$ 18,668,261</u>	<u>\$ 425,216</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. Three significant hospital projects were completed toward the end of the current year and reclassified from construction-in-progress to buildings and improvements for the following facilities: \$384 million for Harbor/UCLA Medical Center surgical facility, \$174 million for the Martin Luther King, Jr. Outpatient Center, and \$124 million for the High Desert Regional Health Center. As of June 30, 2014, there were \$527 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by \$7 million, as newly issued debt and accretions of \$472 million exceeded debt maturities of \$465 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 \$418 million were issued for governmental and business-type activities in the amounts of \$367 million and \$51 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 improvements.
- New debt of \$54 million was issued to finance the acquisition of equipment. Equipment debt totaling \$61 million was redeemed during the year in accordance with maturity schedules.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

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 billion in tax and revenue anticipation notes, with maturities of \$300 million on February 28, 2014 and \$700 million on June 30, 2014. 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 assigned by the respective rating agencies:

	<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

Since the previous year, the County's bond ratings remained the same except for the following changes:

- Standard & Poor's upgraded the following ratings: General Obligation Bonds from AA to AA+, Facilities from AA- to AA, Equipment/Non-Essential Leases from AA- to AA, and Operating/Non-Essential Leases from AA- to AA.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2014-2015 Budget on June 23, 2014. The Budget was adopted based on estimated fund balances that would be available at the end of 2013-2014. The Board updated the Budget on September 30, 2014 to reflect final 2013-2014 fund balances and other pertinent financial information. For the County's General Fund, the 2014-2015 Budget utilized \$1.566 billion of fund balance, which exceeded the previously estimated fund balance of \$1.198 billion. Of the additional fund balance of \$368 million, \$213 million was used to carryover lapsed appropriations and the remaining \$155 million was used to fund one-time projects and programs.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2014**

The County's 2014-2015 Budget anticipates the continuation of moderate growth that began in 2012-2013. Improvements in the housing market and the continued downward trend in unemployment have strengthened consumer confidence and increased consumer spending. Among the fiscal challenges facing the County are the impact that health care reform and ongoing implementation of the ACA will have on the County's health care system, the implementation of the Department of Justice recommendations on mental health issues in the County jail system, unfunded liabilities for retiree healthcare benefits, and addressing significant deferred maintenance and capital improvement needs. The County will continue to strategically address restoring previous curtailments and addressing structural deficits as locally generated revenues increase.

The County's budget outlook may also be impacted by the October 31, 2015 expiration of the Centers for Medicare and Medicaid Services Medi-Cal Demonstration Project, called "California's Bridge to Reform" (Waiver), which affects Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State draws down federal matching funds. The waiver provides funding sources for the County to implement healthcare delivery system and quality of care reforms, and DHS has indicated that renewal is necessary to support the ongoing implementation of the ACA. The State Department of Health Care Services has begun the stakeholder process to renew the Waiver.

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) forecasts continued moderate State revenue growth through 2019-2020. The LAO also projects that the State will begin to fund a Budget Stabilization Account and to pay down specified debts, pursuant to the November 4, 2014 passage of the Rainy Day Budget Stabilization Fund Act (Proposition 2), which may moderate the impact of future volatility in State revenues. 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, 2014 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 4,148,453	74,964	\$ 4,223,417	\$ 735,741
Other	991,820	38,953	1,030,773	
Total pooled cash and investments	<u>5,140,273</u>	<u>113,917</u>	<u>5,254,190</u>	<u>735,741</u>
Other investments (Note 5)	64,556		64,556	213,246
Taxes receivable	242,652	750	243,402	
Accounts receivable - net (Note 14)		1,522,648	1,522,648	35,008
Interest receivable	18,185	335	18,520	650
Other receivables	2,193,884	257,577	2,451,461	68,803
Internal balances (Note 15)	768,135	(768,135)		
Inventories	77,197	23,695	100,892	21,527
Restricted assets (Note 5)	4,443	151,244	155,687	
Net pension obligation				131
Capital assets: (Notes 6 and 10)				
Capital assets, not being depreciated	8,425,066	274,346	8,699,412	96,752
Capital assets, net of accumulated depreciation	7,666,235	2,727,830	10,394,065	92,988
Total capital assets	<u>16,091,301</u>	<u>3,002,176</u>	<u>19,093,477</u>	<u>189,740</u>
TOTAL ASSETS	<u>24,600,626</u>	<u>4,304,207</u>	<u>28,904,833</u>	<u>1,264,846</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	<u>20,243</u>		<u>20,243</u>	
LIABILITIES				
Accounts payable	573,706	272,318	846,024	63,484
Accrued payroll	384,709	80,259	464,968	
Other payables	95,230	10,685	105,915	1,063
Accrued interest payable	19,554	20,192	39,746	
Unearned revenue	76,329	315	76,644	190
Advances payable	582,664	315	582,979	
Long-term liabilities: (Note 11)				
Due within one year	1,064,609	177,421	1,242,030	5,440
Due in more than one year	12,410,262	3,324,296	15,734,558	66,577
TOTAL LIABILITIES	<u>15,207,063</u>	<u>3,885,801</u>	<u>19,092,864</u>	<u>136,754</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>97,031</u>		<u>97,031</u>	
NET POSITION				
Net investment in capital assets (Notes 6 and 11)	14,789,236	2,271,730	17,060,966	149,662
Restricted for:				
Capital projects	58,218		58,218	
Debt service	59,740	4,847	64,587	
Permanent funds - nonspendable	2,195		2,195	
Permanent funds - spendable	222		222	
General government	551,800		551,800	
Public protection	604,749		604,749	
Public ways and facilities	465,933	72,061	537,994	
Health and sanitation	648,068		648,068	
Recreation	328,429		328,429	
Community development				281,516
First 5 LA				632,680
Other	8,025		8,025	
Unrestricted (deficit)	(8,199,840)	(1,930,232)	(10,130,072)	64,234
TOTAL NET POSITION	<u>\$ 9,316,775</u>	<u>418,406</u>	<u>\$ 9,735,181</u>	<u>\$ 1,128,092</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, 2014 (in thousands)

FUNCTIONS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,307,001	488,685	40,325	7,356
Public protection	6,682,960	1,222,157	1,477,727	4,573
Public ways and facilities	366,582	37,937	234,784	812
Health and sanitation	3,557,523	784,997	2,018,269	109
Public assistance	5,830,165	13,712	4,805,553	
Education	119,037	3,378	222	
Recreation and cultural services	278,459	200,639	2,622	
Interest on long-term debt	97,777			
Total governmental activities	<u>18,239,504</u>	<u>2,751,505</u>	<u>8,579,502</u>	<u>12,850</u>
Business-type activities:				
Hospitals	3,838,574	2,455,940	485,755	
Waterworks	84,499	74,598	131	326
Aviation	6,402	4,027	2	2,830
Total business-type activities	<u>3,929,475</u>	<u>2,534,565</u>	<u>485,888</u>	<u>3,156</u>
Total primary government	<u>\$ 22,168,979</u>	<u>5,286,070</u>	<u>9,065,390</u>	<u>16,006</u>
DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 648,226</u>	<u>63,475</u>	<u>498,376</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 income
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET POSITION
NET POSITION, JULY 1, 2013
NET POSITION, JUNE 30, 2014

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

NET (EXPENSES) REVENUES AND
CHANGES IN NET POSITION

PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		FUNCTIONS
\$ (770,635)		\$ (770,635)		PRIMARY GOVERNMENT:
(3,978,503)		(3,978,503)		Governmental activities:
(93,049)		(93,049)		General government
(754,148)		(754,148)		Public protection
(1,010,900)		(1,010,900)		Public ways and facilities
(115,437)		(115,437)		Health and sanitation
(75,198)		(75,198)		Public assistance
(97,777)		(97,777)		Education
(6,895,647)		(6,895,647)		Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
	(896,879)	(896,879)		Business-type activities:
	(9,444)	(9,444)		Hospitals
	457	457		Waterworks
	(905,866)	(905,866)		Aviation
(6,895,647)	(905,866)	(7,801,513)		Total business-type activities
				Total primary government
			\$ (86,375)	DISCRETELY PRESENTED COMPONENT UNITS
5,231,117	4,681	5,235,798		GENERAL REVENUES:
56,524		56,524		Taxes:
357,620		357,620		Property taxes
71,762		71,762		Utility users taxes
29,968		29,968		Voter approved taxes
93,184		93,184		Documentary transfer taxes
				Other taxes
513,458	33	513,491		Sales and use taxes, levied by the State
64,354	3,908	68,262	10,690	Grants and contributions not restricted to special programs
134,611	19,101	153,712	5,887	Investment income
(731,152)	731,152			Miscellaneous
5,821,446	758,875	6,580,321	16,577	TRANSFERS - NET
(1,074,201)	(146,991)	(1,221,192)	(69,798)	Total general revenues and transfers
10,390,976	565,397	10,956,373	1,197,890	CHANGE IN NET POSITION
\$ 9,316,775	418,406	\$ 9,735,181	\$ 1,128,092	NET POSITION, JULY 1, 2013
				NET POSITION, JUNE 30, 2014

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 1,011,366	207,399	334,752	60,420
Other	922,428	12,690	10,229	1,191
Total pooled cash and investments	<u>1,933,794</u>	<u>220,089</u>	<u>344,981</u>	<u>61,611</u>
Other investments (Notes 4 and 5)	4,810			119
Taxes receivable	169,141	39,041	12,196	5,906
Interest receivable	10,851	470	816	169
Other receivables	1,985,832	40,094	4,103	1,505
Due from other funds (Note 15)	283,255	2,604	12,696	4,297
Advances to other funds (Note 15)	885,314		6,307	
Inventories	56,790	8,542		1,216
TOTAL ASSETS	<u><u>5,329,787</u></u>	<u><u>310,840</u></u>	<u><u>381,099</u></u>	<u><u>74,823</u></u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)				
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u><u>\$ 5,329,787</u></u>	<u><u>310,840</u></u>	<u><u>381,099</u></u>	<u><u>74,823</u></u>
LIABILITIES				
Accounts payable	\$ 516,410	5,351	2,502	1,174
Accrued payroll	331,045	34,328		3,518
Other payables	111,019	2,337	40,936	434
Due to other funds (Note 15)	158,626	17,294	24,116	4,573
Advances payable	575,567			
Third party payor (Notes 11 and 14)	26,207			
TOTAL LIABILITIES	<u>1,718,874</u>	<u>59,310</u>	<u>67,554</u>	<u>9,699</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>508,105</u>	<u>27,287</u>	<u>8,071</u>	<u>4,221</u>
FUND BALANCES (Note 21)				
Nonspendable	272,007	8,542		1,216
Restricted	40,577	215,701	305,375	9,814
Committed	482,740			
Assigned	538,078		99	49,873
Unassigned	1,769,406			
TOTAL FUND BALANCES	<u>3,102,808</u>	<u>224,243</u>	<u>305,474</u>	<u>60,903</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 5,329,787</u></u>	<u><u>310,840</u></u>	<u><u>381,099</u></u>	<u><u>74,823</u></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)
\$ 325,905	2,176,066		\$ 4,115,908	Operating
965	39,212		986,715	Other
<u>326,870</u>	<u>2,215,278</u>		<u>5,102,623</u>	Total pooled cash and investments
	173,242	(113,615)	64,556	Other investments (Notes 4 and 5)
2,392	13,976		242,652	Taxes receivable
903	4,846		18,055	Interest receivable
5,320	49,848		2,086,702	Other receivables
398	71,924		375,174	Due from other funds (Note 15)
	12,164		903,785	Advances to other funds (Note 15)
			66,548	Inventories
<u>335,883</u>	<u>2,541,278</u>	<u>(113,615)</u>	<u>8,860,095</u>	TOTAL ASSETS
	241,498		241,498	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
<u>\$ 335,883</u>	<u>2,782,776</u>	<u>(113,615)</u>	<u>\$ 9,101,593</u>	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
				LIABILITIES
\$ 2,453	36,708		\$ 564,598	Accounts payable
	92		368,983	Accrued payroll
	14,438		169,164	Other payables
5,001	339,022		548,632	Due to other funds (Note 15)
	6,911		582,478	Advances payable
	538		26,745	Third party payor (Notes 11 and 14)
<u>7,454</u>	<u>397,709</u>		<u>2,260,600</u>	TOTAL LIABILITIES
5,576	11,135		564,395	DEFERRED INFLOWS OF RESOURCES (Note 20)
				FUND BALANCES (Note 21)
	2,195		283,960	Nonspendable
322,853	2,115,934	(113,615)	2,896,639	Restricted
	115,116		597,856	Committed
	140,687		728,737	Assigned
			1,769,406	Unassigned
<u>322,853</u>	<u>2,373,932</u>	<u>(113,615)</u>	<u>6,276,598</u>	TOTAL FUND BALANCES
<u>\$ 335,883</u>	<u>2,782,776</u>	<u>(113,615)</u>	<u>\$ 9,101,593</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014 (in thousands)

Fund balances - total governmental funds (page 29) \$ 6,276,598

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	\$ 7,358,289	
Construction-in-progress	1,066,777	
Buildings and improvements - net	2,758,839	
Equipment - net	299,282	
Intangible software - net	257,895	
Infrastructure - net	4,222,038	15,963,120

Deferred outflows and inflows of resources reported in the statement of net position, but not recognized in the governmental funds:

Deferred outflows from losses on refunding of debt	\$ 20,243	
Deferred inflows from service concession arrangements	(97,031)	(76,788)

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities:

Deferred inflows from property taxes	\$ 172,695	
Deferred inflows from long-term receivables	150,202	322,897

Other long-term asset transactions are not available for the current period and are not recognized in governmental funds:

Payables and receivables related to capital assets	\$ 479	
Accrued interest on long-term receivables	7	486

Installment receivables from service concession arrangements. 97,031

Accrued interest payable is not recognized in governmental funds. (19,379)

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	\$ (1,523,930)	
Unamortized premiums on bonds and notes	(27,908)	
Accreted interest on bonds and notes	(170,583)	
Capital lease obligations	(174,121)	
Accrued compensated absences	(1,190,722)	
Workers' compensation	(1,821,114)	
Litigation and self-insurance	(169,909)	
Pollution remediation obligations	(18,194)	
OPEB obligation	(7,869,209)	(12,965,690)

Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position. (281,500)

Net position of governmental activities (page 25) \$ 9,316,775

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



COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES				
Taxes	\$ 4,520,755	709,298	116,408	74,776
Licenses, permits and franchises	59,886	13,710	788	
Fines, forfeitures and penalties	207,094	3,788	1,412	509
Revenue from use of money and property:				
Investment income (Note 5)	36,447	1,593	2,370	647
Rents and concessions (Note 10)	91,108	104	7,862	13
Royalties	946		1,484	
Intergovernmental revenues:				
Federal	3,227,981	8,676	281	6
State	5,104,864	12,774	5,013	645
Other	62,827	1,934	1,768	1,109
Charges for services	1,743,447	178,607	115,560	2,603
Miscellaneous	152,663	482	2,915	324
TOTAL REVENUES	15,208,018	930,966	255,861	80,632
EXPENDITURES				
Current:				
General government	998,438			
Public protection	4,843,148	933,937	186,723	
Public ways and facilities				
Health and sanitation	3,204,177			
Public assistance	5,430,398			
Education				121,124
Recreation and cultural services	282,660			
Debt service:				
Principal	10,633	802		
Interest and other charges	18,295	72		
Capital outlay	2,398			
TOTAL EXPENDITURES	14,790,147	934,811	186,723	121,124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	417,871	(3,845)	69,138	(40,492)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 15)	466,108	3,730		51,562
Transfers out (Note 15)	(663,327)	(12,617)	(6,732)	(9,167)
Issuance of debt (Note 11)				
Capital leases (Note 10)	1,736			
Sales of capital assets	770	228	87	4
TOTAL OTHER FINANCING SOURCES (USES)	(194,713)	(8,659)	(6,645)	42,399
NET CHANGE IN FUND BALANCES	223,158	(12,504)	62,493	1,907
FUND BALANCES, JULY 1, 2013	2,879,650	236,747	242,981	58,996
FUND BALANCES, JUNE 30, 2014	\$ 3,102,808	224,243	305,474	60,903

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				REVENUES
\$	351,352		\$ 5,772,589	Taxes
	16,776		91,160	Licenses, permits and franchises
815	70,700		284,318	Fines, forfeitures and penalties
				Revenue from use of money and property:
3,330	26,207	(6,497)	64,097	Investment income (Note 5)
	25,577		124,664	Rents and concessions (Note 10)
	5		2,435	Royalties
				Intergovernmental revenues:
	22,829		3,259,773	Federal
	577,083		5,700,379	State
	15,949		83,587	Other
44,210	190,570		2,274,997	Charges for services
	53,706		210,090	Miscellaneous
<u>48,355</u>	<u>1,350,754</u>	<u>(6,497)</u>	<u>17,868,089</u>	TOTAL REVENUES
				EXPENDITURES
				Current:
	28,523		1,026,961	General government
	66,580		6,030,388	Public protection
	338,953		338,953	Public ways and facilities
	155,253		3,359,430	Health and sanitation
	7,330		5,437,728	Public assistance
	113		121,237	Education
55,342	8,688		346,690	Recreation and cultural services
				Debt service:
	368,213	(29,255)	350,393	Principal
	87,168	(6,497)	99,038	Interest and other charges
	216,100		218,498	Capital outlay
<u>55,342</u>	<u>1,276,921</u>	<u>(35,752)</u>	<u>17,329,316</u>	TOTAL EXPENDITURES
				EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
<u>(6,987)</u>	<u>73,833</u>	<u>29,255</u>	<u>538,773</u>	
				OTHER FINANCING SOURCES (USES)
	143,419		664,819	Transfers in (Note 15)
	(712,468)		(1,404,311)	Transfers out (Note 15)
	366,957		366,957	Issuance of debt (Note 11)
			1,736	Capital leases (Note 10)
	497		1,586	Sales of capital assets
	<u>(201,595)</u>		<u>(369,213)</u>	TOTAL OTHER FINANCING SOURCES (USES)
				NET CHANGE IN FUND BALANCES
	(6,987)	(127,762)	29,255	169,560
	329,840	2,501,694	(142,870)	6,107,038
<u>\$ 322,853</u>	<u>2,373,932</u>	<u>(113,615)</u>	<u>\$ 6,276,598</u>	FUND BALANCES, JULY 1, 2013
				FUND BALANCES, JUNE 30, 2014

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, 2014 (in thousands)

Net change in fund balances - total governmental funds (page 33) \$ 169,560

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	\$ 631,200	
Less - current year depreciation expense	(374,632)	256,568

In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net position differs from the change in fund balance. (2,922)

Contribution of capital assets is not recognized in the governmental funds. 4,905

Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds. (2,922)

Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities. (25,904)

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

Change in accrued interest on long-term receivables	\$ 7	
Change in unamortized premiums	4,199	4,206

Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position. (368,693)

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	\$ 53,754	
Notes, loans, and lease revenue obligation notes	255,949	
Assessment bonds	29,255	
Other long-term notes, loans and capital leases	11,435	350,393

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	\$ (28,233)	
Change in litigation and self-insurance	7,169	
Change in pollution remediation obligations	(2,308)	
Change in accrued compensated absences	(44,406)	
Change in OPEB obligation	(1,348,782)	
Change in accrued interest payable	1,134	
Change in accretion of bonds and notes	4,189	
Change in accretion of tobacco settlement bonds	(2,630)	
Transfer of capital assets from governmental fund to enterprise fund	(1,106)	(1,414,973)

The portion of internal service funds that is reported with governmental activities. (44,419)

Change in net position of governmental activities (page 27) \$ (1,074,201)

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 4,371,140	4,515,896	4,518,193	2,297
Licenses, permits and franchises	43,614	43,655	59,886	16,231
Fines, forfeitures and penalties	214,088	214,088	207,094	(6,994)
Revenue from use of money and property:				
Investment income	28,755	29,186	28,796	(390)
Rents and concessions	96,908	101,109	91,108	(10,001)
Royalties	225	225	946	721
Intergovernmental revenues:				
Federal	3,867,609	4,007,397	3,251,164	(756,233)
State	4,974,708	5,014,375	5,113,078	98,703
Other	57,195	93,036	52,369	(40,667)
Charges for services	1,760,398	1,882,315	1,751,008	(131,307)
Miscellaneous	149,814	155,908	150,001	(5,907)
TOTAL REVENUES	15,564,454	16,057,190	15,223,643	(833,547)
EXPENDITURES				
Current:				
General government	1,794,867	1,626,295	1,011,090	(615,205)
Public protection	5,100,462	5,173,234	4,911,255	(261,979)
Health and sanitation	3,445,754	3,713,484	3,335,840	(377,644)
Public assistance	5,778,005	5,835,422	5,495,558	(339,864)
Recreation and cultural services	294,336	300,947	287,630	(13,317)
Debt service-				
Interest	2,801	2,801	2,801	
Capital outlay	876,502	892,313	74,575	(817,738)
TOTAL EXPENDITURES	17,292,727	17,544,496	15,118,749	(2,425,747)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,728,273)	(1,487,306)	104,894	1,592,200
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	304	304	770	466
Transfers in	682,942	687,171	456,810	(230,361)
Transfers out	(509,398)	(530,254)	(522,231)	8,023
Appropriations for contingencies		(115,797)		115,797
Changes in fund balance	56,844	(51,699)	28,439	80,138
OTHER FINANCING SOURCES (USES) - NET	230,692	(10,275)	(36,212)	(25,937)
NET CHANGE IN FUND BALANCE	(1,497,581)	(1,497,581)	68,682	1,566,263
FUND BALANCE, JULY 1, 2013 (Note 16)	1,497,581	1,497,581	1,497,581	
FUND BALANCE, JUNE 30, 2014 (Note 16)	\$		1,566,263	1,566,263

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, 2014 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 691,385	704,635	707,000	2,365
Licenses, permits and franchises	13,473	13,473	13,710	237
Fines, forfeitures and penalties	4,013	4,013	3,788	(225)
Revenue from use of money and property:				
Investment income	901	901	841	(60)
Rents and concessions	85	85	104	19
Intergovernmental revenues:				
Federal	13,773	14,413	8,676	(5,737)
State	20,831	20,831	12,774	(8,057)
Other			1,934	1,934
Charges for services	172,119	172,282	178,607	6,325
Miscellaneous	1,043	1,043	482	(561)
TOTAL REVENUES	917,623	931,676	927,916	(3,760)
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	804,316	828,354	810,433	(17,921)
Services and supplies	137,141	131,027	114,595	(16,432)
Other charges	11,971	11,971	5,055	(6,916)
Capital assets	22,556	16,825	9,744	(7,081)
TOTAL EXPENDITURES	975,984	988,177	939,827	(48,350)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(58,361)	(56,501)	(11,911)	44,590
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	297	297	228	(69)
Transfers in	3,731	3,731	3,730	(1)
Transfers out	(7,835)	(10,645)	(10,645)	
Changes in fund balance	(42,208)	(41,258)	(36,991)	4,267
OTHER FINANCING SOURCES (USES) - NET	(46,015)	(47,875)	(43,678)	4,197
NET CHANGE IN FUND BALANCE	(104,376)	(104,376)	(55,589)	48,787
FUND BALANCE, JULY 1, 2013 (Note 16)	104,376	104,376	104,376	
FUND BALANCE, JUNE 30, 2014 (Note 16)	\$		48,787	48,787

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, 2014 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 98,590	113,839	117,197	3,358
Licenses, permits and franchises	707	707	788	81
Fines, forfeitures and penalties	1,503	1,503	1,412	(91)
Revenue from use of money and property:				
Investment income	1,417	1,537	1,828	291
Rents and concessions	7,180	7,180	7,862	682
Royalties	600	600	1,484	884
Intergovernmental revenues:				
Federal			281	281
State	5,833	5,833	5,013	(820)
Other	4,155	4,155	1,768	(2,387)
Charges for services	125,642	125,642	115,045	(10,597)
Miscellaneous	1,128	1,128	2,915	1,787
TOTAL REVENUES	246,755	262,124	255,593	(6,531)
EXPENDITURES				
Current-Public protection:				
Services and supplies	230,039	228,139	171,129	(57,010)
Other charges	5,910	5,910	4,204	(1,706)
Capital assets	469	709	316	(393)
Capital outlay	75,368	77,028	22,425	(54,603)
TOTAL EXPENDITURES	311,786	311,786	198,074	(113,712)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,031)	(49,662)	57,519	107,181
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	68	68	87	19
Transfers out	(5,836)	(5,836)	(3,642)	2,194
Appropriations for contingencies		(15,369)		15,369
Changes in fund balance	(5,775)	(5,775)	(1,121)	4,654
OTHER FINANCING SOURCES (USES) - NET	(11,543)	(26,912)	(4,676)	22,236
NET CHANGE IN FUND BALANCE	(76,574)	(76,574)	52,843	129,417
FUND BALANCE, JULY 1, 2013 (Note 16)	76,574	76,574	76,574	
FUND BALANCE, JUNE 30, 2014 (Note 16)	\$		129,417	129,417

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, 2014 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 73,497	73,497	74,928	1,431
Fines, forfeitures and penalties			509	509
Revenue from use of money and property:				
Investment income	400	400	437	37
Rents and concessions	15	15	13	(2)
Intergovernmental revenues:				
Federal			6	6
State	531	531	645	114
Other	988	988	1,109	121
Charges for services	2,880	2,880	2,603	(277)
Miscellaneous	927	957	324	(633)
TOTAL REVENUES	79,238	79,268	80,574	1,306
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	84,708	84,708	76,334	(8,374)
Services and supplies	66,598	79,062	46,062	(33,000)
Other charges	114	114	83	(31)
Capital assets	600	833	361	(472)
TOTAL EXPENDITURES	152,020	164,717	122,840	(41,877)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(72,782)	(85,449)	(42,266)	43,183
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	4	(9)
Transfers in	46,102	57,606	51,562	(6,044)
Transfers out	(4,939)	(9,581)	(9,167)	414
Changes in fund balance	(5,682)	123	3,754	3,631
OTHER FINANCING SOURCES (USES) - NET	35,494	48,161	46,153	(2,008)
NET CHANGE IN FUND BALANCE	(37,288)	(37,288)	3,887	41,175
FUND BALANCE, JULY 1, 2013 (Note 16)	37,288	37,288	37,288	
FUND BALANCE, JUNE 30, 2014 (Note 16)	\$		41,175	41,175

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, 2014 (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	\$ 823	823	815	(8)
Revenue from use of money and property- Investment income	2,007	2,007	2,072	65
Charges for services	80,248	80,248	80,167	(81)
TOTAL REVENUES	83,078	83,078	83,054	(24)
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	5,857	7,427	6,105	(1,322)
Other charges	288,531	289,217	63,238	(225,979)
TOTAL EXPENDITURES	294,388	296,644	69,343	(227,301)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(211,310)	(213,566)	13,711	227,277
OTHER FINANCING SOURCES (USES)				
Transfers in	82,667	85,027	83,140	(1,887)
Transfers out	(118,712)	(121,072)	(119,385)	1,687
Appropriations for contingencies	(4,359)	(2,103)		2,103
Changes in fund balance	59,027	59,027	65,949	6,922
OTHER FINANCING SOURCES (USES) - NET	18,623	20,879	29,704	8,825
NET CHANGE IN FUND BALANCE	(192,687)	(192,687)	43,415	236,102
FUND BALANCE, JULY 1, 2013 (Note 16)	192,857	192,857	192,857	
FUND BALANCE, JUNE 30, 2014 (Note 16)	\$ 170	170	236,272	236,102

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, 2014 (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	\$ 1,596	650	1,537	268
Other	10,588	7,734	16,978	2,180
Total pooled cash and investments	<u>12,184</u>	<u>8,384</u>	<u>18,515</u>	<u>2,448</u>
Taxes receivable				
Accounts receivable - net (Note 14)	468,090	246,979	613,414	179,336
Interest receivable	83	35	19	9
Other receivables	15,377	13,000	26,801	5,758
Due from other funds (Note 15)	63,115	37,907	122,161	6,129
Advances to other funds (Note 15)				
Inventories	8,058	4,544	9,866	1,224
Total current assets	<u>566,907</u>	<u>310,849</u>	<u>790,776</u>	<u>194,904</u>
Noncurrent assets:				
Restricted assets (Note 5)	98,889	41,623	4,832	4,257
Other receivables (Note 14 and 15)	51,123	36,696	76,605	32,217
Capital assets: (Notes 6 and 10)				
Land and easements	3,276	16,426	18,183	217
Buildings and improvements	831,716	332,727	1,080,000	187,179
Equipment	87,392	55,399	90,579	18,329
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	41,390	7,685		16,665
Less accumulated depreciation	<u>(229,146)</u>	<u>(135,006)</u>	<u>(292,342)</u>	<u>(118,964)</u>
Total capital assets - net	<u>751,549</u>	<u>291,590</u>	<u>917,124</u>	<u>109,042</u>
Total noncurrent assets	<u>901,561</u>	<u>369,909</u>	<u>998,561</u>	<u>145,516</u>
TOTAL ASSETS	<u>1,468,468</u>	<u>680,758</u>	<u>1,789,337</u>	<u>340,420</u>
LIABILITIES				
Current liabilities:				
Accounts payable	102,147	40,199	99,334	26,322
Accrued payroll	24,675	15,197	33,843	6,544
Other payables	4,073	1,947	3,459	1,077
Accrued interest payable	14,989	4,969	51	118
Due to other funds (Note 15)	34,305	38,243	26,884	12,222
Advances from other funds (Note 15)	264,115	150,820	344,676	123,492
Advances payable			315	
Unearned revenue			222	23
Current portion of long-term liabilities (Note 11)	49,715	12,666	88,229	22,957
Total current liabilities	<u>494,019</u>	<u>264,041</u>	<u>597,013</u>	<u>192,755</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	56,156	30,606	71,102	13,861
Bonds and notes (Note 11)	561,691	212,337	2,005	4,662
Premiums on bonds and notes payable (Note 11)	18,793	14,917	143	333
Workers' compensation (Notes 11 and 18)	63,586	22,732	103,532	20,445
Litigation and self-insurance (Notes 11 and 18)	29,445	2,503	43,887	62
OPEB obligation (Notes 9 and 11)	455,536	320,799	700,140	150,750
Third party payor (Notes 11 and 14)	81,456	49,943	237,083	36,103
Total noncurrent liabilities	<u>1,266,663</u>	<u>653,837</u>	<u>1,157,892</u>	<u>226,216</u>
TOTAL LIABILITIES	<u>1,760,682</u>	<u>917,878</u>	<u>1,754,905</u>	<u>418,971</u>
NET POSITION				
Net investment in capital assets (Notes 6 and 11)	275,243	119,398	874,972	91,092
Restricted:				
Debt service			4,832	
Public ways and facilities				
Unrestricted (deficit)	<u>(567,457)</u>	<u>(356,518)</u>	<u>(845,372)</u>	<u>(169,643)</u>
TOTAL NET POSITION (Note 3)	<u>\$ (292,214)</u>	<u>(237,120)</u>	<u>34,432</u>	<u>(78,551)</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	
\$ 62,177	8,522	\$ 74,750	\$ 32,759	
1,458	10	38,948	5,110	
<u>63,635</u>	<u>8,532</u>	<u>113,698</u>	<u>37,869</u>	
750		750		
13,290	1,539	1,522,648		
157	23	326	132	
		60,936	9,486	
1,087	1	230,400	84,545	
1,318		1,318		
3		23,695	10,649	
<u>80,240</u>	<u>10,095</u>	<u>1,953,771</u>	<u>142,681</u>	
		149,601	6,086	
		196,641		
11,654	134,212	183,968		
119,091	34,437	2,585,150		
1,086	1,308	254,093	276,107	
1,322		58,922		
1,184,429	53,771	1,238,200		
23,514	1,124	90,378		
(589,199)	(60,841)	(1,425,498)	(130,963)	
<u>751,897</u>	<u>164,011</u>	<u>2,985,213</u>	<u>145,144</u>	
<u>751,897</u>	<u>164,011</u>	<u>3,331,455</u>	<u>151,230</u>	
<u>832,137</u>	<u>174,106</u>	<u>5,285,226</u>	<u>293,911</u>	
3,187	111	271,300	10,126	
		80,259	15,726	
	129	10,685	2,055	
		20,127	240	
4,789	431	116,874	24,613	
		883,103	22,000	
		315		
70		315	340	
219		173,786	28,123	
<u>8,265</u>	<u>671</u>	<u>1,556,764</u>	<u>103,223</u>	
		171,725	45,600	
7,787		788,482	38,430	
		34,186		
		210,295	34,258	
133		76,030	250	
		1,627,225	351,178	
		404,585		
<u>7,920</u>		<u>3,312,528</u>	<u>469,716</u>	
<u>16,185</u>	<u>671</u>	<u>4,869,292</u>	<u>572,939</u>	
743,891	164,011	2,268,607	93,885	
		4,832	55	
72,061		72,061		
	9,424	(1,929,566)	(372,968)	
<u>\$ 815,952</u>	<u>173,435</u>	<u>415,934</u>	<u>\$ (279,028)</u>	
		2,472		
		<u>\$ 418,406</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 25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 (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)	\$ 749,955	488,328	1,051,217	165,009
Rentals				
Charges for services				
Other (Note 14)	164,045	73,151	204,354	64,305
TOTAL OPERATING REVENUES	914,000	561,479	1,255,571	229,314
OPERATING EXPENSES:				
Salaries and employee benefits	634,712	401,028	887,365	175,075
Services and supplies	150,251	79,424	232,395	28,580
Other professional services	188,927	123,203	348,865	38,042
Depreciation and amortization (Note 6)	10,431	6,798	24,740	3,138
Medical malpractice	5,796	1,572	9,040	
Rent	10,040	5,109	4,538	1,766
TOTAL OPERATING EXPENSES	1,000,157	617,134	1,506,943	246,601
OPERATING LOSS	(86,157)	(55,655)	(251,372)	(17,287)
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income	3,168	4	68	20
Interest expense	(7,211)	(8,195)	(1,684)	(1,544)
Intergovernmental transfers expense (Note 14)	(167,128)	(88,795)	(165,716)	(28,623)
Intergovernmental revenues:				
State				
Federal				
TOTAL NONOPERATING REVENUES (EXPENSES)	(171,171)	(96,986)	(167,332)	(30,147)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(257,328)	(152,641)	(418,704)	(47,434)
Capital contributions	1,106			
Transfers in (Note 15)	284,310	128,619	316,472	16,390
Transfers out (Note 15)	(6,542)	(5,314)		(2,925)
CHANGE IN NET POSITION	21,546	(29,336)	(102,232)	(33,969)
NET POSITION, JULY 1, 2013	(313,760)	(207,784)	136,664	(44,582)
NET POSITION, JUNE 30, 2014	\$ (292,214)	(237,120)	34,432	(78,551)

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	
\$		\$ 2,454,509	\$	OPERATING REVENUES:
	3,657	3,657	24,677	Net patient service revenues (Note 14)
74,597	370	74,967	457,805	Rentals
432	1	506,288		Charges for services
				Other (Note 14)
75,029	4,028	3,039,421	482,482	TOTAL OPERATING REVENUES
		2,098,180	418,195	OPERATING EXPENSES:
59,570	3,753	553,973	45,693	Salaries and employee benefits
2,645	790	702,472	38,627	Services and supplies
22,099	1,859	69,065	32,043	Other professional services
		16,408		Depreciation and amortization (Note 6)
		21,453		Medical malpractice
				Rent
84,314	6,402	3,461,551	534,558	TOTAL OPERATING EXPENSES
(9,285)	(2,374)	(422,130)	(52,076)	OPERATING LOSS
				NONOPERATING REVENUES (EXPENSES):
4,681		4,681		Taxes
535	83	3,878	281	Investment income
(185)		(18,819)	(883)	Interest expense
		(450,262)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
55	2	57		State
109		109		Federal
5,195	85	(460,356)	(602)	TOTAL NONOPERATING REVENUES (EXPENSES)
(4,090)	(2,289)	(882,486)	(52,678)	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
326	2,830	4,262		Capital contributions
		745,791	13,123	Transfers in (Note 15)
(531)		(15,312)	(4,110)	Transfers out (Note 15)
(4,295)	541	(147,745)	(43,665)	CHANGE IN NET POSITION
820,247	172,894		(235,363)	NET POSITION, JULY 1, 2013
\$ 815,952	173,435		\$ (279,028)	NET POSITION, JUNE 30, 2014
		754		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ (146,991)		CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 27)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 (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	\$ 716,055	503,510	940,826	125,475
Rentals received				
Rentals received from other funds				
Cash received from (returned for) charges for services				
Other operating revenues	164,050	73,151	204,357	64,334
Cash received for services provided to other funds	20,654	18,347	32,011	971
Cash paid for salaries and employee benefits	(551,991)	(342,096)	(752,052)	(148,473)
Cash paid for services and supplies	(24,227)	(20,980)	(131,694)	(28,064)
Other operating expenses	(203,910)	(127,219)	(375,752)	(43,065)
Cash paid for services from other funds	(134,586)	(67,235)	(172,629)	(21,400)
Net cash provided by (required for) operating activities	<u>(13,955)</u>	<u>37,478</u>	<u>(254,933)</u>	<u>(50,222)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received/returned from other funds	725,487	453,113	1,252,475	214,409
Cash advances paid/returned to other funds	(742,914)	(497,079)	(1,136,144)	(138,693)
Interest paid on advances	(523)	(385)	(639)	(158)
Intergovernmental transfers	(167,128)	(88,795)	(165,716)	(28,623)
Intergovernmental receipts				
Transfers in	284,310	128,619	316,472	16,390
Transfers out	(6,542)	(5,314)		(2,925)
Net cash provided by (required for) noncapital financing activities	<u>92,690</u>	<u>(9,841)</u>	<u>266,448</u>	<u>60,400</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes			38,147	12,896
Interest paid on capital borrowing	(9,377)	(9,659)	(1,190)	(1,776)
Principal payments on bonds and notes	(6,019)		(40,149)	(12,984)
Acquisition and construction of capital assets	(150,336)	(51,737)	(4,780)	(6,802)
Net cash required for capital and related financing activities	<u>(165,732)</u>	<u>(61,396)</u>	<u>(7,972)</u>	<u>(8,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>3,182</u>	<u>50</u>	<u>74</u>	<u>19</u>
Net increase (decrease) in cash and cash equivalents	(83,815)	(33,709)	3,617	1,531
Cash and cash equivalents, July 1, 2013	<u>194,888</u>	<u>83,716</u>	<u>19,730</u>	<u>5,174</u>
Cash and cash equivalents, June 30, 2014	<u>\$ 111,073</u>	<u>50,007</u>	<u>23,347</u>	<u>6,705</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL
Waterworks Funds	Nonmajor Aviation Funds	Total	ACTIVITIES Internal Service Funds
\$		\$ 2,285,866	\$
	3,657	3,657	7
74,981	(867)	74,114	24,229
432	1	506,325	38,517
		71,983	409,433
		(1,794,612)	(359,969)
(60,385)	(1,393)	(266,743)	(44,047)
(2,783)	(790)	(753,519)	(38,627)
		(395,850)	
12,245	608	(268,779)	29,543
94		2,645,578	
(61)		(2,514,891)	
		(1,705)	
		(450,262)	
164	2	166	
		745,791	13,123
(531)		(15,312)	(4,110)
(334)	2	409,365	9,013
4,718		4,718	
	2,830	2,830	
		51,043	53,800
(185)		(22,187)	(840)
(105)		(59,257)	(60,810)
(7,361)	(3,102)	(224,118)	(36,525)
(2,933)	(272)	(246,971)	(44,375)
533	84	3,942	274
9,511	422	(102,443)	(5,545)
54,124	8,110	365,742	49,500
\$ 63,635	8,532	\$ 263,299	\$ 43,955

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from patient services
Rentals received
Rentals received from other funds
Cash received from (returned for) charges for services
Other operating revenues
Cash received for services provided to other funds
Cash paid for salaries and employee benefits
Cash paid 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 (required for) 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
Acquisition and construction of capital assets
Net cash required for capital and related financing activities

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income
Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, July 1, 2013

Cash and cash equivalents, June 30, 2014

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 (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	\$ (86,157)	(55,655)	(251,372)	(17,287)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:				
Depreciation and amortization	10,431	6,798	24,740	3,138
Other revenues (expenses) - net	(4,318)	(7,794)	1,663	96
(Increase) decrease in:				
Accounts receivable - net	(14,062)	36,159	(24,449)	(60,476)
Other receivables	(1,241)	(2,543)	2,196	8,615
Due from other funds	6,930	1,390	(7,340)	24,666
Inventories	(1,558)	(382)	(1,558)	(79)
Increase (decrease) in:				
Accounts payable	6,582	(3,011)	(21,443)	128
Accrued payroll	1,870	1,148	2,356	302
Other payables	(163)	(70)	(117)	
Accrued compensated absences	2,679	1,425	3,539	452
Due to other funds	(9,263)	2,396	(50,587)	(21,000)
Unearned revenue			14	(22)
Workers' compensation	(2,550)	2,330	(3,925)	251
Litigation and self-insurance	5,185	1,463	(3,212)	(3,257)
OPEB obligation	77,899	56,279	125,555	26,049
Third party payor	(6,219)	(2,455)	(50,993)	(11,798)
TOTAL ADJUSTMENTS	<u>72,202</u>	<u>93,133</u>	<u>(3,561)</u>	<u>(32,935)</u>
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	<u>\$ (13,955)</u>	<u>37,478</u>	<u>(254,933)</u>	<u>(50,222)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Capital contributions	<u>\$ 1,106</u>			
TOTAL	<u>\$ 1,106</u>			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 12,184	8,384	18,515	2,448
Restricted assets	<u>98,889</u>	<u>41,623</u>	<u>4,832</u>	<u>4,257</u>
TOTAL	<u>\$ 111,073</u>	<u>50,007</u>	<u>23,347</u>	<u>6,705</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	
\$ (9,285)	(2,374)	\$ (422,130)	\$ (52,076)	RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
				Operating loss
				Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:
22,099	1,859	69,065	32,043	Depreciation and amortization
28	2,327	(7,998)	1,006	Other revenues (expenses) - net
				(Increase) decrease in:
360	(1,243)	(63,711)		Accounts receivable - net
		7,027	578	Other receivables
21	6	25,673	(10,678)	Due from other funds
		(3,577)	(745)	Inventories
				Increase (decrease) in:
(848)	44	(18,548)	503	Accounts payable
		5,676	733	Accrued payroll
	(231)	(581)	10	Other payables
		8,095	1,144	Accrued compensated absences
5	220	(78,229)	882	Due to other funds
3		(5)	(1,219)	Unearned revenue
		(3,894)	(2,191)	Workers' compensation
(138)		41	250	Litigation and self-insurance
		285,782	59,303	OPEB obligation
		(71,465)		Third party payor
<u>21,530</u>	<u>2,982</u>	<u>153,351</u>	<u>81,619</u>	TOTAL ADJUSTMENTS
<u>\$ 12,245</u>	<u>608</u>	<u>\$ (268,779)</u>	<u>\$ 29,543</u>	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-
\$ 326		\$ 1,432	\$	Capital contributions
<u>\$ 326</u>		<u>\$ 1,432</u>	<u>\$</u>	TOTAL
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
\$ 63,635	8,532	\$ 113,698	\$ 37,869	Pooled cash and investments
		149,601	6,086	Restricted assets
<u>\$ 63,635</u>	<u>8,532</u>	<u>\$ 263,299</u>	<u>\$ 43,955</u>	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	\$ 77,972	\$ 13,362,313	\$ 1,608,397
Other investments: (Note 5)		96,551	30,810
Stocks	25,796,587		
Bonds	10,261,720		
Short-term investments	1,877,033		
Commodities	2,169,289		
Real estate	4,995,446		
Mortgages	82,601		
Alternative assets	4,562,066		
Cash collateral on loaned securities	998,216		
Taxes receivable			272,899
Interest receivable	120,442	35,301	45,590
Other receivables	610,719		
TOTAL ASSETS	51,552,091	13,494,165	1,957,696
LIABILITIES			
Accounts payable	2,284,914		
Other payables (Note 5)	1,061,076		
Due to other governments			1,957,696
TOTAL LIABILITIES	3,345,990		1,957,696
NET POSITION			
Net position held in trust for pension benefits and other purposes	\$ 48,206,101	\$ 13,494,165	\$

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, 2014 (in thousands)

	<u>PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS</u>	<u>INVESTMENT TRUST FUNDS</u>
ADDITIONS		
Contributions:		
Pension and OPEB trust contributions:		
Employer	\$ 1,767,421	\$
Member	439,001	
Contributions to investment trust funds		42,115,048
Total contributions	<u>2,206,422</u>	<u>42,115,048</u>
Investment earnings:		
Investment income	2,305,467	167,104
Net increase in the fair value of investments	4,734,961	
Securities lending income (Note 5)	4,447	
Total investment earnings	<u>7,044,875</u>	<u>167,104</u>
Less - Investment expenses-		
Expense from investing activities	<u>101,350</u>	
Net investment earnings	<u>6,943,525</u>	<u>167,104</u>
Miscellaneous	<u>2,256</u>	
TOTAL ADDITIONS	<u>9,152,203</u>	<u>42,282,152</u>
DEDUCTIONS		
Salaries and employee benefits	42,848	
Services and supplies	16,019	
Benefit payments	3,085,852	
Distributions from investment trust funds		44,151,964
Miscellaneous	<u>23,757</u>	
TOTAL DEDUCTIONS	<u>3,168,476</u>	<u>44,151,964</u>
CHANGE IN NET POSITION	5,983,727	(1,869,812)
NET POSITION, JULY 1, 2013	<u>42,222,374</u>	<u>15,363,977</u>
NET POSITION, JUNE 30, 2014	<u>\$ 48,206,101</u>	<u>\$ 13,494,165</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, 2014 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments- (Notes 1 and 5)			
Operating	\$ 123,971	611,770	\$ 735,741
Total pooled cash and investments	<u>123,971</u>	<u>611,770</u>	<u>735,741</u>
Other investments (Note 5)	213,246		213,246
Accounts receivable - net	35,008		35,008
Interest receivable		650	650
Other receivables	9,229	59,574	68,803
Inventories	21,527		21,527
Net pension obligation	131		131
Capital assets: (Notes 6 and 10)			
Capital assets, not being depreciated	94,713	2,039	96,752
Capital assets, net of accumulated depreciation	82,945	10,043	92,988
Total capital assets	<u>177,658</u>	<u>12,082</u>	<u>189,740</u>
TOTAL ASSETS	<u>580,770</u>	<u>684,076</u>	<u>1,264,846</u>
LIABILITIES			
Accounts payable	24,755	38,729	63,484
Other payables	1,047	16	1,063
Unearned revenue	190		190
Long-term liabilities: (Note 11)			
Due within one year	5,370	70	5,440
Due in more than one year	66,079	498	66,577
TOTAL LIABILITIES	<u>97,441</u>	<u>39,313</u>	<u>136,754</u>
NET POSITION			
Net investment in capital assets	137,579	12,083	149,662
Restricted for:			
Community development	281,516		281,516
First 5 LA		632,680	632,680
Unrestricted	64,234		64,234
TOTAL NET POSITION	<u>\$ 483,329</u>	<u>644,763</u>	<u>\$ 1,128,092</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, 2014 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expense	\$ (442,389)	(205,837)	\$ (648,226)
Program revenues:			
Charges for services	63,475		63,475
Operating grants and contributions	389,853	108,523	498,376
Net program (expenses) revenues	10,939	(97,314)	(86,375)
GENERAL REVENUES:			
Investment income	4,321	6,369	10,690
Miscellaneous	5,787	100	5,887
Total general revenues	10,108	6,469	16,577
CHANGE IN NET POSITION	21,047	(90,845)	(69,798)
NET POSITION, JULY 1, 2013	462,282	735,608	1,197,890
NET POSITION, JUNE 30, 2014	\$ 483,329	644,763	\$ 1,128,092

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, 2014

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, 2014

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

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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

Los Angeles County Children and Families First – Proposition 10 Commission-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. 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 (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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements-Continued

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

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

Net position is classified into the following three components: 1) net investment in capital assets; 2) restricted and 3) unrestricted. Net position is reported as restricted when it has external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, the restricted net position balances were \$2.727 billion and \$76.91 million for governmental activities and business-type activities, respectively. For governmental activities, \$704.72 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, 2014

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, 2014

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Fiduciary Fund Types-Continued

Agency Funds

The Agency Funds are used primarily to account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, and other funds. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including property taxes and departmental funds) account for assets held by the County in an agency capacity for individuals or other government units.

Basis of Accounting

The government-wide, proprietary, pension and other postemployment 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 inflows of resources 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. When all eligibility requirements are met, except for the timing requirements, a deferred inflow of resources is reported until the time requirements have passed. All other revenues are not considered susceptible to accrual and are recognized when received, including property tax revenues derived from redevelopment agency dissolution.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's four Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Funds are from charges for services. The principal operating revenues for the Nonmajor Aviation Enterprise Funds and Internal Service Funds are charges for services and rental revenues. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 14, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

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

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 \$28.271 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, 2014. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at <http://ceo.lacounty.gov/budget.htm>, or can be obtained from the Auditor-Controller's office.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data-Continued

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 2013-2014 assessed valuation of the County of Los Angeles approximated \$1.145 trillion.

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

The County is divided into 12,728 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x126, 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, 2014, the County's share of residual property tax revenues was \$159.88 million, of which \$134.10 million was recognized in the County's General Fund.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2014 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.

Restricted Assets

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

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 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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 from tax-exempt debt over the same period. For taxable debt, interest is capitalized and not netted with interest earnings.

The County's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, \$1 million for software intangible assets, \$100,000 for non-software intangible assets, and \$25,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized. 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," and GASB 65 "Items Previously Reported as Assets and Liabilities," the County recognized deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position and governmental fund balance sheets.

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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deferred Outflows and Inflows of Resources-Continued

Previous financial reporting standards do not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities. Refer to Note 20 for a detailed listing of the deferred outflows and 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" because the amounts represent unearned revenue.

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 and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period issued.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs, are recognized in the period issued. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e. portion that has come due for payment) is reported as a liability in the fund financial statements of the related fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances

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

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

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

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

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

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

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

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

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Cash Flows

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

Use of Estimates

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

2. NEW PRONOUNCEMENTS

The County implemented GASB 65 "Items Previously Reported as Assets and Liabilities" in the current basic financial statements for the year ended June 30, 2014. GASB 65 provides additional financial reporting guidance for deferred outflows of resources and deferred inflows of resources (Notes 1 and 20).

In addition, LACERA implemented GASB 67 "Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25." Implementation of GASB 67 required changes and additions in the Notes to the Financial Statements, Required Supplementary Information, and Other Supplementary Information in LACERA's financial report (Note 8).

3. DEFICIT NET POSITION

The following funds had a deficit net position at June 30, 2014 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Harbor-UCLA Medical Center	\$ 292,214
Olive View-UCLA Medical Center	237,120
Rancho Los Amigos National Rehab Center	78,551
Internal Service Fund-	
Public Works	288,920

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, 2014

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, 2014, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$113,615,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable (\$113,615,000), 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 (\$113,615,000) and investment income and interest expense (\$6,497,000 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 \$113,615,000, 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, 2014

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, 2014 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 5,102,623	\$ 64,556	\$	\$	\$ 5,167,179
Proprietary Funds	151,567		153,039	2,648	307,254
Fiduciary Funds (excluding Pension and OPEB)	14,970,710	127,361			15,098,071
Pension and OPEB Trust Funds	77,972	50,742,958			50,820,930
Discretely Presented Component Units	735,741	213,246			948,987
Total	<u>\$ 21,038,613</u>	<u>\$ 51,148,121</u>	<u>\$ 153,039</u>	<u>\$ 2,648</u>	<u>\$ 72,342,421</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, 2014, the carrying amount of the County's deposits was \$219,549,000 and the balance per various financial institutions was \$214,774,000. 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, 2014, the carrying amount of Pension and OPEB Trust Funds' deposits was \$232,979,000. 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 Ratings Services or P-1 by Moody's Investors Service, 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, 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, 2014

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%	\$750 million*
Commercial Paper	270 days	40%	\$1.5 billion*
Certificates of Deposit	3 years*	30%	\$750 million*
Corporate Medium-Term Notes	3 years*	30%	\$750 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%	\$750 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, 2014, the County had no open trade commitments with various brokers to purchase investments with settlement dates subsequent to year-end.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-five percent (85%) 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 \$97,044,000. 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, 2014 (in thousands) are as follows:

	<u>Fair Value</u>
U.S. Agency securities	\$ 11,187,271
U.S. Treasury securities	948,033
Negotiable certificates of deposit	3,009,313
Commercial paper	5,790,367
Corporate and deposit notes	267,493
Municipal bonds	85,696
Los Angeles County securities	7,000
Money market mutual funds	24,084
Local Agency Investment Fund	49,483
Other - Investment in JPA	<u>11,174</u>
Total	<u>\$ 21,379,914</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 (in thousands) and are as follows:

	Fair Value
Cash Collateral on Loaned Securities	\$ 998,216
Domestic and international equity	25,796,587
Fixed income	11,988,375
Real estate	4,995,446
Private equity	4,015,799
Commodities	2,169,289
Hedge Funds	546,267
Total	\$ 50,509,979

The Pension and OPEB Trust Funds also had deposits with the Los Angeles County Treasury Pool at June 30, 2014 totaling \$77,972,000. 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, 2014 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, 2014 is as follows (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
U.S. Agency securities	\$ 11,058,726	\$ 11,151,284	0.13% - 6.50%	07/23/14-12/17/19	3.63
U.S. Treasury bills	599,863	599,686	0.11% - 0.13%	11/13/14-03/05/15	0.44
U.S. Treasury notes	347,772	347,634	0.63% - 2.38%	08/31/14-04/30/18	2.34
Negotiable certificates of deposit	2,996,383	2,996,584	0.11% - 1.18%	07/01/14-04/18/16	0.22
Commercial paper	5,790,367	5,790,408	0.11% - 0.22%	07/01/14-09/22/14	0.05
Corporate and deposit notes	185,056	185,057	0.21% - 2.15%	12/29/14-10/11/16	0.98
Los Angeles County securities	7,000	7,000	0.55%	06/30/16	2.00
Deposits	206,485	206,485			
	\$ 21,191,652	\$ 21,284,138			

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

5. CASH AND INVESTMENTS-Continued

Investments-Continued

A summary of other (non-pooled) deposits and investments at June 30, 2014, 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	\$ 49,482	\$ 49,468	0.00% - 6.00%	07/01/14-06/25/39	0.64
Corporate and deposit notes	82,437	82,427	3.75%	10/01/14-01/18/18	1.86
Municipal bonds	85,696	85,696	5.00%	08/01/14-09/02/21	2.22
U.S. Agency securities	128,546	130,056	0.07% - 3.24%	11/21/14-05/30/28	4.49
U.S. Treasury bonds	96	85	7.25%	05/15/16	1.88
U.S. Treasury bills	302	302	0.05%	12/04/14	0.43
Money market mutual funds	24,084	24,084	0.01% - 0.03%	07/01/14	0.00
Negotiable Certificates of Deposit	12,930	12,930			0.93
Other - Investment in JPA	11,174	11,174			0.00
Deposits	13,064	13,064			
	<u>\$ 407,811</u>	<u>\$ 409,286</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 range between 1.0 and 2.0 years. Of the Pooled Cash and Investments and Other Investments at June 30, 2014, 46.91% have a maturity of six months or less, 2.63% have a maturity of between six and twelve months, and 50.46% have a maturity of more than one year.

As of June 30, 2014, variable-rate notes comprised 2.32% of the Treasury Pool. The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable-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, 2014

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, 2014, 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, bankers' acceptance, 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, 2014, 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 \$750 million, approximately 3.57% of the investment pool's daily investment balance. For commercial paper, the highest issuer limit was \$1.5 billion, or 7.15% of the investment pool's daily investment balance.

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, 2014 (in thousands):

<u>Issuer</u>	<u>Pool</u>	<u>SPI</u>
Federal Farm Credit Bank	\$ 2,313,376	\$ 30,830
Federal Home Loan Bank	3,494,686	14,092
Federal Home Loan Mortgage Corp	2,364,580	23,414
Federal National Mortgage Association	2,886,094	8,005

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2014:

	<u>S & P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Pooled Cash and Investments:			
Commercial paper	Not Rated	Not Rated	27.59%
Corporate and deposit notes	AA-	Aa3	0.35%
	AA	Aa3	0.12%
	AA+	A1	0.41%
Los Angeles County securities	Not Rated	Not Rated	0.03%
Negotiable certificates of deposit	AA-	Aa3	0.48%
	Not Rated	Aa2	0.71%
	Not Rated	Not Rated	13.09%
U.S. Agency securities	AA +	Aaa	48.50%
	Not Rated	Aaa	0.24%
	AA+	Not Rated	0.62%
	Not Rated	Not Rated	3.34%
U.S. Treasury notes	Not Rated	Aaa	1.66%
U.S. Treasury bills	Not Rated	Not Rated	2.86%
			<u>100.00%</u>
Other Investments:			
Local Agency Investment Fund	Not Rated	Not Rated	12.53%
Corporate and deposit notes	AA+	A1	0.38%
	Not Rated	Not Rated	20.50%
Municipal bonds	Not Rated	Not Rated	21.70%
U.S. Agency securities	AA+	Aaa	13.43%
	AA+	Not Rated	5.90%
	Not Rated	Not Rated	13.22%
U.S. Treasury bonds	Not Rated	Aaa	0.02%
U.S. Treasury bills	Not Rated	Not Rated	0.08%
Negotiable Certificates of Deposit	Not Rated	Not Rated	3.28%
Non-negotiable Certificates of Deposit	Not Rated	Not Rated	0.03%
Money market mutual funds	Not Rated	Not Rated	6.10%
Other-Investment in JPA	Not Rated	Not Rated	2.83%
			<u>100.00%</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 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 \$92,486,000 as of June 30, 2014. A separate financial report is issued for the Treasury Pool as of June 30, 2014.

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, 2014, there were approximately \$487,450,000 in floating rate notes.

Derivatives

LACERA utilizes forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. At June 30, 2014, forward currency contracts receivable and payable totaled \$9,068,793,000 and \$9,121,357,000, 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, 2014.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

5. CASH AND INVESTMENTS-Continued

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, 2014, 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, 2014.

As of June 30, 2014, the fair value of securities on loan was \$1.665 billion. The value of the cash collateral received for those securities was \$998.22 million and non-cash collateral of \$706.98 million. Securities lending assets (Other Investments) and liabilities (Other Payables) of \$998.22 million are recorded in the Pension and OPEB Trust Funds. Pension and OPEB Trust Funds income, net of expenses, from securities lending was \$4.45 million for the year ended June 30, 2014.

For the year ended June 30, 2014, 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, 2014 (in thousands):

	<u>County</u>	<u>Pension and OPEB Trust Funds</u>	<u>Total</u>
Deposits	\$ 219,549	\$ 232,979	\$ 452,528
Investments	<u>21,379,914</u>	<u>50,509,979</u>	<u>71,889,893</u>
	<u>\$21,599,463</u>	<u>\$ 50,742,958</u>	<u>\$72,342,421</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,388,257	6,965	(1,180)	\$ 2,394,042
Easements	4,961,754	2,582	(89)	4,964,247
Software in progress	43,123	82,247	(8,783)	116,587
Construction in progress-buildings and improvements	435,483	288,129	(62,553)	661,059
Construction in progress-infrastructure	271,749	120,001	(102,619)	289,131
Subtotal	<u>8,100,366</u>	<u>499,924</u>	<u>(175,224)</u>	<u>8,425,066</u>
Capital assets, being depreciated:				
Buildings and improvements	4,256,114	139,858	(12,325)	4,383,647
Equipment	1,486,520	92,226	(39,334)	1,539,412
Software	529,018	40,009		569,027
Infrastructure	7,674,311	69,523	(1,724)	7,742,110
Subtotal	<u>13,945,963</u>	<u>341,616</u>	<u>(53,383)</u>	<u>14,234,196</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,551,741)	(75,910)	2,843	(1,624,808)
Equipment	(1,049,400)	(100,520)	37,971	(1,111,949)
Software	(249,624)	(61,508)		(311,132)
Infrastructure	(3,357,019)	(163,514)	461	(3,520,072)
Subtotal	<u>(6,207,784)</u>	<u>(401,452)</u>	<u>41,275</u>	<u>(6,567,961)</u>
Total capital assets, being depreciated, net	<u>7,738,179</u>	<u>(59,836)</u>	<u>(12,108)</u>	<u>7,666,235</u>
Governmental activities capital assets, net	<u>\$ 15,838,545</u>	<u>440,088</u>	<u>(187,332)</u>	<u>\$ 16,091,301</u>
<u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 152,578			\$ 152,578
Easements	31,064	326		31,390
Software in progress	1,467		(1,467)	
Construction in progress-buildings and improvements	558,572	121,616	(614,448)	65,740
Construction in progress-infrastructure	21,908	11,756	(9,026)	24,638
Subtotal	<u>765,589</u>	<u>133,698</u>	<u>(624,941)</u>	<u>274,346</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

6. CAPITAL ASSETS-Continued

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Business-type Activities-Continued</u>				
Capital assets, being depreciated:				
Buildings and improvements	1,896,891	689,266	(1,007)	2,585,150
Equipment	256,099	45,239	(18,946)	282,392
Software	57,355	1,567		58,922
Infrastructure	<u>1,233,652</u>	<u>5,234</u>	<u>(686)</u>	<u>1,238,200</u>
Subtotal	<u>3,443,997</u>	<u>741,306</u>	<u>(20,639)</u>	<u>4,164,664</u>
Less accumulated depreciation for:				
Buildings and improvements	(666,770)	(28,438)	232	(694,976)
Equipment	(182,684)	(19,371)	16,418	(185,637)
Software	(16,967)	(4,913)		(21,880)
Infrastructure	<u>(513,449)</u>	<u>(21,566)</u>	<u>674</u>	<u>(534,341)</u>
Subtotal	<u>(1,379,870)</u>	<u>(74,288)</u>	<u>17,324</u>	<u>(1,436,834)</u>
Total capital assets, being depreciated, net	<u>2,064,127</u>	<u>667,018</u>	<u>(3,315)</u>	<u>2,727,830</u>
Business-type activities capital assets, net	<u>\$ 2,829,716</u>	<u>800,716</u>	<u>(628,256)</u>	<u>3,002,176</u>
Total capital assets, net	<u>\$ 18,668,261</u>	<u>1,240,804</u>	<u>(815,588)</u>	<u>\$ 19,093,477</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 22,328
Public protection	159,704
Public ways and facilities	92,343
Health and sanitation	19,764
Public assistance	57,426
Education	2,907
Recreation and cultural services	20,160
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>26,820</u>
Total depreciation expense, governmental activities	<u>\$ 401,452</u>
Business-type activities:	
Hospitals	\$ 45,107
Waterworks	22,099
Aviation	1,859
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>5,223</u>
Total depreciation expense, business-type activities	<u>\$ 74,288</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units

CDC

Capital assets activity for the CDC component unit for the year ended June 30, 2014 was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets, not being depreciated:				
Land	\$ 93,240	584	(1,111)	\$ 92,713
Construction in progress-buildings and improvements	<u>8,148</u>	<u>943</u>	<u>(7,091)</u>	<u>2,000</u>
Subtotal	<u>101,388</u>	<u>1,527</u>	<u>(8,202)</u>	<u>94,713</u>
Capital assets, being depreciated:				
Buildings and improvements	208,499	11,077	(1,159)	218,417
Equipment	<u>9,609</u>	<u>334</u>	<u>(611)</u>	<u>9,332</u>
Subtotal	<u>218,108</u>	<u>11,411</u>	<u>(1,770)</u>	<u>227,749</u>
Less accumulated depreciation for:				
Buildings and improvements	(136,571)	(3,945)	1,045	(139,471)
Equipment	<u>(4,543)</u>	<u>(1,341)</u>	<u>551</u>	<u>(5,333)</u>
Subtotal	<u>(141,114)</u>	<u>(5,286)</u>	<u>1,596</u>	<u>(144,804)</u>
Total capital assets being depreciated, net	<u>76,994</u>	<u>6,125</u>	<u>(174)</u>	<u>82,945</u>
CDC capital assets, net	<u>\$ 178,382</u>	<u>7,652</u>	<u>(8,376)</u>	<u>\$ 177,658</u>

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2014 was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets, not being depreciated-				
Land	<u>\$ 2,039</u>			<u>\$ 2,039</u>
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	<u>2,509</u>	<u>80</u>		<u>2,589</u>
Subtotal	<u>14,585</u>	<u>80</u>		<u>14,665</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,950)	(243)		(2,193)
Equipment	<u>(2,319)</u>	<u>(110)</u>		<u>(2,429)</u>
Subtotal	<u>(4,269)</u>	<u>(353)</u>		<u>(4,622)</u>
Total capital assets being depreciated, net	<u>10,316</u>	<u>(273)</u>		<u>10,043</u>
First 5 LA capital assets, net	<u>\$ 12,355</u>	<u>(273)</u>		<u>\$ 12,082</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014, the present value of the installment payments under contract is estimated to be \$97.03 million and reported as deferred inflows of resources in the statement of net position. 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 three to 25 years as of June 30, 2014. The FY 2013-2014 total monthly installment payments are approximately \$735,000. 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 \$12.38 million as of June 30, 2014.

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, 2014

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 2013-2014:

July 1, 2013 - September 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%			
October 1, 2013 - June 30, 2014	A	B	C	D	E	G
General Members	25.08%	17.95%	17.54%	18.24%	19.09%	17.81%
Safety Members	34.63%	27.92%	23.18%			

The rates were determined by the actuarial valuation performed as of June 30, 2011 and June 30, 2012, respectively. The rates for plan G and Safety plan C were based on a PEPRA study completed by the actuaries since no employees were in these plans as of June 30, 2012. The preceding actuarial valuations and study were used for purposes of calculating the annual required contribution (ARC) for FY 2013-2014.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 2013-2014, the County contributed the full amount of the ARC, in the form of semi-monthly cash payments in the amount of \$1.320 billion.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for FY 2013-2014, computed in accordance with GASB 27, were as follows (in thousands):

Annual required contribution (ARC):	
County	\$ 1,320,318
Non-County entities	124
Total ARC/Annual pension cost	1,320,442
Contributions made:	
County cash	1,320,318
Transfer from CCCR	0
Non-County entities	124
Total contributions	1,320,442
Change in net pension obligation (asset)	0
Net pension obligation (asset), July 1, 2013	0
Net pension obligation (asset), June 30, 2014	\$ 0

Fiscal Year Ended	Trend Information (in thousands)		Net Pension Obligation (Asset)
	Annual Pension Cost (APC)	Percentage of APC Contributed	
June 30, 2012	\$ 1,078,929	100.00%	\$ 0
June 30, 2013	1,172,014	100.00%	0
June 30, 2014	1,320,442	100.00%	0

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the funded ratio was determined to be 75.0%. The actuarial value of assets was \$39.932 billion, and the actuarial accrued liability (AAL) was \$53.248 billion, resulting in an unfunded AAL of \$13.316 billion. The covered payroll was \$6.596 billion and the ratio of the unfunded AAL to the covered payroll was 201.9%.

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, 2014

8. PENSION PLAN-Continued

Actuarial Methods and Assumptions

The annual required contribution was calculated using the entry age normal method. The June 30, 2013 actuarial valuation also assumed an annual investment rate of return of 7.50%, and projected salary increases ranging from 3.76% to 9.71%, with both assumptions including a 3.00% inflation factor. Additionally, the valuation assumed post-retirement benefit increases of between 2.00% and 3.00%, 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 County contribution rate to finance the unfunded AAL increased from 19.82% to 21.34% of payroll, which is a weighted average for all LACERA plans, as determined by the June 30, 2012 and 2013 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.

For the year ended June 30, 2014, LACERA implemented GASB 67 "Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25." Implementation of GASB 67 required changes and additions in the Notes to the Financial Statements, Required Supplementary Information, and Other Supplementary Information in LACERA's financial report. Significant changes include calculation of total and net pension liability for financial reporting, comprehensive footnote disclosure regarding pension liability, sensitivity of net pension liability to the discount rate, additional investment disclosure, expected long-term discount rate, and annual money-weighted rate of return on investment.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Plan Description-Continued

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

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.

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.

The County's contribution during FY 2013-2014 is on a pay-as-you-go basis. During FY 2013-2014, the County made payments to LACERA totaling \$446.98 million for retiree health care benefits. Included in this amount was \$45.2 million for Medicare Part B reimbursements and \$7.4 million in death benefits. Additionally, \$40.5 million was paid by member participants. The County also made payments of \$37.32 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 2013-2014, the County did not make any contributions to the OPEB Trust. As of June 30, 2014, the Net Position of the OPEB Trust fund was \$483.82 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

OPEB Trust-Continued

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, 2013. 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	\$ 78,321	\$2,114,621
Interest on Net OPEB obligation	346,463	8,225	354,688
Adjustment to ARC	<u>(284,392)</u>	<u>(6,751)</u>	<u>(291,143)</u>
Annual OPEB cost (expense)	2,098,371	79,795	2,178,166
Less: Contributions made	<u>446,979</u>	<u>37,320</u>	<u>484,299</u>
Increase in Net OPEB obligation	1,651,392	42,475	1,693,867
Net OPEB obligation, July 1, 2013	<u>7,964,673</u>	<u>189,072</u>	<u>8,153,745</u>
Net OPEB obligation, June 30, 2014	<u>\$ 9,616,065</u>	<u>\$ 231,547</u>	<u>\$9,847,612</u>

Retiree Health Care Trend Information (in thousands)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 1,915,501	19.8%	\$ 6,765,519
June 30, 2013	2,089,025	42.6%	7,964,673
June 30, 2014	2,098,370	21.3%	9,616,064

LTD Trend Information (in thousands)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 72,473	50.6%	\$ 153,601
June 30, 2013	73,069	51.5%	189,072
June 30, 2014	79,795	46.8%	231,547

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%.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funded Status and Funding Progress-Continued

As of July 1, 2013, the most recent actuarial valuation date for OPEB long-term disability benefits, the funded ratio was 0%. The actuarial value of assets was zero. The AAL was \$945.69 million, resulting in an unfunded AAL of \$945.69 million. The covered payroll was \$6.596 billion and the ratio of the unfunded AAL to the covered payroll was 14.34%.

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.

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; however, the methods and assumptions used were the same. In both valuations, the projected unit credit cost method was used. The valuation for OPEB health care and OPEB long-term disability benefits assumed an annual investment rate of return of 4.35% and projected general wage increase of 3.85% per annum. Both valuations factored in an annual inflation rate of 3.35%. 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, both the OPEB health care and the OPEB long-term disability valuation reports used the level percentage of projected payroll over a rolling (open) 30-year amortization period.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Actuarial Methods and Assumptions-Continued

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

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	9.05%	5.10%
LACERA Medical Over 65	9.75%	5.10%
Firefighters Local 1014 (all)	9.05%	5.10%
Part B Premiums	6.85%	5.10%
Dental (all)	4.40%	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, 2014 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 87,765
2016	60,046
2017	46,002
2018	31,079
2019	24,405
2020-2024	63,353
2025-2029	53,984
2030-2034	36,312
2035-2039	13,655
2040-2044	13,655
2045-2049	<u>11,606</u>
Total	<u>\$ 441,862</u>

Rent expenses related to operating leases were \$92,049,000 for the year ended June 30, 2014.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 23,964
2016	23,285
2017	21,222
2018	20,544
2019	20,498
2020-2024	99,805
2025-2029	77,926
2030-2034	58,670
2035-2039	<u>27,180</u>
Total	<u>373,094</u>
Less: Amount representing interest	<u>198,973</u>
Present value of future minimum lease payments	<u>\$ 174,121</u>

The following is a schedule of property under capital leases by major classes at June 30, 2014 (in thousands):

	<u>Governmental Activities</u>
Land	\$ 18,695
Buildings and improvements	141,441
Equipment	68,524
Accumulated depreciation	<u>(45,823)</u>
Total	<u>\$ 182,837</u>

Future rent revenues to be received from noncancelable subleases are \$1,068,000 as of June 30, 2014.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

10. LEASES-Continued

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 8 to 83 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 21 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 54 years and are accounted for in the General Fund.

The land carrying value of the Asset Development Project ground leases and the Marina del Rey Project area leases is \$573,645,000. 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, 2014 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 36,494
2016	36,414
2017	36,265
2018	36,166
2019	36,052
Thereafter	<u>1,380,201</u>
Total	<u>\$ 1,561,592</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2014 (in thousands):

	<u>Governmental Activities</u>
Minimum rentals	\$ 36,290
Contingent rentals	<u>16,008</u>
Total	<u>\$ 52,298</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

10. LEASES-Continued

Leases of County-Owned Property-Continued

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

11. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans, 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, 2014</u>
Los Angeles County Flood Control District Refunding Bonds, 2.5% to 5.0%	\$ 143,195	\$ 4,390
Los Angeles County Flood Control District Revenue Bonds, 4.0% to 4.12%	20,540	13,090
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	121,728
NPC Bond Anticipation Notes, 0.551%	2,073	2,073
NPC Bonds, 1.5% to 5.0%	70,572	39,574
Marina del Rey Loans, 4.5% to 4.7%	23,500	16,588
Public Buildings Bonds and Notes, 2.0% to 7.618%	1,152,658	798,120
Lease Revenue Obligation Notes, 0.06% to 0.66%	366,957	366,957
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 5.25% to 6.65%	<u>319,827</u>	<u>401,548</u>
Total	<u>\$ 2,374,857</u>	<u>\$ 1,764,068</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, 2014</u>
NPC Bond Anticipation Notes, 0.551%	\$ 4,927	\$ 4,927
NPC Bonds, 1.5% to 5.0%	14,703	10,476
Public Buildings Bonds and Notes, 2.0% to 7.618%	914,292	837,410
Lease Revenue Obligation Notes, 0.06% to 0.66%	51,043	51,043
Waterworks District Loans, 2.28%	8,111	8,006
Total	<u>\$ 993,076</u>	<u>\$ 911,862</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 \$127,430,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were \$35,752,000 and \$80,455,000, 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>
2015	\$ 30,735	\$ 4,997
2016	32,270	3,422
2017	11,715	2,313
2018	12,320	1,692
2019	12,955	1,039
2020-2024	<u>13,620</u>	<u>352</u>
Subtotal	113,615	<u>\$ 13,815</u>
Add: Unamortized bond premiums	<u>8,113</u>	
Total assessment bonds	<u>\$ 121,728</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 2013-2014, the Los Angeles County Capital Asset Leasing Corporation (LACCAL) issued lease revenue bonds of \$29,800,000 primarily to retire bond anticipation notes. The allocation of debt between Governmental Activities and Business-type Activities was \$21,754,000 and \$8,046,000, respectively.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 \$2,625,000 and credit reserves of \$723,000 were used to pay for the current fiscal year debt payment of \$3,348,000. Total principal and interest remaining on the bonds is \$29,325,000.

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

<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>
2015	\$ 71,508	\$ 50,213	\$ 25,266	\$ 51,048
2016	55,562	48,323	29,575	49,918
2017	39,732	48,070	21,777	47,815
2018	26,280	49,065	17,271	45,413
2019	24,154	48,884	16,908	44,613
2020-2024	169,336	173,192	96,940	208,484
2025-2029	124,474	108,344	122,046	175,017
2030-2034	118,522	69,832	155,783	129,614
2035-2039	93,473	34,843	197,592	72,459
2040-2044	<u>47,831</u>	<u>3,861</u>	<u>129,644</u>	<u>11,535</u>
Subtotal	<u>770,872</u>	<u>\$ 634,627</u>	<u>812,802</u>	<u>\$ 835,916</u>
Add: Accretions	64,507			
Unamortized bond premiums	<u>19,795</u>		<u>35,084</u>	
Total certificates of participation and bonds	<u>\$ 855,174</u>		<u>\$ 847,886</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 2014 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>
2015	\$	\$ 19,918
2016		19,919
2017		19,919
2018		19,919
2019		19,919
2020-2024	35,925	91,246
2025-2029	46,370	82,406
2030-2034		69,311
2035-2039	62,196	55,680
2040-2044	53,157	34,810
2045-2049	<u>97,824</u>	<u>10,782</u>
Subtotal	<u>295,472</u>	<u>\$ 443,829</u>
Add: Accretions	<u>106,076</u>	
Total tobacco settlement asset-backed bonds	<u>\$ 401,548</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

11. LONG-TERM OBLIGATIONS-Continued

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 2013 - 2014, LACCAL issued additional BANS in the amount of \$14,483,000, as reflected in Governmental Activities and \$9,517,000 as reflected in Business-type Activities.

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

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of \$3,410,400 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 2013-2014, the County did not obtain any additional loans. As of June 30, 2014, 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes-Continued

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, 2014, \$ 418,000,000 of LRON issued under the program were outstanding, including \$103,000,000 of Series A, \$100,000,000 of Series B, \$200,000,000 of Series C, and \$15,000,000 of direct placement revolving credit facility Series D.

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. During FY 2013-2014, the County redeemed and reissued \$255,949,000 for Governmental Activities and \$45,951,000 for Business-type Activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional \$116,100,000 of new County LRON, \$111,008,000 for Governmental Activities and \$5,092,000 for Business-type Activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2014 is \$418,000,000, which is reported as \$366,957,000 for Governmental Activities and \$51,043,000 for Business-type Activities. The average interest rate on LRON issued in FY 2013-2014 was 0.108%

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):

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 367,755	\$ 746	\$ 51,262	\$ 91
2016	2,907	711	5,259	176
2017	871	673	339	168
2018	911	634	347	160
2019	952	593	355	153
2020-2024	5,441	2,282	1,900	637
2025-2029	6,781	942	2,129	408
2030-2034			2,385	152
Total notes, loans, and LRON	<u>\$ 385,618</u>	<u>\$ 6,581</u>	<u>\$ 63,976</u>	<u>\$ 1,945</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

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

<u>Debt Type</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Assessment bonds	\$ 113,615	\$ 13,815	\$	\$
Certificates of participation and bonds	770,872	634,627	812,802	835,916
Tobacco settlement asset-backed bonds	295,472	443,829		
Notes, loans, and LRON	<u>385,618</u>	<u>6,581</u>	<u>63,976</u>	<u>1,945</u>
Subtotal	1,565,577	<u>\$1,098,852</u>	876,778	<u>\$ 837,861</u>
Add: Accretions	170,583			
Unamortized premiums on bonds payable	<u>27,908</u>		<u>35,084</u>	
Total bonds and notes	<u>\$1,764,068</u>		<u>\$ 911,862</u>	

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

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. At June 30, 2014, there were no outstanding bonds and certificates of participation considered defeased.

Changes in Long-term Liabilities

Long-term debt obligations as of July 1, 2013 include the following adjustments (in thousands) as a result of the unamortized refunding loss, now being reported as deferred outflows of resources rather than a component of long-term debt due to the implementation of GASB 65:

	<u>Long-term Liabilities July 1, 2013, as previously reported</u>	<u>Effect of GASB 65</u>	<u>Long-term Liabilities July 1, 2013, as restated</u>
Governmental activities:			
Bonds and notes payable	\$ 1,551,146		\$ 1,551,146
Add: Unamortized premium on bonds payable	32,107		32,107
Less: Unamortized amount on refunding loss	<u>(23,165)</u>	<u>23,165</u>	
Total bonds and notes payable	<u>\$ 1,560,088</u>	<u>23,165</u>	<u>\$ 1,583,253</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 (in thousands):

	<u>Balance July 1, 2013</u>	<u>Additions/ Accretions</u>	<u>Transfers/ Maturities</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 1,551,146	403,194	388,763	\$ 1,565,577	\$ 469,998
Add: Unamortized premium on bonds payable	<u>32,107</u>		<u>4,199</u>	<u>27,908</u>	<u>4,177</u>
Total bonds and notes payable	<u>1,583,253</u>	<u>403,194</u>	<u>392,962</u>	<u>1,593,485</u>	<u>474,175</u>
Interest accretion on capital appreciation bonds payable	172,142	2,630	4,189	170,583	10,465
Other long-term liabilities:					
Capital lease obligations (Note 10)	183,056	1,736	10,671	174,121	8,732
Accrued compensated absences	1,192,964	123,214	77,664	1,238,514	65,433
Workers' compensation (Note 18)	1,836,641	336,223	310,181	1,862,683	342,995
Litigation and self-insurance (Note 18)	177,078	23,656	30,575	170,159	132,792
Pollution remediation obligation (Note 19)	15,886	4,292	1,984	18,194	3,272
OPEB obligation (Note 9)	6,812,302	1,408,085		8,220,387	
Third party payor	<u>16,356</u>	<u>15,096</u>	<u>4,707</u>	<u>26,745</u>	<u>26,745</u>
Total governmental activities	<u>\$ 11,989,678</u>	<u>2,318,126</u>	<u>832,933</u>	<u>\$ 13,474,871</u>	<u>\$1,064,609</u>
Business-type activities:					
Bonds and notes payable	\$ 879,198	68,606	71,026	\$ 876,778	\$ 76,528
Add: Unamortized premium on bonds payable	<u>36,027</u>		<u>943</u>	<u>35,084</u>	<u>898</u>
Total bonds and note payable	<u>915,225</u>	<u>68,606</u>	<u>71,969</u>	<u>911,862</u>	<u>77,426</u>
Other long-term liabilities:					
Accrued compensated absences	174,381	20,259	12,164	182,476	10,751
Workers' compensation (Note 18)	259,708	34,003	37,897	255,814	45,519
Litigation and self-insurance (Note 18)	104,942	16,024	15,983	104,983	28,953
OPEB obligation (Note 9)	1,341,443	285,782		1,627,225	
Third party payor (Note 14)	<u>490,822</u>	<u>56,032</u>	<u>127,497</u>	<u>419,357</u>	<u>14,772</u>
Total business-type activities	<u>\$ 3,286,521</u>	<u>480,706</u>	<u>265,510</u>	<u>\$ 3,501,717</u>	<u>\$ 177,421</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 2013-2014, thereby increasing liabilities for Bonds and Notes by \$1,559,000 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, 2014 was as follows (in thousands):

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Maturities</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 28,128		2,739	\$ 25,389	\$ 2,829
Compensated absences	711	889	903	697	627
Capital lease obligations	2,569		650	1,919	710
Claims payable	<u>4,369</u>	<u>610</u>	<u>610</u>	<u>4,369</u>	<u>233</u>
Total governmental activities	<u>\$ 35,777</u>	<u>1,499</u>	<u>4,902</u>	<u>\$ 32,374</u>	<u>\$ 4,399</u>
Business-type activities:					
Bonds and notes payable	\$ 40,208	6	1,563	\$ 38,651	\$ 590
Compensated absences	<u>471</u>	<u>690</u>	<u>737</u>	<u>424</u>	<u>381</u>
Total business-type activities	<u>\$ 40,679</u>	<u>696</u>	<u>2,300</u>	<u>\$ 39,075</u>	<u>\$ 971</u>
Total long-term obligations	<u>\$ 76,456</u>	<u>2,195</u>	<u>7,202</u>	<u>\$ 71,449</u>	<u>\$ 5,370</u>

12. SHORT-TERM DEBT

On July 1, 2013, the County issued \$1,000,000,000 of short-term Tax and Revenue Anticipation Notes Series A and B at an effective interest rate of 0.16% and 0.18%, 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 2013. The Series A notes, \$300,000,000, matured and were redeemed on February 28, 2014 and the Series B notes, \$700,000,000, on June 30, 2014.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2014, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$48,618,000 and limited obligation improvement bonds totaling \$6,351,000. 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, 2014, the amount of industrial development and other conduit bonds outstanding was \$164,560,000.

Redevelopment Refunding Bonds

Redevelopment refunding bonds have been issued to provide financial assistance to successor agencies to former redevelopment agencies within the County to refund tax allocation bonds in order to provide debt service savings and to provide significant economies of scale through reduced costs of issuance and lower interest rates. The bonds are secured by a lien on future tax revenues deposited in the Redevelopment Property Tax Trust Fund. 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, 2014, the amount of redevelopment refunding bonds outstanding was \$145,012,000.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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.

Revenues for the public hospitals are comprised of: 1) Fee-For-Service (FFS) cost-based reimbursement for inpatient hospital services for Medi-Cal patients who are not enrolled in managed care; 2) Medi-Cal Disproportionate Share Hospital (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 \$311.00 million in FY 2013-2014. 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 (known as federal financial participation or FFP) for the FFS cost-based reimbursement for the traditional Medi-Cal population was 50% for FY 2013-2014. 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.

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.

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 intergovernmental transfers or "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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

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.

The IGTs made during FY 2013-2014 are for services provided in FYs 2005-2006, 2011-2012, 2012-2013, and 2013-2014. The amounts reported below also include IGTs returned by the State for overpayment. The estimated Medi-Cal Demonstration Project net revenues for inpatient services, DSH and SNCP include amounts collected and accrued for FY 2013-2014 as adjusted for over/under-realization of revenues for FY 2005-2006 through FY 2012-2013. 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	\$ 54,967	\$ 99,810	\$ 50,035	\$ 23,161
Olive View-UCLA	27,691	73,138	16,601	28,663
LAC+USC	108,476	177,081	66,456	888
Rancho	60,415	22,448	3,680	(2,163)
Total	<u>\$ 251,549</u>	<u>\$ 372,477</u>	<u>\$ 136,772</u>	<u>\$ 50,549</u>

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

Delivery System Reform Incentive Pool

The Bridge to Reform 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 2013-2014:

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

Delivery System Reform Incentive Pool-Continued

	<u>DSRIP Gross Revenues</u>	<u>Intergovernmental Transfers Expense</u>
Harbor-UCLA	\$ 132,649	\$ 85,216
Olive View-UCLA	56,762	31,854
LAC+USC	149,431	88,608
Rancho	<u>56,322</u>	<u>13,679</u>
Total	<u>\$ 395,164</u>	<u>\$ 219,357</u>

In addition, the General Fund received \$68.61 million for DSRIP. These amounts were recorded as Intergovernmental Revenue-Federal on the governmental fund statements.

Managed Care for Seniors and Persons with Disabilities (SPDs)

Under the Bridge to Reform, 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 2013-2014, an estimated \$243.22 million of SPD gross revenues were recorded.

The Bridge to Reform requires the County make IGTs to the State to fund the non-federal share of Medi-Cal inpatient payments for the SPD managed care population and expenses associated with such IGTs were \$98.22 million in FY 2013-2014.

Coverage Expansion – Low Income Health Program or Healthy Way LA

Under the Demonstration Project, counties had the option to expand coverage by operating a Low Income Health Program (LIHP). Under this plan, the County is able to 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 expended. 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 or the Healthy Way LA (HWLA) – Matched program in Los Angeles, was in effect through the end of 2013 and effective January 1, 2014, coverage under the federal health care reform or the Patient Protection and Affordable Care Act (ACA) of 2010 went into effect.

Revenues for the HWLA program in FY 2013-2014 are estimated at \$157.13 million for patient care services and \$10.87 million for administrative services. Estimated IGTs totaling \$10.14 million were also recorded in FY 2013-2014 related to the HWLA Out-of-Network payments for FYs 2011-2012 through 2013-2014 services.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Affordable Care Act

The ACA is the new health care reform law in America. The Federal health care reform provided the framework for the Demonstration Project by allowing early implementation of some of the law's coverage expansion provisions. The Demonstration Project's Medicaid Coverage Expansion (MCE) program provided for access, prior to January 1, 2014, to federally funded healthcare for many uninsured patients. This improved the payor mix and enhanced revenues for the County. As of December 2013, there were over 300,000 patients enrolled in HWLA. On January 1, 2014, when ACA became effective, the HWLA enrollees were automatically transitioned to Medi-Cal coverage under the ACA's MCE program. The MCE program provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138% of the FPL. Beginning January 1, 2014, the Hospital Presumptive Eligibility (PE) program also provided individuals with temporary, no cost, Medi-Cal benefits to provide coverage while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

For the MCE program services after December 31, 2013, the FMAP is 100%. In FY 2013-2014, an estimated \$291.03 million in MCE revenues and \$42.25 million in Medi-Cal Managed Care Rate Supplement revenues related to MCE were recorded for the period from January 1, 2014 through June 30, 2014.

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 provided by public entities 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.

Net revenues of \$22.08 million were recognized during FY 2013-2014 and included adjustments for the over/under-realization of revenues associated with FY 2005-2006 through FY 2012-2013.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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). CBRC revenues in FY 2013-2014 were \$157.55 million. As of June 30, 2014, the County estimated that approximately \$196.64 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 2009-2010 CBRC audit reports during FY 2013-2014 were issued and total audit settlements of \$81.19 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 before a hearing auditor was held during August 2014. Prior to and during that process, a number of the disputes were resolved. The hearing results, known as a Report of Findings, will be issued sometime next year. DHS has formal level appeals pending for FYs 2003-2004, 2006-2007, 2007-2008 and 2008-2009.

The State auditors are in the process of auditing the FY 2010-2011 CBRC audit findings and the anticipated issuance of the audit reports is early April 2015.

Medi-Cal Managed Care Rate Supplement

The State anticipates receiving 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, 2012 through September 30, 2013. 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, the County is required by Welfare and Institutions Code Section 14301.4, 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.

For L.A. Care, the total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2013-2014, including prior year over/under realization, are as follows (in thousands):

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplement-Continued

	<u>Program Revenues</u>	<u>Intergovernmental Transfers Expense</u>
L.A. Care	\$ 120,489	\$ 72,000
Health Net	(2,375)	(6)
Totals	<u>\$ 118,114</u>	<u>\$ 71,994</u>

Revenues from the various Medi-Cal programs (i.e., FFS, DSH, CBRC, AB 915, SB 1732, etc.) represent approximately 71% of the hospitals' patient care revenue for the year ended June 30, 2014.

Managed Care Services-General Fund

The County organization known as Managed Care Services is the medical services organization for DHS, and coordinates the delivery of healthcare in a managed care environment with the objectives of improving outcomes and reducing costs. The General Fund recognized \$266.47 million for Managed Care Services and is recorded as Charges for Services on the governmental fund statements.

Medicare Program

Inpatient services to 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 2006-2007.

For FY 2002-2003 and FY 2003-2004, 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 2004-2005, 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 2004-2005 audits have been completed for LAC+USC MC, H-UCLA MC and RLANRC.

For FY 2005-2006, 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 2005-2006 audits has 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, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicare Program-Continued

For FY 2006-2007, 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 2006-2007 audits have been completed for H-UCLA MC and LAC+USC MC.

For FY 2007-2008, the audits have been completed and NPRs have been issued for RLANRC and OV-UCLA MC. Except for the Medicare SSI fraction issue, the FY 2007-08 audits have been completed for LAC+USC 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 2007-2008 due to low Medicare utilization.

For FY 2008-2009, 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 2009-2010, the audit has been completed and NPR issued for OV-UCLA MC. RLANRC has been audited and is awaiting the issuance of the NPR. Audits for LAC+USC MC and H-UCLA MC have not been scheduled.

For FY 2010-2011, audits have not been scheduled for LAC+USC MC and H-UCLA MC. The audit is in progress for RLANRC, and OV-UCLA MC received its NPR at the end of October 2014.

For FY 2011-2012 and FY 2012-2013, audits have not been scheduled for LAC+USC MC, H-UCLA MC, RLANRC, and OV-UCLA MC.

Revenues from the Medicare program represent approximately 6% of patient care revenue for the year ended June 30, 2014.

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, 2014 (in thousands):

	<u>H-UCLA</u>	<u>OV-UCLA</u>	<u>LAC+USC</u>	<u>Rancho</u>	<u>Total</u>
Accounts receivable	\$ 2,496,998	\$1,044,801	\$ 2,423,814	\$ 306,367	\$ 6,271,980
Less: Allowance for uncollectible amounts	<u>2,028,908</u>	<u>797,822</u>	<u>1,810,400</u>	<u>127,031</u>	<u>4,764,161</u>
Accounts receivable - net	<u>\$ 468,090</u>	<u>\$ 246,979</u>	<u>\$ 613,414</u>	<u>\$ 179,336</u>	<u>\$ 1,507,819</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care

Charity care includes those uncollectible amounts, for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies.

Inability to pay may be determined through the Department's Ability-to-Pay program, through other collection efforts by the Department, by the Treasurer and Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter.

The total amount of such charity care provided by the hospitals for the year ended June 30, 2014 is as follows (in thousands):

Estimated cost of charity care	\$ 1,212,428
Charity care at established rates	1,667,215
Charges forgone	1,364,658

Realignment

As a result of the ACA, the State of California (State) adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment Funds will be redirected to support Social Services programs based on a formula and the assumption that the counties will decrease their net cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio for FY 2013-2014 is 70% State and 30% County. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected. In FY 2013-2014, the State withheld \$87.50 million from the County's Health Realignment account.

The withheld amount is expected to be reconciled against actual revenues and expenses for FY 2013-2014 within two years, with the potential final amount being less than or equal to \$87.50 million. The withheld amount will be subject to the State's review and approval. The County could potentially recoup all, or a portion, of the \$87.50 million withheld amount, subsequent to FY 2015-2016. Due to uncertainties associated with such revenues, they are not reflected in the current year's financial statements.

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 hospital at the MLK-MACC site. The new hospital would: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010, and is proceeding with efforts to open the new MLK Community Hospital. The new hospital facility is scheduled to open in FY 2014-2015.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Martin Luther King, Jr. Community Hospital-Continued

On December 27, 2013, the County established the Martin Luther King, Jr. Community Hospital Financial Assistance budget to monitor the funds allocated to the MLK-LA Healthcare Corporation for hospital opening activities provided by the County. On April 25, 2014, the County executed a lease agreement with MLK-LA Health Corporation to occupy the Inpatient Tower and related ancillary and support buildings on the MLK Medical Center campus. As part of the lease agreement, the County committed to provide MLK-LA Healthcare Corporation with loans up to the aggregate amount of \$82 million for pre- and post-hospital opening activities. The General Fund balance includes the outstanding MLK-LA Health Corporation loan balance of \$7.74 million in non-spendable for long-term receivables, and the remaining \$74.26 million is assigned for future loans.

Medicaid Demonstration Project Renewal

The State Department of Health Care Services (DHCS) has begun the stakeholder process for the Medi-Cal Demonstration Project renewal under Section 1115(a) of the Social Security Act. The existing Bridge to Reform Demonstration Project expires on October 31, 2015, and DHCS intends to seek a renewal of the Demonstration Project. DHCS is targeting early 2015 to submit the Demonstration Project renewal request to the CMS.

A Medicaid Demonstration Project Renewal is a significant component for the County to continue successfully implementing the ACA beyond the coverage expansion. Current Demonstration Project initiatives, such as the delivery of care for Seniors and Persons with Disabilities through managed care and the State's Coordinated Care Initiative, would continue through the Demonstration Project Renewal.

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, 2014.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 15,886
	Flood Control District	3,260
	Public Library	4,554
	Regional Park and Open Space District	5,001
	Nonmajor Governmental Funds	172,697
	Harbor-UCLA Medical Center	29,540
	Olive View-UCLA Medical Center	17,279
	LAC+USC Medical Center	25,128
	Rancho Los Amigos Nat'l Rehab Center	3,833
	Waterworks Enterprise Funds	681
	Nonmajor Aviation Funds	27
	Internal Service Funds	<u>5,369</u>
		<u>283,255</u>
Fire Protection District	General Fund	2,079
	Nonmajor Governmental Funds	<u>525</u>
		<u>2,604</u>
Flood Control District	General Fund	1,333
	Nonmajor Governmental Funds	3,273
	Waterworks Enterprise Funds	327
	Nonmajor Aviation Funds	67
	Internal Service Funds	<u>7,696</u>
		<u>12,696</u>
Public Library	General Fund	4,181
	Fire Protection District	3
	Nonmajor Governmental Funds	<u>113</u>
		<u>4,297</u>
Regional Park and Open Space District	General Fund	<u>398</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 40,281
	Fire Protection District	1,163
	Flood Control District	855
	Public Library	19
	Nonmajor Governmental Funds	18,997
	Rancho Los Amigos Nat'l Rehab Center	139
	Internal Service Funds	<u>10,470</u>
		<u>71,924</u>
Harbor-UCLA Medical Center	General Fund	28,868
	Fire Protection District	43
	Nonmajor Governmental Funds	29,036
	Olive View-UCLA Medical Center	659
	LAC+USC Medical Center	1,530
	Rancho Los Amigos Nat'l Rehab Center	<u>2,979</u>
		<u>63,115</u>
Olive View-UCLA Medical Center	General Fund	16,911
	Fire Protection District	116
	Nonmajor Governmental Funds	20,783
	LAC+USC Medical Center	75
	Rancho Los Amigos Nat'l Rehab Center	<u>22</u>
		<u>37,907</u>
LAC+USC Medical Center	General Fund	39,174
	Fire Protection District	42
	Nonmajor Governmental Funds	55,038
	Harbor-UCLA Medical Center	4,731
	Olive View-UCLA Medical Center	19,771
	Rancho Los Amigos Nat'l Rehab Center	<u>3,405</u>
		<u>122,161</u>
Rancho Los Amigos Nat'l Rehab Center	General Fund	6,017
	Fire Protection District	34
	Harbor-UCLA Medical Center	3
	Olive View-UCLA Medical Center	27
	LAC+USC Medical Center	<u>48</u>
		<u>6,129</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Waterworks Enterprise Funds	General Fund	\$ 10
	Internal Service Funds	<u>1,077</u>
		<u>1,087</u>
Nonmajor Aviation Funds	Internal Service Funds	<u>1</u>
Internal Service Funds	General Fund	19,374
	Fire Protection District	7
	Flood Control District	20,001
	Nonmajor Governmental Funds	38,560
	Harbor-UCLA Medical Center	31
	Olive View-UCLA Medical Center	507
	LAC+USC Medical Center	103
	Rancho Los Amigos Nat'l Rehab Center	1,844
	Waterworks Enterprise Funds	3,781
	Nonmajor Aviation Funds	<u>337</u>
		<u>84,545</u>
Total Interfund Receivables/Payables		<u>\$ 690,119</u>

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2014 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Public Library	\$ 40,531
	Nonmajor Governmental Funds	99,982
	Harbor-UCLA Medical Center	226,722
	Olive View-UCLA Medical Center	86,108
	LAC+USC Medical Center	193,949
	Rancho Los Amigos Nat'l Rehab Center	15,702
	Internal Service Funds	<u>333</u>
		<u>663,327</u>
Fire Protection District	Nonmajor Governmental Funds	<u>12,617</u>
Flood Control District	Nonmajor Governmental Funds	3,173
	Internal Service Funds	<u>3,559</u>
		<u>6,732</u>
Public Library	General Fund	6,380
	Nonmajor Governmental Funds	<u>2,787</u>
		<u>9,167</u>
Nonmajor Governmental Funds	General Fund	454,280
	Fire Protection District	3,730
	Public Library	11,031
	Nonmajor Governmental Funds	22,764
	Harbor-UCLA Medical Center	57,588
	Olive View-UCLA Medical Center	42,511
	LAC+USC Medical Center	111,176
	Rancho Los Amigos Nat'l Rehab Center	688
	Internal Service Funds	<u>8,700</u>
	<u>712,468</u>	
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	1,943
	LAC+USC Medical Center	<u>4,599</u>
		<u>6,542</u>
Olive View-UCLA Medical Center	General Fund	1,347
	Nonmajor Governmental Funds	144
	LAC+USC Medical Center	<u>3,823</u>
	<u>5,314</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Rancho Los Amigos Nat'l Rehab Center	LAC+USC Medical Center	\$ <u>2,925</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>531</u>
Internal Service Funds	General Fund	4,101
	Nonmajor Governmental Funds	<u>9</u>
		<u>4,110</u>
Total Interfund Transfers		<u>\$ 1,423,733</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 \$186.2 million long-term advance and classified a corresponding amount of fund balance as nonspendable balance.

Advances from/to other funds at June 30, 2014 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	\$ 221,868	\$ 42,247	\$ 264,115
	Olive View-UCLA Medical Center	114,124	36,696	150,820
	LAC+USC Medical Center	269,679	74,997	344,676
	Rancho Los Amigos Nat'l Rehab Center	91,275	32,217	123,492
	Internal Service Funds	<u>2,211</u>		<u>2,211</u>
		<u>699,157</u>	<u>186,157</u>	<u>885,314</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

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	<u>\$ 6,307</u>	<u> </u>	<u>\$ 6,307</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>12,164</u>	<u> </u>	<u>12,164</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,318</u>	<u> </u>	<u>1,318</u>
Total Interfund Advances		<u>\$ 718,946</u>	<u>\$ 186,157</u>	<u>\$ 905,103</u>

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

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

The amounts presented for the governmental 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 and amounts are collected within the County's availability period.
- For the General Fund, obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation 6.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, under the caption, "Tobacco Settlement Asset-Backed Bonds."
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.
- 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, 2014.

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	\$ 1,566,263	\$ 48,787	\$ 129,417	\$ 41,175	\$ 236,272
Budgetary fund balances	<u>1,565,448</u>	<u>182,704</u>	<u>179,107</u>	<u>19,896</u>	<u>88,380</u>
Subtotal	<u>3,131,711</u>	<u>231,491</u>	<u>308,524</u>	<u>61,071</u>	<u>324,652</u>
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	139,124	(298)	2,697	876	
Accrual of compensated absences	57,602				
Unamortized balance of sale of tobacco settlement revenue	(241,498)				
Change in revenue accruals	(133,290)	(15,792)	(5,747)	(2,497)	(1,799)
Change in OPEB	149,159	8,842		1,453	
Subtotal	<u>(28,903)</u>	<u>(7,248)</u>	<u>(3,050)</u>	<u>(168)</u>	<u>(1,799)</u>
Fund balance - GAAP basis	<u>\$ 3,102,808</u>	<u>\$ 224,243</u>	<u>\$ 305,474</u>	<u>\$ 60,903</u>	<u>\$ 322,853</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

17. OTHER COMMITMENTS

Constructions and Other Significant Commitments

At June 30, 2014, there were contractual commitments of approximately \$478.75 million for various general government construction and software and approximately \$48.36 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2014, LACERA had outstanding capital commitments to various investment managers, approximating \$3.610 billion. Subsequent to June 30, 2014, LACERA funded \$394 million 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, 2014, 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	\$	\$	\$ 453,700	\$ 453,700
Fire Protection District	20,995			20,995
Flood Control District	47,895			47,895
Public Library			8,946	8,946
Regional Park and Open Space District	75,084			75,084
Nonmajor Governmental Funds	<u>145,163</u>	<u>7,817</u>	<u>7,023</u>	<u>160,003</u>
Total Encumbrances	<u>\$ 289,137</u>	<u>\$ 7,817</u>	<u>\$ 469,669</u>	<u>\$ 766,623</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 2011-2012, FY 2012-2013 or FY 2013-2014.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 was approximately \$2.118 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2014. Approximately \$88,906,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2014, the County's best estimate of these liabilities is \$2.394 billion. Changes in the reported liability since July 1, 2012 resulted from the following (in thousands):

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Fiscal Year-End</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>
<u>2013-2014</u>				
Workers' Compensation	\$ 2,096,349	\$ 370,226	\$(348,078)	\$ 2,118,497
Other	<u>282,020</u>	<u>39,680</u>	<u>(46,558)</u>	<u>275,142</u>
Total 2013-2014	<u>\$ 2,378,369</u>	<u>\$ 409,906</u>	<u>\$(394,636)</u>	<u>\$ 2,393,639</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$180.4 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, 2014

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 cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

As of June 30, 2014, the County's estimated pollution remediation obligation totaled \$18,194,000. 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. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide financial statements as of June 30, 2014 are described as follows:

- The deferred outflows of resources, included on the government-wide statement of net position, relates to the unamortized losses on refunding of debt, which was previously reported under bonds payable. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

- The deferred inflows of resources, included on the government-wide statement of net position, relates to the future installment payments of service concession arrangements as discussed in Note 7.

Statement of Net Position (in thousands):

Deferred outflows of resources -	
Unamortized losses on refunding of debt	<u>\$ 20,243</u>
Deferred inflows of resources -	
Service concession arrangements	<u>\$ 97,031</u>

Deferred outflows and inflows of resources balances in the governmental fund financial statements as of June 30, 2014 are described as follows:

- The intra-entity sales of future tobacco settlement revenues, which were previously reported as interfund receivables and payables in the governmental fund financial statements, have been reclassified and are now reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.
- Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. These were previously reported as deferred revenues. The County has included two such items, which are property tax revenues to be collected beyond the 60 day accrual period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources -							
Tobacco settlement revenues	<u>\$</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>241,498</u>	<u>\$241,498</u>
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 241,498						\$241,498
Property tax revenues	117,844	26,472	8,071	4,221	5,576	10,511	172,695
Other long-term receivables	<u>148,763</u>	<u>815</u>	<u> </u>	<u> </u>	<u> </u>	<u>624</u>	<u>150,202</u>
Total governmental funds							
deferred inflows of resources	<u>\$ 508,105</u>	<u>27,287</u>	<u>8,071</u>	<u>4,221</u>	<u>5,576</u>	<u>11,135</u>	<u>\$564,395</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

21. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2014 (in thousands) are as follows:

	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>
Fund Balances:						
Nonspendable:						
Inventories	\$ 56,790	8,542		1,216		
Long-term receivables	215,217					
Permanent fund principal						2,195
Total Nonspendable	<u>272,007</u>	<u>8,542</u>		<u>1,216</u>		<u>2,195</u>
Restricted for:						
Purpose of fund		215,701	305,375	9,814	322,853	1,404,246
Purpose of utility user tax	30,771					
Grand Avenue project	4,600					
Sheriff Pitchess landfill	3,206					
La Alameda project	2,000					
Capital projects						174,581
Debt service						536,885
Endowments and annuities						222
Total Restricted	<u>40,577</u>	<u>215,701</u>	<u>305,375</u>	<u>9,814</u>	<u>322,853</u>	<u>2,115,934</u>
Committed to:						
Purpose of fund						36,148
Capital projects and extraordinary maintenance	146,056					78,968
Health services-tobacco settlement	49,900					
Budget uncertainties	86,698					
Low to moderate income housing	50,072					
Sheriff budget restoration	31,174					
Assessor tax system	22,062					
Health services operations	16,000					
Interoperable and countywide communication	8,765					
Services to unincorporated areas	14,254					
Financial system	16,487					
Reopening jail beds	12,147					
Department of children and family services	8,840					
Health services future financial requirements	6,513					
Public works-permit tracking system	5,855					

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

21. FUND BALANCES-Continued

	<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>	<u>Nonmajor Governmental Funds</u>
TTC remittance processing and mailroom equipment	2,800					
Information technology enhancements	2,564					
Live scan	2,000					
TTC unsecured property tax system	463					
Sheriff unincorporated patrol	90					
Total Committed	<u>482,740</u>					<u>115,116</u>
Assigned to:						
Purpose of fund			99	49,873		116,480
Future purchases	453,700					
Future loans	82,354					
Capital projects						24,207
Imprest cash	2,024					
Total Assigned	<u>538,078</u>		<u>99</u>	<u>49,873</u>		<u>140,687</u>
Unassigned	1,769,406					
Total Fund Balances	<u>\$ 3,102,808</u>	<u>224,243</u>	<u>305,474</u>	<u>60,903</u>	<u>322,853</u>	<u>2,373,932</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 \$232,045,000 is reported as unassigned fund balance in the General Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2014, the County issued \$900,000,000 in 2014-2015 TRANS which will mature on June 30, 2015. The TRANS are collateralized by taxes and other revenues attributable to the 2014-2015 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rates of 0.12%.

Capital Asset Leasing Corporation Lease Revenue Bond Anticipation Notes

On September 12, 2014, the Corporation issued a \$10,000,000 Bond Anticipation Note with an initial interest rate of 0.535%. Also, on December 10, 2014, the Corporation issued a \$10,000,000 Bond Anticipation Note with an initial interest rate of 0.596%. 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, 2017. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

Lease Revenue Obligation Notes

On September 15, 2014, the Los Angeles County Capital Asset Leasing Corporation issued an additional \$15,000,000 in lease revenue obligation notes (LRON) with an initial average interest rate of 0.08%. Also, on November 7, 2014, the Corporation issued an additional \$17,000,000 in LRON with an initial average interest rate of 0.07%. The proceeds are being used to fund capital requirements of various capital projects. The LRON is secured by a long-term lease of County real estate and letters of credit.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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%
June 30, 2013	39,932,416	53,247,776	13,315,360	75.0%	6,595,902	201.9%

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, 2009	\$ 0	\$ 951,797	\$ 951,797	0%	\$ 6,547,616	14.54%
July 1, 2011	0	1,018,898	1,018,898	0%	6,650,674	15.32%
July 1, 2013	0	945,687	945,687	0%	6,595,902	14.34%



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, 2014 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 852,934	861,283	780,375	(80,908)
Services and supplies	1,391,710	1,170,571	615,013	(555,558)
Other charges	144,998	192,767	146,530	(46,237)
Capital assets	6,723	8,609	6,352	(2,257)
Intrafund transfers	(601,498)	(606,935)	(537,180)	69,755
TOTAL GENERAL GOVERNMENT	1,794,867	1,626,295	1,011,090	(615,205)
PUBLIC PROTECTION:				
Salaries and employee benefits	3,784,538	3,888,638	3,783,666	(104,972)
Services and supplies	968,798	952,837	816,962	(135,875)
Other charges	411,287	396,387	355,426	(40,961)
Capital assets	40,241	42,070	35,044	(7,026)
Intrafund transfers	(104,402)	(106,698)	(79,843)	26,855
TOTAL PUBLIC PROTECTION	5,100,462	5,173,234	4,911,255	(261,979)
HEALTH AND SANITATION:				
Salaries and employee benefits	1,156,287	1,161,748	1,093,001	(68,747)
Services and supplies	2,280,844	2,505,344	2,205,091	(300,253)
Other charges	169,073	181,182	170,366	(10,816)
Capital assets	30,147	56,787	50,695	(6,092)
Intrafund transfers	(190,597)	(191,577)	(183,313)	8,264
TOTAL HEALTH AND SANITATION	3,445,754	3,713,484	3,335,840	(377,644)
PUBLIC ASSISTANCE:				
Salaries and employee benefits	1,884,618	1,917,195	1,842,097	(75,098)
Services and supplies	1,136,943	1,171,619	1,054,331	(117,288)
Other charges	2,798,835	2,788,706	2,646,416	(142,290)
Capital assets	4,122	4,415	4,043	(372)
Intrafund transfers	(46,513)	(46,513)	(51,329)	(4,816)
TOTAL PUBLIC ASSISTANCE	5,778,005	5,835,422	5,495,558	(339,864)
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	141,603	141,954	139,525	(2,429)
Services and supplies	140,274	146,648	136,900	(9,748)
Other charges	12,514	12,511	11,409	(1,102)
Capital assets	1,710	1,630	1,463	(167)
Intrafund transfers	(1,765)	(1,796)	(1,667)	129
TOTAL RECREATION AND CULTURAL SERVICES	294,336	300,947	287,630	(13,317)
DEBT SERVICE-				
Interest	2,801	2,801	2,801	
CAPITAL OUTLAY	876,502	892,313	74,575	(817,738)
TOTAL GENERAL FUND	\$ 17,292,727	17,544,496	15,118,749	(2,425,747)



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.

Continued...

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. The Cable TV Franchise fund is used to account for cable-related activities. The Off-Highway Vehicle fund is used to account for the development, construction, operation, and maintenance of off-highway vehicle recreation facilities. Revenues are derived from a percentage of golf course green fees, vehicle entrance fees collected from the regional parks, percentage of the design and construction costs, cable franchise fees, and licenses and user fees.

Continued...

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 as a transfer from the Flood Control District Fund. 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 in the form of Charges for Services. Joint Powers Authorities-Public Works Financing Authority and Public Buildings receive their funds primarily from the General Fund in the form of operating transfers. The Los Angeles County Securitization Corporation receives funding primarily from the collection of the County's future tobacco settlement payments and from long-term debt proceeds secured by the County's Tobacco Assets.

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

Disney Parking Project
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

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Accumulative Capital Outlay Funds are used to account for specific capital 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" receivables that are restricted for capital spending purposes.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR PERMANENT FUNDS

Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support various County programs.

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 JUNE 30, 2014 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 1,772,101	137,047	264,546	2,372	\$ 2,176,066
Other	38,967	26	216	3	39,212
Total pooled cash and investments	1,811,068	137,073	264,762	2,375	2,215,278
Other investments		158,187	14,960	95	173,242
Taxes receivable	13,976				13,976
Interest receivable	4,197	127	516	6	4,846
Other receivables	49,291		557		49,848
Due from other funds	59,984		11,940		71,924
Advances to other funds	12,164				12,164
TOTAL ASSETS	1,950,680	295,387	292,735	2,476	2,541,278
DEFERRED OUTFLOWS OF RESOURCES					
		241,498			241,498
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,950,680	536,885	292,735	2,476	\$ 2,782,776
LIABILITIES					
Accounts payable	\$ 36,331		377		\$ 36,708
Accrued payroll	92				92
Other payables	14,438				14,438
Due to other funds	324,398		14,565	59	339,022
Advances payable	6,874		37		6,911
Third party payor	538				538
TOTAL LIABILITIES	382,671		14,979	59	397,709
DEFERRED INFLOWS OF RESOURCES					
	11,135				11,135
FUND BALANCES					
Nonspendable				2,195	2,195
Restricted	1,404,246	536,885	174,581	222	2,115,934
Committed	36,148		78,968		115,116
Assigned	116,480		24,207		140,687
TOTAL FUND BALANCES	1,556,874	536,885	277,756	2,417	2,373,932
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,950,680	536,885	292,735	2,476	\$ 2,782,776

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 351,352				\$ 351,352
Licenses, permits and franchises	16,776				16,776
Fines, forfeitures and penalties	70,700				70,700
Revenue from use of money and property:					
Investment income	16,103	7,412	2,670	22	26,207
Rents and concessions	25,577				25,577
Royalties	5				5
Intergovernmental revenues:					
Federal	22,829				22,829
State	576,513		570		577,083
Other	15,949				15,949
Charges for services	147,311	36,245	7,014		190,570
Miscellaneous	30,656	22,393	657		53,706
TOTAL REVENUES	1,273,771	66,050	10,911	22	1,350,754
EXPENDITURES					
Current:					
General government	28,398			125	28,523
Public protection	66,580				66,580
Public ways and facilities	338,953				338,953
Health and sanitation	155,253				155,253
Public assistance	7,330				7,330
Education	113				113
Recreation and cultural services	8,688				8,688
Debt service:					
Principal		368,213			368,213
Interest and other charges		87,168			87,168
Capital outlay			216,100		216,100
TOTAL EXPENDITURES	605,315	455,381	216,100	125	1,276,921
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	668,456	(389,331)	(205,189)	(103)	73,833
OTHER FINANCING SOURCES (USES)					
Transfers in	18,942	98,573	25,904		143,419
Transfers out	(688,737)	(6,620)	(17,111)		(712,468)
Issuance of debt		255,949	111,008		366,957
Sales of capital assets	497				497
TOTAL OTHER FINANCING SOURCES (USES)	(669,298)	347,902	119,801		(201,595)
NET CHANGE IN FUND BALANCES	(842)	(41,429)	(85,388)	(103)	(127,762)
FUND BALANCES, JULY 1, 2013	1,557,716	578,314	363,144	2,520	2,501,694
FUND BALANCES, JUNE 30, 2014	\$ 1,556,874	536,885	277,756	2,417	\$ 2,373,932



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2014 (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	\$ 228,559	154,404	75,821	35,799	23,122	123,558
Other	7,563	757	247	251	307	1,985
Total pooled cash and investments	236,122	155,161	76,068	36,050	23,429	125,543
Taxes receivable		336	1,394	1,181	851	10,179
Interest receivable	550	391	161	89	52	282
Other receivables	33,795	7,234	5	1,512	1,203	
Due from other funds	19,700	783	3,193		1,250	21
Advances to other funds	8,813	1,150	187		1,365	
TOTAL ASSETS	\$ 298,980	165,055	81,008	38,832	28,150	136,025
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 4,876	3,439	1,631	1,785	191	4,643
Accrued payroll						
Other payables	13,318	109			66	
Due to other funds	30,041	11,602	3,549	812	7,547	108,252
Advances payable	6,874					
Third party payor	538					
TOTAL LIABILITIES	55,647	15,150	5,180	2,597	7,804	112,895
DEFERRED INFLOWS OF RESOURCES						
		336	934	1,873	1,134	6,285
FUND BALANCES						
Restricted	243,333	149,569	74,894	34,362	19,212	16,845
Committed						
Assigned						
TOTAL FUND BALANCES	243,333	149,569	74,894	34,362	19,212	16,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 298,980	165,055	81,008	38,832	28,150	136,025

Health and Sanitation	Mental Health Services Act	Other Public Protection	Public Assistance	Recreation	
					ASSETS
\$ 37,917	646,241	228,348	6,416	8,244	Pooled cash and investments:
2,997	651	3,087	497	16,959	Operating
40,914	646,892	231,435	6,913	25,203	Other
35					Total pooled cash and investments
84	1,652	567		8	Taxes receivable
4,696		80	400	216	Interest receivable
1,004	25,493	876		71	Other receivables
649					Due from other funds
\$ 47,382	674,037	232,958	7,313	25,498	Advances to other funds
					TOTAL ASSETS
					LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES
\$ 13,355	404	1,829	696	299	LIABILITIES
943				2	Accounts payable
2,948	132,423	11,331	252	1,311	Accrued payroll
					Other payables
					Due to other funds
					Advances payable
					Third party payor
17,246	132,827	13,160	948	1,612	TOTAL LIABILITIES
573					DEFERRED INFLOWS OF RESOURCES
27,099	541,210	184,069	6,365	3,451	FUND BALANCES
		30,811			Restricted
2,464		4,918		20,435	Committed
29,563	541,210	219,798	6,365	23,886	Assigned
					TOTAL FUND BALANCES
\$ 47,382	674,037	232,958	7,313	25,498	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET - Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2014 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 38,644	57,824	18,367	88,837	\$ 1,772,101
Other	1,229	1,418	857	162	38,967
Total pooled cash and investments	39,873	59,242	19,224	88,999	1,811,068
Taxes receivable					13,976
Interest receivable	100	140		121	4,197
Other receivables			150		49,291
Due from other funds				7,593	59,984
Advances to other funds					12,164
TOTAL ASSETS	\$ 39,973	59,382	19,374	96,713	\$ 1,950,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$	3,007		176	\$ 36,331
Accrued payroll				92	92
Other payables					14,438
Due to other funds	207	10,068	2,054	2,001	324,398
Advances payable					6,874
Third party payor					538
TOTAL LIABILITIES	207	13,075	2,054	2,269	382,671
DEFERRED INFLOWS OF RESOURCES					
					11,135
FUND BALANCES					
Restricted	39,766	46,307	17,320	444	1,404,246
Committed				5,337	36,148
Assigned				88,663	116,480
TOTAL FUND BALANCES	39,766	46,307	17,320	94,444	1,556,874
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 39,973	59,382	19,374	96,713	\$ 1,950,680



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, 2014 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
REVENUES						
Taxes	\$ 4,069	50,272	20,209	5,279		271,523
Licenses, permits and franchises	4,922					
Fines, forfeitures and penalties		36	154	521	284	1,531
Revenue from use of money and property:						
Investment income	2,105	1,540	727	283	155	980
Rents and concessions	149	171				
Royalties						
Intergovernmental revenues:						
Federal	21,109	1,720				
State	211,919	76	139	36	25	
Other	5,664	8,500	256		33	
Charges for services	26,329	727	5,616	20,052	34,249	687
Miscellaneous	434	564				
TOTAL REVENUES	276,700	63,606	27,101	26,171	34,746	274,721
EXPENDITURES						
Current:						
General government						
Public protection						
Public ways and facilities	245,376	70,958	22,619			
Health and sanitation				22,985	29,626	51,873
Public assistance						
Education						
Recreation and cultural services						
TOTAL EXPENDITURES	245,376	70,958	22,619	22,985	29,626	51,873
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,324	(7,352)	4,482	3,186	5,120	222,848
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(7,471)	(64)	(11)		(1,043)	(221,304)
Sales of capital assets	2	3				
TOTAL OTHER FINANCING SOURCES (USES)	(7,469)	(61)	(11)		(1,043)	(221,304)
NET CHANGE IN FUND BALANCES	23,855	(7,413)	4,471	3,186	4,077	1,544
FUND BALANCES, JULY 1, 2013	219,478	156,982	70,423	31,176	15,135	15,301
FUND BALANCES, JUNE 30, 2014	\$ 243,333	149,569	74,894	34,362	19,212	16,845

	Health and Sanitation	Mental Health Services Act	Other Public Protection	Public Assistance	Recreation
\$					
	7,310			1,502	23
	22,516		9,591	2,285	
	258	6,278	2,178	6	40
	135		18,896		1,311
	458	348,156	15,579		125
	1,496				
	19,144		11,262	2,823	4,413
			24,579	2,363	2,613
	<u>51,317</u>	<u>354,434</u>	<u>82,085</u>	<u>8,979</u>	<u>8,525</u>
			60,286		
	44,616	6,153		7,330	
					8,688
	<u>44,616</u>	<u>6,153</u>	<u>60,286</u>	<u>7,330</u>	<u>8,688</u>
	<u>6,701</u>	<u>348,281</u>	<u>21,799</u>	<u>1,649</u>	<u>(163)</u>
			874		1,009
	(3,079)	(373,962)	(18,757)	(1,433)	(1,957)
			64		
	<u>(3,079)</u>	<u>(373,962)</u>	<u>(17,819)</u>	<u>(1,433)</u>	<u>(948)</u>
	3,622	(25,681)	3,980	216	(1,111)
	<u>25,941</u>	<u>566,891</u>	<u>215,818</u>	<u>6,149</u>	<u>24,997</u>
\$	<u>29,563</u>	<u>541,210</u>	<u>219,798</u>	<u>6,365</u>	<u>23,886</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

Education

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, 2013

FUND BALANCES, JUNE 30, 2014

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, 2014 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
REVENUES					
Taxes	\$				\$ 351,352
Licenses, permits and franchises				3,019	16,776
Fines, forfeitures and penalties	15,727	18,055			70,700
Revenue from use of money and property:					
Investment income	435	528		590	16,103
Rents and concessions				4,915	25,577
Royalties				5	5
Intergovernmental revenues:					
Federal					22,829
State					576,513
Other					15,949
Charges for services			12,233	9,776	147,311
Miscellaneous				103	30,656
TOTAL REVENUES	16,162	18,583	12,233	18,408	1,273,771
EXPENDITURES					
Current:					
General government				28,398	28,398
Public protection	1,488	4,806			66,580
Public ways and facilities					338,953
Health and sanitation					155,253
Public assistance					7,330
Education				113	113
Recreation and cultural services					8,688
TOTAL EXPENDITURES	1,488	4,806		28,511	605,315
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,674	13,777	12,233	(10,103)	668,456
OTHER FINANCING SOURCES (USES)					
Transfers in				17,059	18,942
Transfers out	(19,940)	(12,424)	(13,696)	(13,596)	(688,737)
Sales of capital assets				428	497
TOTAL OTHER FINANCING SOURCES (USES)	(19,940)	(12,424)	(13,696)	3,891	(669,298)
NET CHANGE IN FUND BALANCES	(5,266)	1,353	(1,463)	(6,212)	(842)
FUND BALANCES, JULY 1, 2013	45,032	44,954	18,783	100,656	1,557,716
FUND BALANCES, JUNE 30, 2014	\$ 39,766	46,307	17,320	94,444	\$ 1,556,874

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, 2014 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 343,385	343,394	350,543	7,149
Licenses, permits and franchises	15,225	15,225	16,776	1,551
Fines, forfeitures and penalties	64,418	64,816	70,700	5,884
Revenue from use of money and property:				
Investment income	11,573	11,602	10,339	(1,263)
Rents and concessions	31,582	31,720	25,577	(6,143)
Royalties	10	10	5	(5)
Intergovernmental revenues:				
Federal	29,675	29,675	22,829	(6,846)
State	544,488	544,488	576,513	32,025
Other	39,054	39,054	15,477	(23,577)
Charges for services	172,317	179,478	147,124	(32,354)
Miscellaneous	14,608	14,791	30,583	15,792
TOTAL REVENUES	1,266,335	1,274,253	1,266,466	(7,787)
EXPENDITURES				
Current:				
General government	39,326	58,594	30,081	(28,513)
Public protection	339,992	339,992	89,402	(250,590)
Public ways and facilities	603,792	611,814	387,291	(224,523)
Health and sanitation	216,691	217,702	156,785	(60,917)
Public assistance	12,352	12,352	7,806	(4,546)
Education	15,299	4,395	130	(4,265)
Recreation and cultural services	17,686	18,130	8,892	(9,238)
TOTAL EXPENDITURES	1,245,138	1,262,979	680,387	(582,592)
EXCESS OF REVENUES OVER EXPENDITURES	21,197	11,274	586,079	574,805
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	602	602	497	(105)
Transfers in	34,309	46,925	45,937	(988)
Transfers out	(884,586)	(909,638)	(693,241)	216,397
Appropriations for contingencies	(162,757)	(160,773)		160,773
Changes in fund balances	152,792	173,167	189,142	15,975
OTHER FINANCING SOURCES (USES) - NET	(859,640)	(849,717)	(457,665)	392,052
NET CHANGE IN FUND BALANCE	(838,443)	(838,443)	128,414	966,857
FUND BALANCE, JULY 1, 2013	838,443	838,443	838,443	
FUND BALANCE, JUNE 30, 2014	\$		966,857	966,857

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, 2014 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 4,076	4,076	4,069	(7)
Licenses, permits and franchises	4,678	4,678	4,922	244
Revenue from use of money and property:				
Investment income	1,936	1,936	1,418	(518)
Rents and concessions	65	65	149	84
Intergovernmental revenues:				
Federal	29,580	29,580	21,109	(8,471)
State	181,392	181,392	211,919	30,527
Other	8,390	8,390	5,192	(3,198)
Charges for services	36,762	36,772	26,329	(10,443)
Miscellaneous	319	319	434	115
TOTAL REVENUES	267,198	267,208	275,541	8,333
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	250,565	250,575	220,381	(30,194)
Other charges	11,870	11,870	282	(11,588)
Capital assets	750	750	501	(249)
Capital Outlay	104,578	103,908	62,669	(41,239)
TOTAL EXPENDITURES	367,763	367,103	283,833	(83,270)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(100,565)	(99,895)	(8,292)	91,603
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			2	2
Transfers out	(9,765)	(10,435)	(7,471)	2,964
Appropriations for contingencies	(17,921)	(17,921)		17,921
Changes in fund balance	48,606	48,606	54,638	6,032
OTHER FINANCING SOURCES (USES) - NET	20,920	20,250	47,169	26,919
NET CHANGE IN FUND BALANCE	(79,645)	(79,645)	38,877	118,522
FUND BALANCE, JULY 1, 2013	79,645	79,645	79,645	
FUND BALANCE, JUNE 30, 2014	\$		118,522	118,522

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, 2014 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 46,162	46,162	50,278	4,116
Fines, forfeitures and penalties	38	38	36	(2)
Revenue from use of money and property:				
Investment income	1,156	1,156	986	(170)
Rents and concessions	204	204	171	(33)
Intergovernmental revenues:				
Federal			1,720	1,720
State	46	46	76	30
Other	28,543	28,543	8,500	(20,043)
Charges for services	18,435	18,500	727	(17,773)
Miscellaneous			564	564
TOTAL REVENUES	94,584	94,649	63,058	(31,591)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	141,862	141,927	64,213	(77,714)
Other charges	3	3		(3)
Capital assets	5,882	5,882	34	(5,848)
Capital Outlay	39,444	39,444	6,571	(32,873)
TOTAL EXPENDITURES	187,191	187,256	70,818	(116,438)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(92,607)	(92,607)	(7,760)	84,847
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			3	3
Transfers in	21,000	21,000	21,000	
Transfers out	(21,129)	(21,129)	(21,064)	65
Appropriations for contingencies	(13,114)	(13,114)		13,114
Changes in fund balance	15,149	15,149	21,929	6,780
OTHER FINANCING SOURCES (USES) - NET	1,906	1,906	21,868	19,962
NET CHANGE IN FUND BALANCE	(90,701)	(90,701)	14,108	104,809
FUND BALANCE, JULY 1, 2013	90,701	90,701	90,701	
FUND BALANCE, JUNE 30, 2014	\$		104,809	104,809

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, 2014 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 17,778	17,778	20,235	2,457
Fines, forfeitures and penalties	163	163	154	(9)
Revenue from use of money and property-				
Investment income	543	543	450	(93)
Intergovernmental revenues:				
State	153	153	139	(14)
Other	603	603	256	(347)
Charges for services	5,656	5,656	5,616	(40)
TOTAL REVENUES	24,896	24,896	26,850	1,954
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	46,830	45,419	21,430	(23,989)
Other charges	8	10,025	10,017	(8)
Capital assets		11	9	(2)
Capital Outlay	2,000	2,000	1,184	(816)
TOTAL EXPENDITURES	48,838	57,455	32,640	(24,815)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(23,942)	(32,559)	(5,790)	26,769
OTHER FINANCING SOURCES (USES)				
Transfers in	6,410	6,410	5,922	(488)
Transfers out	(6,430)	(6,430)	(5,933)	497
Appropriations for contingencies	(1,173)	(929)		929
Changes in fund balance	(3,336)	5,037	5,107	70
OTHER FINANCING SOURCES (USES) - NET	(4,529)	4,088	5,096	1,008
NET CHANGE IN FUND BALANCE	(28,471)	(28,471)	(694)	27,777
FUND BALANCE, JULY 1, 2013	28,471	28,471	28,471	
FUND BALANCE, JUNE 30, 2014	\$		27,777	27,777

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, 2014 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 4,710	4,710	5,292	582
Fines, forfeitures and penalties	383	383	521	138
Revenue from use of money and property-				
Investment income	223	223	199	(24)
Intergovernmental revenues-				
State	39	39	36	(3)
Charges for services	19,396	19,396	20,018	622
TOTAL REVENUES	24,751	24,751	26,066	1,315
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	28,043	28,043	23,004	(5,039)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,292)	(3,292)	3,062	6,354
OTHER FINANCING USES				
Appropriations for contingencies	(2,022)	(2,022)		2,022
Changes in fund balance	(1,794)	(1,794)	(1,734)	60
TOTAL OTHER FINANCING USES	(3,816)	(3,816)	(1,734)	2,082
NET CHANGE IN FUND BALANCE	(7,108)	(7,108)	1,328	8,436
FUND BALANCE, JULY 1, 2013	7,108	7,108	7,108	
FUND BALANCE, JUNE 30, 2014	\$		8,436	8,436

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, 2014 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Fines, forfeitures and penalties	\$ 294	294	284	(10)
Revenue from use of money and property- Investment income	138	138	111	(27)
Intergovernmental revenues:				
State			25	25
Other	28	28	33	5
Charges for services	34,166	34,166	34,096	(70)
TOTAL REVENUES	34,626	34,626	34,549	(77)
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	41,890	41,890	29,381	(12,509)
Other charges	347	947	508	(439)
Capital assets	190	190		(190)
Capital Outlay	1,000	1,000	45	(955)
TOTAL EXPENDITURES	43,427	44,027	29,934	(14,093)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,801)	(9,401)	4,615	14,016
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,218)	(1,683)	(1,043)	640
Appropriations for contingencies	(2,178)	(1,113)		1,113
Changes in fund balance	(1)	(1)	268	269
OTHER FINANCING SOURCES (USES) - NET	(3,397)	(2,797)	(775)	2,022
NET CHANGE IN FUND BALANCE	(12,198)	(12,198)	3,840	16,038
FUND BALANCE, JULY 1, 2013	12,198	12,198	12,198	
FUND BALANCE, JUNE 30, 2014	\$		16,038	16,038

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, 2014 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Taxes	\$ 270,659	270,668	270,669	1
Fines, forfeitures and penalties			1,531	1,531
Revenue from use of money and property-				
Investment income	350	379	532	153
Charges for services	830	830	687	(143)
TOTAL REVENUES	271,839	271,877	273,419	1,542
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	25,535	25,535	23,131	(2,404)
Other charges	28,057	28,057	28,057	
TOTAL EXPENDITURES	53,592	53,592	51,188	(2,404)
EXCESS OF REVENUES OVER EXPENDITURES	218,247	218,285	222,231	3,946
OTHER FINANCING SOURCES (USES)				
Transfers out	(221,386)	(221,386)	(221,304)	82
Appropriations for contingencies	(1,907)	(1,945)		1,945
Changes in fund balance			674	674
OTHER FINANCING SOURCES (USES) - NET	(223,293)	(223,331)	(220,630)	2,701
NET CHANGE IN FUND BALANCE	(5,046)	(5,046)	1,601	6,647
FUND BALANCE, JULY 1, 2013	5,046	5,046	5,046	
FUND BALANCE, JUNE 30, 2014	\$		6,647	6,647

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, 2014 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Licenses, permits and franchises	\$ 6,667	6,667	7,310	643
Fines, forfeitures and penalties	22,117	22,515	22,516	1
Revenue from use of money and property:				
Investment income	158	158	205	47
Rents and concessions	114	114	135	21
Intergovernmental revenues:				
State	649	649	458	(191)
Other	1,490	1,490	1,496	6
Charges for services	17,317	17,317	19,144	1,827
TOTAL REVENUES	48,512	48,910	51,264	2,354
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	57,808	58,206	44,354	(13,852)
Capital assets	889	902	720	(182)
TOTAL EXPENDITURES	58,697	59,108	45,074	(14,034)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,185)	(10,198)	6,190	16,388
OTHER FINANCING USES				
Transfers out	(4,510)	(4,510)	(3,079)	1,431
Appropriations for contingencies	(3,034)	(3,021)		3,021
Changes in fund balance	(1,490)	(1,490)	(602)	888
TOTAL OTHER FINANCING USES	(9,034)	(9,021)	(3,681)	5,340
NET CHANGE IN FUND BALANCE	(19,219)	(19,219)	2,509	21,728
FUND BALANCE, JULY 1, 2013	19,219	19,219	19,219	
FUND BALANCE, JUNE 30, 2014	\$		21,728	21,728

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, 2014 (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	\$ 5,005	5,005	4,114	(891)
Intergovernmental revenues- State	346,860	346,860	348,156	1,296
TOTAL REVENUES	351,865	351,865	352,270	405
EXPENDITURES				
Current-Health and sanitation- Services and supplies	32,932	32,932	7,585	(25,347)
EXCESS OF REVENUES OVER EXPENDITURES	318,933	318,933	344,685	25,752
OTHER FINANCING SOURCES (USES)				
Transfers out	(495,605)	(507,607)	(373,962)	133,645
Appropriations for contingencies	(93,755)	(93,755)		93,755
Changes in fund balance	88,400	100,402	100,409	7
OTHER FINANCING SOURCES (USES) - NET	(500,960)	(500,960)	(273,553)	227,407
NET CHANGE IN FUND BALANCE	(182,027)	(182,027)	71,132	253,159
FUND BALANCE, JULY 1, 2013	182,027	182,027	182,027	
FUND BALANCE, JUNE 30, 2014	\$		253,159	253,159

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, 2014 (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	9,463	9,463	9,591	128
Revenue from use of money and property:				
Investment income	1,304	1,304	1,393	89
Rents and concessions	26,000	26,000	18,896	(7,104)
Intergovernmental revenues:				
Federal	95	95		(95)
State	15,200	15,200	15,579	379
Charges for services	11,382	11,382	11,262	(120)
Miscellaneous	9,335	9,335	24,579	15,244
TOTAL REVENUES	72,779	72,779	81,300	8,521
EXPENDITURES				
Current-Public protection:				
Services and supplies	205,949	203,911	55,844	(148,067)
Other charges	874	874	874	
Capital assets	26,200	28,238	4,444	(23,794)
TOTAL EXPENDITURES	233,023	233,023	61,162	(171,861)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(160,244)	(160,244)	20,138	180,382
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	28	28	64	36
Transfers in	874	874	874	
Transfers out	(40,226)	(40,226)	(18,758)	21,468
Appropriations for contingencies	(433)	(433)		433
Changes in fund balance	857	857	1,019	162
OTHER FINANCING SOURCES (USES) - NET	(38,900)	(38,900)	(16,801)	22,099
NET CHANGE IN FUND BALANCE	(199,144)	(199,144)	3,337	202,481
FUND BALANCE, JULY 1, 2013	199,144	199,144	199,144	
FUND BALANCE, JUNE 30, 2014	\$		202,481	202,481

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, 2014 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Licenses, permits and franchises	\$ 1,260	1,260	1,502	242
Fines, forfeitures and penalties	2,460	2,460	2,285	(175)
Revenue from use of money and property-				
Investment income	22	22	3	(19)
Charges for services	2,992	2,992	2,823	(169)
Miscellaneous	2,448	2,448	2,363	(85)
TOTAL REVENUES	9,182	9,182	8,976	(206)
EXPENDITURES				
Current-Public assistance-				
Services and supplies	12,352	12,352	7,806	(4,546)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,170)	(3,170)	1,170	4,340
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,582)	(1,582)	(1,433)	149
Appropriations for contingencies	(359)	(359)		359
Changes in fund balance	358	358	848	490
OTHER FINANCING SOURCES (USES) - NET	(1,583)	(1,583)	(585)	998
NET CHANGE IN FUND BALANCE	(4,753)	(4,753)	585	5,338
FUND BALANCE, JULY 1, 2013	4,753	4,753	4,753	
FUND BALANCE, JUNE 30, 2014	\$		5,338	5,338

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, 2014 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Licenses, permits and franchises	\$ 20	20	23	3
Revenue from use of money and property:				
Investment income	49	49	22	(27)
Rents and concessions	549	687	1,311	624
Intergovernmental revenues-				
State	149	149	125	(24)
Charges for services	5,201	5,201	4,413	(788)
Miscellaneous	2,493	2,676	2,613	(63)
TOTAL REVENUES	8,461	8,782	8,507	(275)
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	17,686	18,080	8,884	(9,196)
Capital assets		50	8	(42)
TOTAL EXPENDITURES	17,686	18,130	8,892	(9,238)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,225)	(9,348)	(385)	8,963
OTHER FINANCING SOURCES (USES)				
Transfers in	491	925	1,009	84
Transfers out	(2,487)	(2,798)	(1,957)	841
Appropriations for contingencies	(848)	(848)		848
Changes in fund balance	6,053	6,053	6,125	72
OTHER FINANCING SOURCES (USES) - NET	3,209	3,332	5,177	1,845
NET CHANGE IN FUND BALANCE	(6,016)	(6,016)	4,792	10,808
FUND BALANCE, JULY 1, 2013	6,016	6,016	6,016	
FUND BALANCE, JUNE 30, 2014	\$		10,808	10,808

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, 2014 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Fines, forfeitures and penalties	\$ 14,000	14,000	15,727	1,727
Revenue from use of money and property- Investment income	245	245	262	17
TOTAL REVENUES	14,245	14,245	15,989	1,744
EXPENDITURES				
Current-Public protection:				
Services and supplies	33,634	33,634	1,488	(32,146)
Other charges	25,984	25,984	19,939	(6,045)
TOTAL EXPENDITURES	59,618	59,618	21,427	(38,191)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(45,373)	(45,373)	(5,438)	39,935
NET CHANGE IN FUND BALANCE	(45,373)	(45,373)	(5,438)	39,935
FUND BALANCE, JULY 1, 2013	45,373	45,373	45,373	
FUND BALANCE, JUNE 30, 2014	\$		39,935	39,935

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, 2014 (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	\$ 15,500	15,500	18,055	2,555
Revenue from use of money and property- Investment income	226	226	327	101
TOTAL REVENUES	15,726	15,726	18,382	2,656
EXPENDITURES				
Current-Public protection:				
Services and supplies	42,993	42,993	4,334	(38,659)
Other charges	3,938	3,938	2,479	(1,459)
Capital Outlay	420	420		(420)
TOTAL EXPENDITURES	47,351	47,351	6,813	(40,538)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,625)	(31,625)	11,569	43,194
OTHER FINANCING USES				
Transfers out	(12,900)	(12,900)	(9,945)	2,955
TOTAL OTHER FINANCING USES	(12,900)	(12,900)	(9,945)	2,955
NET CHANGE IN FUND BALANCE	(44,525)	(44,525)	1,624	46,149
FUND BALANCE, JULY 1, 2013	44,525	44,525	44,525	
FUND BALANCE, JUNE 30, 2014	\$		46,149	46,149

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, 2014 (in thousands)

	REGISTRAR RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES				
Charges for services	\$ 17,590	17,590	12,233	(5,357)
OTHER FINANCING USES				
Transfers out	(19,060)	(19,760)	(13,696)	6,064
Appropriations for contingencies	(17,310)	(16,610)		16,610
Changes in fund balance	(3)	(3)	(3)	
TOTAL OTHER FINANCING USES	(36,373)	(36,373)	(13,699)	22,674
NET CHANGE IN FUND BALANCE	(18,783)	(18,783)	(1,466)	17,317
FUND BALANCE, JULY 1, 2013	18,783	18,783	18,783	
FUND BALANCE, JUNE 30, 2014	\$		17,317	17,317

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, 2014 (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	3,019	419
Revenue from use of money and property:				
Investment income	218	218	317	99
Rents and concessions	4,650	4,650	4,915	265
Royalties	10	10	5	(5)
Charges for services	2,590	9,676	9,776	100
Miscellaneous	13	13	30	17
TOTAL REVENUES	10,081	17,167	18,062	895
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	5,760	5,760	5,392	(368)
Services and supplies	32,406	46,669	24,445	(22,224)
Capital assets	1,160	6,165	244	(5,921)
Total general government	39,326	58,594	30,081	(28,513)
Education-				
Services and supplies	15,299	4,395	130	(4,265)
TOTAL EXPENDITURES	54,625	62,989	30,211	(32,778)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(44,544)	(45,822)	(12,149)	33,673
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	574	574	428	(146)
Transfers in	5,534	17,716	17,132	(584)
Transfers out	(48,288)	(59,192)	(13,596)	45,596
Appropriations for contingencies	(8,703)	(8,703)		8,703
Changes in fund balance	(7)	(7)	464	471
OTHER FINANCING SOURCES (USES) - NET	(50,890)	(49,612)	4,428	54,040
NET CHANGE IN FUND BALANCE	(95,434)	(95,434)	(7,721)	87,713
FUND BALANCE, JULY 1, 2013	95,434	95,434	95,434	
FUND BALANCE, JUNE 30, 2014	\$		87,713	87,713

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2014 (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	\$	61,040		76,007		\$ 137,047
Other		26				26
Total pooled cash and investments		61,066		76,007		137,073
Other investments			113,615	6,277	38,295	158,187
Interest receivable		76		51		127
TOTAL ASSETS		61,142	113,615	82,335	38,295	295,387
DEFERRED OUTFLOWS OF RESOURCES						
					241,498	241,498
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	61,142	113,615	82,335	279,793	\$ 536,885
TOTAL FUND BALANCES - RESTRICTED	\$	61,142	113,615	82,335	279,793	\$ 536,885

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, 2014 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
REVENUES						
Revenue from use of money and property-						
Investment income	\$	431	6,497	444	40	\$ 7,412
Charges for services		36,245				36,245
Miscellaneous					22,393	22,393
TOTAL REVENUES		36,676	6,497	444	22,433	66,050
EXPENDITURES - Debt service						
Principal	2,290	29,255	29,255	304,888	2,525	368,213
Interest and other charges	801	6,497	6,497	53,275	20,098	87,168
TOTAL EXPENDITURES	3,091	35,752	35,752	358,163	22,623	455,381
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,091)	924	(29,255)	(357,719)	(190)	(389,331)
OTHER FINANCING SOURCES (USES)						
Transfers in	3,091			95,482		98,573
Transfers out				(2,131)	(4,489)	(6,620)
Issuance of debt				255,949		255,949
TOTAL OTHER FINANCING SOURCES (USES)	3,091			349,300	(4,489)	347,902
NET CHANGE IN FUND BALANCES		924	(29,255)	(8,419)	(4,679)	(41,429)
FUND BALANCES, JULY 1, 2013		60,218	142,870	90,754	284,472	578,314
FUND BALANCES, JUNE 30, 2014	\$	61,142	113,615	82,335	279,793	\$ 536,885

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, 2014 (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	\$ 459	459	316	(143)
EXPENDITURES				
Debt service:				
Principal	29,255	29,255	29,255	
Interest	6,499	6,499	6,497	(2)
TOTAL EXPENDITURES	35,754	35,754	35,752	(2)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(35,295)	(35,295)	(35,436)	(141)
OTHER FINANCING SOURCES (USES)				
Transfers in	36,045	36,045	36,245	200
Changes in fund balance	(28,305)	(28,305)	(28,305)	
TOTAL OTHER FINANCING SOURCES (USES) - NET	7,740	7,740	7,940	200
NET CHANGE IN FUND BALANCE	(27,555)	(27,555)	(27,496)	59
FUND BALANCE, JULY 1, 2013	27,555	27,555	27,555	
FUND BALANCE, JUNE 30, 2014	\$		59	59

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2014 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 95,551	12	105,126	63,857	\$ 264,546
Other	128		23	65	216
Total pooled cash and investments	<u>95,679</u>	<u>12</u>	<u>105,149</u>	<u>63,922</u>	<u>264,762</u>
Other investments			14,960		14,960
Interest receivable	230		123	163	516
Other receivables	557				557
Due from other funds	<u>8,884</u>		<u>3,056</u>		<u>11,940</u>
TOTAL ASSETS	<u>\$ 105,350</u>	<u>12</u>	<u>123,288</u>	<u>64,085</u>	<u>\$ 292,735</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 377				\$ 377
Due to other funds	1,773		6,925	5,867	14,565
Advances payable	<u>37</u>				<u>37</u>
TOTAL LIABILITIES	<u>2,187</u>		<u>6,925</u>	<u>5,867</u>	<u>14,979</u>
FUND BALANCES					
Restricted			116,363	58,218	174,581
Committed	78,968				78,968
Assigned	<u>24,195</u>	<u>12</u>			<u>24,207</u>
TOTAL FUND BALANCES	<u>103,163</u>	<u>12</u>	<u>116,363</u>	<u>58,218</u>	<u>277,756</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 105,350</u>	<u>12</u>	<u>123,288</u>	<u>64,085</u>	<u>\$ 292,735</u>

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, 2014 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES					
Revenue from use of money and property -					
Investment income	\$ 772		1,121	777	\$ 2,670
Intergovernmental revenues-					
State	570				570
Charges for services	7,014				7,014
Miscellaneous	657				657
TOTAL REVENUES	9,013		1,121	777	10,911
EXPENDITURES - Capital outlay	12,299		203,801		216,100
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,286)		(202,680)	777	(205,189)
OTHER FINANCING SOURCES (USES)					
Transfers in	25,904				25,904
Transfers out	(6,189)		(5,055)	(5,867)	(17,111)
Issuance of debt			111,008		111,008
OTHER FINANCING SOURCES (USES) - NET	19,715		105,953	(5,867)	119,801
NET CHANGE IN FUND BALANCES	16,429		(96,727)	(5,090)	(85,388)
FUND BALANCES, JULY 1, 2013	86,734	12	213,090	63,308	363,144
FUND BALANCES, JUNE 30, 2014	\$ 103,163	12	116,363	58,218	\$ 277,756

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2014 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
ASSETS			
Pooled cash and investments:			
Operating	\$ 455	1,917	\$ 2,372
Other		<u>3</u>	<u>3</u>
Total pooled cash and investments	<u>455</u>	<u>1,920</u>	<u>2,375</u>
Other investments	95		95
Interest receivable	<u>2</u>	<u>4</u>	<u>6</u>
TOTAL ASSETS	<u>\$ 552</u>	<u>1,924</u>	<u>\$ 2,476</u>
LIABILITIES			
Due to other funds	<u>\$</u>	<u>59</u>	<u>\$ 59</u>
FUND BALANCES			
Nonspendable	410	1,785	2,195
Restricted for annuities and endowments	<u>142</u>	<u>80</u>	<u>222</u>
TOTAL FUND BALANCES	<u>552</u>	<u>1,865</u>	<u>2,417</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 552</u>	<u>1,924</u>	<u>\$ 2,476</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, 2014 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES			
Revenue from use of money and property -			
Investment income	<u>\$ 5</u>	<u> 17</u>	<u>\$ 22</u>
EXPENDITURES - General government	<u> 33</u>	<u> 92</u>	<u> 125</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u> (28)</u>	<u> (75)</u>	<u> (103)</u>
NET CHANGE IN FUND BALANCES	(28)	(75)	(103)
FUND BALANCES, JULY 1, 2013	<u> 580</u>	<u> 1,940</u>	<u> 2,520</u>
FUND BALANCES, JUNE 30, 2014	<u><u> 552</u></u>	<u><u> 1,865</u></u>	<u><u> 2,417</u></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, 2014 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 31,986	773	\$ 32,759
Other	5,093	17	5,110
Total pooled cash and investments	<u>37,079</u>	<u>790</u>	<u>37,869</u>
Interest receivable	94	38	132
Other receivables	9,486		9,486
Due from other funds	84,085	460	84,545
Inventories	10,649		10,649
Total current assets	<u>141,393</u>	<u>1,288</u>	<u>142,681</u>
Noncurrent assets:			
Restricted assets		6,086	6,086
Capital assets:			
Equipment	164,455	111,652	276,107
Less accumulated depreciation	(82,889)	(48,074)	(130,963)
Total capital assets - net	<u>81,566</u>	<u>63,578</u>	<u>145,144</u>
Total noncurrent assets	<u>81,566</u>	<u>69,664</u>	<u>151,230</u>
TOTAL ASSETS	<u>222,959</u>	<u>70,952</u>	<u>293,911</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,356	3,770	10,126
Accrued payroll	15,726		15,726
Other payables	2,055		2,055
Accrued interest payable		240	240
Due to other funds	24,613		24,613
Advances from other funds	22,000		22,000
Unearned revenue	340		340
Current portion of long-term liabilities	9,503	18,620	28,123
Total current liabilities	<u>80,593</u>	<u>22,630</u>	<u>103,223</u>
Noncurrent liabilities:			
Accrued compensated absences	45,600		45,600
Bonds and notes		38,430	38,430
Workers' compensation	34,258		34,258
Litigation and self-insurance	250		250
OPEB obligation	351,178		351,178
Total noncurrent liabilities	<u>431,286</u>	<u>38,430</u>	<u>469,716</u>
TOTAL LIABILITIES	<u>511,879</u>	<u>61,060</u>	<u>572,939</u>
NET POSITION			
Net investment in capital assets	81,566	12,319	93,885
Restricted-			
Debt service		55	55
Unrestricted (deficit)	(370,486)	(2,482)	(372,968)
TOTAL NET POSITION	<u>\$ (288,920)</u>	<u>9,892</u>	<u>\$ (279,028)</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$ 7	24,670	\$ 24,677
Charges for services	457,805		457,805
TOTAL OPERATING REVENUES	457,812	24,670	482,482
OPERATING EXPENSES:			
Salaries and employee benefits	418,195		418,195
Services and supplies	45,537	156	45,693
Other professional services	38,627		38,627
Depreciation and amortization	10,314	21,729	32,043
TOTAL OPERATING EXPENSES	512,673	21,885	534,558
OPERATING INCOME (LOSS)	(54,861)	2,785	(52,076)
NONOPERATING INCOME AND EXPENSES:			
Investment income	56	225	281
Interest expense		(883)	(883)
TOTAL NONOPERATING INCOME AND EXPENSES	56	(658)	(602)
INCOME (LOSS) BEFORE TRANSFERS	(54,805)	2,127	(52,678)
Transfers in	13,123		13,123
Transfers out	(9)	(4,101)	(4,110)
CHANGE IN NET POSITION	(41,691)	(1,974)	(43,665)
TOTAL NET POSITION, JULY 1, 2013	(247,229)	11,866	(235,363)
TOTAL NET POSITION, JUNE 30, 2014	\$ (288,920)	9,892	\$ (279,028)

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rentals received	\$ 7		\$ 7
Rentals received from other funds		24,229	24,229
Cash received from charges for services	38,517		38,517
Cash received from charges for services to other funds	409,433		409,433
Cash paid for salaries and employee benefits	(359,969)		(359,969)
Cash paid for services and supplies	(43,891)	(156)	(44,047)
Other operating expenses	(38,627)		(38,627)
Net cash provided by operating activities	5,470	24,073	29,543
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	13,123		13,123
Transfers out	(9)	(4,101)	(4,110)
Net cash provided by (required for) noncapital financing activities	13,114	(4,101)	9,013
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bonds and notes		53,800	53,800
Interest paid on capital borrowing		(840)	(840)
Principal payments on bonds and notes		(60,810)	(60,810)
Acquisition and construction of capital assets	(11,620)	(24,905)	(36,525)
Net cash required for capital and related financing activities	(11,620)	(32,755)	(44,375)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	38	236	274
Net increase (decrease) in cash and cash equivalents	7,002	(12,547)	(5,545)
Cash and cash equivalents July 1, 2013	30,077	19,423	49,500
Cash and cash equivalents June 30, 2014	\$ 37,079	6,876	\$ 43,955

Continued...

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (54,861)	2,785	\$ (52,076)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	10,314	21,729	32,043
Other charges - net	1,006		1,006
(Increase) decrease in:			
Other receivables	578		578
Due from other funds	(10,237)	(441)	(10,678)
Inventories	(745)		(745)
Increase (decrease) in:			
Accounts payable	503		503
Accrued payroll	733		733
Other payables	10		10
Accrued compensated absences	1,144		1,144
Due to other funds	882		882
Unearned revenue	(1,219)		(1,219)
Workers' compensation	(2,191)		(2,191)
Litigation and self-insurance	250		250
OPEB obligation	59,303		59,303
TOTAL ADJUSTMENTS	<u>60,331</u>	<u>21,288</u>	<u>81,619</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,470</u>	<u>24,073</u>	<u>\$ 29,543</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 37,079	790	\$ 37,869
Restricted assets		<u>6,086</u>	<u>6,086</u>
TOTAL	<u>\$ 37,079</u>	<u>6,876</u>	<u>\$ 43,955</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, 2014 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 77,972	\$	\$ 77,972
Other investments:			
Stocks	25,412,713	383,874	25,796,587
Bonds	10,217,381	44,339	10,261,720
Short-term investments	1,820,549	56,484	1,877,033
Commodities	2,169,289		2,169,289
Real estate	4,995,446		4,995,446
Mortgages	82,601		82,601
Alternative assets	4,562,066		4,562,066
Cash collateral on loaned securities	998,216		998,216
Interest receivable	120,236	206	120,442
Other receivables	610,719		610,719
TOTAL ASSETS	51,067,188	484,903	51,552,091
LIABILITIES			
Accounts payable	2,283,900	1,014	2,284,914
Other payables	1,061,011	65	1,061,076
TOTAL LIABILITIES	3,344,911	1,079	3,345,990
NET POSITION			
Net position held in trust for for pension and other post employment benefits	<u>\$ 47,722,277</u>	<u>\$ 483,824</u>	<u>\$ 48,206,101</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, 2014 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 1,320,442	\$ 446,979	\$ 1,767,421
Member	439,001		439,001
Total contributions	<u>1,759,443</u>	<u>446,979</u>	<u>2,206,422</u>
Investment earnings (losses):			
Investment income (loss)	2,305,690	(223)	2,305,467
Net increase in the fair value of investments	4,699,445	35,516	4,734,961
Securities lending income	4,447		4,447
Total investment earnings (losses)	<u>7,009,582</u>	<u>35,293</u>	<u>7,044,875</u>
Less - Investment expenses-			
Expense from investing activities	101,170	180	101,350
Net investment earnings	<u>6,908,412</u>	<u>35,113</u>	<u>6,943,525</u>
Miscellaneous	<u>2,256</u>		<u>2,256</u>
TOTAL ADDITIONS	<u>8,670,111</u>	<u>482,092</u>	<u>9,152,203</u>
DEDUCTIONS			
Salaries and employee benefits	42,848		42,848
Services and supplies	15,875	144	16,019
Benefit payments	2,638,873	446,979	3,085,852
Miscellaneous	<u>23,757</u>		<u>23,757</u>
TOTAL DEDUCTIONS	<u>2,721,353</u>	<u>447,123</u>	<u>3,168,476</u>
CHANGE IN NET POSITION	5,948,758	34,969	5,983,727
NET POSITION, JULY 1, 2013	<u>41,773,519</u>	<u>448,855</u>	<u>42,222,374</u>
NET POSITION, JUNE 30, 2014	<u>\$ 47,722,277</u>	<u>\$ 483,824</u>	<u>\$ 48,206,101</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 JUNE 30, 2014 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 13,362,313		\$ 13,362,313
Other investments		96,551	96,551
Interest receivable	34,808	493	35,301
TOTAL ASSETS	<u>13,397,121</u>	<u>97,044</u>	<u>13,494,165</u>
NET POSITION			
Net position held for pool participants and investment trust fund	<u>\$ 13,397,121</u>	<u>97,044</u>	<u>\$ 13,494,165</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions to investment trust funds	\$ 41,632,642	482,406	\$ 42,115,048
Investment income	<u>166,636</u>	<u>468</u>	<u>167,104</u>
TOTAL ADDITIONS	<u>41,799,278</u>	<u>482,874</u>	<u>42,282,152</u>
DEDUCTIONS			
Distributions from investment trust funds	<u>43,710,339</u>	<u>441,625</u>	<u>44,151,964</u>
CHANGE IN NET POSITION	(1,911,061)	41,249	(1,869,812)
NET POSITION, JULY 1, 2013	<u>15,308,182</u>	<u>55,795</u>	<u>15,363,977</u>
NET POSITION, JUNE 30, 2014	<u>\$ 13,397,121</u>	<u>97,044</u>	<u>\$ 13,494,165</u>

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 (in thousands)

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>PROPERTY TAX FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 298,573	52,001,765	51,973,450	\$ 326,888
Interest receivable	425	297	425	297
TOTAL ASSETS	<u>\$ 298,998</u>	<u>52,002,062</u>	<u>51,973,875</u>	<u>\$ 327,185</u>
LIABILITIES				
Due to other governments	298,998	52,002,062	51,973,875	327,185
TOTAL LIABILITIES	<u>\$ 298,998</u>	<u>52,002,062</u>	<u>51,973,875</u>	<u>\$ 327,185</u>
<u>DEPARTMENTAL FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,173,907	80,379,458	80,271,856	\$ 1,281,509
Other investments	29,606	1,808	604	30,810
Taxes receivable	309,215	554,734	591,050	272,899
Interest receivable	20,866	45,295	20,868	45,293
TOTAL ASSETS	<u>\$ 1,533,594</u>	<u>80,981,295</u>	<u>80,884,378</u>	<u>\$ 1,630,511</u>
LIABILITIES				
Due to other governments	1,533,594	80,981,295	80,884,378	1,630,511
TOTAL LIABILITIES	<u>\$ 1,533,594</u>	<u>80,981,295</u>	<u>80,884,378</u>	<u>\$ 1,630,511</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,472,480	132,381,223	132,245,306	\$ 1,608,397
Other investments	29,606	1,808	604	30,810
Taxes receivable	309,215	554,734	591,050	272,899
Interest receivable	21,291	45,592	21,293	45,590
TOTAL ASSETS	<u>\$ 1,832,592</u>	<u>132,983,357</u>	<u>132,858,253</u>	<u>\$ 1,957,696</u>
LIABILITIES				
Due to other governments	1,832,592	132,983,357	132,858,253	1,957,696
TOTAL LIABILITIES	<u>\$ 1,832,592</u>	<u>132,983,357</u>	<u>132,858,253</u>	<u>\$ 1,957,696</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	175
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY	182
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	186
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	192
The schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION.....	194
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

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



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

	<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>	<u>2013-14</u>
Governmental activities										
Net investment in capital assets (1)	\$ 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	14,789,236
Restricted	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	2,727,379
Unrestricted (deficit)	(1,572,611)	(840,389)	(194,953)	51,582	(972,862)	(2,133,744)	(4,247,364)	(6,127,737)	(6,919,526)	(8,199,840)
Subtotal governmental activities net position	2,136,790	14,105,563	15,440,624	15,570,415	14,752,296	13,999,615	13,162,766	11,373,998	10,390,976	9,316,775
Business-type activities										
Net investment in capital assets (1)	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	2,271,730
Restricted	74,173	165,427	186,266	307,985	192,427	163,820	122,216	104,997	68,169	76,908
Unrestricted (deficit)	(624,577)	(444,450)	(640,691)	(824,889)	(1,032,677)	(1,373,660)	(1,336,706)	(1,588,985)	(1,721,419)	(1,930,232)
Subtotal business-type activities net position	243,113	1,548,202	1,736,574	1,742,713	1,377,199	1,083,307	1,027,850	757,071	565,397	418,406
Primary government										
Net investment in capital assets (1)	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	17,060,966
Restricted	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	2,804,287
Unrestricted (deficit)	(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)	(10,130,072)
Total primary government net position	\$ 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	9,735,181

Notes:

(1) The County adopted GASB Statement No. 63 in FY 2012-13. For FY 2004-05 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>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>	<u>2013-14</u>
Expenses										
Government activities:										
General government	\$ 666,778	795,290	807,155	1,171,448	1,103,361	1,236,226	1,100,781	1,315,662	1,274,689	1,307,001
Public protection	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	6,682,960
Public ways and facilities	249,065	360,980	282,827	299,304	327,403	352,549	417,250	355,527	381,211	366,582
Health and sanitation	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	3,557,523
Public assistance	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	5,830,165
Education	86,707	92,867	99,136	112,035	109,910	101,397	104,159	112,497	119,680	119,037
Recreation and cultural services	236,421	240,274	266,967	290,669	331,726	319,000	311,422	310,369	316,372	278,459
Interest on long-term debt	223,696	221,838	239,608	191,551	165,782	139,824	134,429	110,541	105,491	97,777
Subtotal governmental activities expenses	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	18,239,504
Business-type activities:										
Hospitals	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	3,838,574
Waterworks	43,444	67,563	97,504	74,810	76,904	76,817	83,592	94,651	84,824	84,499
Aviation	5,747	5,236	5,761	4,182	5,073	4,743	4,658	5,022	5,332	6,402
Community Development Commission (1)	217,560	202,298	211,077	246,195	268,201	294,785	284,048	289,924		
Subtotal business-type activities expense	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	3,929,475
Total primary government expenses	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	22,168,979
Program Revenues										
Governmental activities:										
Charges for services										
General government	371,338	500,233	451,050	445,948	634,153	432,084	451,082	455,062	473,047	488,685
Public protection	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	1,222,157
Health and sanitation	378,324	469,450	518,893	708,097	484,240	639,602	635,950	665,863	615,531	784,997
Recreation and cultural services	159,999	165,980	173,531	206,364	172,899	178,935	179,705	183,151	200,827	200,639
Other charges for services	65,629	83,694	63,664	104,433	79,844	92,226	82,462	103,799	51,735	55,027
Subtotal governmental activities charges for services	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	2,751,505
Operating grants and contributions	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	8,579,502
Capital grants and contributions	44,072	64,258	25,135	184,502	206,137	115,640	149,569	38,352	104,486	12,850
Total governmental activities program revenue	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	11,343,857
Business-type activities:										
Charges for services										
Hospitals	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	2,455,940
Other charges for services	68,151	90,604	93,770	76,516	73,311	70,853	72,429	81,239	75,762	78,625
Subtotal business-type activities charges for services	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	2,534,565
Operating grants and contributions	262,636	309,526	304,720	263,471	279,195	317,162	681,471	776,779	522,112	485,888
Capital grants and contributions	138,723	74,821	12,992	2,897	837	2,018	437	1,311	47	3,156
Total business-type activities program revenue	2,860,280	2,388,766	2,275,691	2,073,115	2,375,976	2,489,043	2,964,956	3,040,734	2,969,051	3,023,609
Total primary government program revenues	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	14,367,466

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.

Continued . . .

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

	<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>	<u>2013-14</u>
Net (expenses) / revenues:										
Governmental activities	(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)	(6,895,647)
Business-type activities	(641,647)	(664,582)	(933,144)	(1,344,754)	(1,417,468)	(1,282,026)	(949,216)	(1,117,562)	(1,010,311)	(905,866)
Total primary government net expenses	<u>(3,920,820)</u>	<u>(4,233,150)</u>	<u>(4,861,851)</u>	<u>(6,872,667)</u>	<u>(7,481,211)</u>	<u>(7,393,878)</u>	<u>(6,862,245)</u>	<u>(8,099,858)</u>	<u>(7,240,516)</u>	<u>(7,801,513)</u>
General Revenues and Transfers										
Governmental Activities:										
Taxes	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	5,840,175
Unrestricted grants and contributions	731,767	730,516	761,705	778,936	756,417	701,521	677,767	608,967	745,406	513,458
Investment income (loss)	137,382	244,005	335,851	324,132	197,705	105,878	80,746	82,271	(920)	64,354
Miscellaneous	130,904	171,049	259,357	229,810	142,075	132,856	129,963	134,827	150,957	134,611
Special Item - Contribution of Disney Hall	188,493		267,473							
Extraordinary Items - Net positions transferred to private-purpose trust fund								(6,282)		
Transfers (Net)	(686,549)	(989,117)	(1,049,213)	(1,152,946)	(1,011,862)	(895,250)	(859,079)	(818,923)	(913,686)	(731,152)
Subtotal governmental activities	<u>4,306,856</u>	<u>4,449,372</u>	<u>5,263,768</u>	<u>5,214,331</u>	<u>5,276,901</u>	<u>5,106,600</u>	<u>5,076,180</u>	<u>5,193,528</u>	<u>5,551,800</u>	<u>5,821,446</u>
Business-type activities:										
Taxes	701	743	3,782	4,405	4,453	4,415	4,265	4,382	4,347	4,681
Unrestricted grants and contributions	34	34	35	37	37	143	41	51	37	33
Investment income (loss)	6,416	9,703	18,043	14,073	9,844	2,693	2,142	1,770	(171)	3,908
Miscellaneous	54,103	58,804	50,443	24,950	25,758	35,463	28,232	21,657	13,171	19,101
Transfers (Net)	686,549	989,117	1,049,213	1,152,946	1,011,862	895,250	859,079	818,923	913,686	731,152
Subtotal business-type activities	<u>747,803</u>	<u>1,058,401</u>	<u>1,121,516</u>	<u>1,196,411</u>	<u>1,051,954</u>	<u>937,964</u>	<u>893,759</u>	<u>846,783</u>	<u>931,070</u>	<u>758,875</u>
Total primary government	<u>5,054,659</u>	<u>5,507,773</u>	<u>6,385,284</u>	<u>6,410,742</u>	<u>6,328,855</u>	<u>6,044,564</u>	<u>5,969,939</u>	<u>6,040,311</u>	<u>6,482,870</u>	<u>6,580,321</u>
Changes in Net Position										
Government activities	1,027,683	880,804	1,335,061	(313,582)	(786,842)	(1,005,252)	(836,849)	(1,788,768)	(678,405)	(1,074,201)
Business-type activities	106,156	393,819	188,372	(148,343)	(365,514)	(344,062)	(55,457)	(270,779)	(79,241)	(146,991)
Total primary government	<u>\$ 1,133,839</u>	<u>1,274,623</u>	<u>1,523,433</u>	<u>(461,925)</u>	<u>(1,152,356)</u>	<u>(1,349,314)</u>	<u>(892,306)</u>	<u>(2,059,547)</u>	<u>(757,646)</u>	<u>(1,221,192)</u>

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

	(1) 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (3)	2011-12	2012-13	2013-14
General Fund										
Reserved for:										
Encumbrances	\$ 333,499	352,523	415,001	532,752	368,798	373,511				
Inventories	39,713	42,562	42,561	43,906	46,486	44,279				
Assets unavailable for appropriation	27,415	26,970	20,718	20,808	124,567	366,638				
Total Reserved Balance	400,627	422,055	478,280	597,466	539,851	784,428				
Unreserved, designated for:										
Budget uncertainties	496,672	375,511	338,192	292,113						
Program expansion	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	909,076	793,812	1,366,839	1,624,335	1,655,388	1,592,484				
Total Unreserved Balance	1,926,102	2,316,223	2,602,164	2,776,974	2,626,967	2,211,383				
Nonspendable							259,127	259,597	253,836	272,007
Restricted							35,377	55,115	59,786	40,577
Committed								332,255	528,865	482,740
Assigned							763,038	405,285	376,181	538,078
Unassigned							1,664,901	1,589,699	1,660,982	1,769,406
Total General Fund	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	3,102,808
All Other Governmental Funds (2)										
Reserved for:										
Encumbrances	372,272	414,475	379,556	384,475	391,728	383,683				
Inventories	46,740	49,424	44,936	45,426	42,965	44,039				
Housing programs	2,079	2,117	1,662	1,167	1,618	2,026				
Debt service	259,493	508,379	467,444	447,088	447,866	448,391				
Endowments & annuities	3,339	3,332	3,380	3,455	3,019	2,826				
Assets unavailable for appropriation	34,017	46,872	32,638	53,218	16,152	15,484				
Total Reserved Balance	717,940	1,024,599	929,616	934,829	903,348	896,449				
Unreserved, designated for:										
Special revenue funds	242,539	309,291	441,196	572,711	641,311	731,996				
Unreserved, undesignated, reported in:										
Special revenue funds	610,336	792,856	835,998	931,013	991,162	1,096,078				
Capital projects special funds	264,882	328,896	268,535	190,098	188,992	193,410				
Total Unreserved Balance	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	11,953
Restricted							3,173,112	3,181,643	2,920,249	2,856,062
Committed							111,363	125,838	123,956	115,116
Assigned							143,704	147,775	171,992	190,659
Total All Other Governmental Funds	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	3,173,790
Total Governmental Fund Balance	\$ 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	6,276,598

Notes:

- (1) FY 2004-05 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)

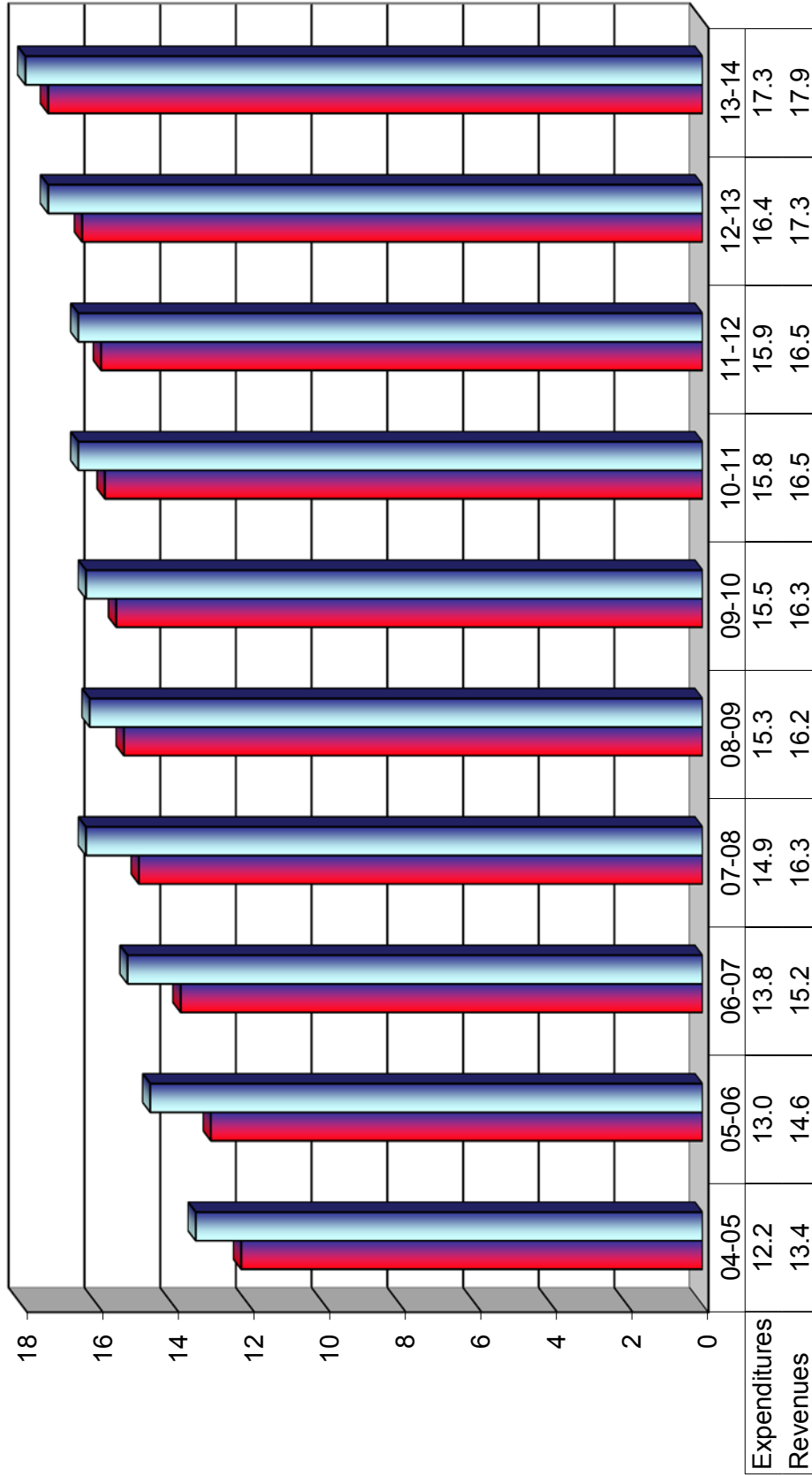
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues (by source)										
Taxes	\$ 3,704,985	4,145,704	4,567,655	4,823,493	5,081,939	4,960,714	4,955,254	5,104,498	5,486,739	5,772,589
Licenses, permits and franchises	73,450	77,004	77,690	79,511	80,823	69,440	80,278	83,252	91,833	91,160
Fines, forfeitures and penalties	294,714	309,982	316,174	341,135	364,047	353,432	341,143	300,310	302,310	284,318
Revenue from use of money and property:										
Investment income (loss)	136,833	243,197	334,865	323,071	196,575	105,618	80,584	81,947	(551)	64,097
Rents and concessions	69,253	69,388	80,874	78,370	90,881	94,101	111,659	114,178	118,224	124,664
Royalties	408	615	594	978	1,073	1,006	1,285	3,446	3,029	2,435
Intergovernmental revenues:										
Federal	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	3,259,773
State	4,275,176	4,650,492	4,613,192	4,621,964	4,446,417	4,544,074	4,981,043	4,970,871	5,456,853	5,700,379
Other	122,674	121,532	154,116	170,405	183,787	169,268	162,385	131,217	215,145	83,587
Charges for services	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	2,274,997
Miscellaneous	277,000	324,060	291,293	442,645	327,762	273,309	218,607	224,000	283,518	210,090
Total Revenues	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	17,868,089
Expenditures (by function)										
Current:										
General government	664,670	778,406	871,304	934,641	963,275	877,098	898,099	999,962	997,690	1,026,961
Public protection	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	6,030,388
Public ways and facilities	247,314	287,544	271,904	318,468	309,264	332,036	340,886	324,449	326,159	338,953
Health and sanitation	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	3,359,430
Public assistance	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	5,437,728
Education	85,066	92,105	99,115	105,684	115,315	107,963	110,550	109,159	115,750	121,237
Recreation and cultural services	226,768	247,845	265,029	272,028	302,988	300,199	302,924	299,663	319,863	346,690
Debt services:										
Principal (2)	357,405	420,369	330,824	239,916	200,175	196,941	218,866	186,951	123,581	350,393
Interest and other charges	181,948	126,030	211,386	259,254	220,467	246,461	269,895	110,998	101,089	99,038
Capital outlay	31,384	67,717	48,897	188,090	75,494	32,799	101,592	176,197	397,807	218,498
Total Expenditures	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	17,329,316
Excess of Revenues over Expenditures	1,189,410	1,594,546	1,389,383	1,392,627	894,917	869,689	774,180	505,352	841,735	538,773
Other Financing Sources (Uses)										
Transfers in	416,981	516,492	540,377	602,352	527,231	565,138	639,472	719,565	782,464	664,819
Transfers out	(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)	(1,404,311)
Issuance of debt	7,700	389,423	326,245	3,000	36,977	36,977	326,363	192,281	293,284	366,957
Refunding bonds issued	434,471			94,315				50,675		
Payment to refunded bonds escrow agent	(434,471)		(320,995)	(94,315)						
Bond premium proceeds	37,629		14,566							
Proceeds from capital leases	7,329	22,533	818	98,168	880	2,333	43,523	15,128	2,780	1,736
Sales of capital assets	6,828	12,636	3,816	4,099	6,145	2,235	17,732	4,733	1,365	1,586
Total other financing sources (uses)	(627,931)	(563,052)	(1,027,514)	(1,045,066)	(1,006,377)	(847,576)	(483,220)	(560,196)	(612,527)	(369,213)
Special Item-Proceeds from sale of receivables	188,493									
Extraordinary Item - Net assets transferred to private-purpose trust fund										
Net change in fund balances	\$ 749,972	1,031,494	361,869	347,561	(111,460)	22,113	290,960	(61,126)	229,208	169,560
Debt service as a percentage of noncapital expenditures (1)	4.48%	4.29%	4.03%	3.44%	2.81%	2.91%	3.17%	1.92%	1.41%	2.69%

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 197,261 272,525 400,933 356,061 349,363 234,040 366,201 457,331 432,727 631,200

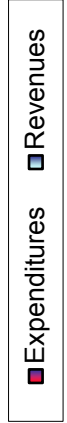
COUNTY of LOS ANGELES

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
2004 - 2005	\$ 738,658,957	\$ 43,898,983	\$ 10,648,846	\$ (31,851,689)	\$ 761,355,097	1.000000%
2005 - 2006	813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.000000%
2006 - 2007	905,276,182	45,783,429	10,638,106	(36,182,793)	925,514,924	1.000000%
2007 - 2008	990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.000000%
2008 - 2009	1,057,718,427	52,279,248	12,298,465	(41,418,999)	1,080,877,141	1.000000%
2009 - 2010	1,055,807,331	53,193,853	11,891,981	(45,881,461)	1,075,011,704	1.000000%
2010 - 2011	1,040,789,623	49,744,044	12,120,596	(47,184,173)	1,055,470,090	1.000000%
2011 - 2012	1,058,615,951	48,214,334	12,950,932	(49,248,993)	1,070,532,224	1.000000%
2012 - 2013 (6)	1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.000000%
2013 - 2014	1,134,707,829	49,662,548	13,989,870	(53,103,768)	1,145,256,479	1.000000%

Notes:

- (1) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (2) Secured property is generally real property, as defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (3) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (4) Unitary properties are railroads, 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 Overlapping Rates
		Los Angeles County Detention Facilities (1)	Flood Control Districts (1)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
2004 - 2005	1.000000	.000923	.000245	.055733	.106937	.005800	1.169638
2005 - 2006	1.000000	.000795	.000049	.051289	.098634	.005200	1.155967
2006 - 2007	1.000000	.000663	.000052	.045354	.128276	.004700	1.179045
2007 - 2008	1.000000	.000000	.000000	.038051	.132136	.004500	1.174687
2008 - 2009	1.000000	.000000	.000000	.038541	.146897	.004300	1.189738
2009 - 2010	1.000000	.000000	.000000	.041220	.174921	.004300	1.220441
2010 - 2011	1.000000	.000000	.000000	.038895	.227264	.003700	1.269859
2011 - 2012	1.000000	.000000	.000000	.038666	.203483	.003700	1.245849
2012 - 2013	1.000000	.000000	.000000	.037694	.224356	.003500	1.265550
2013- 2014	1.000000	.000000	.000000	.029754	.190980	.003500	1.224234

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 12,728 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, 2014 AND JUNE 30, 2005 (in thousands)

Taxpayer	2014			2005		
	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.	\$ 6,155,576	1	0.56%	\$ 3,251,341	1	0.45%
Douglas Emmett Residential Participants in Long Beach Unit	3,387,738	2	0.31%	2,045,223	4	0.29%
Chevron USA Inc/Texaco/Unocal	1,914,118	3	0.17%	2,077,618	3	0.29%
Tishman Speyer/Archstone Smith/ASN	1,887,648	4	0.17%			
EQR/ERP Limited	1,756,347	5	0.16%			
AT&T/Pacific Bell Telephone Co.	1,755,098	6	0.16%	1,936,152	5	0.27%
Southern California Gas Co.	1,732,482	7	0.16%	1,398,076	8	0.19%
Verizon/MCI Communications Serv. Inc.	1,575,086	8	0.14%	1,381,859	9	0.19%
Exxon/Mobil Corp.	1,532,981	9	0.14%	1,487,512	6	0.21%
BP Amoco Corporation	1,513,281	10	0.14%	2,106,714	2	0.29%
Arden Realty LTD Partnership				1,439,280	7	0.20%
Maguire Thomas Partners				1,380,634	10	0.19%
Total	\$ 23,210,355		2.11%	\$ 18,504,409		2.57%

Note:

(1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,095,593,931 as of June 30, 2014 is based on Secured \$1,134,707,829 plus Unitary \$13,989,870 less exemptions of \$53,103,768. Total assessed value, \$717,456,114 as of June 30, 2005 is based on Secured \$738,658,957 plus Unitary \$10,648,846 less exemptions of \$31,851,689. (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)

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Collections within the fiscal year of the levy</u>		<u>Collections in Subsequent Years (1)</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004 - 2005	\$ 8,895,871	\$ 8,655,953	97.3%	\$ 228,226	\$ 8,884,179	99.9%
2005 - 2006	9,582,359	9,322,047	97.3%	252,316	9,574,363	99.9%
2006 - 2007	10,632,956	10,213,017	96.1%	418,196	10,631,213	100.0%
2007 - 2008	11,475,303	10,905,099	95.0%	570,204	11,475,303	100.0%
2008 - 2009	12,317,105	11,751,840	95.4%	555,560	12,307,400	99.9%
2009 - 2010	12,457,417	12,047,862	96.7%	406,307	12,454,169	100.0%
2010 - 2011	12,651,611	12,344,040	97.6%	268,279	12,612,319	99.7%
2011 - 2012	12,822,884	12,556,003	97.9%	205,837	12,761,840	99.5%
2012 - 2013	13,286,464	13,044,463	98.2%	133,308	13,177,771	99.2%
2013 - 2014	13,673,951	13,452,687	98.4%	(2)	13,452,687	98.4%

Note:

- (1) Reflects property taxes levied in prior years but collected in the current year.
- (2) No amounts are shown in FY 2013-14 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 Debit Refund	Pension Bonds Payable	Capital Leases		
2004-05	\$ 18,470	\$ 349,690	\$ 1,079,504	\$ 69,888	\$ 62,545	\$ 37,629	\$ (25,133)	\$ 1,206,794	\$		
2005-06	9,475	325,710	1,007,134	387,764	73,191	36,346	(23,876)	1,045,264			
2006-07	370	304,235	876,106	403,622	94,692	50,079	(40,818)	879,585			
2007-08		269,995	812,318	395,838	116,475	48,036	(37,985)	668,539			
2008-09		246,875	726,236	413,252	138,476	44,121	(34,848)	485,092			
2009-10		222,660	670,242	414,651	160,642	40,195	(31,805)	256,717			
2010-11		197,285	912,191	513,462	172,237	36,314	(28,942)				
2011-12		170,725	863,211	563,381	172,662	32,259	(25,949)				
2012-13 (3)		142,870	810,740	597,536	172,142	32,107	(23,165)				
2013-14 (4)		113,615	770,872	681,090	170,583	27,908					

Business-Type Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Pension Bonds Payable	Capital Leases	Total Primary Government (1)	Per Personal Income (2)	Per Capita Per Capita Income (2)
2004-05	\$ 181	\$ 177,944	\$ 203,121	\$ 10,005	\$ 421,781	\$ 1,097	\$ 3,744,444	1.07%	\$ 366
2005-06	136	160,648	12,662	8,909	363,177	675	3,530,891	0.95%	345
2006-07	121	132,062	20,008	8,153	305,612	398	3,132,675	0.82%	303
2007-08	104	114,750	215,554	7,368	232,285	273	3,016,919	0.73%	291
2008-09	86	95,715	219,580	6,549	168,542	143	2,667,613	0.68%	257
2009-10	67	86,178	264,253	5,691	89,196		2,326,760	0.57%	223
2010-11	46	539,072	162,212	4,791			2,689,928	0.64%	273
2011-12	24	530,627	235,767	3,850			2,737,303	0.63%	276
2012-13 (3)		819,374	59,824	36,027			2,830,511	0.63%	283
2013-14		812,802	63,976	35,084			2,850,051	0.60%	282

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 2012-2013.
- (4) The unamortized loss on advance debt refund, which was previously reported under bonds payable, is now reported as deferred outflows of resources due to the implementation of GASB 65 in FY 2013-2014.

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
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	10,019	1,093,886,935		.000000	0.0000
2013-14	10,090	1,145,256,479		.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

COUNTY OF LOS ANGELES
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
 JUNE 30, 2014

2013-14 Net Assessed Valuation	\$ 1,145,256,478,683	
Redevelopment Incremental Valuation	150,188,266,124	
Full Cash Value (2013-14)	<u>995,068,212,559</u>	(1)
Population - (2014)	10,089,500	(2)

Percent Applicable	Debt June 30, 2014
-----------------------	-----------------------

<u>DIRECT TAX AND ASSESSMENT DEBT:</u>		
Los Angeles County Flood Control District	\$ 17,480,000	
Subtotal Direct Tax and Assessment Debt	<u>17,480,000</u>	

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Metropolitan Water District	\$ 64,216,867	
Los Angeles Community College District	3,642,560,000	
Other Community College Districts	2,426,279,117	
Arcadia Unified School District	192,753,961	
Beverly Hills Unified School District	212,000,399	
Glendale Unified School District	158,699,986	
Long Beach Unified School District	536,547,292	
Los Angeles Unified School District	10,545,135,000	
Pasadena Unified School District	360,460,000	
Pomona Unified School District	202,359,426	
Redondo Beach Unified School District	205,432,952	
Santa Monica-Malibu Unified School District	291,068,787	
Torrance Unified School Districts	269,613,018	
Other Unified School Districts	2,879,830,534	
High School and School Districts	1,861,794,853	
City of Los Angeles	991,940,000	
City of Industry	125,515,000	
Other Cities	79,085,000	(4)
Palmdale Water District Water Revenue Bonds	55,742,931	
Palos Verdes Library District	3,530,000	
Community Facilities Districts	729,544,023	
Los Angeles County Regional Park & Open Space Assessment District	113,615,000	(5)
1915 Act and Benefit Assessment Bonds - Estimate	108,422,262	
Subtotal Overlapping Tax and Assessment Debt	<u>26,056,146,408</u>	

TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 26,073,626,408
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues	(35,675,475)
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$ 26,037,950,933</u>

<u>DIRECT GENERAL FUND OBLIGATION DEBT:</u>		
Los Angeles County General Fund Obligations	\$ 1,920,709,000	(6)
Subtotal Direct General Fund Obligation Debt	<u>1,920,709,000</u>	

<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Los Angeles County Office of Education Certificates of Participation	\$ 9,529,882	
Community College District Certificates of Participation	47,813,788	
Baldwin Park Unified School District Certificates of Participation	28,875,000	
Compton Unified School District Certificates of Participation	25,670,000	
Los Angeles Unified School District Certificates of Participation	365,858,657	
Paramount Unified School District Certificates of Participation	27,375,213	
Other Unified School District Certificates of Participation	145,115,464	

Continued

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
JUNE 30, 2014

High School and Elementary School District General Fund Obligations		Various (7)	
City of Beverly Hills General Fund Obligations	100		140,798,894
City of Los Angeles General Fund & Judgment Obligations	100		175,380,000
City of Long Beach General Fund Obligations	100		1,756,182,887
City of Long Beach Pension Obligation Bonds	100		173,790,000
City of Pasadena General Fund Obligations	100		45,675,000
City of Pasadena Pension Obligation Bonds	100		482,596,382
Other Cities' General Fund Obligations	100		126,275,000
Los Angeles County Sanitation Districts Financing Authority	100		1,286,460,161
Los Angeles County Sanitation Districts Financing Authority	100		205,563,658
Subtotal Overlapping General Fund Obligation Debt			<u>\$ 5,042,959,986</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 6,963,668,986</u>
Less: Los Angeles County Lease Revenue Bonds supported by landfill revenues			(5,035,237)
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investments funds			(5,052,000)
Cities' self-supporting bonds			(517,085,188)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 6,436,496,561</u>
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)			\$ 4,641,989,989
GROSS COMBINED TOTAL DEBT			\$ 37,679,285,383 (8)
NET COMBINED TOTAL DEBT			<u>\$ 37,116,437,483</u>
TOTAL GROSS DIRECT DEBT			\$ 1,938,189,000
TOTAL NET DIRECT DEBT			\$ 1,933,153,763
TOTAL GROSS OVERLAPPING DEBT			\$ 35,741,096,383
TOTAL NET OVERLAPPING DEBT			\$ 35,183,283,720
<u>RATIOS TO 2013-14 NET ASSESSED VALUATION</u>			
Total Overlapping Tax and Assessment Debt			2.27%
<u>RATIOS TO FULL CASH VALUE</u>			
Gross Combined Direct Debt (\$1,938,189,000)			0.19%
Net Combined Direct Debt (\$1,933,153,763)			0.19%
Gross Combined Total Debt			3.79%
Net Combined Total Debt			3.73%
<u>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</u>			
Total Overlapping Tax Increment Debt			3.09%

Notes:

- (1) This balance is reduced by homowners exemptions of \$7,861,536,721.
- (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.
- (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 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	Total net applicable debt	Legal Debt Margin	Legal Debt Margin/Debt Limit	
2004 - 2005	\$ 761,355,097	\$ 9,516,939	\$ 16,205	\$ 9,500,734	99.83%	
2005 - 2006	835,901,668	10,448,771	8,395	10,440,376	99.92%	
2006 - 2007	925,514,924	11,568,937	370	11,568,567	100.00%	
2007 - 2008	1,009,911,291	12,623,891		12,623,891	100.00%	
2008 - 2009	1,080,877,141	13,510,964		13,510,964	100.00%	
2009 - 2010	1,075,011,704	13,437,646		13,437,646	100.00%	
2010 - 2011	1,055,470,090	13,193,376		13,193,376	100.00%	
2011 - 2012	1,070,532,224	13,381,653		13,381,653	100.00%	
2012 - 2013	1,093,886,935	13,673,587		13,673,587	100.00%	
2013 - 2014	1,145,256,479	14,315,706		14,315,706	100.00%	

COMPUTATION OF LEGAL DEBT MARGIN
 June 30, 2014

Assessed valuation (net taxable)	\$ 1,145,256,479
Applicable percentage in computing capacity	1.25%
Total debt limit	\$ 14,315,706
Less: Total net applicable debt	
Legal debt margin, June 30, 2014	\$ 14,315,706

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	Total Debt Service	Special Assessment Collection	Principal	Debt Service Interest	Total Debt Service	Coverage
2004-05	\$ 34,615,641	\$ 10,810,000	\$ 3,649,750	\$ 14,459,750	\$ 79,907,000	\$ 19,565,000	\$ 15,385,183	\$ 34,950,183	2.29
2005-06	(1)	50,745,000	1,649,212	52,394,212	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)	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
2013-14					80,455,000	29,255,000	6,497,263	35,752,263	2.25

Fiscal Year	Calabasas Landfill Bond Fees				Total				
	Revenue Collected	Principal	Debt Service Interest	Total Debt Service	Revenue Collected	Principal	Debt Service Interest	Total Debt Service	Coverage
2005-06	\$ 4,092,212	\$ 1,100,000	\$ 685,849	\$ 1,785,849					2.29
2006-07	3,034,497	1,265,000	1,652,634	2,917,634					1.04
2007-08	3,126,998	1,365,000	1,608,359	2,973,359					1.05
2008-09	(5,243,834)	1,490,000	1,546,934	3,036,934					(1.73)
2009-10	1,003,124	1,610,000	1,484,784	3,094,784					0.32
2010-11	713,746	1,735,000	1,424,409	3,159,409					0.23
2011-12	679,673	1,860,000	1,359,346	3,219,346					0.21
2012-13	637,823	2,010,000	1,275,646	3,285,646					0.19
2013-14 (2)	591,361	2,165,000	1,182,721	3,347,721					0.18

- Notes:**
- (1) Optional Redemption occurred on 7/1/05 using Reserve and remaining Sinking Funds.
 - (2) Gross operating revenues were \$11,514,335 less operating expenses \$10,922,974 to arrive at net available revenue of \$591,361.
 - (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		Personal Income *	Per Capita		School Enrollment (2) **	Unemployment Rate *
	County of Los Angeles *	County of Los Angeles *		Personal Income (1)	Unemployment Rate *		
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	10,019		451,100,000		45,024	1,564	9.8%
2014	10,090 (3)		471,400,000 (3)		46,720	1,553	8.7%

Notes:

- (1) Amounts shown are in actual dollars (not thousands).
- (2) Public school enrollment.
- (3) Amount is a projection as of February 2014.

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, 2014			June 30, 2005		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	789,200	1	17.29%	786,100	1	17.53%
Educational & Health Services	734,000	2	16.08%	562,500	4	12.55%
Professional & Business Services	613,400	3	13.44%	573,800	3	12.80%
Government	559,800	4	12.26%	591,800	2	13.20%
Leisure & Hospitality	454,100	5	9.95%	382,900	6	8.54%
Manufacturing	353,300	6	7.74%	475,300	5	10.60%
Financial Activities	213,100	7	4.67%	241,900	7	5.39%
Information	205,600	8	4.50%	203,900	8	4.55%
Other Services	149,300	9	3.27%	146,400	10	3.26%
Construction	126,600	10	2.77%	149,700	9	3.34%
Ten largest industries	4,198,400		91.97%	4,114,300		91.76%
All other industries	366,600		8.03%	369,200		8.24%
Total industries	4,565,000		100.00%	4,483,500		100.00%

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

Source:
 State of California Employment Development Department website address: www.edd.ca.gov/labormarketinfo.

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

Function/Program (1) and (2)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
General Government	10,915	11,018	11,185	11,692	11,605	11,100	10,831	10,680	10,494	10,435
Public Protection (3)	37,065	38,049	39,528	41,560	42,583	36,378	35,428	35,433	35,509	35,161
Health and Sanitation	26,322	26,717	27,072	27,395	27,345	26,826	26,133	26,029	25,968	26,400
Public Assistance	19,132	19,540	20,329	20,867	20,940	20,665	20,280	20,043	19,947	20,329
Education	1,722	1,828	1,871	1,878	1,829	1,622	1,481	1,431	1,459	1,442
Recreation and Cultural Services	2,324	2,393	2,649	2,977	3,075	2,861	2,761	2,812	2,808	2,849
Total	97,480	99,545	102,634	106,369	107,377	99,452	96,914	96,428	96,185	96,616

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)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
General Government										
Assessor - Number of re-appraisable transfers processed	242,036	221,858	168,592	148,999	153,807	164,464	158,643	149,864	146,369	150,006
Auditor Controller - Number of warrants issued monthly (1)	389,807	360,394	235,336	239,750	254,316	221,097	220,649	230,243	222,142	215,210
Registrar Recorder - Number of registered voters	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	6,293,102
Public Protection										
Sheriff - Inmate population (10)	17,900	19,000	19,300	19,600	19,300	18,000	15,300	16,400	18,710	18,951
Sheriff - Crime rate total (2)	304.50	297.89	299.51	302.20	290.65	249.44	246.84	252.13	252.20	231.93
Probation - Juvenile halls/camps population (11)	3,600	3,500	4,000	4,000	2,800	2,600	2,385	2,354	2,004	1,635
Health and Sanitation										
Health Services - Average daily inpatient census (12)	1,506	1,493	1,415	1,317	1,293	1,313	1,321	1,263	1,234	1,234 **
Health Services - Outpatient visits (13)	2,606,000	2,656,000	2,665,000	2,631,000	2,710,000	2,817,000	2,811,000 *	2,912,000	3,179,000	3,173,000 **
Mental Health - Number of outpatient services to children and youth (3)	51,086	55,725	51,016	53,115	57,518	61,835	62,732	69,708	73,513	73,062
Public Assistance										
Children and Family Services - Child protective services caseloads	521,700	527,100	531,500	518,700	479,900	498,100	521,600	539,700	533,500	528,700 **
Children and Family Services - Adoption caseloads	32,600	21,200	22,300	23,500	24,300	24,800	24,500	23,900 *	23,800	23,800 **
Public Social Services - Average persons aided monthly thru CalWorks (4)	415,300	388,700	358,200	351,300	369,700	409,100	442,200	438,400	428,100	419,300 **
Public Social Services - Average number of indigents aided monthly	66,000	63,400	59,000	62,900	74,900	91,700	106,600	108,100	104,800	102,200 **
Community and Senior Services - Number of vulnerable adults served	25,766	25,518	26,450	27,671	27,828	28,779	30,654	33,187	36,788	37,779
Education										
Public Library - Number of items which circulate to the public (8)	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	5,839,322
Recreation and Culture										
Museum of Art - Total education program participants (5)	225,386	250,866	200,103	305,645	326,922	307,121	423,560	487,297	512,658	502,269
Museum of Natural History - Annual attendance (6)	914,426	867,138	859,569	874,725	873,230	858,297	933,588	1,162,231	1,012,661	1,140,844
Parks and Recreation - Total passive and active park users (7)	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	11,517,595

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.

Sources:

2011-2012, 2012-2013, 2013-2014 & 2014-2015 Recommended County Budget and Departments

(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 2013-14 has increased to 57 days as compared to an average of 53 days in 2012-13.

(11) The Actual FY 2012-2013 figures reflects three camps that are temporary closed.

(12) DHS estimates the FY 2013-2014 inpatient census to remain at a similar level as the FY 2012-2013. DHS is making operational changes to transform into integrated health system that can address the challenges posed by the Affordable Care Act (ACA) implemented on January 1, 2014.

(13) Fiscal Year 2012-13 expansion capacity of Community Clinic approved by the Board.

* Figures have been revised from previous publications.

** Fiscal Year 2013-14 data is an estimate.

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

Function/Program (1)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (2)	2010-11	2011-12	2012-13	2013-14
Public Protection										
Animal Shelters	7	7	6	6	6	6	6	6	6	6
Public ways and facilities										
Mileage of maintained County roads	3,170	3,179	3,198	3,213	3,217	3,219	3,219	3,218	3,206	3,187
Miles of unincorporated County bikeways	135	139	141	141	145	145	148	148	162	171
Airports	5	5	5	5	5	5	5	5	5	5
Dams	15	15	15	15	14	14	14	14	15	14
Storm drains, in miles	2,777	2,782	2,865	2,800	2,972	3,010	3,070	3,100	3,200	3,331
Flood pump stations	45	45	45	45	45	45	45	48	48	48
Health and Sanitation										
Hospitals	5	5	5	4	4	4	4	4	4	4
Health centers	18	18	18	18	18	18	18	17	17	17
Education										
Libraries	84	84	84	84	85	85	85	84	85	85
Bookmobiles	5	5	4	4	4	5	5	4	3	3
Recreation and Cultural services										
Museums	4	4	4	4	4	5	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	20	20	20	20	17	17	14	14	14	14
Boat Slips	5,246	5,246	5,246	4,796	4,832	4,800	4,700	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:

2013-14 County of Los Angeles Annual Report, 2013-14 Recommended Budget book, Department of Public Works website, Sheriff's Department website and Department of Health Services website.