



# **County of Los Angeles, California Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2015  
John Naimo • Auditor-Controller



**County of Los Angeles, California  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2015**

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, 2015  
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JOHN NAIMO  
AUDITOR-CONTROLLER

## COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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December 15, 2015

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, 2015. The report contains financial statements that have been prepared in accordance with U.S. 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 July 7, 2015, the Board of Supervisors (Board) approved recommendations to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance and to establish a new governance structure. Under the new governance structure, all non-elected department heads will report directly to the Board. County departments will continue to report to the Chief Executive Officer (CEO) for day-to-day operations, as well as for administrative and budget matters. The CEO will continue to act as the Board's agent to

manage Countywide policy objectives and departmental performance management. The new governance structure is designed to streamline the County bureaucracy by improving communications with County departments, which will facilitate more effective decision making and greater responsiveness to the Board's policy objectives.

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

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

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

## ECONOMIC OVERVIEW

With a 2014 Gross Domestic Product (GDP) of \$640.7 billion, Los Angeles County's economy is larger than that of 44 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 strong growth in 2014, with an increase of 9.9% in economic output (as measured by GDP), and a 5.9% increase in total taxable sales. The economic recovery is expected to continue, with several sectors of the local economy experiencing growth.

The County's unemployment rate averaged 8.2% in 2014, which represents improvement from its 2013 rate of 9.8%. In 2015 and 2016, the job market is expected to show continued improvement, with a projected decline in the unemployment rate to 7.2% and 6.6%, respectively. The significant unemployment during the recent recession 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 ninth largest among the world's port facilities. The County's technology sector, known as "Silicon Beach," has become a large and growing source of highly compensated jobs and this sector employed an estimated 205,000 workers in 2014.

### 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) 2015-16 Budget outlook relies on positive growth for 2015 and this trend is expected to hold steady in 2016. While the housing market has seen rapid gains in prices and surging demand in recent years, growth has slowed and has begun to level off most recently. The labor market continues to improve, with the County expecting to surpass its pre-recession peak for the number of jobs during FY 2015-16. Property taxes continue to represent the largest source of local discretionary revenues and the tax assessment roll for FY 2015-16 reflects growth of 6.13%.

The current economic outlook, although positive, is subject to ongoing challenges and uncertainties. Current economic indicators show steady domestic growth and the County seeks to strengthen its "Reserve for Rainy Day," address deferred maintenance needs, invest in capital improvements, and establish a fleet vehicle replacement program. The County also recognizes the importance of addressing funding shortfalls associated with other postemployment benefits and the Board adopted a multi-year funding policy to accumulate assets in an irrevocable trust fund for this purpose.

### NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are significant program initiatives that were funded or augmented by the FY 2015-16 Budget process:

- The Board appropriated \$74.5 million to fund a new initiative known as "Diversion and Re-Entry." This new program establishes a dedicated office and staffing to provide services to persons in the criminal justice system in need of mental health care, substance abuse treatment, and housing.
- Funding from federal and State sources were used to support \$66.9 million for new positions to reduce worker caseloads and improve safety in child welfare services, specialized programs for children, and to provide employment training opportunities for foster youth.

- Jail reform measures were allocated funding of \$58.3 million in order to address allegations of excessive use of force in the County jails. The funds are to be used for additional security checks, grievance tracking, training, and a “use of force” review team.
- The Board took actions to express support for addressing homelessness and housing issues by allocating \$51 million for use in this area, pending the development of specific programs and services for further deliberation by the Board.

### CAPITAL ASSET AND DEFERRED MAINTENANCE INITIATIVES

The County continues to plan for, and fund, high priority capital asset projects that address health, public safety, recreation, and infrastructure needs. Many capital asset initiatives are multi-year in nature and the FY 2015-16 Budget provides ongoing funding for initiatives in progress as well as new projects.

The FY 2015-16 Budget reflects a decrease in funding for capital projects by over \$100 million in comparison with the previous year’s budget. During FY 2014-15, there were 42 projects completed, including the Hall of Justice Renovation Project and the Manhattan Beach Library Project.

The County continues to address facility needs resulting from the enactment of the State’s Public Safety Realignment Act, which resulted in an influx of new inmates into County jails. The FY 2015-16 Budget appropriates \$163 million for facility improvements to various jail facilities, including the refurbishment of the Mira Loma Detention Center.

The County continues to invest in deferred maintenance to meet performance requirements and expectations for its facilities. The FY 2015-16 Budget earmarks \$170.8 million for high priority repairs, maintenance, and accessibility modification needs at County facilities, including juvenile halls, animal shelters, beaches, parks, and for various roof repairs.

In FY 2015-16, the second phase of building condition assessments of 24.1 million square feet of approximately 1,200 County-owned and/or County-maintained facilities and the development of prioritized capital plans to address deferred maintenance will continue. It is anticipated that the condition of approximately nine million square feet of buildings will be assessed during the fiscal year.

### LONG-TERM FINANCIAL PLANNING

The Board has adopted policies, which guide the CEO in financial planning and recommending budget proposals. Key policy elements include:



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

Board policy also established a “Reserve for Rainy Day” (Reserve) account within the County’s General Fund. It is intended to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10% of ongoing locally generated revenue. Transfers of three percent (3%) should be made into the Reserve each year, if feasible, until the 10% cap is met. When the reserve cap of 10% is exceeded, the excess may be available for specified one-time purposes such as capital projects, unfunded retiree health obligations, efficiency measures, and information technology initiatives. The objective is to avoid ongoing commitments with funding that may not be sustainable in an economic downturn.

For the year ended June 30, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), “Fund Balance Reporting and Governmental Fund Type Definitions.” The County’s policies for use of the Reserve are not within the GASB 54 definition of a stabilization arrangement. Therefore, the Reserve is classified as General Fund unassigned fund balance in the GAAP financial statements. As of June 30, 2015, the Reserve balance was \$306.3 million and it was not used as a financing source for purposes of balancing the FY 2015-16 County Budget. On September 29, 2015, the Board added \$31.4 million to the Reserve, bringing the total balance to \$337.7 million.

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 2014-15. The County's single audit for FY 2013-14 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-three 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,



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, 2014**

Executive Director/CEO

COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS  
AS OF JUNE 30, 2015

BOARD OF SUPERVISORS

Michael D. Antonovich, Mayor  
Fifth District

Hilda L. Solis  
First District

Sheila Kuehl  
Third District

Mark Ridley-Thomas  
Second District

Don Knabe  
Fourth District

Patrick Ogawa  
Acting Executive Officer  
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Jeffrey Prang  
Assessor

Jackie Lacey  
District Attorney

Jim McDonnell  
Sheriff

---

Sachi A. Hamai  
Interim Chief Executive Officer

Joseph Kelly  
Treasurer and Tax Collector

John Naimo  
Auditor-Controller

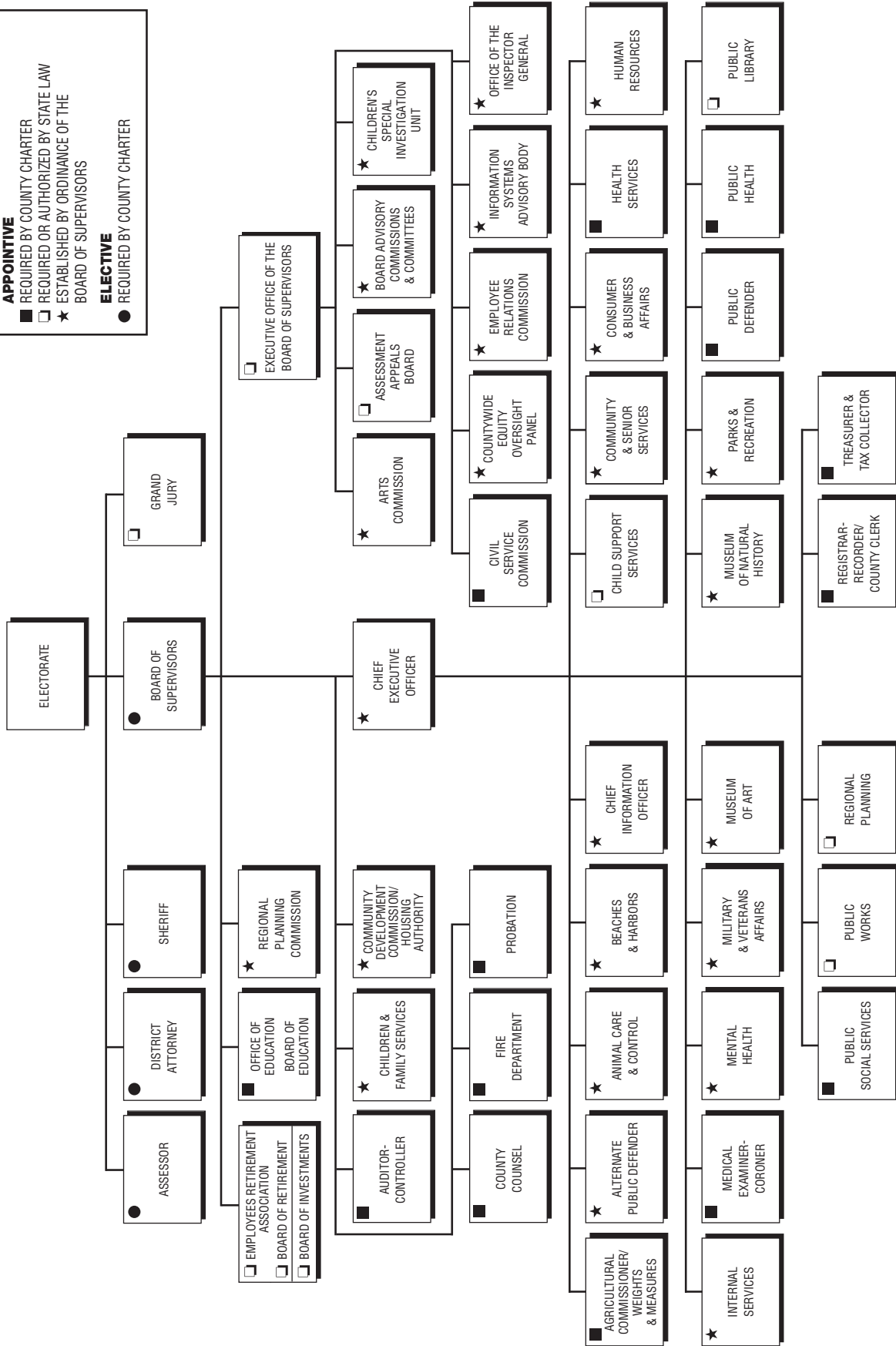
Mary C. Wickham  
Interim County Counsel

# COUNTY OF LOS ANGELES FY 2014-2015

**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



Note: Several departments report directly to the Board of Supervisors or are headed by elected officials, but work with the Chief Executive Office. These are: Assessor, Auditor-Controller, Children & Family Services, Community Development Commission, County Counsel, District Attorney, Executive Office of the Board of Supervisors, Fire, Probation, and Sheriff.











## 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, 2015, 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	71%	73%	9%

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, 2015, 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, 2014, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The implementation of these statements resulted in a restatement of net position as of July 1, 2014 in the amount of \$7,835,193,000, \$1,322,777,000, and \$21,142,000 for governmental activities, business-type activities, and the CDC, respectively. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 24, the schedule of net pension liability and related ratios, the schedule of County's contributions and the schedules of funding progress – Other Postemployment Benefits on pages 139 through 141 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

*Macias Gini & O'Connell LLP*

Los Angeles, California  
December 15, 2015

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015. 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 \$286 million. However, net position is classified into three categories and the unrestricted component is negative \$20.043 billion. During the current year, the County implemented Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB 68) and Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB 68" (GASB 71). GASB 68 and 71 had a material effect on the County's beginning net position, which was restated and reduced by \$9.158 billion. See further discussion in Notes 2 and 8 to the basic financial statements.

During the current year, the County's net position decreased by a total of \$291 million. Net position related to governmental activities decreased by \$358 million, while net position related to business-type activities increased by \$67 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$3.190 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$272 million, restricted fund balance of \$56 million, committed fund balance of \$334 million, assigned fund balance of \$492 million, and \$2.036 billion of unassigned fund balance.

The County's capital asset balances were \$19.159 billion at year-end and increased by \$65 million during the year.

During the current year, the County's total long-term debt increased by \$11 million. Newly issued and accreted long-term debt of \$568 million exceeded long-term debt maturities of \$557 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, 2015**

**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 Funds represent the County's business activities.
- **Discretely Presented Component Units** - Component units are separate entities for which the County is financially accountable. The Community Development Commission and First 5 LA are displayed as discretely presented in the financial statements.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015**

**REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's net pension liability and related ratios, County's pension contributions and 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 \$286 million at the close of the most recent fiscal year.

Summary of Net Position  
As of June 30, 2015 and 2014 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (1)	2015	2014 (1)	2015	2014 (1)
Current and other assets	\$ 9,196,361	\$ 8,509,325	\$ 1,620,252	\$ 1,302,031	\$ 10,816,613	\$ 9,811,356
Capital assets	<u>16,152,897</u>	<u>16,091,301</u>	<u>3,005,864</u>	<u>3,002,176</u>	<u>19,158,761</u>	<u>19,093,477</u>
Total assets	<u>25,349,258</u>	<u>24,600,626</u>	<u>4,626,116</u>	<u>4,304,207</u>	<u>29,975,374</u>	<u>28,904,833</u>
Deferred outflows of resources	<u>1,267,447</u>	<u>20,243</u>	<u>211,805</u>	<u>                    </u>	<u>1,479,252</u>	<u>20,243</u>
Current and other liabilities	1,982,863	1,732,192	418,664	384,084	2,401,527	2,116,276
Long-term liabilities	<u>20,960,211</u>	<u>13,474,871</u>	<u>4,829,855</u>	<u>3,501,717</u>	<u>25,790,066</u>	<u>16,976,588</u>
Total liabilities	<u>22,943,074</u>	<u>15,207,063</u>	<u>5,248,519</u>	<u>3,885,801</u>	<u>28,191,593</u>	<u>19,092,864</u>
Deferred inflows of resources	<u>2,550,590</u>	<u>97,031</u>	<u>426,559</u>	<u>                    </u>	<u>2,977,149</u>	<u>97,031</u>
Net position:						
Net investment in capital assets	14,846,719	14,789,236	2,298,915	2,271,730	17,145,634	17,060,966
Restricted	3,098,677	2,727,379	84,672	76,908	3,183,349	2,804,287
Unrestricted (deficit)	<u>(16,822,355)</u>	<u>(8,199,840)</u>	<u>(3,220,744)</u>	<u>(1,930,232)</u>	<u>(20,043,099)</u>	<u>(10,130,072)</u>
Total net position	<u>\$ 1,123,041</u>	<u>\$ 9,316,775</u>	<u>\$ (837,157)</u>	<u>\$ 418,406</u>	<u>\$ 285,884</u>	<u>\$ 9,735,181</u>

(1) The 2014 amounts were not restated for GASB 68.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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

Current and Other Assets

Current and other assets increased by \$687 million for governmental activities and by \$318 million for business-type activities. For governmental activities, there was an increase of \$1.232 billion in pooled cash and investments, largely due to the improved cash position of the County's General Fund, which grew by \$745 million over the prior year. Other receivables decreased by \$111 million and were primarily attributable to lower receivables associated with the administration of the managed care program. For business-type activities, current and other assets increased as the negative amount of "internal balances" was reduced by \$408 million, largely due to lower amounts of cash flow advances from the County's General Fund to the various Hospital Enterprise Funds.

Deferred Outflows of Resources

Deferred outflows of resources grew substantially, from \$20 million in the prior year to \$1.479 billion in the current year. Under GASB 68 and 71, employer pension contributions made subsequent to the measurement date (June 30, 2014) of the net pension liability are recognized as deferred outflows of resources. The County made employer contributions of \$1.438 billion subsequent to the measurement date and this amount is reflected within the current year's deferred outflows of resources. Additional information is provided in Note 8 to the basic financial statements.

Liabilities

Current and other liabilities increased by \$251 million for governmental activities. The largest component of this increase is \$363 million for advances payable, largely due to higher advances for mental health and children's services programs. This amount was offset by a \$93 million reduction of accounts payable. For business-type activities, a net increase of \$35 million in current and other liabilities was primarily due to increases in accounts payable for intergovernmental transfer expenses associated with the hospitals.

Long-term liabilities increased by \$7.485 billion for governmental activities and by \$1.328 billion for business-type activities. Pension liabilities were recognized in the current year for the first time and were not restated. The cumulative effect of such liabilities was \$6.957 billion, of which \$5.964 billion pertained to governmental activities and \$993 million to business-type activities. Liabilities for other postemployment benefits (OPEB) increased for both governmental and business-type activities by \$1.384 billion and \$303 million, respectively. Specific disclosures related to pension liabilities, OPEB and other changes in long-term liabilities are discussed and referenced in Notes 8, 9, and 11 to the basic financial statements, respectively.



**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

Deferred Inflows of Resources

Deferred inflows of resources were substantially higher in the current period, rising from \$97 million to \$2.977 billion. GASB 68 and 71 requires that the net difference between projected and actual earnings on pension plan investments be recognized as deferred inflows of resources. The amount of actual prior year pension plan earnings in excess of projected earnings was \$2.884 billion and this amount is newly recognized in the County's current year financial statements as deferred inflows of resources, and is discussed in Note 8 to the basic financial statements. There were also \$93 million of deferred inflows of resources recognized in the current year, and this amount is associated with the present value of installment payments due to service concession arrangements with private operators of twenty County golf courses, as discussed in Note 7 to the basic financial statements.

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

Net Investment in Capital Assets

The largest portion of the County's net position, \$17.146 billion, represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt and related deferred outflows of resources used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was \$3.183 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 \$20.043 billion. Both governmental and business-type activities reported deficits in this category of \$16.822 billion and \$3.221 billion, respectively. OPEB related liabilities of \$11.535 billion continued to be the most significant factor associated with the reported deficits. Newly recognized pension liabilities totaling \$6.957 billion were also a significant factor, which contributed to the deficit amount.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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

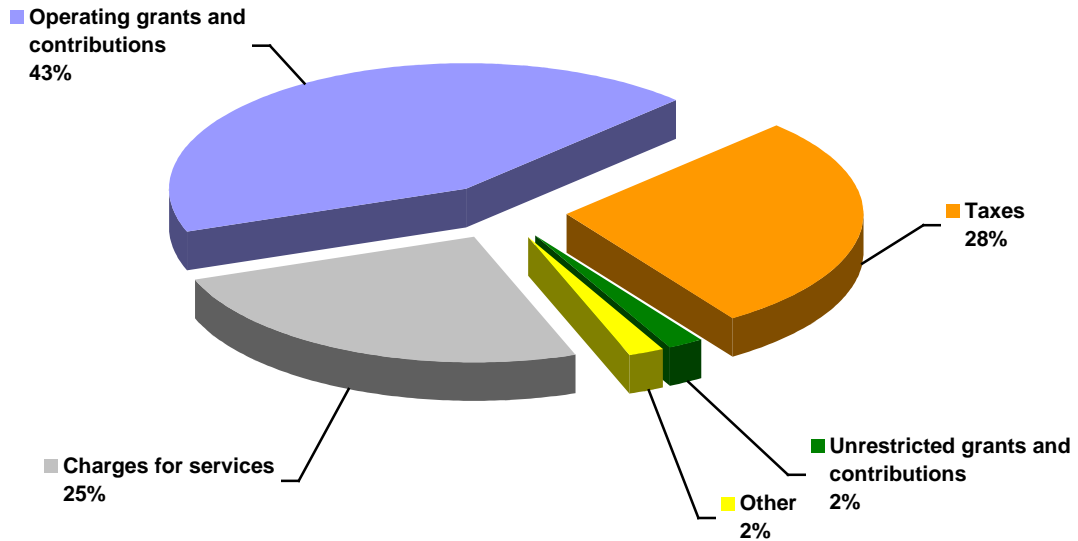
Summary of Changes in Net Position  
For the Years Ended June 30, 2015 and 2014  
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014 (1)	2015	2014 (1)	2015	2014 (1)
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,505,007	\$ 2,751,505	\$ 3,037,826	\$ 2,534,565	\$ 5,542,833	\$ 5,286,070
Operating grants and contributions	8,976,986	8,579,502	500,840	485,888	9,477,826	9,065,390
Capital grants and contributions	35,685	12,850	2,353	3,156	38,038	16,006
<b>General revenues:</b>						
Taxes	6,161,188	5,840,175	4,919	4,681	6,166,107	5,844,856
Unrestricted grants and contributions	512,079	513,458		33	512,079	513,491
Investment earnings	74,220	64,354	1,289	3,908	75,509	68,262
Miscellaneous	<u>181,119</u>	<u>134,611</u>	<u>26,012</u>	<u>19,101</u>	<u>207,131</u>	<u>153,712</u>
Total revenues	<u>18,446,284</u>	<u>17,896,455</u>	<u>3,573,239</u>	<u>3,051,332</u>	<u>22,019,523</u>	<u>20,947,787</u>
<b>Expenses:</b>						
General government	1,429,897	1,307,001			1,429,897	1,307,001
Public protection	6,638,192	6,682,960			6,638,192	6,682,960
Public ways and facilities	415,586	366,582			415,586	366,582
Health and sanitation	3,136,924	3,557,523			3,136,924	3,557,523
Public assistance	6,007,973	5,830,165			6,007,973	5,830,165
Education	107,336	119,037			107,336	119,037
Recreation and cultural services	365,755	278,459			365,755	278,459
Interest on long-term debt	99,400	97,777			99,400	97,777
Hospitals			4,017,633	3,838,574	4,017,633	3,838,574
Waterworks			85,479	84,499	85,479	84,499
Aviation			<u>6,675</u>	<u>6,402</u>	<u>6,675</u>	<u>6,402</u>
Total expenses	<u>18,201,063</u>	<u>18,239,504</u>	<u>4,109,787</u>	<u>3,929,475</u>	<u>22,310,850</u>	<u>22,168,979</u>
Excess (deficiency) before transfers	245,221	(343,049)	(536,548)	(878,143)	(291,327)	(1,221,192)
Transfers	<u>(603,762)</u>	<u>(731,152)</u>	<u>603,762</u>	<u>731,152</u>		
Changes in net position	(358,541)	(1,074,201)	67,214	(146,991)	(291,327)	(1,221,192)
Net position – beginning, as restated for 2015	<u>1,481,582</u>	<u>10,390,976</u>	<u>(904,371)</u>	<u>565,397</u>	<u>577,211</u>	<u>10,956,373</u>
Net position – ending	<u>\$ 1,123,041</u>	<u>\$ 9,316,775</u>	<u>\$ (837,157)</u>	<u>\$ 418,406</u>	<u>\$ 285,884</u>	<u>\$ 9,735,181</u>

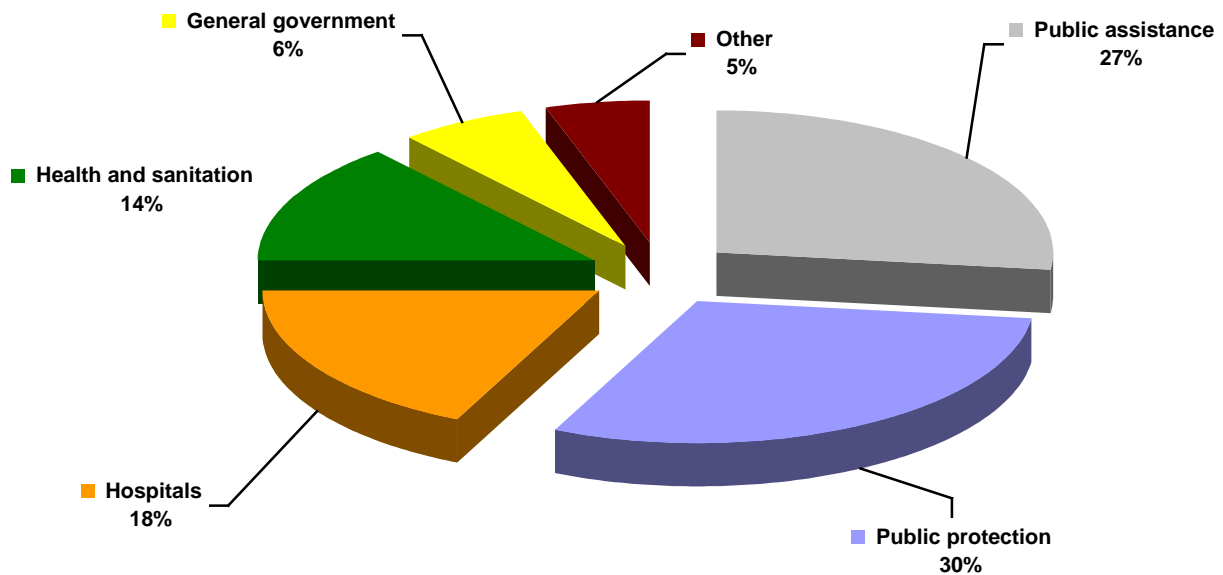
(1) The 2014 amounts were not restated for GASB 68.

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

**REVENUES BY SOURCE – ALL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**



**EXPENSES BY TYPE – ALL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**



**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

Governmental Activities

Revenues from governmental activities increased by \$550 million (3.1%) 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 \$397 million. Of this total, \$139 million is attributable to new State grant funding designed to improve local probation supervision practices and capacities. An additional \$72 million provided increased funding for a variety of public safety initiatives. Revenue associated with the State Mental Health Services Act (Proposition 63) increased by \$138 million due to growth in dedicated State income taxes, which is the State's source of funding for this program.
- Taxes, the County's largest general revenue source, were \$321 million higher than the prior year due almost entirely to increased property taxes, which grew by \$297 million. The County's assessed property tax roll grew for the fourth consecutive year and was 5.47% higher in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "Pass through" payments from redevelopment dissolution were \$223 million and increased by \$21 million from the prior year. Redevelopment dissolution also provides residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was \$190 million, an increase of \$30 million compared to the prior year.
- Charges for services decreased by a total of \$246 million, primarily attributable to a \$278 million decrease in revenues associated with clients who were enrolled in managed care pursuant to the County's implementation of the Affordable Care Act (ACA). In the prior year, the County was responsible for processing and paying the out-of-network claims and out-of-network pass through payments to private hospitals, on behalf of managed care enrollees. In the current year, enrollment responsibilities shifted to independent local agencies, which specialize in providing managed health care services.

For the second consecutive year, pursuant to Assembly Bill 85 (AB85), the State withheld revenues known as "1991 County Health Realignment Funds." The withheld amount in the current year, \$238 million, represents an increase of \$150 million over the \$88 million withheld in the prior year. The amounts withheld are based on an assumption that County healthcare costs for the indigent population will decrease. The funds will be reconciled and trued-up, two years after the fiscal year in which the amounts were withheld. The County anticipates that the final amount withheld will be less than or equal to the cumulative withheld amount of \$326 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, any revenues associated with the amount withheld are uncertain and 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, 2015**

Governmental Activities-Continued

Expenses related to governmental activities decreased by \$38 million (0.2%) during the current year. Within this net change, there were significant individual areas where costs were both higher and lower. Cost increases were most significant for salaries and wages, which grew by \$304 million. There were general salary increases during the current year, which became effective for most employees at rates ranging from 2% to 4%, with staggered effective dates throughout the fiscal year. Expenses for employee benefits, excluding pension costs, grew by \$195 million, led by increases in compensated absences and workers compensation of \$54 and \$52 million, respectively. Expenses were also higher by \$117 million for non-salary cost increases associated with public assistance programs, as operating and assistance costs increased, particularly for the In-Home Assistance Services Program. Funding grants made to other agencies grew by \$86 million and depreciation expense was \$35 million higher in the current year.

The implementation of GASB 68 and 71 in the current year affected comparative pension costs, reported at \$561 million, a reduction of \$523 million for governmental activities. As discussed previously, responsibility for certain managed care activities shifted from the County to other local entities and expenses were \$268 million lower due to this change.

Business-type Activities

Revenues from business-type activities saw a net increase in comparison to the prior year of \$522 million (17.1%) and nearly all of this amount was related to charges for services, which increased by \$503 million. 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 ACA was initiated midway during the prior year, and the current year represented the first full year of operations under the ACA. The principal funding source derived from the ACA is known as "Medicaid Coverage Expansion" and it increased by \$458 million in the current year, and included rate supplement revenues.

Expenses related to business-type activities increased from the previous year by a net total of \$180 million (4.6%), of which \$179 million was associated with the County's hospitals. Specifically, intergovernmental transfer expenses related to various hospital funding sources were higher by \$51 million. Spending increases of \$55 million and \$31 million were also noted in salaries and employee benefits, and interest expense, respectively. For all Hospital facilities, the average patient census during the current year was 1,212 patients per day, which was nearly identical in comparison with 1,213 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, 2015**

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 \$6.759 billion, an increase of \$482 million in comparison with the prior year. Of the total fund balances, \$286 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$3.297 billion is classified as restricted, \$446 million as committed, and \$694 million as assigned. The remaining balance of \$2.036 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$18.435 billion, an increase of \$567 million (3.2%) from the previous year. Expenditures for all governmental funds in the current year were \$17.849 billion, an increase of \$520 million (3.0%) from the previous year. In addition, other financing uses exceeded other financing sources by \$103 million as compared to \$369 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 \$87 million (2.8%). At the end of the current fiscal year, the General Fund's total fund balance was \$3.190 billion. Of this amount, \$272 million is classified as nonspendable, \$56 million as restricted, \$334 million as committed, \$492 million as assigned and the remaining \$2.036 billion is classified as unassigned.

General Fund revenues during the current year were \$15.455 billion, an increase of \$247 million (1.6%) from the previous year. General Fund expenditures during the current year were \$15.238 billion, an increase of \$448 million (3.0%) from the previous year. Other financing sources/uses-net was negative \$130 million in the current year as compared to negative \$195 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$252 million and property taxes comprised \$233 million of this increase. Residual property tax revenues, which are associated with redevelopment dissolution, were \$162 million in the current year, or \$28 million higher than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were \$20 million higher in the current year.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

Governmental Funds-Continued

- Intergovernmental revenues increased by \$179 million overall, and were primarily associated with federal revenue increases of \$144 million. Federal revenue growth was attributable to higher levels of reimbursable program and administrative costs for public assistance and children and family services programs. State revenues grew by \$54 million, while Other Intergovernmental revenues were lower by \$19 million. State revenue growth of \$46 million was associated with a program referred to as Senate Bill 90, which reimburses the County for performing State-mandated activities.
- Charges for services decreased by a total of \$252 million. As previously mentioned, there was a \$278 million decrease in revenues associated with clients who were initially enrolled in managed care pursuant to the County's implementation of the ACA in the prior year. This was partially offset by a \$27 million increase in revenues for services provided by the Sheriff's Department, primarily for services rendered to the County's independently operated transportation agency and the Superior Court.
- General fund expenditures increased by a total of \$448 million, or 3.0%. Within this total, current expenditures increased by \$451 million, and debt service and capital outlay expenditures decreased by \$2 million and \$1 million, respectively. The most significant increase in current expenditures was reflected in public protection programs, where spending grew by \$293 million, of which \$234 million pertained to salaries and employee benefits, largely due to negotiated salary increases. Public assistance expenditures were higher by \$252 million, of which salary and benefit increases were nearly \$137 million with the remaining increase associated with higher spending on public assistance benefits. General government spending increases were \$157 million and this growth was related to funding grants to other agencies of \$86 million, capital improvements of \$34 million, and wage growth of \$40 million. Health and sanitation program expenditures were \$273 million lower, and this was primarily due to the significant changes in managed care responsibilities, as previously discussed.

The Fire Protection District reported a year-end fund balance of \$243 million, which represented an increase of \$19 million from the previous year. Revenues increased by \$49 million, of which \$37 million was related to property taxes and primarily associated with growth in assessed property values. Expenditures were also higher by \$19 million, nearly all of which was related to salaries and benefits.

The Flood Control District reported a year-end fund balance of \$374 million, which was \$68 million higher than the previous year. Total pooled cash and investments increased by \$79 million over the prior year's balance. Revenues and expenditures grew by \$8 million and \$3 million, respectively, from the previous year.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

Governmental Funds-Continued

The Public Library Fund reported a year-end fund balance of \$62 million, which was \$1 million higher than the previous year. Revenue growth of \$3 million from higher property taxes was offset by higher expenditures, which also grew by \$3 million.

The Regional Park and Open Space District reported a year-end fund balance of \$330 million, which was \$7 million higher than the previous year. Current year revenues were higher by \$4 million and were associated with increased charges for services, while expenditures were lower by \$10 million.

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 \$33 million for Rancho Los Amigos National Rehabilitation Center to \$208 million for the Harbor-UCLA Medical Center. The total subsidy amount was \$377 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 \$522 million. The ACA was in effect for the entire current year and the County's hospital operations experienced higher levels of patient care revenues.

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 (\$117 million), Harbor-UCLA Medical Center (\$54 million), and Olive-View UCLA Medical Center (\$40 million). The total current year amount of \$211 million in Measure B transfers was higher than the prior year amount of \$209 million.

Waterworks Funds reported year-end net position of \$810 million, a \$6 million reduction from the previous year. Current year operating revenues of \$74 million, and operating expenses of \$85 million were similar to prior year amounts, as operating revenues were lower by \$1 million and operating expenses were higher by \$1 million.



**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 \$184 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>	Increase (Decrease) From Original <u>Budget</u>	Final Budget <u>Amount</u>	Actual <u>Amount</u>	Variance- Positive <u>(Negative)</u>
Taxes	\$ 50,770	\$ 4,712,736	\$ 4,770,549	\$ 57,813
Intergovernmental revenues	168,813	9,334,432	8,551,356	(783,076)
Charges for services	(24,098)	1,622,157	1,496,543	(125,614)
All other revenues	48,796	591,792	613,225	21,433
Other sources and transfers in	<u>24,375</u>	<u>735,846</u>	<u>379,089</u>	<u>(356,757)</u>
Total	<u>\$ 268,656</u>	<u>\$ 16,996,963</u>	<u>\$ 15,810,762</u>	<u>\$ (1,186,201)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$269 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, 2015**

Changes from Amounts Originally Budgeted-Continued

- Estimated intergovernmental revenues increased by \$169 million. Of this amount, \$72 million was used to augment federal and State funds budgeted for a variety of health and mental health programs. There was also an increase of \$12 million from Federal funds for the Help America Vote Act. Net additions of \$11 million were made to budgeted intergovernmental revenues associated with redevelopment dissolution revenues. Budgeted federal revenues for capital projects, emergency and disaster recovery were increased by \$70 million to reflect additional grant funding. There were other net additions to budgeted intergovernmental revenues of \$4 million.
- The budget for tax revenues increased by \$51 million. The \$51 million increase was associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues.
- The budget for all other revenues increased by \$49 million. Of this increase, \$33 million was associated with revenue received for the General Fund's health services administration activities. The remaining variance of \$16 million was from rents and concessions revenue of \$4 million and miscellaneous revenue of \$12 million.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$15.811 billion. This amount was \$1.186 billion, or 7%, 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 \$783 million lower than the amount budgeted. Budgeted intergovernmental revenues of \$193 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 \$296 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 \$143 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The Sheriff's Department under-realized revenues of \$44 million due to lower than expected reimbursement of salaries, services and supplies. Public health related programs experienced budgeted revenue shortfalls of \$51 million, most of which was associated with federal grants and offset by a comparable amount of cost savings. The Registrar-Recorder did not realize \$23 million of federal funds (Help America Vote Act) due to lower than anticipated eligible costs and delay in implementing a new voting system. The remaining variance of \$33 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, 2015**

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

- The actual amount of “other sources and transfers in” was \$357 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 \$224 million lower than budgeted. In addition, “transfers in” totaling \$90 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Probation and Sheriff’s Department programs funded by the Other Public Protection Special Revenue Funds were \$35 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of \$8 million.
- Actual charges for services were \$126 million lower than the amount budgeted. Of this amount, \$89 million was associated with health, mental health, and public health program revenues, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The estimated costs of servicing a large telecommunication system and other projects were \$18 million less than the budget. 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	\$ (39,525)	\$ 1,984,708	\$ 1,110,563	\$ 874,145
Public protection	71,091	5,432,617	5,188,548	244,069
Health and sanitation	(52,847)	3,486,984	3,024,533	462,451
Public assistance	39,755	6,142,607	5,716,044	426,563
All other expenditures	15,617	1,176,442	464,688	711,754
Transfers out	136,189	399,947	388,051	11,896
Contingencies	43,924	48,924		48,924
Fund balance changes-net	<u>54,452</u>	<u>(109,003)</u>	<u>(265,528)</u>	<u>156,525</u>
Total	<u>\$ 268,656</u>	<u>\$ 18,563,226</u>	<u>\$15,626,899</u>	<u>\$ 2,936,327</u>

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$269 million. The most significant increases occurred in the following areas:

- Appropriations for “transfers out” were increased by \$136 million. Of this amount, \$92 million was appropriated to augment the amount of fund transfers from the General Fund to various hospital funds. An additional \$44 million of one-time federal and State disaster reimbursements funds were allocated to fund transfers for purposes of redeeming long-term debt obligations and for library and dock improvements.
- Public Protection appropriations were increased by \$71 million. Of this amount, \$48 million was appropriated to implement the Jail Reform initiatives in the Sheriff’s department. In addition, there was a \$12 million increase in appropriations for homeland security and emergency management programs. Various increases in public protection programs appropriations comprised the remaining \$11 million.
- Net budgetary changes of \$54 million had the effect of increasing the available (unassigned) fund balance component. At the end of the year, the nonspendable fund balance for long-term receivables was reduced by \$57 million, as collections were received from the State for health services and various mandated services. These changes were offset by \$3 million of decreases to other fund balance categories.
- Health and sanitation appropriations were decreased by \$53 million. Of this amount, a \$67 million decrease in appropriation was from budgetary savings in the administration of health and managed care services. The difference was attributable to a net increase in other health and sanitation appropriations of \$14 million.
- General government appropriations decreased by \$40 million. Of this amount, appropriations not associated with specific County departments, such as provisional appropriations, decreased by \$78 million and transferred to other functional categories to fund the Sheriff’s jail reform initiatives, various capital improvements and deferred maintenance projects expenditures. This was offset by an increase of appropriations of \$29 million for project and facility development expenditures and various increases to general government expenditures by \$9 million.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$2.936 billion lower (15.8%) than the final total budget of \$18.563 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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

- The general government function reported actual expenditures that were \$874 million less than the amount budgeted. Of this amount, \$641 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 \$233 million was spread across County departments comprising general government and was mostly related to savings in the areas of salaries and services and supplies.
- The category referred to as “all other expenditures” reflected actual spending of \$712 million less than the budgeted amount. Of this variance, \$696 million was in the capital outlay category, related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been reestablished in the following year’s budget to ensure the continuity of the projects, many of which are multi-year in nature.
- Overall expenditures for the health and sanitation category were \$462 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by \$313 million, primarily due to lower than anticipated costs for contracted services and some salary savings. The public health program recognized budgetary savings of \$132 million, with \$86 million due to lower than expected services and supplies costs and approximately \$46 million in salaries and benefits savings. The remaining variance of \$17 million was associated with managed care health programs.
- Actual public assistance expenditures were \$427 million lower than the final budget. Of this amount, \$376 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 \$33 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of \$18 million was related to other public assistance programs.

**Capital Assets**

The County’s capital assets for its governmental and business-type activities as of June 30, 2015 were \$19.159 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, 2015**

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$65 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	\$ 7,513,257	\$ 7,542,257	\$ (29,000)
Buildings and improvements	5,239,777	4,649,013	590,764
Infrastructure	4,798,885	4,925,897	(127,012)
Equipment	539,429	524,218	15,211
Software	338,281	294,937	43,344
Capital assets, in progress	<u>729,132</u>	<u>1,157,155</u>	<u>(428,023)</u>
Total	<u>\$ 19,158,761</u>	<u>\$ 19,093,477</u>	<u>\$ 65,284</u>

The County's major capital asset initiatives during the current year continued to focus on new facilities and major improvements for the Hospitals. Six significant construction-in-progress (CIP) projects were completed toward the end of the current year and reclassified from CIP to buildings and improvements for the following facilities: \$275 million for the Martin Luther King, Jr. Inpatient Tower facility, \$205 million for the Hall of Justice building, \$42 million for the Harbor/UCLA Medical Center facility, \$24 million for the Medical Examiner Biological building, \$21 million for the Manhattan Beach Library, and \$17 million for the Pathfinder Park Community Center. As of June 30, 2015, there were \$339 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 \$11 million, as newly issued debt and accretions of \$568 million exceeded debt maturities of \$557 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 (LRON) of \$342 million were issued for governmental and business-type activities in the amounts of \$309 million and \$33 million, respectively. For governmental activities, debt was issued to finance a new family support center, library, animal care, and fire department facilities. For business-type activities, debt was issued to finance hospital improvements.
- New debt of \$40 million was issued to finance the acquisition of equipment. Equipment debt totaling \$19 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, 2015**

- New governmental activities debt of \$153 million was issued to finance a multi-department service center and library and to redeem LRON.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$900 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2015. 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 &amp; Poor's</u>	<u>Fitch</u>
General Obligation Bonds	Aa2	AA+	AA-
Facilities	A1	AA	A+
Equipment/Non-Essential Leases	A2	AA	A+
Operating/Non-Essential Leases	A2	AA	A
Short-Term	MIG1	SP-1+	F1+
Flood Control District Revenue			
Bonds	Aaa	AA	AAA
Regional Park and Open Space			
District Bonds	Aa1	AA	AAA

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

**Economic Conditions and Outlook**

The Board of Supervisors adopted the County's 2015-16 Budget on June 22, 2015. The Budget was adopted based on estimated fund balances that would be available at the end of 2014-2015. The Board updated the Budget on September 29, 2015 to reflect final 2014-2015 fund balances and other pertinent financial information. For the County's General Fund, the 2015-2016 Budget utilized \$1.750 billion of fund balance, which exceeded the previously estimated fund balance of \$1.336 billion. Of the additional fund balance of \$414 million, \$144 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$270 million was used to fund \$91 million of capital improvement projects, \$75 million for Diversion and Reentry programs, \$51 million for Homeless and Housing programs, \$31 million to augment the County's "Rainy Day Reserve," and various other program initiatives of \$22 million.

**COUNTY OF LOS ANGELES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued  
FOR THE YEAR ENDED JUNE 30, 2015**

The County's 2015-2016 Budget anticipates the continuation of moderate growth, as assessed property values and unemployment levels continue to trend favorably. The County's experience with the ACA has transitioned in a favorable manner and the health care system remains financially stable. Among the County's fiscal challenges is the ongoing implementation of the Department of Justice recommendations on mental health issues in the County jail system, unfunded liabilities for retiree healthcare benefits, and addressing outdated technology systems, significant deferred maintenance, and capital improvement needs.

The County is actively participating in negotiations to renew the agreement with the federal government, known as "California's Bridge to Reform" or "Health Waiver," which expired on October 31, 2015. The Health Waiver affects Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State draws down federal matching funds. Although the ACA is now well underway, the Health Waiver provides necessary funding sources for the County to continue implementing its healthcare delivery system and quality of care reforms. The County is working very closely with the State Department of Health Care Services to finalize negotiated terms and conditions for a Health Waiver extension with the federal government that is expected to become effective soon and remain in effect until 2020.

The County's budget outlook, while favorable, continues to depend on the fiscal condition and outlook of the State of California. In this regard, the State Legislative Analyst's Office (LAO) reports that the State budget is better prepared for an economic downturn than it has been at any point in decades. The LAO also projects that the State's primary revenue sources will exceed FY 2015-16 budget assumptions by \$3.6 billion, with most of the gain to be used to augment the State's "rainy day fund." For FY 2016-17, the LAO estimates that, if no new State budget commitments are made, additional reserves of \$11.5 billion are achievable. This forecast for the State reflects continuing improvement in the State's financial condition and 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, 2015 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 5,262,794	86,888	\$ 5,349,682	\$ 691,490
Other	1,109,772	27,949	1,137,721	
Total pooled cash and investments	<u>6,372,566</u>	<u>114,837</u>	<u>6,487,403</u>	<u>691,490</u>
Other investments (Note 5)	55,525		55,525	212,111
Taxes receivable	225,304	717	226,021	
Accounts receivable - net (Note 14)		1,483,537	1,483,537	29,733
Interest receivable	20,098	337	20,435	527
Other receivables	2,083,363	211,206	2,294,569	73,452
Internal balances (Note 15)	360,059	(360,059)		
Inventories	69,899	23,443	93,342	19,065
Restricted assets (Note 5)	9,547	146,234	155,781	
Capital assets: (Notes 6 and 10)				
Capital assets, not being depreciated	8,003,660	238,729	8,242,389	96,965
Capital assets, net of accumulated depreciation	8,149,237	2,767,135	10,916,372	91,059
Total capital assets	<u>16,152,897</u>	<u>3,005,864</u>	<u>19,158,761</u>	<u>188,024</u>
<b>TOTAL ASSETS</b>	<u>25,349,258</u>	<u>4,626,116</u>	<u>29,975,374</u>	<u>1,214,402</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	<u>1,267,447</u>	<u>211,805</u>	<u>1,479,252</u>	<u>2,282</u>
<b>LIABILITIES</b>				
Accounts payable	480,328	300,563	780,891	65,791
Accrued payroll	413,805	86,392	500,197	
Other payables	120,991	10,946	131,937	1,164
Accrued interest payable	21,795	19,983	41,778	
Advances payable	945,944	780	946,724	186
Long-term liabilities: (Note 11)				
Due within one year	1,049,490	170,170	1,219,660	5,328
Due in more than one year	19,910,721	4,659,685	24,570,406	70,483
<b>TOTAL LIABILITIES</b>	<u>22,943,074</u>	<u>5,248,519</u>	<u>28,191,593</u>	<u>142,952</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>2,550,590</u>	<u>426,559</u>	<u>2,977,149</u>	<u>13,322</u>
<b>NET POSITION</b>				
Net investment in capital assets	14,846,719	2,298,915	17,145,634	157,556
Restricted for:				
Capital projects	53,606		53,606	
Debt service	56,492	4,873	61,365	
Permanent funds - nonspendable	2,185		2,185	
Permanent funds - spendable	203		203	
General government	548,975		548,975	
Public protection	795,294		795,294	
Public ways and facilities	439,462	79,799	519,261	
Health and sanitation	857,040		857,040	
Recreation	336,133		336,133	
Community development				321,943
First 5 LA				543,522
Other	9,287		9,287	
Unrestricted (deficit)	(16,822,355)	(3,220,744)	(20,043,099)	37,389
<b>TOTAL NET POSITION (DEFICIT) (Note 3)</b>	<u>\$ 1,123,041</u>	<u>(837,157)</u>	<u>\$ 285,884</u>	<u>\$ 1,060,410</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, 2015 (in thousands)

FUNCTIONS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 1,429,897	469,598	47,673	8,792
Public protection	6,638,192	1,246,654	1,688,784	11,073
Public ways and facilities	415,586	30,484	222,275	5,515
Health and sanitation	3,136,924	535,836	2,219,799	
Public assistance	6,007,973	12,512	4,796,186	993
Education	107,336	3,129	132	1,780
Recreation and cultural services	365,755	206,794	2,137	7,532
Interest on long-term debt	99,400			
Total governmental activities	<u>18,201,063</u>	<u>2,505,007</u>	<u>8,976,986</u>	<u>35,685</u>
Business-type activities:				
Hospitals	4,017,633	2,960,080	499,825	
Waterworks	85,479	73,499	275	45
Aviation	6,675	4,247	740	2,308
Total business-type activities	<u>4,109,787</u>	<u>3,037,826</u>	<u>500,840</u>	<u>2,353</u>
Total primary government	<u>\$ 22,310,850</u>	<u>5,542,833</u>	<u>9,477,826</u>	<u>38,038</u>
DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 618,889</u>	<u>52,195</u>	<u>509,410</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 (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
NET POSITION (DEFICIT), JUNE 30, 2015

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
\$ (903,834)		\$ (903,834)		PRIMARY GOVERNMENT:
(3,691,681)		(3,691,681)		Governmental activities:
(157,312)		(157,312)		General government
(381,289)		(381,289)		Public protection
(1,198,282)		(1,198,282)		Public ways and facilities
(102,295)		(102,295)		Health and sanitation
(149,292)		(149,292)		Public assistance
(99,400)		(99,400)		Education
(6,683,385)		(6,683,385)		Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
	(557,728)	(557,728)		Business-type activities:
	(11,660)	(11,660)		Hospitals
	620	620		Waterworks
	(568,768)	(568,768)		Aviation
(6,683,385)	(568,768)	(7,252,153)		Total business-type activities
				Total primary government
			\$ (57,284)	DISCRETELY PRESENTED COMPONENT UNITS
5,528,417	4,919	5,533,336		GENERAL REVENUES:
61,135		61,135		Taxes:
361,662		361,662		Property taxes
79,938		79,938		Utility users taxes
30,346		30,346		Voter approved taxes
99,690		99,690		Documentary transfer taxes
				Other taxes
512,079		512,079		Sales and use taxes, levied by the State
74,220	1,289	75,509	9,571	Grants and contributions not restricted to special programs
181,119	26,012	207,131	1,173	Investment income
(603,762)	603,762			Miscellaneous
6,324,844	635,982	6,960,826	10,744	TRANSFERS - NET
(358,541)	67,214	(291,327)	(46,540)	Total general revenues and transfers
1,481,582	(904,371)	577,211	1,106,950	CHANGE IN NET POSITION
\$ 1,123,041	(837,157)	\$ 285,884	\$ 1,060,410	NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
				NET POSITION (DEFICIT), JUNE 30, 2015

COUNTY OF LOS ANGELES  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
<b>ASSETS</b>				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 1,648,529	225,595	411,413	62,097
Other	1,030,156	17,813	12,812	1,456
Total pooled cash and investments	<u>2,678,685</u>	<u>243,408</u>	<u>424,225</u>	<u>63,553</u>
Other investments (Notes 4 and 5)	4,655			118
Taxes receivable	157,215	37,531	11,207	5,769
Interest receivable	12,192	460	922	158
Other receivables	1,876,345	33,013	3,773	1,753
Due from other funds (Note 15)	460,987	3,870	19,742	4,643
Advances to other funds (Note 15)	434,849		6,047	
Inventories	48,186	10,419		1,443
<b>TOTAL ASSETS</b>	<u>5,673,114</u>	<u>328,701</u>	<u>465,916</u>	<u>77,437</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 20)</b>				
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 5,673,114</u>	<u>328,701</u>	<u>465,916</u>	<u>77,437</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 410,671	4,795	2,310	1,189
Accrued payroll	356,579	36,605		3,710
Other payables	115,998	2,393		451
Due to other funds (Note 15)	271,800	13,827	22,562	5,257
Advances payable	853,441		58,735	
Third party payor (Notes 11 and 14)	39,693			
<b>TOTAL LIABILITIES</b>	<u>2,048,182</u>	<u>57,620</u>	<u>83,607</u>	<u>10,607</u>
<b>DEFERRED INFLOWS OF RESOURCES (Note 20)</b>	<u>435,109</u>	<u>28,259</u>	<u>8,398</u>	<u>4,462</u>
<b>FUND BALANCES (Note 21)</b>				
Nonspendable	272,384	10,419		1,443
Restricted	55,694	232,403	373,812	11,004
Committed	334,346			
Assigned	491,954		99	49,921
Unassigned	2,035,445			
<b>TOTAL FUND BALANCES</b>	<u>3,189,823</u>	<u>242,822</u>	<u>373,911</u>	<u>62,368</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 5,673,114</u>	<u>328,701</u>	<u>465,916</u>	<u>77,437</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
\$ 328,968	2,530,273		\$ 5,206,875	Pooled cash and investments: (Notes 1 and 5)
1,231	39,970		1,103,438	Operating
330,199	2,570,243		6,310,313	Other
	133,632	(82,880)	55,525	Total pooled cash and investments
2,012	11,570		225,304	Other investments (Notes 4 and 5)
828	5,258		19,818	Taxes receivable
5,383	55,342		1,975,609	Interest receivable
9	141,607		630,858	Other receivables
	12,172		453,068	Due from other funds (Note 15)
			60,048	Advances to other funds (Note 15)
338,431	2,929,824	(82,880)	9,730,543	Inventories
	237,055		237,055	TOTAL ASSETS
				DEFERRED OUTFLOWS OF RESOURCES (Note 20)
\$ 338,431	3,166,879	(82,880)	\$ 9,967,598	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
				LIABILITIES
\$ 265	55,597		\$ 474,827	Accounts payable
	105		396,999	Accrued payroll
	36		118,878	Other payables
2,033	425,172		740,651	Due to other funds (Note 15)
	32,773		944,949	Advances payable
	538		40,231	Third party payor (Notes 11 and 14)
2,298	514,221		2,716,535	TOTAL LIABILITIES
5,889	9,886		492,003	DEFERRED INFLOWS OF RESOURCES (Note 20)
				FUND BALANCES (Note 21)
	2,185		286,431	Nonspendable
330,244	2,376,290	(82,880)	3,296,567	Restricted
	112,034		446,380	Committed
	152,263		694,237	Assigned
			2,035,445	Unassigned
330,244	2,642,772	(82,880)	6,759,060	TOTAL FUND BALANCES
\$ 338,431	3,166,879	(82,880)	\$ 9,967,598	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, 2015 (in thousands)

Fund balances - total governmental funds (page 29) \$ 6,759,060

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	\$ 7,328,764	
Construction-in-progress	674,896	
Buildings and improvements - net	3,316,311	
Equipment - net	288,365	
Intangible software - net	306,110	
Infrastructure - net	4,105,581	16,020,027
	<hr/>	

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	\$ 17,530	
Deferred outflows from pension contributions	1,183,888	
Deferred outflows from changes in proportionate share of contributions	19,813	
Deferred inflows from service concession arrangements	(93,233)	
Deferred inflows from net difference between projected and actual earnings on investments	(2,364,323)	(1,236,325)
	<hr/>	

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

Deferred inflows from property taxes	\$ 170,344	
Deferred inflows from long-term receivables	84,604	254,948
	<hr/>	

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	\$ (97)	
Accrued interest on long-term receivables	127	30
	<hr/>	

Installment receivables from service concession arrangements.

93,233

Accrued interest payable is not recognized in governmental funds.

(21,633)

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	\$ (1,530,728)	
Unamortized premiums on bonds and notes	(51,085)	
Accreted interest on bonds and notes	(167,904)	
Capital lease obligations	(166,320)	
Accrued compensated absences	(1,242,752)	
Workers' compensation	(1,856,914)	
Litigation and self-insurance	(169,242)	
Pollution remediation obligations	(20,058)	
Net pension liability	(5,747,517)	
OPEB obligation	(9,193,679)	(20,146,199)
	<hr/>	

Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.

(600,100)

Net position of governmental activities (page 25)

\$ 1,123,041

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, 2015 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
<b>REVENUES</b>				
Taxes	\$ 4,772,762	746,178	124,862	78,885
Licenses, permits and franchises	61,561	12,755	848	
Fines, forfeitures and penalties	207,684	3,225	1,024	458
Revenue from use of money and property:				
Investment income (Note 5)	42,909	1,574	3,508	650
Rents and concessions (Note 10)	98,356	99	9,966	14
Royalties	551		949	
Intergovernmental revenues:				
Federal	3,371,661	8,134	925	9
State	5,158,726	17,037	3,762	564
Other	43,901	1,572	1,796	344
Charges for services	1,491,656	188,462	115,430	2,191
Miscellaneous	204,966	1,410	708	765
<b>TOTAL REVENUES</b>	<b>15,454,733</b>	<b>980,446</b>	<b>263,778</b>	<b>83,880</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,155,070			
Public protection	5,136,461	952,688	189,653	
Public ways and facilities				
Health and sanitation	2,931,257			
Public assistance	5,682,198			
Education				123,683
Recreation and cultural services	304,895			
Debt service:				
Principal	8,633	832		
Interest and other charges	18,427	42		
Capital outlay	866			
<b>TOTAL EXPENDITURES</b>	<b>15,237,807</b>	<b>953,562</b>	<b>189,653</b>	<b>123,683</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>216,926</b>	<b>26,884</b>	<b>74,125</b>	<b>(39,803)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 15)	391,287	546		47,623
Transfers out (Note 15)	(522,934)	(9,076)	(5,795)	(6,374)
Issuance of debt (Note 11)				
Bond premium proceeds (Note 11)				
Capital leases (Note 10)	866			
Sales of capital assets	870	225	107	19
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(129,911)</b>	<b>(8,305)</b>	<b>(5,688)</b>	<b>41,268</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>87,015</b>	<b>18,579</b>	<b>68,437</b>	<b>1,465</b>
FUND BALANCES, JULY 1, 2014	3,102,808	224,243	305,474	60,903
FUND BALANCES, JUNE 30, 2015	\$ 3,189,823	242,822	373,911	62,368

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
\$	355,762		\$ 6,078,449	Taxes
	16,915		92,079	Licenses, permits and franchises
815	66,040		279,246	Fines, forfeitures and penalties
				Revenue from use of money and property:
3,330	26,993	(4,998)	73,966	Investment income (Note 5)
	24,773		133,208	Rents and concessions (Note 10)
	3		1,503	Royalties
				Intergovernmental revenues:
	31,489		3,412,218	Federal
	832,573		6,012,662	State
	21,599		69,212	Other
48,356	176,979		2,023,074	Charges for services
	51,617		259,466	Miscellaneous
<u>52,501</u>	<u>1,604,743</u>	<u>(4,998)</u>	<u>18,435,083</u>	TOTAL REVENUES
				EXPENDITURES
				Current:
	17,028		1,172,098	General government
	75,090		6,353,892	Public protection
	378,345		378,345	Public ways and facilities
	143,154		3,074,411	Health and sanitation
	6,315		5,688,513	Public assistance
	40		123,723	Education
45,110	7,453		357,458	Recreation and cultural services
				Debt service:
	484,950	(30,735)	463,680	Principal
	84,406	(4,998)	97,877	Interest and other charges
	138,362		139,228	Capital outlay
<u>45,110</u>	<u>1,335,143</u>	<u>(35,733)</u>	<u>17,849,225</u>	TOTAL EXPENDITURES
				EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
<u>7,391</u>	<u>269,600</u>	<u>30,735</u>	<u>585,858</u>	
				OTHER FINANCING SOURCES (USES)
	318,441		757,897	Transfers in (Note 15)
	(809,567)		(1,353,746)	Transfers out (Note 15)
	461,811		461,811	Issuance of debt (Note 11)
	27,354		27,354	Bond premium proceeds (Note 11)
			866	Capital leases (Note 10)
	1,201		2,422	Sales of capital assets
	(760)		(103,396)	TOTAL OTHER FINANCING SOURCES (USES)
7,391	268,840	30,735	482,462	NET CHANGE IN FUND BALANCES
<u>322,853</u>	<u>2,373,932</u>	<u>(113,615)</u>	<u>6,276,598</u>	FUND BALANCES, JULY 1, 2014
<u>\$ 330,244</u>	<u>2,642,772</u>	<u>(82,880)</u>	<u>\$ 6,759,060</u>	FUND BALANCES, JUNE 30, 2015

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, 2015 (in thousands)

Net change in fund balances - total governmental funds (page 33)		\$ 482,462
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	\$ 454,502	
Less - current year depreciation expense	<u>(408,252)</u>	46,250
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.		(2,661)
Contribution of capital assets is not recognized in the governmental funds.		27,686
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.		(2,713)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		(67,948)
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	\$ 120	
Change in unamortized premiums	<u>4,177</u>	4,297
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(490,031)
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	\$ 56,523	
Notes, loans, and lease revenue obligation notes	366,957	
Assessment bonds	30,735	
Other long-term notes, loans and capital leases	<u>9,465</u>	463,680
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	\$ (35,800)	
Change in litigation and self-insurance	667	
Change in pollution remediation obligations	(1,864)	
Change in accrued compensated absences	(52,030)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	638,395	
Change in OPEB obligation	(1,324,470)	
Change in accrued interest payable	(2,254)	
Change in accretion of bonds and notes	5,482	
Change in accretion of tobacco settlement bonds	(2,803)	
Transfer of capital assets from governmental fund to enterprise fund	<u>(14,945)</u>	(789,622)
The portion of internal service funds that is reported with governmental activities.		(29,941)
Change in net position of governmental activities (page 27)		<u>\$ (358,541)</u>

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

COUNTY OF LOS ANGELES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 4,661,966	4,712,736	4,770,549	57,813
Licenses, permits and franchises	48,305	48,309	61,561	13,252
Fines, forfeitures and penalties	214,948	214,948	207,684	(7,264)
Revenue from use of money and property:				
Investment income	26,483	26,844	32,995	6,151
Rents and concessions	98,758	105,278	98,356	(6,922)
Royalties	1,075	1,075	551	(524)
Intergovernmental revenues:				
Federal	3,820,940	3,948,302	3,373,530	(574,772)
State	5,318,819	5,328,295	5,135,789	(192,506)
Other	25,860	57,835	42,037	(15,798)
Charges for services	1,646,255	1,622,157	1,496,543	(125,614)
Miscellaneous	153,427	195,338	212,078	16,740
<b>TOTAL REVENUES</b>	<b>16,016,836</b>	<b>16,261,117</b>	<b>15,431,673</b>	<b>(829,444)</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,024,233	1,984,708	1,110,563	874,145
Public protection	5,361,526	5,432,617	5,188,548	244,069
Health and sanitation	3,539,831	3,486,984	3,024,533	462,451
Public assistance	6,102,852	6,142,607	5,716,044	426,563
Recreation and cultural services	322,583	329,131	313,022	16,109
Debt service-				
Interest	2,129	2,129	2,129	
Capital outlay	836,113	845,182	149,537	695,645
<b>TOTAL EXPENDITURES</b>	<b>18,189,267</b>	<b>18,223,358</b>	<b>15,504,376</b>	<b>2,718,982</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(2,172,431)</b>	<b>(1,962,241)</b>	<b>(72,703)</b>	<b>1,889,538</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	307	307	870	563
Transfers in	711,164	735,539	378,219	(357,320)
Transfers out	(263,758)	(399,947)	(388,051)	11,896
Appropriations for contingencies	(5,000)	(48,924)		48,924
Changes in fund balance	163,455	109,003	265,528	156,525
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>606,168</b>	<b>395,978</b>	<b>256,566</b>	<b>(139,412)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,566,263)</b>	<b>(1,566,263)</b>	<b>183,863</b>	<b>1,750,126</b>
<b>FUND BALANCE, JULY 1, 2014 (Note 16)</b>	<b>1,566,263</b>	<b>1,566,263</b>	<b>1,566,263</b>	
<b>FUND BALANCE, JUNE 30, 2015 (Note 16)</b>	<b>\$</b>		<b>1,750,126</b>	<b>1,750,126</b>

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, 2015 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 726,929	739,206	747,600	8,394
Licenses, permits and franchises	13,167	13,167	12,755	(412)
Fines, forfeitures and penalties	3,830	3,830	3,225	(605)
Revenue from use of money and property:				
Investment income	700	700	900	200
Rents and concessions	85	85	99	14
Intergovernmental revenues:				
Federal	19,685	19,685	8,134	(11,551)
State	16,767	16,767	17,037	270
Other			1,572	1,572
Charges for services	184,164	184,507	188,462	3,955
Miscellaneous	1,077	1,077	1,410	333
<b>TOTAL REVENUES</b>	<b>966,404</b>	<b>979,024</b>	<b>981,194</b>	<b>2,170</b>
<b>EXPENDITURES</b>				
Current-Public protection:				
Salaries and employee benefits	852,040	856,941	842,420	14,521
Services and supplies	143,429	138,728	113,090	25,638
Other charges	6,468	6,768	3,453	3,315
Capital assets	36,558	36,252	19,105	17,147
<b>TOTAL EXPENDITURES</b>	<b>1,038,495</b>	<b>1,038,689</b>	<b>978,068</b>	<b>60,621</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(72,091)</b>	<b>(59,665)</b>	<b>3,126</b>	<b>62,791</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	762	762	225	(537)
Transfers in	234	546	546	
Transfers out	(6,374)	(7,135)	(7,135)	
Appropriation for contingencies		(12,277)		12,277
Changes in fund balance	28,682	28,982	37,218	8,236
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>23,304</b>	<b>10,878</b>	<b>30,854</b>	<b>19,976</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(48,787)</b>	<b>(48,787)</b>	<b>33,980</b>	<b>82,767</b>
<b>FUND BALANCE, JULY 1, 2014 (Note 16)</b>	<b>48,787</b>	<b>48,787</b>	<b>48,787</b>	
<b>FUND BALANCE, JUNE 30, 2015 (Note 16)</b>	<b>\$</b>		<b>82,767</b>	<b>82,767</b>

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, 2015 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 102,006	121,726	124,994	3,268
Licenses, permits and franchises	707	707	848	141
Fines, forfeitures and penalties	1,487	1,487	1,024	(463)
Revenue from use of money and property:				
Investment income	1,579	1,579	2,439	860
Rents and concessions	7,346	7,346	9,966	2,620
Royalties	1,000	1,000	949	(51)
Intergovernmental revenues:				
Federal			925	925
State	2,570	2,570	3,762	1,192
Other	726	726	1,796	1,070
Charges for services	113,356	113,356	115,589	2,233
Miscellaneous	1,043	1,043	708	(335)
<b>TOTAL REVENUES</b>	<b>231,820</b>	<b>251,540</b>	<b>263,000</b>	<b>11,460</b>
<b>EXPENDITURES</b>				
Current-Public protection:				
Services and supplies	205,208	208,208	176,921	31,287
Other charges	7,579	7,579	4,428	3,151
Capital assets	511	511	159	352
Capital outlay	58,443	55,443	3,857	51,586
<b>TOTAL EXPENDITURES</b>	<b>271,741</b>	<b>271,741</b>	<b>185,365</b>	<b>86,376</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(39,921)</b>	<b>(20,201)</b>	<b>77,635</b>	<b>97,836</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	20	20	107	87
Transfers out	(7,779)	(7,779)	(2,711)	5,068
Appropriations for contingencies		(19,720)		19,720
Changes in fund balance	(81,737)	(81,737)	(68,222)	13,515
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(89,496)</b>	<b>(109,216)</b>	<b>(70,826)</b>	<b>38,390</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(129,417)</b>	<b>(129,417)</b>	<b>6,809</b>	<b>136,226</b>
<b>FUND BALANCE, JULY 1, 2014 (Note 16)</b>	<b>129,417</b>	<b>129,417</b>	<b>129,417</b>	
<b>FUND BALANCE, JUNE 30, 2015 (Note 16)</b>	<b>\$</b>		<b>136,226</b>	<b>136,226</b>

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, 2015 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 77,079	77,396	79,334	1,938
Fines, forfeitures and penalties			458	458
Revenue from use of money and property:				
Investment income	400	400	450	50
Rents and concessions	15	15	14	(1)
Intergovernmental revenues:				
Federal			9	9
State	666	666	564	(102)
Other	165	165	344	179
Charges for services	3,169	3,169	2,191	(978)
Miscellaneous	958	958	765	(193)
<b>TOTAL REVENUES</b>	<b>82,452</b>	<b>82,769</b>	<b>84,129</b>	<b>1,360</b>
<b>EXPENDITURES</b>				
Current-Education:				
Salaries and employee benefits	91,330	91,330	79,765	11,565
Services and supplies	74,847	71,894	46,763	25,131
Other charges	137	4,137	38	4,099
Capital assets	600	650	450	200
<b>TOTAL EXPENDITURES</b>	<b>166,914</b>	<b>168,011</b>	<b>127,016</b>	<b>40,995</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(84,462)</b>	<b>(85,242)</b>	<b>(42,887)</b>	<b>42,355</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	13	13	19	6
Transfers in	47,494	52,031	47,623	(4,408)
Transfers out	(2,734)	(6,374)	(6,374)	
Appropriation for contingencies		(317)		317
Changes in fund balance	(1,486)	(1,286)	(642)	644
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>43,287</b>	<b>44,067</b>	<b>40,626</b>	<b>(3,441)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(41,175)</b>	<b>(41,175)</b>	<b>(2,261)</b>	<b>38,914</b>
<b>FUND BALANCE, JULY 1, 2014 (Note 16)</b>	<b>41,175</b>	<b>41,175</b>	<b>41,175</b>	
<b>FUND BALANCE, JUNE 30, 2015 (Note 16)</b>	<b>\$</b>		<b>38,914</b>	<b>38,914</b>

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, 2015 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Fines, forfeitures and penalties	\$ 826	826	815	(11)
Revenue from use of money and property- Investment income	1,950	1,950	2,148	198
Charges for services	80,279	80,279	80,340	61
<b>TOTAL REVENUES</b>	<b>83,055</b>	<b>83,055</b>	<b>83,303</b>	<b>248</b>
<b>EXPENDITURES</b>				
Current-Recreation and cultural services:				
Services and supplies	10,414	12,299	6,714	5,585
Other charges	276,890	275,103	56,180	218,923
<b>TOTAL EXPENDITURES</b>	<b>287,304</b>	<b>287,402</b>	<b>62,894</b>	<b>224,508</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(204,249)</b>	<b>(204,347)</b>	<b>20,409</b>	<b>224,756</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	106,178	110,807	112,016	1,209
Transfers out	(142,484)	(147,015)	(143,750)	3,265
Changes in fund balance	4,453	4,453	8,893	4,440
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(31,853)</b>	<b>(31,755)</b>	<b>(22,841)</b>	<b>8,914</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(236,102)</b>	<b>(236,102)</b>	<b>(2,432)</b>	<b>233,670</b>
<b>FUND BALANCE, JULY 1, 2014 (Note 16)</b>	<b>236,272</b>	<b>236,272</b>	<b>236,272</b>	
<b>FUND BALANCE, JUNE 30, 2015 (Note 16)</b>	<b>\$ 170</b>	<b>170</b>	<b>233,840</b>	<b>233,670</b>

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, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 1,599	656	1,587	276
Other	7,835	4,674	11,216	2,095
Total pooled cash and investments	<u>9,434</u>	<u>5,330</u>	<u>12,803</u>	<u>2,371</u>
Taxes receivable				
Accounts receivable - net (Note 14)	473,023	207,961	515,700	274,183
Interest receivable	62	33	30	11
Other receivables	14,035	12,146	26,303	5,338
Due from other funds (Note 15)	93,780	68,107	151,392	24,757
Advances to other funds (Note 15)				
Inventories	7,994	4,377	9,948	1,124
Total current assets	<u>598,328</u>	<u>297,954</u>	<u>716,176</u>	<u>307,784</u>
Noncurrent assets:				
Restricted assets (Note 5)	87,772	38,757	4,873	10,130
Other receivables (Note 14 and 15)	43,695	23,818	70,028	15,843
Capital assets: (Notes 6 and 10)				
Land and easements	3,276	16,426	18,183	217
Buildings and improvements	896,796	336,234	1,080,000	187,180
Equipment	87,300	66,146	110,554	22,761
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	611	348		29,819
Less accumulated depreciation	(234,864)	(147,548)	(329,205)	(124,083)
Total capital assets - net	<u>770,040</u>	<u>285,965</u>	<u>900,236</u>	<u>121,510</u>
Total noncurrent assets	<u>901,507</u>	<u>348,540</u>	<u>975,137</u>	<u>147,483</u>
<b>TOTAL ASSETS</b>	<u>1,499,835</u>	<u>646,494</u>	<u>1,691,313</u>	<u>455,267</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 20)</b>	<u>63,506</u>	<u>41,859</u>	<u>87,299</u>	<u>19,141</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	103,601	42,872	124,642	26,062
Accrued payroll	26,827	15,979	36,523	7,063
Other payables	4,113	1,969	3,507	1,096
Accrued interest payable	14,804	4,940	48	111
Due to other funds (Note 15)	89,494	55,634	76,457	42,664
Advances from other funds (Note 15)	176,412	12,131	99,716	144,156
Advances payable			738	18
Current portion of long-term liabilities (Note 11)	60,744	16,910	39,721	42,591
Total current liabilities	<u>475,995</u>	<u>150,435</u>	<u>381,352</u>	<u>263,761</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	57,513	31,291	76,067	14,486
Bonds and notes (Note 11)	546,066	208,411		
Premiums on bonds and notes payable (Note 11)	18,196	14,708		
Workers' compensation (Notes 11 and 18)	67,212	23,398	108,999	21,190
Litigation and self-insurance (Notes 11 and 18)	22,194	1,316	45,962	
Net pension liability (Notes 8 and 11)	297,426	196,023	409,439	89,957
OPEB obligation (Notes 9 and 11)	546,487	371,316	837,515	175,078
Third party payor (Notes 11 and 14)	85,038	97,256	236,412	32,987
Total noncurrent liabilities	<u>1,640,132</u>	<u>943,719</u>	<u>1,714,394</u>	<u>333,698</u>
<b>TOTAL LIABILITIES</b>	<u>2,116,127</u>	<u>1,094,154</u>	<u>2,095,746</u>	<u>597,459</u>
<b>DEFERRED INFLOWS OF RESOURCES (Note 20)</b>	<u>128,045</u>	<u>84,412</u>	<u>175,688</u>	<u>38,414</u>
<b>NET POSITION</b>				
Net investment in capital assets	295,505	112,385	898,224	94,336
Restricted:				
Debt service			4,873	
Public ways and facilities				
Unrestricted (deficit)	(976,336)	(602,598)	(1,395,919)	(255,801)
<b>TOTAL NET POSITION (DEFICIT) (Note 3)</b>	<u>\$ (680,831)</u>	<u>(490,213)</u>	<u>(492,822)</u>	<u>(161,465)</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL
Waterworks	Nonmajor		ACTIVITIES
Funds	Aviation	Total	Internal
	Funds		Service
			Funds
\$ 71,034	8,624	\$ 83,776	\$ 59,031
1,967	159	27,946	6,337
<u>73,001</u>	<u>8,783</u>	<u>111,722</u>	<u>65,368</u>
717		717	
11,918	752	1,483,537	
173	18	327	164
		57,822	13,856
2,338	48	340,422	78,148
1,347		1,347	
		23,443	9,851
<u>89,494</u>	<u>9,601</u>	<u>2,019,337</u>	<u>167,387</u>
		141,532	14,249
		153,384	
11,699	134,692	184,493	
119,091	37,907	2,657,208	
1,076	1,325	289,162	308,363
1,322		58,922	
1,194,490	55,044	1,249,534	
22,550	908	54,236	
(611,563)	(62,710)	(1,509,973)	(153,211)
<u>738,665</u>	<u>167,166</u>	<u>2,983,582</u>	<u>155,152</u>
<u>738,665</u>	<u>167,166</u>	<u>3,278,498</u>	<u>169,401</u>
<u>828,159</u>	<u>176,767</u>	<u>5,297,835</u>	<u>336,788</u>
		<u>211,805</u>	<u>46,216</u>
3,089	141	300,407	5,657
		86,392	16,806
	261	10,946	2,113
		19,903	242
4,932	239	269,420	39,357
		432,415	22,000
24		780	234
1,828	92	161,886	33,918
<u>9,873</u>	<u>733</u>	<u>1,282,149</u>	<u>120,327</u>
		179,357	46,718
8,236	1,908	764,621	54,540
		32,904	
		220,799	37,037
		69,472	
		992,845	216,720
		1,930,396	410,730
		451,693	
<u>8,236</u>	<u>1,908</u>	<u>4,642,087</u>	<u>765,745</u>
<u>18,109</u>	<u>2,641</u>	<u>5,924,236</u>	<u>886,072</u>
		<u>426,559</u>	<u>93,034</u>
730,251	167,166	2,297,867	90,809
		4,873	
79,799		79,799	
	6,960	(3,223,694)	(686,911)
<u>\$ 810,050</u>	<u>174,126</u>	<u>(841,155)</u>	<u>\$ (596,102)</u>
		3,998	
		<u>\$ (837,157)</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

DEFERRED OUTFLOWS OF RESOURCES (Note 20)

LIABILITIES

Current liabilities:

Accounts payable

Accrued payroll

Other payables

Accrued interest payable

Due to other funds (Note 15)

Advances from other funds (Note 15)

Advances payable

Current portion of long-term liabilities (Note 11)

Total current liabilities

Noncurrent liabilities:

Accrued compensated absences (Note 11)

Bonds and notes (Note 11)

Premiums on bonds and notes payable (Note 11)

Workers' compensation (Notes 11 and 18)

Litigation and self-insurance (Notes 11 and 18)

Net pension liability (Notes 8 and 11)

OPEB obligation (Notes 9 and 11)

Third party payor (Notes 11 and 14)

Total noncurrent liabilities

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES (Note 20)

NET POSITION

Net investment in capital assets

Restricted:

Debt service

Public ways and facilities

Unrestricted (deficit)

TOTAL NET POSITION (DEFICIT) (Note 3)

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

NET POSITION 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, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
<b>OPERATING REVENUES:</b>				
Net patient service revenues (Note 14)	\$ 871,755	592,091	1,327,361	191,406
Rentals				
Charges for services				
Other (Note 14)	130,576	45,446	213,164	114,015
<b>TOTAL OPERATING REVENUES</b>	<b>1,002,331</b>	<b>637,537</b>	<b>1,540,525</b>	<b>305,421</b>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	668,329	392,569	918,075	173,746
Services and supplies	164,627	97,796	220,127	27,248
Other professional services	183,908	122,990	360,138	44,804
Depreciation and amortization (Note 6)	22,656	10,471	26,461	3,675
Medical malpractice	2,655	883	5,588	139
Rent	10,953	3,544	3,062	1,964
<b>TOTAL OPERATING EXPENSES</b>	<b>1,053,128</b>	<b>628,253</b>	<b>1,533,451</b>	<b>251,576</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(50,797)</b>	<b>9,284</b>	<b>7,074</b>	<b>53,845</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Taxes				
Investment income	306	64	101	27
Interest expense	(35,172)	(12,056)	(1,020)	(1,528)
Intergovernmental transfers expense (Note 14)	(155,738)	(88,422)	(228,135)	(29,161)
Intergovernmental revenues:				
State				
Federal				
Other				
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(190,604)</b>	<b>(100,414)</b>	<b>(229,054)</b>	<b>(30,662)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(241,401)</b>	<b>(91,130)</b>	<b>(221,980)</b>	<b>23,183</b>
Capital contributions	5,040	4,123	3,864	1,918
Transfers in (Note 15)	262,033	113,571	236,128	33,108
Transfers out (Note 15)	(17,749)	(18,289)		(21,520)
<b>CHANGE IN NET POSITION</b>	<b>7,923</b>	<b>8,275</b>	<b>18,012</b>	<b>36,689</b>
<b>NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)</b>	<b>(688,754)</b>	<b>(498,488)</b>	<b>(510,834)</b>	<b>(198,154)</b>
<b>NET POSITION (DEFICIT), JUNE 30, 2015</b>	<b>\$ (680,831)</b>	<b>(490,213)</b>	<b>(492,822)</b>	<b>(161,465)</b>

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	
\$		\$ 2,982,613	\$	OPERATING REVENUES:
	3,883	3,883	28,035	Net patient service revenues (Note 14)
73,499	364	73,863	475,620	Rentals
103		503,304		Charges for services
				Other (Note 14)
73,602	4,247	3,563,663	503,655	TOTAL OPERATING REVENUES
		2,152,719	419,603	OPERATING EXPENSES:
59,824	4,220	573,842	44,435	Salaries and employee benefits
3,083	521	715,444	38,825	Services and supplies
22,374	1,934	87,571	36,132	Other professional services
		9,265		Depreciation and amortization (Note 6)
		19,523		Medical malpractice
				Rent
85,281	6,675	3,558,364	538,995	TOTAL OPERATING EXPENSES
(11,679)	(2,428)	5,299	(35,340)	OPERATING INCOME (LOSS)
4,919		4,919		NONOPERATING REVENUES (EXPENSES):
696	71	1,265	158	Taxes
(198)		(49,974)	(1,760)	Investment income
		(501,456)		Interest expense
				Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
43	700	743		State
120	40	160		Federal
112		112		Other
5,692	811	(544,231)	(1,602)	TOTAL NONOPERATING REVENUES (EXPENSES)
(5,987)	(1,617)	(538,932)	(36,942)	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
45	2,308	17,298		Capital contributions
103		644,943	8,536	Transfers in (Note 15)
(63)		(57,621)	(9)	Transfers out (Note 15)
(5,902)	691	65,688	(28,415)	CHANGE IN NET POSITION
815,952	173,435		(567,687)	NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
\$ 810,050	174,126		\$ (596,102)	NET POSITION (DEFICIT), JUNE 30, 2015
		1,526		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ 67,214		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, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from patient services	\$ 824,133	638,843	1,361,574	90,987
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	130,576	45,446	213,164	114,015
Cash received for services provided to other funds	27,010	24,068	42,628	938
Cash paid for salaries and employee benefits	(603,849)	(362,521)	(822,811)	(158,404)
Cash paid for services and supplies	(14,650)	(11,290)	176	(251)
Other operating expenses	(200,212)	(128,142)	(371,429)	(46,913)
Cash (paid) returned for services from other funds	(93,270)	(66,275)	(145,504)	3,285
Net cash provided by operating activities	69,738	140,129	277,798	3,657
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash advances received/returned from other funds	657,400	399,377	930,368	192,224
Cash advances paid/returned to other funds	(745,103)	(538,066)	(1,174,905)	(171,542)
Interest paid on advances	(388)	(217)	(456)	(203)
Intergovernmental transfers	(155,738)	(88,422)	(228,135)	(29,161)
Intergovernmental receipts				
Transfers in	262,033	113,571	236,128	33,108
Transfers out	(17,749)	(18,289)		(21,520)
Net cash provided by (required for) noncapital financing activities	455	(132,046)	(237,000)	2,906
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	616		7	32,641
Interest paid on capital borrowing	(35,394)	(11,868)	(710)	(1,664)
Principal payments on bonds and notes	(13,502)	(1,478)	(40,147)	(17,544)
Acquisition and construction of capital assets	(36,107)	(723)	(5,721)	(14,227)
Net cash required for capital and related financing activities	(84,387)	(14,069)	(46,571)	(794)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	327	66	102	27
Net increase (decrease) in cash and cash equivalents	(13,867)	(5,920)	(5,671)	5,796
Cash and cash equivalents, July 1, 2014	111,073	50,007	23,347	6,705
Cash and cash equivalents, June 30, 2015	\$ 97,206	44,087	17,676	12,501

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
\$		\$ 2,915,537	\$
	3,883	3,883	7
73,550	1,104	74,654	28,468
103		503,304	51,713
		94,644	426,345
		(1,947,585)	(381,053)
(59,776)	(4,250)	(90,041)	(30,065)
(1,566)	(521)	(748,783)	(38,825)
		(301,764)	
<u>12,311</u>	<u>216</u>	<u>503,849</u>	<u>56,590</u>
24		2,179,393	234
(29)		(2,629,645)	
		(1,264)	
		(501,456)	
275	740	1,015	
103		644,943	8,536
(63)		(57,621)	(9)
<u>310</u>	<u>740</u>	<u>(364,635)</u>	<u>8,761</u>
4,952		4,952	
	2,308	2,308	
758	2,000	36,022	40,000
(198)		(49,834)	(1,758)
(350)		(73,021)	(18,620)
(9,097)	(5,089)	(70,964)	(49,437)
<u>(3,935)</u>	<u>(781)</u>	<u>(150,537)</u>	<u>(29,815)</u>
680	76	1,278	126
<u>9,366</u>	<u>251</u>	<u>(10,045)</u>	<u>35,662</u>
63,635	8,532	263,299	43,955
<u>\$ 73,001</u>	<u>8,783</u>	<u>\$ 253,254</u>	<u>\$ 79,617</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from patient services  
Rentals received  
Rentals received from other funds  
Cash received from charges for services  
Other operating revenues  
Cash received for services provided to other funds  
Cash paid for salaries and employee benefits  
Cash paid for services and supplies  
Other operating expenses  
Cash (paid) returned for services from other funds

Net cash provided by 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, 2014

Cash and cash equivalents, June 30, 2015

Continued...

COUNTY OF LOS ANGELES  
STATEMENT OF CASH FLOWS - Continued  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (50,797)	9,284	7,074	53,845
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Depreciation and amortization	22,656	10,471	26,461	3,675
(Increase) decrease in:				
Accounts receivable - net	(4,933)	39,018	97,714	(94,847)
Other receivables	8,770	13,732	7,075	16,794
Due from other funds	(30,665)	(30,200)	(29,231)	(18,628)
Inventories	64	167	(82)	100
Increase (decrease) in:				
Accounts payable	1,454	2,673	25,308	(260)
Accrued payroll	2,152	782	2,680	519
Other payables	40	22	48	19
Accrued compensated absences	2,262	937	5,156	516
Due to other funds	55,189	17,391	49,573	30,442
Advances payable			(222)	(23)
Workers' compensation	3,504	1,042	5,535	819
Litigation and self-insurance	(727)	(175)	(7,981)	(6)
Net pension liability and related changes in deferred outflows and inflows of resources	(34,575)	(22,792)	(47,438)	(10,373)
OPEB obligation	90,951	50,517	137,375	24,328
Third party payor	4,393	47,260	(1,247)	(3,263)
TOTAL ADJUSTMENTS	<u>120,535</u>	<u>130,845</u>	<u>270,724</u>	<u>(50,188)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 69,738</u>	<u>140,129</u>	<u>277,798</u>	<u>3,657</u>
NONCASH INVESTING, CAPITAL AND				
FINANCING ACTIVITIES-				
Capital contributions	\$ 5,040	4,123	3,864	1,918
TOTAL	<u>\$ 5,040</u>	<u>4,123</u>	<u>3,864</u>	<u>1,918</u>
RECONCILIATION OF CASH AND CASH				
EQUIVALENTS TO THE STATEMENT OF				
NET POSITION:				
Pooled cash and investments	\$ 9,434	5,330	12,803	2,371
Restricted assets	87,772	38,757	4,873	10,130
TOTAL	<u>\$ 97,206</u>	<u>44,087</u>	<u>17,676</u>	<u>12,501</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		
\$ (11,679)	(2,428)	\$ 5,299	\$ (35,340)		RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:
					Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
22,374	1,934	87,571	36,132		Depreciation and amortization
1,372	787	39,111			(Increase) decrease in:
		46,371	(4,370)		Accounts receivable - net
(1,251)	(47)	(110,022)	6,397		Other receivables
3		252	798		Due from other funds
					Inventories
(98)	30	29,107	(1,172)		Increase (decrease) in:
		6,133	1,080		Accounts payable
	132	261	58		Accrued payroll
		8,871	1,720		Other payables
143	(192)	152,546	14,744		Accrued compensated absences
(70)		(315)	(340)		Due to other funds
		10,900	2,702		Advances payable
1,517		(7,372)	(250)		Workers' compensation
		(115,178)	(25,121)		Litigation and self-insurance
		303,171	59,552		Net pension liability and related changes in deferred outflows and inflows of resources
		47,143			OPEB obligation
					Third party payor
23,990	2,644	498,550	91,930		TOTAL ADJUSTMENTS
\$ 12,311	216	\$ 503,849	\$ 56,590		NET CASH PROVIDED BY OPERATING ACTIVITIES
					NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-
\$ 45		\$ 14,990	\$		Capital contributions
\$ 45		\$ 14,990	\$		TOTAL
					RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
\$ 73,001	8,783	\$ 111,722	\$ 65,368		Pooled cash and investments
		141,532	14,249		Restricted assets
\$ 73,001	8,783	\$ 253,254	\$ 79,617		TOTAL

COUNTY OF LOS ANGELES  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
<b>ASSETS</b>			
Pooled cash and investments (Note 5)	\$ 85,364	\$ 15,486,371	\$ 1,709,773
Other investments: (Note 5)		120,928	30,806
Short-term investments	1,305,372		
Equity	25,077,955		
Fixed income	12,881,582		
Private equity	4,346,854		
Real estate	5,480,795		
Hedge funds	691,537		
Cash collateral on loaned securities	1,033,471		
Taxes receivable			222,616
Interest receivable	99,786	37,010	50,288
Other receivables	880,099		
<b>TOTAL ASSETS</b>	<b>51,882,815</b>	<b>15,644,309</b>	<b>2,013,483</b>
<b>LIABILITIES</b>			
Accounts payable	1,471,192		
Other payables (Note 5)	1,104,914		
Due to other governments			2,013,483
<b>TOTAL LIABILITIES</b>	<b>2,576,106</b>		<b>2,013,483</b>
<b>NET POSITION</b>			
Net position restricted for pension benefits and other purposes	<u>\$ 49,306,709</u>	<u>\$ 15,644,309</u>	<u>\$</u>

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

COUNTY OF LOS ANGELES  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	<u>PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS</u>	<u>INVESTMENT TRUST FUNDS</u>
<b>ADDITIONS</b>		
Contributions:		
Pension and OPEB trust contributions:		
Employer	\$ 1,945,115	\$
Member	441,258	
Contributions to investment trust funds		43,181,150
Total contributions	<u>2,386,373</u>	<u>43,181,150</u>
Investment earnings:		
Investment income	2,422,176	120,526
Net decrease in the fair value of investments	(326,375)	
Securities lending income (Note 5)	6,551	
Total investment earnings	<u>2,102,352</u>	<u>120,526</u>
Less - Investment expenses-		
Expense from investing activities	108,307	
Net investment earnings	<u>1,994,045</u>	<u>120,526</u>
Miscellaneous	<u>1,695</u>	
<b>TOTAL ADDITIONS</b>	<u><u>4,382,113</u></u>	<u><u>43,301,676</u></u>
<b>DEDUCTIONS</b>		
Salaries and employee benefits	46,090	
Services and supplies	16,653	
Benefit payments	3,193,139	
Distributions from investment trust funds		41,151,532
Miscellaneous	25,623	
<b>TOTAL DEDUCTIONS</b>	<u><u>3,281,505</u></u>	<u><u>41,151,532</u></u>
<b>CHANGE IN NET POSITION</b>	<u>1,100,608</u>	<u>2,150,144</u>
<b>NET POSITION, JULY 1, 2014</b>	<u>48,206,101</u>	<u>13,494,165</u>
<b>NET POSITION, JUNE 30, 2015</b>	<u><u>\$ 49,306,709</u></u>	<u><u>\$ 15,644,309</u></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, 2015 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
<b>ASSETS</b>			
Pooled cash and investments- (Notes 1 and 5)			
Operating	\$ 170,722	520,768	\$ 691,490
Other investments (Note 5)	212,111		212,111
Accounts receivable - net	29,733		29,733
Interest receivable		527	527
Other receivables	9,988	63,464	73,452
Inventories	19,065		19,065
Capital assets: (Notes 6 and 10)			
Capital assets, not being depreciated	94,926	2,039	96,965
Capital assets, net of accumulated depreciation	81,213	9,846	91,059
Total capital assets	<u>176,139</u>	<u>11,885</u>	<u>188,024</u>
<b>TOTAL ASSETS</b>	<u>617,758</u>	<u>596,644</u>	<u>1,214,402</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,282</u>		<u>2,282</u>
<b>LIABILITIES</b>			
Accounts payable	25,148	40,643	65,791
Other payables	1,148	16	1,164
Advances payable	186		186
Long-term liabilities: (Note 11)			
Due within one year	5,252	76	5,328
Due in more than one year	69,981	502	70,483
<b>TOTAL LIABILITIES</b>	<u>101,715</u>	<u>41,237</u>	<u>142,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>13,322</u>		<u>13,322</u>
<b>NET POSITION</b>			
Net investment in capital assets	145,671	11,885	157,556
Restricted for:			
Community development	321,943		321,943
First 5 LA		543,522	543,522
Unrestricted	37,389		37,389
<b>TOTAL NET POSITION</b>	<u>\$ 505,003</u>	<u>555,407</u>	<u>\$ 1,060,410</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, 2015 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expense	\$ (418,918)	(199,971)	\$ (618,889)
Program revenues:			
Charges for services	52,195		52,195
Operating grants and contributions	404,955	104,455	509,410
Net program (expenses) revenues	38,232	(95,516)	(57,284)
GENERAL REVENUES:			
Investment income	3,515	6,056	9,571
Miscellaneous	1,069	104	1,173
Total general revenues	4,584	6,160	10,744
CHANGE IN NET POSITION	42,816	(89,356)	(46,540)
NET POSITION, JULY 1, 2014, AS PREVIOUSLY STATED	483,329	644,763	1,128,092
Net pension liability adjustment	(21,142)		(21,142)
NET POSITION, JULY 1, 2014, AS RESTATED	462,187	644,763	1,106,950
NET POSITION, JUNE 30, 2015	\$ 505,003	\$ 555,407	\$ 1,060,410

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, 2015

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 and the County has operational responsibilities for the districts except for LACERA. 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, 2015

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 Discretely Presented Component Units column of the government-wide financial statements. CDC issues a separate financial report that can be obtained by writing to the Community Development Commission at 700 W. Main Street, Alhambra, California 91801.

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, 2015

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 Discretely Presented Component Units column of the government-wide financial statements. First 5 issues a separate financial report that can be obtained by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Related Organization

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

Basic Financial Statements

In accordance with Governmental Accounting Standards Board (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, 2015

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, 2015, the restricted net position balances were \$3.099 billion and \$84.67 million for governmental activities and business-type activities, respectively. For governmental activities, \$713.34 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, 2015

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, 2015

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, 2015

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, 2015

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 \$27.929 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, 2015. 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, 2015

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 2014-2015 assessed valuation of the County of Los Angeles approximated \$1.208 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 12,703 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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the "Redevelopment Dissolution Act" was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes," are distributed as property tax revenue to the appropriate local government agencies, including the County. Oversight Boards have been established for each of the 71 successor agencies within the County. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2015, the County's share of residual property tax revenues was \$189.73 million, of which \$161.70 million was recognized in the County's General Fund.

Deposits and Investments

Deposits and investments as discussed in Note 5 are reflected in the following asset accounts:

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2015 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.



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Investments

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

Restricted Assets

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

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.

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, business-type activities interest is capitalized and not netted with interest earnings.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

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

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

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

Deferred Outflows and Inflows of Resources

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

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

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

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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).

Net Pension Liability and Related Balances

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

Valuation Date (VD) - June 30, 2013 rolled forward to June 30, 2014  
Measurement Date (MD) - June 30, 2014  
Measurement Period (MP) - July 1, 2013 to June 30, 2014

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Long-term Debt-Continued

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

Fund Balances

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

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

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

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

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

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

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

Cash Flows

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

Use of Estimates

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

2. NEW PRONOUNCEMENTS

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

GASB 68	Accounting and Financial Reporting For Pensions-An Amendment of GASB Statement No. 27	Improves accounting and financial reporting by state and local governments for pensions and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. (Note 2, 8, 11, 20)
GASB 69	Government Combinations and Disposals of Government Operations	Establishes accounting and financial reporting standards related to government combinations and disposals of government operations. There were no government combinations and disposals of government operations during FY 2014-2015. While GASB 69 is not applicable for the current period, the County will apply the Statement in the future, as needed.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

2. NEW PRONOUNCEMENTS-Continued

GASB 71	Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68	Addresses the issue related to amounts associated with contributions made by state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement does have an impact because it clarifies the treatment of contributions subsequent to the measurement date.
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Restatement of Net Position

Due to the implementation of GASB 68 and 71, the County made a change in accounting principle, which resulted in a restatement of net position due to the effects of GASB 68 and 71 and the recognition of net pension liability and related deferred outflows of resources. The adjustment to the beginning net position is presented below (in thousands):

	<u>July 1, 2014, as previously reported</u>	<u>Net Position Effect of GASB 68 and 71</u>	<u>Net Position July 1, 2014, as restated</u>
<b>Government-Wide:</b>			
Governmental activities	\$ 9,316,775	\$ (7,835,193)	\$ 1,481,582
Business-type activities	418,406	(1,322,777)	(904,371)
Discretely Presented Component Unit	1,128,092	(21,142)	1,106,950
<b>Proprietary Funds:</b>			
Harbor UCLA Medical Center	(292,214)	(396,540)	(688,754)
Olive View UCLA Medical Center	(237,120)	(261,368)	(498,488)
LAC+USC Medical Center	34,432	(545,266)	(510,834)
Rancho Los Amigos National Rehab Center	(78,551)	(119,603)	(198,154)
Nonmajor Internal Service Fund			
Public Works	(288,920)	(288,659)	(577,579)

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

3. DEFICIT NET POSITION

The following funds had a net deficit at June 30, 2015 (in thousands):

	<u>Accumulated Deficit</u>
Government-wide- Business-Type Activities	\$ 837,157
Enterprise Funds:	
Harbor-UCLA Medical Center	\$ 680,831
Olive View-UCLA Medical Center	490,213
LAC+USC Medical Center	492,822
Rancho Los Amigos National Rehab Center	161,465
Internal Service Fund	
Public Works	607,656

The Government-wide Business-Type Activities, Enterprise and Internal Service Funds' deficits result primarily from the recognition of certain liabilities including accrued compensated absences, net pension liability, 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.

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 the principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of RPOSD related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPAs, the RPOSD has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPAs. The 1997 bonds were partially refunded in 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, 2015, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$82,880,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable (\$82,880,000), as this obligation is not currently due. Accordingly, the value of the asset represents restricted fund balance in the Nonmajor Governmental Funds.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

4. ELIMINATIONS-Continued

Fund Financial Statements-Continued

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 (\$82,880,000) and investment income and interest expense (\$4,998,000 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 \$82,880,000, that were publicly issued, are included among the liabilities presented in the Government-wide Financial Statements. Disclosures related to those outstanding bonds appear in Note 11 and are captioned "Assessment Bonds."

5. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2015 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 6,310,313	\$ 55,525	\$	\$	\$ 6,365,838
Proprietary Funds	177,090		155,084	697	332,871
Fiduciary Funds (excluding Pension and OPEB)	17,196,144	151,734			17,347,878
Pension and OPEB Trust Funds	85,364	50,817,566			50,902,930
Discretely Presented Component Units	691,490	212,111			903,601
Total	<u>\$ 24,460,401</u>	<u>\$ 51,236,936</u>	<u>\$ 155,084</u>	<u>\$ 697</u>	<u>\$ 75,853,118</u>



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

A summary of cash and investments (by type) as of June 30, 2015 is as follows (in thousands):

<p>Cash:</p> <p>County</p> <p style="padding-left: 20px;">Imprest Cash \$ 10,658</p> <p style="padding-left: 20px;">Cash in Vault 1,687</p> <p style="padding-left: 20px;">Cash in Bank 400,607</p> <p style="padding-left: 20px;">Deposits in Transit 5,713</p> <p>CDC 9,510</p> <p>Outside Trustees <u>100</u></p> <p>Total Cash <u>428,275</u></p>	<p>Cash and investments are reported as follows:</p> <p>Governmental Funds \$ 6,365,838</p> <p>Proprietary Funds 332,871</p> <p>Investment Trust Funds 15,607,299</p> <p>Agency Funds 1,740,579</p> <p>Pension Trust Fund (LACERA) 50,902,930</p> <p>Discretely presented component unit:</p> <p style="padding-left: 20px;">- First 5 520,768</p> <p style="padding-left: 20px;">- Community Development Commission (CDC) <u>382,833</u></p> <p>Total Cash and Investments <u>\$ 75,853,118</u></p>
<p>Investments:</p> <p style="padding-left: 20px;">In Treasury Pool 24,196,820</p> <p style="padding-left: 20px;">In Specific Purpose Investment (SPI) 156,177</p> <p style="padding-left: 20px;">In Other Specific Investments 302</p> <p style="padding-left: 20px;">Held by Outside Trustees 51,377</p> <p style="padding-left: 20px;">In LACERA 50,817,566</p> <p style="padding-left: 20px;">In Discretely Presented Component Unit - CDC <u>202,601</u></p> <p style="padding-left: 20px;"><u>75,424,843</u></p> <p>Total Cash and Investments <u>\$ 75,853,118</u></p>	

County Treasurer Cash

As of June 30, 2015, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$400.61 million, \$5.71 million were deposits in transit, plus \$1.69 million in cash in the Treasurer's vault.

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government Code Section 53651 delineates the types of eligible securities, and the required collateral percentage, generally at 110%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portion of deposits which is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the Local Agency Security Program (LASP) of California Department of Financial Institutions. LASP confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2015.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

County Investment Pool

California Government Code Sections 53601, 53635, 53534 and 53601q authorize the County Treasurer to invest the External Investment Pool (Pool) and Specific Purpose Investments (SPI) funds in obligations of the United States Treasury, federal agencies, State and local agencies, municipalities, asset-backed securities, mortgage-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard and Poor's Rating Services (S&P) or P-1 by Moody's Investors Service (Moody's), negotiable certificates of deposit, 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, the State of California's Local Agency Investment Fund (LAIF), guaranteed investment contracts, interest rate swaps, and supranationals. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code.

The 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 Pool consists of these involuntary participants. Voluntary participants in the County's Pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund. Certain SPI have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's Pool and is reported in the Specific Investment Trust Fund in the amount of \$121,357,000. 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.

Investments are stated at fair value, except for certain non-negotiable securities that are reported at cost, which approximates fair value, because they are not transferable and have terms that are not affected by changes in market interest rates, such as mortgage trust deeds, Los Angeles County securities, and the investments in the LAIF. The fair value of investments is determined monthly and is provided by the custodian bank. The method used to determine the value of participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

Investments in LAIF are governed by the California Government Code and overseen by a five member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2015, the total amount invested by all California local governments and special districts in LAIF was \$21.50 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2015 had a balance of \$69.606 billion. The PMIA is not SEC registered, but is required to

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

invest according to the California Government Code. Included in the PMIA's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$1.45 billion at June 30, 2015. Collectively, these represent 2.08% of the PMIA balance of \$69.606 billion. The SPI holdings in the LAIF investment pool as of June 30, 2015, were \$42.32 million, which were valued using a fair value factor provided by LAIF.

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

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

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

\*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.

A summary of investments held by the Pool at June 30, 2015 is as follows (in thousands):

<u>Pool</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity in Years</u>
Commercial Paper	\$ 6,777,947	\$ 6,777,961	0.12% - 0.24%	07/01/15 - 08/28/15	0.05
Corporate and Deposit Notes	234,906	234,983	0.27% - 1.45%	09/28/15 - 01/12/18	1.41
Los Angeles County Securities	47,000	47,000	0.55% - 0.61%	06/30/16 - 06/30/17	1.85
Negotiable Certificates of Deposit	2,775,089	2,775,013	0.11% - 0.43%	07/01/15 - 04/18/16	0.16
U.S. Agency Securities	13,262,026	13,288,567	0.13% - 8.50%	07/28/15 - 07/01/20	2.83
U.S. Treasury Securities:					
U.S. Treasury Notes	100,539	99,719	1.38%	11/30/2015	0.42
U.S. Treasury Bills	999,313	998,819	0.14% - 0.24%	11/12/15 - 03/31/16	0.57
Total Investments	<u>\$ 24,196,820</u>	<u>\$ 24,222,062</u>			<u>1.63</u>

The unrealized loss on investments held in the Pool was \$25,242,000 as of June 30, 2015. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year. The method used to apportion the unrealized loss was based on a prorata share of each funds' cash balance as of June 30, 2015 relative to the County Pool balances. A separate financial report is issued for the Pool as of June 30, 2015.

Specific Purpose Investments and Other Specific Investments

A summary of investments held by the SPI and Other Specific Investments at June 30, 2015 is as follows (in thousands):

<u>SPI</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity in Years</u>
Local Agency Investment Fund	\$ 42,318	\$ 42,302			0.64
Los Angeles County Securities	4,655	4,655	5.00%	09/02/21	6.18
U.S. Agency Securities	109,114	109,803	0.70% - 3.40%	09/12/16 - 06/08/28	5.14
U.S. Treasury Bonds	90	85	7.25%	05/15/16	0.88
Total Investments	<u>\$ 156,177</u>	<u>\$ 156,845</u>			<u>3.95</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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5. CASH AND INVESTMENTS-Continued

Specific Purpose Investments and Other Specific Investments-Continued

<u>Other Specific Investments</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate</u> <u>Range</u>	<u>Maturity</u> <u>Range</u>	<u>Weighted Average</u> <u>Maturity in Years</u>
U.S. Treasury Bills	\$ 302	\$ 302	0.06%	12/03/15	0.43

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 and U.S. Agency Securities may have maturities beyond five years. The County Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

The Treasurer manages the Pool's exposure to declines in fair value by limiting its weighted average maturity target to a range between 1.0 and 2.0 years, in accordance with the Investment Policy. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

52.42% of the Pool's \$24.20 billion in investments at June 30, 2015, mature in six months or less. Of the remainder, 45.07% have a maturity of more than one year. At June 30, 2015, the weighted average maturity in years for the Pool was 1.63.

The California Government Code and the Investment Policy allow the Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The Investment Policy limits the amount of floating rate notes to 10% of the Pool portfolio. The Investment Policy also prohibits the purchase of inverse floating rate notes and hybrid or complex structured investments and for the year ended June 30, 2015, there were none.

At June 30, 2015, the Pool contained floating rate notes at fair value of \$381.52 million (1.58% of the Pool.) The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable securities is generally less susceptible to changes in value than fixed rate securities because the variable-rate coupon resets back to the market rate on a periodic basis. There were several variable rate notes at fair value of \$5.08 million in the SPI and no variable rate notes in the Other Specific Investments.

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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5. CASH AND INVESTMENTS-Continued

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Treasurer will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Treasurer and are held by either the counterparty, or the counterparty's trust department or agent but not in the Treasurer's name. At year-end, all Pool, SPI and Other Specific Investment securities, except for the County Improvement Bonds and Bond Anticipation Notes (BANs), certain certificates of participation issued by County entities, and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The bonds, BANs, and certain certificates of participation were held in the Treasurer's vault and are recorded in the Los Angeles County Securities line item. The LAIF investments were held by the State of California.

Credit Risk and Concentration of Credit Risk

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

The Investment Policy establishes acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's), while an issuer of long-term debt shall be rated no less than an "A." All investments purchased during the year ended June 30, 2015 met the credit rating criteria in the Investment Policy, at the issuer level. However, while the NRSROs did rate the issuer of the investments purchased, the NRSRO did not, in all instances, rate the investment itself (e.g., commercial paper, bankers' acceptances, corporate and deposit notes, and negotiable certificates of deposit). Accordingly, for purposes of reporting the credit quality distribution of investments, some investments are reported as not rated.

The Investment Policy also permits investments in LAIF, pursuant to California Government Code Section 16429.1. At June 30, 2015, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

The Investment Policy, approved annually by the Board, 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 Pool portfolio. Exceptions to this are obligations of the United States government, and United States government agencies or government-sponsored enterprises, which do not have a limit. Further, the Treasurer restricts investments in any one issuer based on the issuer's ratings from a NRSRO. For bankers' acceptances, negotiable certificates of deposit, corporate notes and floating rate notes, and asset-backed securities, the highest issuer limit, for those issuers with ratings of P-1/Aaa (Moody's) and A-1/AAA (S&P), was \$750 million, approximately 3.10% of the Pool's investment balance at June 30, 2015. For commercial paper, the highest issuer limit, for those issuers with ratings of P-1/Aaa (Moody's) and A-1/AAA (S&P), was \$1.5 billion, or 6.20% of the Pool's investment balance as of June 30, 2015.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The Pool and SPI had the following U.S. Agency and commercial paper securities in a single issuer that represent 5 percent or more of total investments at June 30, 2015 (in thousands):

<u>Issuer</u>	<u>Pool</u>		<u>SPI</u>	
	<u>Fair Value</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank	\$ 2,076,639	8.58%	\$ 10,906	6.98%
Federal Home Loan Bank	4,471,384	18.48%	66,759	42.75%
Federal Home Loan Mortgage Corporation	3,200,247	13.23%		
Federal National Mortgage Association	3,489,629	14.42%		
Atlantic Asset Sec LLC CP	1,268,997	5.24%		
Cancara Asset Sec LLC CP	1,253,791	5.18%		

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, 2015:

<u>Pool</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Commercial Paper	Not Rated	Not Rated	28.01%
Corporate and Deposit Notes	AA-	Aa3	0.97%
Los Angeles County Securities	Not Rated	Not Rated	0.19%
Negotiable Certificates of Deposit	Not Rated	Aa2	0.21%
	Not Rated	Not Rated	11.26%
U.S. Agency Securities	AA+	Aaa	46.15%
	Not Rated	Aaa	1.27%
	Not Rated	Not Rated	7.40%
U.S. Treasury Securities:			
U.S. Treasury Notes	Not Rated	Aaa	0.41%
U.S. Treasury Bills	Not Rated	Not Rated	4.13%
			100.00%
 <b><u>SPI</u></b> 			
Local Agency Investment Fund	Not Rated	Not Rated	27.09%
Los Angeles County Securities	Not Rated	Not Rated	2.98%
U.S Agency Securities	AA+	Aaa	56.97%
	AA+	Not Rated	12.90%
U.S. Treasury Bonds	Not Rated	Aaa	0.06%
			100.00%
 <b><u>Other Specific Investments</u></b> 			
U.S. Treasury Bills	Not Rated	Not Rated	100.00%
			100.00%

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements

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

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

Securities Lending Transactions

For the year ended June 30, 2015, the Los Angeles County Pool did not enter into any securities lending transactions.

Safekeeping Securities

At June 30, 2015, all Pool, SPI investments and Other Specific Investments were safe kept by Citibank N.A., except for the County Improvement Bonds and Bond Anticipation Notes (BANs), certain certificates of participation issued by County entities, LAIF and mortgage trust deeds.

The bonds, BANs, and certain certificates of participation were held in the Treasurer's vault and are recorded in the Los Angeles County Securities line item. The mortgage trust deeds were held and administered by Bank of America.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2015, to support the value of shares in the Pool.

Cash and Investments - Held by Outside Trustees

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



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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5. CASH AND INVESTMENTS-Continued

Cash and Investments - Held by Outside Trustees-Continued

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

Investments are stated at fair value. Deposits held by outside trustees as of June 30, 2015 were \$100,000. The bank balance of deposits equals the carrying amount and was insured or collateralized with securities held by the entity or its agent in the entity's name. \$305.55 million of investments held by outside trustees are invested in the County's investment pool. In addition, the outside trustees invested \$51.38 million outside of the County's investment pool.

The following is a summary of deposits and investments held by outside trustees as of June 30, 2015 (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>
Money market mutual funds	\$ 51,377	\$ 51,377	0.01%	07/01/15	0.00
Deposits	<u>100</u>	<u>100</u>			
	<u>\$ 51,477</u>	<u>\$ 51,477</u>			

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2015:

<u>Other Investments</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Money Market Mutual Funds	Not Rated	Not Rated	<u>100.00%</u>
			<u>100.00%</u>

LACERA Investment Portfolio

*Narratives and tables presented for the Pension and OPEB Trust funds managed by the LACERA are taken directly from LACERA's Report on Audited Financial Statements for the year ended June 30, 2015 (certain terms have been modified to conform with the County's CAFR presentation). 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 the audited financial statements.*

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Deposits-Custodial Credit Risk

Pension and OPEB Trust Funds investments are reported at fair value at June 30, 2015 (in thousands) and are as follows:

	<u>Fair Value</u>
Cash collateral on loaned securities	\$ 1,033,471
Short-term investments	1,305,372
Domestic and international equity	25,077,955
Fixed income	12,881,582
Real estate*	5,480,795
Private equity	4,346,854
Hedge funds	691,537
Total	<u>\$ 50,817,566</u>

\* Refer to Note J of LACERA's Report on Audited Financial Statements for year ended June 30, 2015 for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Los Angeles County Pool at June 30, 2015 totaling \$85,364,000. The Pension and OPEB Trust Funds portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of total investments or plan net position.

Deposit and Investment Risks

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

The Investment Policy Statement encompasses the following:

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

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

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

Domestic Fixed Income Core and Core Plus Portfolios

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

In addition:

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

Domestic High-Yield Fixed Income Portfolios

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

In addition:

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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

**Credit Quality Ratings of Investments in Fixed Income Securities**

*As of June 30, 2015*  
(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate Debt/Credit Securities	Pooled Funds	Total	% of Portfolio
AAA	\$ 1,858,585	\$ 2,205,374	\$ 1,043	\$ 753,165	\$	\$ 4,818,167	38%
AA		6,471	34,268	418,283		459,022	4%
A		2,406	33,886	1,138,907		1,175,199	9%
BAA		595		1,798,916		1,799,511	14%
BA				780,317		780,317	6%
B			3,857	909,027		912,884	7%
CAA			5,499	321,043		326,542	3%
CA				6,201		6,201	0%
C				21,706		21,706	0%
Not Rated			5,620	490,109	1,922,832	2,418,561	19%
<b>Total Investment in Fixed Income Securities</b>	<b>\$ 1,858,585</b>	<b>\$ 2,214,846</b>	<b>\$ 84,173</b>	<b>\$ 6,637,674</b>	<b>\$ 1,922,832</b>	<b>\$ 12,718,110</b>	<b>100%</b>

Custodial Credit Risk

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

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Counterparty Risk

Counterparty risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

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

As of June 30, 2015, LACERA did not hold any investments in any one issuer that would represent 5 percent or more of total investments or plan net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

Interest Rate Risk

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

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

**Fixed Income Securities - Duration**

As of June 30, 2015  
(Dollars in Thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective (1) Duration
U.S. Government and Agency Instruments and Municipals		
U.S. Treasury	\$ 1,858,585	6.36
U.S. Government Agency	2,214,846	2.53
Municipal/Revenue Bonds	84,173	9.54
<b>Subtotal U.S. Government and Agency Instruments and Municipals</b>	<b>4,157,604</b>	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	475,437	1.05
Commercial Mortgage-Backed Securities	317,718	0.92
Corporate and Other Credit	3,788,855	4.44
Fixed Income Swaps	3,468	N/A
Pooled Investments	1,922,832	N/A
<b>Subtotal Corporate Bonds and Credit Securities</b>	<b>6,508,310</b>	
Non-U.S. Fixed Income	193,816	5.77
Private Placement Fixed Income	1,858,380	4.10
<b>Subtotal Non-U.S. and Private Placement Securities</b>	<b>2,052,196</b>	
<b>Total Fixed Income Securities</b>	<b>\$ 12,718,110</b>	

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

Foreign Currency Risk

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

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

**Non-U.S. Securities at Fair Value**

As of June 30, 2015

(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
<b>AMERICAS</b>							
Argentine Peso	\$ 6,753						\$ 6,753
Bermudan Dollar	2,956						2,956
Brazilian Real	177,857	15,812	8			(105)	193,572
Canadian Dollar	834,224	4,769	165			7,308	846,466
Chilean Peso	17,994						17,994
Colombian Peso	6,254						6,254
Mexican Peso	112,394	40,586	953			7	153,940
Peruvian New Sol	11,670						11,670
<b>EUROPE</b>							
British Pound Sterling	1,719,028	25,472	761	3,529	54,022	(33,065)	1,769,747
Czech Republic Koruna	1,483						1,483
Danish Krone	151,861					(1,455)	150,406
Euro	2,558,657	92,520	26,760	161,247	295,705	(14,300)	3,120,589
Hungarian Forint	4,492						4,492
Norwegian Krone	70,914		203			264	71,381
Polish Zloty	20,698						20,698
Russian Ruble	88,714						88,714
Swedish Krona	263,162					(3,339)	259,823
Swiss Franc	742,937					(6,986)	735,951
<b>PACIFIC</b>							
Australian Dollar	606,176		3,020			3,132	612,328
Chinese RNB	28,184						28,184
Japanese Yen	1,863,021		6,805			18,375	1,888,201
New Zealand Dollar	14,924	1,730	225			1,282	18,161
South Korean Won	280,312		277				280,589
<b>MIDDLE EAST</b>							
Egyptian Pound	3,199						3,199
Israeli New Shekel	40,865		10			(1,367)	39,508
Lebanese Pound	770						770
Omani Rial	2,065						2,065
Qatari Rial	8,407						8,407
Saudi Riyal	11,121						11,121
Turkish Lira	52,172						52,172
UAE Dirham	8,925						8,925
<b>AFRICA</b>							
CFA Franc (W. African)	1,812						1,812
Ghana New Cedi	2,046						2,046
Kenyan Shilling	3,728						3,728
Moroccan Dirham	581						581
Nigerian Naira	11,748						11,748
South African Rand	182,208		341				182,549
Tanzanian Shilling	507						507
Tunisian Dinar	1,362						1,362
<b>SOUTHEAST ASIA</b>							
Hong Kong Dollar	926,476		6,399			13	932,888
Indonesian Rupiah	39,328			15			39,343
Malaysian Ringgit	51,076			16			51,092
New Taiwan Dollar	247,904		291				248,195
Philippine Peso	14,598	7,535					22,133
Singapore Dollar	192,626		2,736			(539)	194,823
Thai Baht	58,839						58,839
Vietnamese Dong	3,810						3,810
<b>SOUTH ASIA</b>							
Indian Rupee	231,325						231,325
Sri Lankan Rupee	311						311
<b>Total Securities Subject to</b>							
<b>Foreign Currency Risk</b>	<b>\$ 11,682,474</b>	<b>\$ 188,424</b>	<b>\$ 48,985</b>	<b>\$ 164,776</b>	<b>\$ 349,727</b>	<b>\$ (30,775)</b>	<b>\$ 12,403,611</b>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

The BOI's policies authorize LACERA to participate in a securities lending program. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn, LACERA receives cash as collateral. LACERA pays the borrower interest on the collateral received and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower.

LACERA's securities lending program is managed by two parties: LACERA's custodian bank, State Street Bank and Trust, and a third-party lending agent, Goldman Sachs Agency Lending (GSAL). State Street Bank and Trust lends LACERA's non-U.S. equities, U.S. Treasury, agency, and mortgage-backed securities. GSAL lends LACERA's U.S. equities and corporate bonds. All non-U.S. loans are collateralized at 105 percent, while the U.S. loans are collateralized at 102 percent of the loan market value.

State Street Global Advisors invests the collateral received from both lending programs. The collateral is invested in short-term, highly liquid instruments. The collateral is marked-to-market daily and if the market value of the securities on loan rises, LACERA receives additional collateral. Earnings generated above and beyond the interest paid to the borrowers represent net income. LACERA shares this net income with the two lending agents based on contractual agreements.

Under the terms of their lending agreements, both lending agents provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities" when loaned securities are not returned. In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent shall be liable to LACERA for the amount of such excess, with interest. Either LACERA or the borrower of the security can terminate a loan on demand.

At year-end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. As of June 30, 2015, there were no known violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2015.

As of June 30, 2015, the fair value of securities on loan was \$1.748 billion, with a value of cash collateral received of \$1.033 billion and non-cash collateral of \$815.43 million. Securities lending assets and liabilities of \$1.033 billion are recorded in the Pension and OPEB Trust Funds. LACERA's income, net of expenses from securities lending, was \$6.55 million for the year ended June 30, 2015.



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

**Securities Lending**

As of June 30, 2015

(Dollars in Thousands)

<b>Securities on Loan</b>	<b>Fair Value of Securities on Loan</b>	<b>Cash Collateral Received</b>	<b>Non-Cash Collateral Received</b>
U.S. Equities	\$ 443,668	\$ 455,078	
U.S. Fixed Income	168,288	171,887	
Non U.S. Equities	1,135,566	406,506	815,428
<b>Total</b>	<b>\$ 1,747,522</b>	<b>\$ 1,033,471</b>	<b>\$ 815,428</b>

Derivative Financial Instruments

LACERA's Investment Policy Statement and Manager Guidelines allow the use of derivatives by certain investment managers. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument that represents direct ownership of an asset or an obligation of an issuer whose payments are based on or derived from the performance of some agreed-upon benchmark. Managers are required to mark-to-market derivative positions daily and may trade only with counterparties with a credit rating of A3/A-, as defined by Moody's and S&P, respectively. Trades with counterparties with a minimum credit rating of BBB/Baa2 may also be allowed with the posting of initial collateral. Substitution, risk control, and arbitrage are the only derivative strategies permitted. Speculation is prohibited. Gains and losses from derivatives are included in net investment income. For financial reporting purposes, all LACERA derivatives are classified as investment derivatives. The following types of derivatives are permitted: futures contracts, currency forward contracts, option contracts, and swap agreements. Given that hedge fund managers may already have discretion to use derivatives in the funds they manage, LACERA's Derivatives Policy applies to hedge fund investments.

Futures Contracts

A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

Currency Forward Contracts

A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to manage currency exposure, to implement the passive currency hedge, and to facilitate the settlement of international security purchase and sale transactions.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Currency Forward Contracts-Continued

**Currency Forwards Analysis**

As of June 30, 2015

(Dollars in Thousands)

Currency Name	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2015
Australian Dollar	\$ 495,087	\$ 498,219	\$ (495,087)	\$ 3,132
Brazilian Real	18,987	18,882	(18,987)	(105)
British Pound Sterling	1,458,400	1,425,335	(1,458,400)	(33,065)
Canadian Dollar	598,506	605,813	(598,506)	7,307
Swiss Franc	649,001	642,015	(649,001)	(6,986)
Danish Krone	126,495	125,039	(126,495)	(1,456)
Euro	2,957,527	2,943,227	(2,957,527)	(14,300)
Hong Kong Dollar	172,549	172,563	(172,549)	14
Israeli New Shekel	55,606	54,239	(55,606)	(1,367)
Japanese Yen	1,978,955	1,997,331	(1,978,955)	18,376
Mexican Peso	14,991	14,998	(14,991)	7
Norwegian Krone	55,934	56,198	(55,934)	264
New Zealand Dollar	24,901	26,183	(24,901)	1,282
Swedish Krona	332,147	328,808	(332,147)	(3,339)
Singapore Dollar	125,124	124,585	(125,124)	(539)
<b>Total</b>	<b>\$ 9,064,210</b>	<b>\$ 9,033,435</b>	<b>\$ (9,064,210)</b>	<b>\$ (30,775)</b>

Option Contracts

An option contract is a type of derivative in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

Swap Agreements

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. The cash flows the counterparties exchange are tied to a notional amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

The Investment Derivatives schedule below reports the fair value balances, changes in fair value, and notional amounts of derivatives outstanding as of and for the year ended June 30, 2015, classified by type.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Swap Agreements-Continued

**Investment Derivatives**

As of June 30, 2015

(Dollars in Thousands)

<b>Derivative Type</b>	<b>Net Appreciation/ (Depreciation) in Fair Value For the</b>		<b>Notional Amount (Dollars)</b>	<b>Notional Amount (Units)</b>
	<b>Year Ended June 30, 2015</b>	<b>Fair Value at June 30, 2015</b>		
Commodity Futures Long	\$ (326,378)	\$	\$	345,062
Commodity Futures Short	122,199			(74,906)
Credit Default Swaps Bought	1,165	(1,352)	39,889	
Credit Default Swaps Written	(1,113)	1,259	77,727	
Equity Options Bought	(40)			
Equity Swaps	(7)			
Fixed Income Futures Long	10,909			297,495
Fixed Income Futures Short	(900)			(789,902)
Fixed Income Options Bought	(2,030)	1,386	609,577	
Fixed Income Options Written	2,675	(1,749)	(934,051)	
Foreign Currency Options Bought	118	78	13,663	
Foreign Currency Options Written	64	(6)	(7,184)	
Futures Options Bought	(1,866)	935	8,184	
Futures Options Written	2,376	(1,308)	(14,086)	
FX Forwards	735,286	(30,775)	9,064,209	
Pay Fixed Interest Rate Swaps	1,385	3,563	819,524	
Receive Fixed Interest Rate Swaps	(371)	(323)	56,509	
Rights	388	47		9
Total Return Swaps Bond	141	185	38,736	
Total Return Swaps Equity	(102,296)	7,834	(336,103)	
Warrants	(95)			6,167
<b>Total</b>	<b>\$ 441,610</b>	<b>\$ (20,226)</b>	<b>\$9,436,594</b>	<b>(216,075)</b>

All investment derivative positions are included as part of Other Investments in the statement of fiduciary net position. All changes in fair value are reported as part of net increase/(decrease) in the statement of changes in fiduciary net position.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Counterparty Credit Risk

LACERA is exposed to counterparty credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to counterparty credit risk include currency forward contracts and swap agreements. To minimize counterparty credit risk exposure, LACERA's investment managers continuously monitor credit ratings of counterparties. Should there be a counterparty failure, LACERA would be exposed to the loss of the fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. LACERA requires investment managers to have Master Agreements in place that permit netting in order to minimize credit risk. Netting arrangements provide LACERA with a legal right of set off in the event of bankruptcy or default by the counterparty. LACERA would be exposed to loss of collateral provided by the counterparty. Collateral provided by the counterparty reduces LACERA's counterparty credit risk exposure.

The schedule below displays the fair value of investments with each counterparty's S&P, Fitch and Moody's credit rating by counterparty's name alphabetically.

**Counterparty Credit Risk Analysis**

As of June 30, 2015

(Dollars in Thousands)

<u>Counterparty Name</u>	<u>Total Fair Value</u>	<u>S&amp;P Rating</u>	<u>Fitch Rating</u>	<u>Moody's Rating</u>
Bank of America N.A.	\$322	A	A+	A1
Bank of New York	113	A+	AA-	A1
Barclays	35	A-	A	A2
Barclays Bank PLC Wholesale	2	A-	A	A2
Barclays Capital	204	A-	A	A2
BNP Paribas	39	A+	A+	A1
BNP Paribas SA	379	A+	A+	A1
Citibank N.A.	1,455	A	A+	A1
Credit Suisse FOB CME	1,949	A	A	A1
Credit Suisse FOB LCH	1,846	A	A	A1
Credit Suisse International	4,700	A	A	A1
Credit Suisse Securities (USA) LLC	1,887	A	A	A1
Deutsche Bank AG	13,635	BBB+	A	A3
Deutsche Bank Securities Inc	55	BBB+	A	A3
Goldman Sachs + Co,	1,418	A-	A	A3
Goldman Sachs CME	1,824	A-	A	A3
Goldman Sachs International	4,998	A-	A	A3
HSBC Bank USA	1	AA-	AA-	Aa3
JP Morgan Securities Inc.	1,579	A	A+	A3
JP Morgan	134	A	A+	A3
JP Morgan Chase Bank N.A.	119	A+	AA-	Aa3
Macquarie Bank Limited	62	A	A	A2
Morgan Stanley Bank N.A.	274	A	A+	A1
Morgan Stanley Co. Incorporated	2	A-	A	A3

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investments Portfolio-Continued

Counterparty Credit Risk-Continued

Royal Bank of Scotland PLC	11,221	BBB+	BBB+	A3
Societe Generale	2,836	A	A	A2
Standard Chartered Bank	66	A+	AA-	Aa2
Standard Chartered Bank, London	17	A+	AA-	Aa2
State Street Bank and Trust Company	1,101	AA-	AA	A1
Toronto Dominion Bank	2	AA-	AA-	Aa1
UBS AG	62	A	A	A2
UBS AG London	14,244	A	A	A2
UBS CME	447	A	A	A2
Westpac Banking Corporation	11,501	AA-	AA-	Aa2
<b>Total</b>	<b><u>\$ 78,529</u></b>			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. LIBOR refers to the London Interbank Offered Rate. These investments are disclosed in the following table (in thousands):

<u>Investment Type</u>	<u>Notional Value</u>	<u>Investment Maturities (in years)</u>				
		<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Credit Default Swaps Bought	\$ 39,889	\$ (1,352)	\$	\$ (1,502)	\$ 150	\$
Credit Default Swaps Written	77,727	1,259	32	1,171		61
					(5)	
Fixed Income Futures Long*	297,495					
Fixed Income Futures Short*	(789,902)					
Fixed Income Options Bought	609,577	1,386	1,258	128		
Fixed Income Options Written	(934,051)	(1,749)	(1,589)	(153)	(7)	
Pay Fixed Interest Rate Swaps	819,524	3,563	(52)	(2,371)	61	5,925
Receive Fixed Interest Rate Swaps						
Swaps	56,509	(323)		6	(313)	(16)
Total Return Swaps Bond	38,736	185	(53)	238		
Total Return Swaps Equity	(336,103)	7,834	7,798	36		
<b>Total</b>	<b><u>\$ (120,599)</u></b>	<b><u>\$ 10,803</u></b>	<b><u>\$ 7,394</u></b>	<b><u>\$ ( 2,447)</u></b>	<b><u>\$ (114)</u></b>	<b><u>\$ 5,970</u></b>

\*The notional value represents units.

Hedge Funds

The hedge fund category of investments is not a separate asset class but is comprised of strategies that: 1) invest in securities within LACERA's existing asset classes or across multiple asset classes; 2) have an absolute return objective; and 3) include the ability to use specialized techniques, such as leverage and short-selling, and instruments such as derivatives. LACERA employs two hedge fund of funds managers with specialized knowledge and expertise to construct three hedge fund portfolios. The hedge fund of fund managers identify, select, implement, and monitor these investment strategies in the portfolios consistent with LACERA's stated objectives, constraints, and Investment Policy.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds-Continued

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

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

These two hedge fund portfolios are each structured in a limited partnership in which LACERA is the sole limited partner, and each was created to hold the interests in the underlying hedge funds. LACERA's original fund of funds manager serves as General Partner and owns a 0.01 percent stake in each partnership.

In April 2015, LACERA began funding a third portfolio of hedge funds, managed in a diversified strategy by a second fund of funds manager. The underlying hedge funds in this portfolio are held directly by LACERA.

Each underlying fund investment in the entire hedge fund program is in a legal entity designed to limit liability for each fund's investment to the capital invested with that fund.

The investment performance for this strategy is measured separately from other asset classes. The fair value of assets invested in hedge funds as of June 30, 2015 was \$692 million.

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,394,042	3,523	(100)	\$ 2,397,465
Easements	4,964,247	13,232	(46,180)	4,931,299
Software in progress	116,587	73,524	(92,501)	97,610
Construction in progress-buildings and improvements	661,059	256,653	(632,952)	284,760
Construction in progress-infrastructure	<u>289,131</u>	<u>126,469</u>	<u>(123,074)</u>	<u>292,526</u>
Subtotal	<u>8,425,066</u>	<u>473,401</u>	<u>(894,807)</u>	<u>8,003,660</u>
Capital assets, being depreciated:				
Buildings and improvements	4,383,647	635,517	(1,960)	5,017,204
Equipment	1,539,412	109,672	(72,060)	1,577,024
Software	569,027	136,395		705,422
Infrastructure	<u>7,742,110</u>	<u>90,741</u>	<u>(50,799)</u>	<u>7,782,052</u>
Subtotal	<u>14,234,196</u>	<u>972,325</u>	<u>(124,819)</u>	<u>15,081,702</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

6. CAPITAL ASSETS-Continued

Governmental Activities-Continued

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (1,624,808)	\$ (77,903)	1,818	\$(1,700,893)
Equipment	(1,111,949)	(98,420)	54,580	(1,155,789)
Software	(311,132)	(88,181)	1	(399,312)
Infrastructure	<u>(3,520,072)</u>	<u>(171,223)</u>	<u>14,824</u>	<u>(3,676,471)</u>
Subtotal	<u>(6,567,961)</u>	<u>(435,727)</u>	<u>71,223</u>	<u>(6,932,465)</u>
Total capital assets, being depreciated, net	<u>7,666,235</u>	<u>536,598</u>	<u>(53,596)</u>	<u>8,149,237</u>
Governmental activities capital assets, net	<u>\$ 16,091,301</u>	<u>1,009,999</u>	<u>(948,403)</u>	<u>\$16,152,897</u>
 <u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 152,578	480		\$ 153,058
Easements	31,390	45		31,435
Construction in progress-buildings and improvements	65,740	15,233	(50,195)	30,778
Construction in progress-infrastructure	<u>24,638</u>	<u>10,465</u>	<u>(11,645)</u>	<u>23,458</u>
Subtotal	<u>274,346</u>	<u>26,223</u>	<u>(61,840)</u>	<u>238,729</u>
Capital assets, being depreciated:				
Buildings and improvements	2,585,150	72,058		2,657,208
Equipment	282,392	56,067	(11,345)	327,114
Software	58,922			58,922
Infrastructure	<u>1,238,200</u>	<u>11,334</u>		<u>1,249,534</u>
Subtotal	<u>4,164,664</u>	<u>139,459</u>	<u>(11,345)</u>	<u>4,292,778</u>
Less accumulated depreciation for:				
Buildings and improvements	(694,976)	(38,766)		(733,742)
Equipment	(185,637)	(30,702)	7,419	(208,920)
Software	(21,880)	(4,871)		(26,751)
Infrastructure	<u>(534,341)</u>	<u>(21,889)</u>		<u>(556,230)</u>
Subtotal	<u>(1,436,834)</u>	<u>(96,228)</u>	<u>7,419</u>	<u>(1,525,643)</u>
Total capital assets, being depreciated, net	<u>2,727,830</u>	<u>43,231</u>	<u>(3,926)</u>	<u>2,767,135</u>
Business-type activities capital assets, net	<u>\$ 3,002,176</u>	<u>69,454</u>	<u>(65,766)</u>	<u>3,005,864</u>
Total capital assets, net	<u>\$ 19,093,477</u>	<u>1,079,453</u>	<u>(1,014,169)</u>	<u>\$19,158,761</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

6. CAPITAL ASSETS-Continued

Depreciation Expense

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

Governmental activities:

General government	\$	26,807
Public protection		162,356
Public ways and facilities		98,540
Health and sanitation		26,608
Public assistance		69,885
Education		2,959
Recreation and cultural services		21,097
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		<u>27,475</u>
Total depreciation expense, governmental activities	\$	<u>435,727</u>

Business-type activities:

Hospitals	\$	63,263
Waterworks		22,374
Aviation		1,934
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		<u>8,657</u>
Total depreciation expense, business-type activities	\$	<u>96,228</u>

Discretely Presented Component Units

CDC

Capital assets activity for the CDC component unit for the year ended June 30, 2015 was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 92,713		(102)	\$ 92,611
Construction in progress-buildings and improvements	<u>2,000</u>	<u>1,259</u>	<u>(944)</u>	<u>2,315</u>
Subtotal	<u>94,713</u>	<u>1,259</u>	<u>(1,046)</u>	<u>94,926</u>
Capital assets, being depreciated:				
Buildings and improvements	218,417	3,592	(318)	221,691
Equipment	<u>9,332</u>	<u>137</u>	<u>(326)</u>	<u>9,143</u>
Subtotal	<u>227,749</u>	<u>3,729</u>	<u>(644)</u>	<u>230,834</u>



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units-Continued

CDC-Continued

Less accumulated depreciation for:				
Buildings and improvements	\$ (139,471)	(4,298)	318	\$ (143,451)
Equipment	<u>(5,333)</u>	<u>(1,158)</u>	<u>321</u>	<u>(6,170)</u>
Subtotal	<u>(144,804)</u>	<u>(5,456)</u>	<u>639</u>	<u>(149,621)</u>
Total capital assets being depreciated, net	<u>82,945</u>	<u>(1,727)</u>	<u>(5)</u>	<u>81,213</u>
CDC capital assets, net	<u>\$ 177,658</u>	<u>(468)</u>	<u>(1,051)</u>	<u>\$ 176,139</u>

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2015 was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</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>2,589</u>	<u>125</u>		<u>2,714</u>
Subtotal	<u>14,665</u>	<u>125</u>		<u>14,790</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,193)	(242)		(2,435)
Equipment	<u>(2,429)</u>	<u>(80)</u>		<u>(2,509)</u>
Subtotal	<u>(4,622)</u>	<u>(322)</u>		<u>(4,944)</u>
Total capital assets being depreciated, net	<u>10,043</u>	<u>(197)</u>		<u>9,846</u>
First 5 LA capital assets, net	<u>\$ 12,082</u>	<u>(197)</u>		<u>\$ 11,885</u>

7. SERVICE CONCESSION ARRANGEMENTS (SCA)

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

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

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

7. SERVICE CONCESSION ARRANGEMENTS (SCA)-Continued

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, 2015, the present value of the installment payments under contract is estimated to be \$93.23 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 twenty golf courses cover remaining periods ranging from two to 24 years as of June 30, 2015. The FY 2014-2015 total monthly installment payments are approximately \$723,000. 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 \$11.90 million as of June 30, 2015.

8. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the County Employees' Retirement Law of 1937. LACERA is a cost-sharing, multi-employer defined benefit plan. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

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

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

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

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN-Continued

Plan Description-Continued

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

LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at [www.LACERA.com](http://www.LACERA.com).

Contributions

LACERA has nine benefit tiers known as A, B, C, D, E and G, and Safety A, B and C. All tiers except E are employee contributory. Tier E is employee non-contributory. Prior to December 31, 2012, new general members were only eligible for tier D or E and new safety members were only eligible for Safety B. As of January 1, 2013, new general employees are only eligible for tier G and new safety members are only eligible for Safety C. These new tiers were added as a result of the California Public Employees' Pension Reform Act of 2013 (PEPRA) and became effective January 1, 2013. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board of Supervisors.

The following employer rates were in effect for FY 2014-2015:

July 1, 2014 – September 30, 2014	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>G</u>
General Members	25.08%	17.95%	17.54%	18.24%	19.09%	17.81%
Safety Members	34.63%	27.92%	23.18%			
October 1, 2014 – June 30, 2015	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>G</u>
General Members	26.99%	19.49%	19.01%	19.74%	20.95%	19.53%
Safety Members	35.91%	29.26%	25.29%			

The rates were determined by the actuarial valuation performed as of June 30, 2012 and June 30, 2013, respectively. The July 1, 2014 through September 30, 2014 rates for plan G and Safety plan C were based on a PEPRA study completed by the actuaries.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN-Continued

Contributions-Continued

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

During FY 2014-2015, the County contributed the full amount of the Actuarial Determined Contribution, as determined by the actuarial valuations, in the form of semi-monthly cash payments in the amount of \$1.438 billion.

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

At June 30, 2015, the County reported a liability of \$6.957 billion for its proportionate share of the net pension liability in accordance with the parameters of GASB 68 and 71. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, projected forward to the measurement date taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net pension liability was based on a projection of the County's future contribution effort to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the County's proportionate share was 95.897%, which was an increase of 0.239% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$658.86 million. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings	\$ 2,883,916	\$
Changes in proportion and differences between County contributions and proportionate share of contributions		24,167
Contributions made subsequent to measurement date	_____	<u>1,437,555</u>
 TOTAL	 <u>\$ 2,883,916</u>	 <u>\$ 1,461,722</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner in accordance with GASB 68.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN-Continued

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

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

	Deferred (Inflows)/Outflows of Resources
Year Ended June 30:	
2016	\$ (717,528)
2017	(717,528)
2018	(717,528)
2019	(717,524)
2020	3,452
Thereafter	6,907

Deferred outflows of \$1.438 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Actuarial Assumptions

Valuation Timing	June 30, 2013 rolled forward to June 30, 2014
Actuarial Cost Method	Individual Entry Age Normal
Inflation	3.00%
Investment Rate of Return	7.63%, net of investment expense
Cost of Living Adjustments	Based on changes in the Consumer Price Index from the previous January 1 to the current January 1, to the nearest 0.50% to 1.00%, limited to a maximum of 3.00%.
Mortality	Various rates based on RP-2000 mortality tables and using static projection of improvement to 2025 using Projection Scale AA. See June 30, 2013 actuarial valuation for details. It can be found at <a href="http://www.LACERA.com">www.LACERA.com</a> .
Experience Study	Covers the three year period ending June 30, 2013.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.50%, net of all expenses) was determined using a building block method in which a median, or expected, geometric rate of return was developed for each major asset class. The median rates were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages.

For the year ended June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Rate of Return (Geometric)</u>	
		<u>Asset Class</u>	<u>Expected Alpha</u>
Global Equity	48.50%	7.50%	0.10%
Fixed Income	22.50%	3.50%	0.20%
Real Estate	10.00%	6.05%	0.00%
Private Equity	11.00%	9.85%	4.00%
Commodities	3.00%	4.35%	0.75%
Hedge Funds	3.00%	5.50%	0.00%
Cash	<u>2.00%</u>	<u>1.75%</u>	<u>0.25%</u>
TOTAL	<u>100.00%</u>	<u>6.85%</u>	<u>0.30%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.63%. This is equal to the 7.50% long term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

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

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.63%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.63%) or 1-percentage point higher (8.63%) than the current rate:

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN-Continued

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

	1% Decrease <u>(6.63%)</u>	Discount Rate <u>(7.63%)</u>	1% Increase <u>(8.63%)</u>
Net Pension Liability	\$ 13,726,733	\$ 6,957,082	\$ 1,302,216

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2014 is available in the separately issued LACERA financial report, which can be found at [www.LACERA.com](http://www.LACERA.com).

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199 or [www.LACERA.com](http://www.LACERA.com).

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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9. OTHER POSTEMPLOYMENT BENEFITS-Continued

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 2014-2015 is on a pay-as-you-go basis. During FY 2014-2015, the County made payments to LACERA totaling \$450.14 million for retiree health care benefits. Included in this amount was \$47.30 million for Medicare Part B reimbursements and \$7.30 million in death benefits. Additionally, \$39.50 million was paid by member participants. The County also made payments of \$39.92 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 2014-2015, the County did not make any contributions in excess of the pay-as-you-go amounts to the OPEB Trust. As of June 30, 2015, the net position of the OPEB Trust Fund was \$488.36 million.

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



COUNTY OF LOS ANGELES  
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9. OTHER POSTEMPLOYMENT BENEFITS-Continued

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, 2014, 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)	\$ 2,068,400	\$ 78,321	\$ 2,146,721
Interest on Net OPEB obligation	360,603	10,072	370,675
Adjustment to ARC	<u>(331,875)</u>	<u>(8,268)</u>	<u>(340,143)</u>
Annual OPEB cost (expense)	2,097,128	80,125	2,177,253
Less: Contributions made	<u>450,140</u>	<u>39,920</u>	<u>490,060</u>
Increase in Net OPEB obligation	1,646,988	40,205	1,687,193
Net OPEB obligation, July 1, 2014	<u>9,616,065</u>	<u>231,547</u>	<u>9,847,612</u>
Net OPEB obligation, June 30, 2015	<u>\$ 11,263,053</u>	<u>\$ 271,752</u>	<u>\$ 11,534,805</u>

Retiree Health Care Trend Information (in thousands)

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2013	\$ 2,089,025	42.6%	\$ 7,964,673
June 30, 2014	2,098,370	21.3%	9,616,065
June 30, 2015	2,097,128	21.5%	11,263,053

LTD Trend Information (in thousands)

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2013	\$ 73,069	51.5%	\$ 189,072
June 30, 2014	79,795	46.8%	231,547
June 30, 2015	80,125	49.8%	271,752

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date for OPEB health care benefits, the funded ratio was 1.80%. The actuarial value of assets was \$483.80 million. The actuarial accrued liability (AAL) was \$27.288 billion, resulting in an unfunded AAL of \$26.804 billion. The covered payroll was \$6.672 billion and the ratio of the unfunded AAL to the covered payroll was 401.73%. Covered payroll represents the pensionable payroll of employees that are provided pensions through the pension plan.

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%.

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funded Status and Funding Progress-Continued

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; with some differences in the methods and assumptions used. In both valuations, the projected unit credit cost method was used. The valuation for OPEB health care benefits assumed an annual investment rate of return of 3.75%, a projected general wage increase of 3.50% per annum, and an annual inflation rate of 3.00%. The valuation for OPEB long-term disability benefits assumed an annual investment rate of return of 4.35%, a projected general wage increase of 3.85% per annum and an annual inflation rate of 3.00%. The increases in salary due to promotions and longevity do not affect the amount of the OPEB program benefits. The valuation for OPEB healthcare included an actuarial asset valuation, however, the valuation for OPEB long-term disability benefits did not. 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.

The healthcare cost trend initial and ultimate rates, based on the July 1, 2014 OPEB actuarial valuation, are as follows:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	7.05%	4.70%
LACERA Medical Over 65	9.60%	4.70%
Part B Premiums	2.20%	4.85%
Dental (all)	0.50%	3.35%

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 79,406
2017	63,634
2018	45,665
2019	34,429
2020	22,720
2021-2025	57,021
2026-2030	54,209
2031-2035	28,321
2036-2040	13,880
2041-2045	13,879
2046-2050	9,022
Total	<u>\$ 422,186</u>

Rent expenses related to operating leases were \$99,549,000 for the year ended June 30, 2015.

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, 2015 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 24,487
2017	22,430
2018	21,632
2019	21,547
2020	21,425
2021-2025	98,008
2026-2030	82,588
2031-2035	55,186
2036-2040	19,013
Total	<u>366,316</u>
Less: Amount representing interest	<u>199,996</u>
Present value of future minimum lease payments	<u>\$ 166,320</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

10. LEASES-Continued

Capital Lease Obligations-Continued

The following is a schedule of property under capital leases by major classes at June 30, 2015 (in thousands):

	<u>Governmental Activities</u>
Land	\$ 18,695
Buildings and improvements	141,441
Equipment	68,240
Accumulated depreciation	<u>(53,636)</u>
Total	<u>\$ 174,740</u>

Future rent revenues to be received from noncancelable subleases are \$1,022,000 as of June 30, 2015.

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 7 to 82 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 20 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 53 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 \$579,026,000. 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, 2015 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2016	\$ 39,642	\$ 173
2017	39,553	178
2018	39,455	182
2019	39,308	187
2020	39,942	192
Thereafter	<u>1,449,256</u>	<u>2,453</u>
Total	<u>\$ 1,647,156</u>	<u>\$ 3,365</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

10. LEASES-Continued

Leases of County-Owned Property-Continued

The following is a schedule of rental income for these operating leases for the year ended June 30, 2015 (in thousands):

	Governmental Activities	Business-type Activities
Minimum rentals	\$ 38,892	\$ 161
Contingent rentals	<u>18,342</u>	
Total	<u>\$ 57,234</u>	<u>\$ 161</u>

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

11. LONG-TERM OBLIGATIONS

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

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

	Original Par Amount of Debt	Balance June 30, 2015
Los Angeles County Flood Control District Refunding Bonds, 2.5% to 5.0%	\$ 143,195	\$ 2,985
Los Angeles County Flood Control District Revenue Bonds, 4.0% to 4.12%	20,540	12,120
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	88,826
NPC Bond Anticipation Notes, 0.535 to 0.596%	27,959	27,959
NPC Bonds, 1.5% to 5.0%	70,572	24,589
Marina del Rey Loans, 4.5% to 4.7%	23,500	15,790
Public Buildings Bonds and Notes, 2.0% to 7.618%	1,305,873	917,049
Lease Revenue Obligation Notes, 0.06% to 0.12%	308,596	308,596
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 5.25% to 6.65%	<u>319,827</u>	<u>404,351</u>
Total	<u>\$ 2,495,597</u>	<u>\$ 1,802,265</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

11. LONG-TERM OBLIGATIONS-Continued

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, 2015</u>
NPC Bond Anticipation Notes, 0.535% to 0.596%	\$ 19,041	\$ 19,041
NPC Bonds, 1.5% to 5.0%	14,703	6,841
Public Buildings Bonds and Notes, 2.0% to 7.618%	914,292	814,882
Lease Revenue Obligation Notes, 0.06% to 0.12%	33,264	33,264
Waterworks District Loans, 2.28%	8,869	8,414
Aviation Loan, 2.95%	<u>2,000</u>	<u>2,000</u>
Total	<u>\$ 992,169</u>	<u>\$ 884,442</u>

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 \$91,698,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were \$35,733,000 and \$80,090,000, respectively.

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 32,270	\$ 3,422
2017	11,715	2,313
2018	12,320	1,692
2019	12,955	1,039
2020	<u>13,620</u>	<u>352</u>
Subtotal	82,880	<u>\$ 8,818</u>
Add: Unamortized bond premiums	<u>5,946</u>	
Total assessment bonds	<u>\$ 88,826</u>	

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds

The County has issued certificates of participation (COPs) through various financing entities that have been established by, and are component units of, the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. During FY 2014-2015, the County issued lease revenue bonds of \$153,215,000. The proceeds from these bonds, plus the associated premium of \$27,354,000 less issuance costs of \$870,000, were used to finance \$74,673,000 of various capital improvements, to redeem \$100,000,000 of outstanding lease revenue obligation notes, and to fund debt service reserves of \$5,026,000. The debt is only issued for Governmental Activities.

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 \$3,199,000 and credit reserves of \$217,000 were used to pay for the current fiscal year debt payment of \$3,416,000. Total principal and interest remaining on the bonds is \$25,910,000.

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>
2016	\$ 55,562	\$ 58,375	\$ 29,576	\$ 49,918
2017	42,188	55,620	21,777	47,815
2018	28,820	56,527	17,271	45,413
2019	26,814	56,229	16,908	44,613
2020	27,985	55,953	17,771	43,755
2021-2025	184,126	182,801	101,263	202,847
2026-2030	150,072	129,790	128,143	166,814
2031-2035	133,936	85,703	163,549	119,152
2036-2040	132,268	43,373	206,712	59,379
2041-2045	<u>70,808</u>	<u>6,990</u>	<u>84,567</u>	<u>5,161</u>
Subtotal	852,579	<u>\$ 731,361</u>	787,537	<u>\$ 784,867</u>
Add: Accretions	59,025			
Unamortized bond premiums	<u>45,139</u>		<u>34,186</u>	
Total certificates of participation and bonds	<u>\$ 956,743</u>		<u>\$ 821,723</u>	

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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 2015 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 June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$	\$ 19,918
2017		19,919
2018		19,919
2019		19,919
2020		19,919
2021-2025	35,925	88,463
2026-2030	46,370	79,132
2031-2035		69,311
2036-2040	62,196	51,136
2041-2045	53,157	30,883
2046	<u>97,824</u>	<u>5,391</u>
Subtotal	295,472	<u>\$ 423,910</u>
Add: Accretions	<u>108,879</u>	
Total tobacco settlement asset-backed bonds	<u>\$ 404,351</u>	



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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 2014-2015, LACCAL issued additional BANS in the amount of \$25,886,000, as reflected in Governmental Activities and \$14,114,000 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 \$3,410,000 and \$5,473,000 from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 47% of the annual surcharge revenues. During FY 2014-2015, the County obtained additional loans of \$758,000. As of June 30, 2015, total loans drawn are \$3,396,000 on the Sepulveda Feeder Interconnection project and \$5,473,000 on the Marina del Rey Waterline Replacement project.

In July 2014, the Board approved the Whiteman Airport Leasehold Interest Acquisition Project, with a total Project cost of \$4,020,000. To partially finance the acquisition, the Aviation Fund obtained an Airport Development Loan from the State of California Department of Transportation, Aeronautics Program for \$2,000,000 with an annual interest rate of 2.95%. The Airport Development Loan will be repaid over 17 years with revenue generated by rental income.

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, 2015

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, 2015, \$341,860,000 of LRON issued under the program were outstanding, including \$80,000,000 of Series A, \$100,000,000 of Series B, and \$161,860,000 of Series C.

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 2014-2015, the County redeemed \$100,000,000 and reissued \$266,957,000 for Governmental Activities and redeemed \$38,140,000 and reissued \$12,903,000 for Business-type Activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional \$62,000,000 of new County LRON, which is reported as \$41,639,000 for Governmental Activities and \$20,361,000 for Business-type Activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2015 is \$341,860,000, which is reported as \$308,596,000 for Governmental Activities and \$33,264,000 for Business-type Activities. The average interest rate on LRON issued in FY 2014-2015 was 0.087%.

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

<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>
2016	\$ 311,503	\$ 711	\$ 38,461	\$ 155
2017	26,757	673	14,571	242
2018	911	634	469	231
2019	952	593	480	220
2020	995	550	492	208
2021-2025	5,686	2,037	2,643	855
2026-2030	5,541	637	2,981	517
2031-2035	<u>          </u>	<u>          </u>	<u>2,622</u>	<u>148</u>
Total notes, loans, and LRON	<u>\$ 352,345</u>	<u>\$ 5,835</u>	<u>\$ 62,719</u>	<u>\$ 2,576</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 82,880	\$ 8,818	\$	\$
Certificates of participation and bonds	852,579	731,361	787,537	784,867
Tobacco settlement asset-backed bonds	295,472	423,910		
Notes, loans, and LRON	<u>352,345</u>	<u>5,835</u>	<u>62,719</u>	<u>2,576</u>
Subtotal	1,583,276	<u>\$1,169,924</u>	850,256	<u>\$ 787,443</u>
Add: Accretions	167,904			
Unamortized premiums on bonds payable	<u>51,085</u>		<u>34,186</u>	
Total bonds and notes	<u>\$1,802,265</u>		<u>\$ 884,442</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, 2015, there were no outstanding bonds and certificates of participation considered defeased.

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2015 (in thousands):

	<u>Balance July 1, 2014</u>	<u>Additions/ Accretions</u>	<u>Transfers/ Maturities</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 1,565,577	487,697	469,998	\$ 1,583,276	\$ 399,335
Add: Unamortized premium on bonds payable	<u>27,908</u>	<u>27,354</u>	<u>4,177</u>	<u>51,085</u>	<u>3,679</u>
Total bonds and notes payable	<u>1,593,485</u>	<u>515,051</u>	<u>474,175</u>	<u>1,634,361</u>	<u>403,014</u>
Interest accretion on capital appreciation bonds payable	170,583	2,803	5,482	167,904	11,205

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions/</u> <u>Accretions</u>	<u>Transfers/</u> <u>Maturities</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Other long-term liabilities:					
Capital lease obligations					
(Note 10)	\$ 174,121	866	8,667	\$ 166,320	\$ 8,529
Accrued compensated absences	1,238,514	134,651	80,901	1,292,264	68,458
Workers' compensation (Note 18)	1,862,683	399,635	361,133	1,901,185	379,847
Litigation and self-insurance					
(Note 18)	170,159	63,072	63,989	169,242	134,669
Pollution remediation obligation					
(Note 19)	18,194	1,997	133	20,058	3,537
Net pension liability,					
as restated (Note 2, 8)	8,919,900		2,955,663	5,964,237	
OPEB obligation (Note 9)	8,220,387	1,384,022		9,604,409	
Third party payor	<u>26,745</u>	<u>80,670</u>	<u>67,184</u>	<u>40,231</u>	<u>40,231</u>
Total governmental activities	<u>\$ 22,394,771</u>	<u>2,582,767</u>	<u>4,017,327</u>	<u>\$ 20,960,211</u>	<u>\$ 1,049,490</u>
Business-type activities:					
Bonds and notes payable					
Add: Unamortized premium on					
bonds payable	<u>35,084</u>		<u>898</u>	<u>34,186</u>	<u>1,282</u>
Total bonds and notes payable	<u>911,862</u>	<u>50,136</u>	<u>77,556</u>	<u>884,442</u>	<u>69,319</u>
Other long-term liabilities:					
Accrued compensated absences					
Workers' compensation (Note 18)	182,476	22,390	13,519	191,347	11,990
Litigation and self-insurance					
(Note 18)	104,983	10,242	17,614	97,611	28,139
Net pension liability,					
as restated (Note 2, 8)	1,505,903		513,058	992,845	
OPEB obligation (Note 9)	1,627,225	303,171		1,930,396	
Third party payor (Note 14)	<u>419,357</u>	<u>175,878</u>	<u>128,735</u>	<u>466,500</u>	<u>14,807</u>
Total business-type activities	<u>\$ 5,007,620</u>	<u>614,187</u>	<u>791,952</u>	<u>\$ 4,829,855</u>	<u>\$ 170,170</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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, pension and OPEB, and litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes. Accretions decreased during FY 2014-2015, thereby decreasing liabilities for Bonds and Notes by \$2,679,000 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, 2015 was as follows (in thousands):

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Maturities</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 25,389		3,488	\$ 21,901	\$ 2,507
Compensated absences	697	1,048	926	819	737
Capital lease obligations	1,919		648	1,271	656
Claims payable	4,369	531	531	4,369	233
Net pension liability, as restated (Note 2)	13,731		8,901	4,830	
OPEB obligation	<u>          </u>	<u>3</u>	<u>          </u>	<u>3</u>	<u>          </u>
Total governmental activities	<u>\$ 46,105</u>	<u>1,582</u>	<u>14,494</u>	<u>\$ 33,193</u>	<u>\$ 4,133</u>
Business-type activities:					
Bonds and notes payable	\$ 38,651	3	590	\$ 38,064	\$ 610
Compensated absences	424	744	602	566	509
Net pension liability, as restated (Note 2)	<u>9,695</u>	<u>          </u>	<u>6,285</u>	<u>3,410</u>	<u>          </u>
Total business-type activities	<u>\$ 48,770</u>	<u>747</u>	<u>7,477</u>	<u>\$ 42,040</u>	<u>\$ 1,119</u>
Total long-term obligations	<u>\$ 94,875</u>	<u>2,329</u>	<u>21,971</u>	<u>\$ 75,233</u>	<u>\$ 5,252</u>

12. SHORT-TERM DEBT

On July 1, 2014, the County issued \$900,000,000 of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.12%. 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 2014. The notes matured and were redeemed on June 30, 2015.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2015, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$42,729,000 and limited obligation improvement bonds totaling \$5,311,000. 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, 2015, the amount of industrial development and other conduit bonds outstanding was \$164,560,000.

Redevelopment Refunding Bonds

The County of Los Angeles Redevelopment Refunding Authority, a joint powers authority between the County and the Public Works Financing Authority, was established to issue bonds that would enable successor agencies to former redevelopment agencies within the County to refund their outstanding tax allocation bonds in order to achieve debt service savings and to provide significant economies of scale through reduced costs of issuance and lower interest rates. The bonds are secured by a lien on future tax revenues of successor agencies. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2015, the amount of redevelopment refunding bonds outstanding was \$349,317,000.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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, 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 Medi-Cal Demonstration Project covers the period November 1, 2010 to October 31, 2015, with a temporary extension to December 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 \$236.0 million in FY 2014-2015. 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.

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% and 100% for the expansion population for FY 2014-2015. 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 Medi-Cal Demonstration Project.

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

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

The County recognizes the funding received under the Medi-Cal Demonstration Project 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 2014-2015 are for services provided in FYs 2013-2014 and 2014-2015. 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 2014-2015 as adjusted for over/under-realization of revenues for FY 2005-2006 through FY 2013-2014. The amounts below are in thousands:

	<u>Program Revenues</u>			
	<u>Medi-Cal FFS</u>	<u>DSH</u>	<u>SNCP</u>	<u>Intergovernmental Transfers Expense</u>
Harbor-UCLA	\$ 65,168	\$ 61,348	\$ 34,017	\$ 18,301
Olive View-UCLA	49,123	22,219	13,541	27,725
LAC+USC	181,611	88,809	45,827	51,596
Rancho	<u>33,468</u>	<u>28,980</u>	<u>17,196</u>	<u>4,370</u>
Total	<u>\$ 329,370</u>	<u>\$ 201,356</u>	<u>\$ 110,581</u>	<u>\$ 101,992</u>

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

Delivery System Reform Incentive Pool

The Medi-Cal Demonstration Project establishes the Delivery System Reform Incentive Pool (DSRIP), which ties federal funding to the achievement of milestones in care delivery improvements. To obtain funding under the DSRIP, public hospital systems submitted a five-year plan showing how they will accomplish desired results, and will be required to achieve significant milestones that were approved by the State and CMS. The amounts below, in thousands, were recorded as "other operating revenues" in FY 2014-2015:



COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 123,108	\$ 91,920
Olive View-UCLA	34,917	34,984
LAC+USC	170,945	108,325
Rancho	<u>119,372</u>	<u>7,603</u>
Total	<u>\$ 448,342</u>	<u>\$ 242,832</u>

In addition, the General Fund received \$35.41 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 Medi-Cal Demonstration Project the State of California requires Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) to enroll in managed care plans, rather than using a fee for service system, in an effort to provide more coordinated care and contain costs. In FY 2014-2015, an estimated \$260.26 million of SPD gross revenues were recorded as part of net patient service revenue.

The Medi-Cal Demonstration Project 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 \$97.81 million in FY 2014-2015.

Coverage Expansion - Low Income Health Program or Healthy Way LA

Under the Medi-Cal 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. 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.

Estimated revenues recorded for the HWLA program in FY 2014-2015 for services provided during FYs 2011-2012 through 2013-2014 are \$7.82 million for patient care services and \$8.66 million for administrative services.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Affordable Care Act

The ACA is the new health care reform law in America. 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 program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

The FMAP for the Medicaid Coverage Expansion Program is 100%. In FY 2014-2015, an estimated \$661.35 million in MCE revenues and \$129.44 million in Medi-Cal Managed Care Rate Supplement revenues related to MCE were recorded as part of net patient service revenue.

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 Medi-Cal Demonstration Project. The Medi-Cal 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 Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Rather than limiting Medi-Cal reimbursement for physician professional services to a fixed schedule, effective July 1, 2005, California State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Net revenues of \$44.22 million were recognized during FY 2014-2015 and included adjustments for the over/under-realization of revenues associated with FY 2005-2006 and FYs 2012-2013 through 2014-2015.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

CBRC reimburses 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, Multi-Service Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services). The Department-wide CBRC revenues in FY 2014-2015 were \$191.06 million. As of June 30, 2015, the County estimated that approximately \$153.38 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.

COUNTY OF LOS ANGELES  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Cost Report Settlements

All of the FY 2010-2011 CBRC audit reports were issued and total audit settlements of \$39.0 million were paid to the County. The Department of Health Services (DHS) appealed to the Office of Administrative Appeals regarding certain audit adjustments. The informal level appeal hearing between DHS and the Medi-Cal auditors before a hearing auditor was held during October 2015. Prior to and during that process, a number of the disputes for FY 2010-2011 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 2004-2005, 2005-2006, 2007-2008 and 2009-2010. The formal level appeals for FY 2008-2009 were largely resolved and the settlement should be completed before the end of 2015. The financial impact of the formal level appeals is not yet known at this time.

The State auditors are in the process of auditing the FY 2011-2012 CBRC cost reports and audit reports are anticipated during December 2015 and January 2016. The audit of FY 2013-2014 has also started.

Medi-Cal Managed Care Rate Supplement

The State received approval from CMS to continue the various Medi-Cal Managed Care rate supplements paid to L.A. Care for the period October 1, 2013 through June 30, 2014. 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.

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2014-2015, including prior year over/under realization, are as follows (in thousands):

	<u>Program Revenues</u>	<u>Intergovernmental Transfers Expense</u>
L.A. Care	\$ 87,448	\$ 54,024
Health Net	7,890	4,800
Totals	<u>\$ 95,338</u>	<u>\$ 58,824</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Revenues from the various Medi-Cal programs (i.e., FFS, DSH, CBRC, AB 915, Construction Renovation/Reimbursement Program, etc.) represent approximately 81% of the hospitals' patient care revenue for the year ended June 30, 2015.

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2015 (in thousands):

	<u>H-UCLA</u>	<u>OV-UCLA</u>	<u>LAC+USC</u>	<u>Rancho</u>	<u>Total</u>
Accounts receivable	\$ 2,316,039	\$1,163,320	\$ 2,759,610	\$ 583,390	\$ 6,822,359
Less: Allowance for uncollectible amounts	<u>1,843,016</u>	<u>955,359</u>	<u>2,243,910</u>	<u>309,207</u>	<u>5,351,492</u>
Accounts receivable - net	<u>\$ 473,023</u>	<u>\$ 207,961</u>	<u>\$ 515,700</u>	<u>\$ 274,183</u>	<u>\$ 1,470,867</u>

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, 2015 is as follows (in thousands):

Estimated cost of charity care	\$ 504,734
Charity care at established rates	571,742
Charges forgone	342,166

Realignment

As a result of the ACA, the State of California (State) adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment Funds will be redirected to support Social Services programs based on a formula. The redirection is based on the assumption that the counties will decrease their cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio is 80% State and 20% County. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected. In 2014-15, the State withheld \$238.23 million, from the County's Health Realignment account to help support the Social Services programs.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Realignment-Continued

This withheld redirection amount is expected to be reconciled against actual revenues and expenses for FY 2014-2015 within two years, with the potential final redirection amount being less than or equal to \$238.23 million. The redirection amount will be subject to the State's review and approval. The financial impact of the potential redirection of realignment funding in future years is not yet known.

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 will: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010. The new MLK Community Hospital opened on May 14, 2015.

On December 27, 2013, the County, in its General Fund, established the Martin Luther King, Jr. Community Hospital Financial Assistance budget to provide funding 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 \$82.0 million for pre- and post-hospital opening activities. The fund balance of the General Fund includes the outstanding MLK-LA Health Corporation loan balance of \$62.0 million in non-spendable for long-term receivables, and the remaining \$20.0 million is assigned for future loans.

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, 2015.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 13,189
	Flood Control District	2,629
	Public Library	4,757
	Regional Park and Open Space District	2,032
	Nonmajor Governmental Funds	260,293
	Harbor-UCLA Medical Center	63,542
	Olive View-UCLA Medical Center	33,106
	LAC+USC Medical Center	64,088
	Rancho Los Amigos Nat'l Rehab Center	10,514
	Waterworks Enterprise Funds	873
	Nonmajor Aviation Funds	9
	<u>5,955</u>	
	<u>460,987</u>	
Fire Protection District	General Fund	3,226
	Flood Control District	1
	Nonmajor Governmental Funds	642
	Rancho Los Amigos Nat'l Rehab Center	<u>1</u>
	<u>3,870</u>	
Flood Control District	General Fund	1,978
	Regional Park and Open Space District	1
	Nonmajor Governmental Funds	4,513
	Waterworks Enterprise Funds	469
	Nonmajor Aviation Funds	90
	Internal Service Funds	<u>12,691</u>
	<u>19,742</u>	
Public Library	General Fund	4,598
	Fire Protection District	5
	Nonmajor Governmental Funds	<u>40</u>
	<u>4,643</u>	

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Regional Park and Open Space District	General Fund	\$ <u>9</u>
Nonmajor Governmental Funds	General Fund	102,093
	Fire Protection District	17
	Flood Control District	153
	Public Library	500
	Nonmajor Governmental Funds	19,771
	Harbor-UCLA Medical Center	257
	Rancho Los Amigos Nat'l Rehab Center	378
	Internal Service Funds	<u>18,438</u>
		<u>141,607</u>
Harbor-UCLA Medical Center	General Fund	61,737
	Fire Protection District	13
	Nonmajor Governmental Funds	26,645
	Olive View-UCLA Medical Center	273
	LAC+USC Medical Center	2,233
	Rancho Los Amigos Nat'l Rehab Center	2,877
	Internal Service Funds	<u>2</u>
		<u>93,780</u>
Olive View-UCLA Medical Center	General Fund	38,599
	Fire Protection District	160
	Nonmajor Governmental Funds	18,059
	Harbor-UCLA Medical Center	291
	LAC+USC Medical Center	8,729
	Rancho Los Amigos Nat'l Rehab Center	<u>2,269</u>
		<u>68,107</u>
LAC+USC Medical Center	General Fund	27,410
	Fire Protection District	27
	Nonmajor Governmental Funds	60,706
	Harbor-UCLA Medical Center	17,827
	Olive View-UCLA Medical Center	19,953
	Rancho Los Amigos Nat'l Rehab Center	<u>25,469</u>
		<u>151,392</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Rancho Los Amigos Nat'l Rehab Center	General Fund	\$ 14,306
	Fire Protection District	37
	Harbor-UCLA Medical Center	6,895
	Olive View-UCLA Medical Center	2,157
	LAC+USC Medical Center	<u>1,362</u>
		<u>24,757</u>
Waterworks Enterprise Funds	General Fund	38
	Flood Control District	2
	Nonmajor Governmental Funds	74
	Internal Service Funds	<u>2,224</u>
	<u>2,338</u>	
Nonmajor Aviation Funds	Nonmajor Governmental Funds	1
	Internal Service Funds	<u>47</u>
		<u>48</u>
Internal Service Funds	General Fund	17,806
	Fire Protection District	379
	Flood Control District	19,777
	Nonmajor Governmental Funds	34,428
	Harbor-UCLA Medical Center	682
	Olive View-UCLA Medical Center	145
	LAC+USC Medical Center	45
	Rancho Los Amigos Nat'l Rehab Center	1,156
	Waterworks Enterprise Funds	3,590
	Nonmajor Aviation Funds	<u>140</u>
	<u>78,148</u>	
Total Interfund Receivables/Payables		<u>\$ 1,049,428</u>



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the Public Library and the four hospitals. Other transfers primarily consisted of payments from the various operating funds (principally the General Fund) to debt service funds in accordance with long-term debt covenants. In addition, special revenue funds that are statutorily restricted made transfers to other funds to augment funding for programs operated in the General Fund.

Interfund transfers to/from other funds for the year ended June 30, 2015 are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Fire Protection District	\$ 234
	Public Library	47,623
	Nonmajor Governmental Funds	97,916
	Harbor-UCLA Medical Center	207,536
	Olive View-UCLA Medical Center	73,715
	LAC+USC Medical Center	62,902
	Rancho Los Amigos Nat'l Rehab Center	32,972
	Internal Service Funds	<u>36</u>
		<u>522,934</u>
Fire Protection District	Nonmajor Governmental Funds	<u>9,076</u>
Flood Control District	Nonmajor Governmental Funds	3,084
	Internal Service Funds	<u>2,711</u>
		<u>5,795</u>
Public Library	General Fund	1,945
	Nonmajor Governmental Funds	<u>4,429</u>
		<u>6,374</u>
Nonmajor Governmental Funds	General Fund	389,342
	Fire Protection District	312
	Nonmajor Governmental Funds	202,688
	Harbor-UCLA Medical Center	54,497
	Olive View-UCLA Medical Center	39,856
	LAC+USC Medical Center	116,907
	Rancho Los Amigos Nat'l Rehab Center	136
	Waterworks Enterprise Funds	103
	Internal Service Funds	<u>5,726</u>
	<u>809,567</u>	
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	1,095
	LAC+USC Medical Center	<u>16,654</u>
		<u>17,749</u>
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	144
	LAC+USC Medical Center	<u>18,145</u>
		<u>18,289</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 21,520
Waterworks Enterprise Funds	Internal Service Funds	63
Internal Service Funds	Nonmajor Governmental Funds	9
Total Interfund Transfers		<u>\$ 1,411,376</u>

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term and long-term advances to assist the Hospital Funds in meeting their cash flow requirements. The County estimates that a portion of Hospital revenue is not collectible within one year and has identified long-term receivables in each Hospital Enterprise Fund. To assist the Hospital Funds in meeting their cash flow requirements, the General Fund provided a \$141.70 million long-term advance and classified a corresponding amount of fund balance as nonspendable balance.

Advances from/to other funds at June 30, 2015 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	\$ 132,717	\$ 43,695	\$ 176,412
	Olive View-UCLA Medical Center		12,131	12,131
	LAC+USC Medical Center	29,688	70,028	99,716
	Rancho Los Amigos Nat'l Rehab Center	128,313	15,843	144,156
	Internal Service Funds	<u>2,434</u>		<u>2,434</u>
		<u>293,152</u>	<u>141,697</u>	<u>434,849</u>
Flood Control District	Internal Service Funds	<u>6,047</u>		<u>6,047</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>12,172</u>		<u>12,172</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,347</u>		<u>1,347</u>
Total Interfund Advances		<u>\$ 312,718</u>	<u>\$ 141,697</u>	<u>\$ 454,415</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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 and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed and assigned fund balances that are subsequently 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.
- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as deferred inflows of resources and 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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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

- In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2015.

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	\$ 1,750,126	\$ 82,767	\$ 136,226	\$ 38,914	\$ 233,840
Budgetary fund balances	<u>1,460,697</u>	<u>166,548</u>	<u>239,957</u>	<u>23,609</u>	<u>97,271</u>
Subtotal	<u>3,210,823</u>	<u>249,315</u>	<u>376,183</u>	<u>62,523</u>	<u>331,111</u>
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	138,101	(144)	2,670	674	
Accrual of compensated absences	60,107				
Unamortized balance of sale of tobacco settlement revenue	(237,055)				
Change in revenue accruals	(156,250)	(16,539)	(4,942)	(2,485)	(867)
Change in OPEB	<u>174,097</u>	<u>10,190</u>	<u>          </u>	<u>1,656</u>	<u>          </u>
Subtotal	<u>(21,000)</u>	<u>(6,493)</u>	<u>(2,272)</u>	<u>(155)</u>	<u>(867)</u>
Fund balance - GAAP basis	<u>\$ 3,189,823</u>	<u>\$ 242,822</u>	<u>\$ 373,911</u>	<u>\$ 62,368</u>	<u>\$ 330,244</u>

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2015, there were contractual commitments of approximately \$62.74 million for various general government construction and software and approximately \$276.74 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2015, LACERA had outstanding capital commitments to various investment managers, approximating \$4.210 billion. Subsequent to June 30, 2015, LACERA funded \$266 million of these capital commitments.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

17. OTHER COMMITMENTS-Continued

Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2015, 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	\$	\$	\$ 457,427	\$ 457,427
Fire Protection District	31,943			31,943
Flood Control District	27,009			27,009
Public Library			11,145	11,145
Regional Park and Open Space District	88,430			88,430
Nonmajor Governmental Funds	<u>101,509</u>	<u>7,386</u>	<u>9,734</u>	<u>118,629</u>
Total Encumbrances	<u>\$ 248,891</u>	<u>\$ 7,386</u>	<u>\$ 478,306</u>	<u>\$ 734,583</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 2012-2013, FY 2013-2014 or FY 2014-2015.

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.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

18. RISK MANAGEMENT-Continued

As indicated in the following table, the County's workers' compensation balance as of June 30, 2015 was approximately \$2.168 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2015. Approximately \$75,202,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2015, the County's best estimate of these liabilities is \$2.435 billion. Changes in the reported liability since July 1, 2013 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>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>
<u>2014-2015</u>				
Workers' Compensation	\$ 2,118,497	\$ 452,005	\$ (402,603)	\$ 2,167,899
Other	<u>275,142</u>	<u>73,314</u>	<u>(81,603)</u>	<u>266,853</u>
Total 2014-2015	<u>\$ 2,393,639</u>	<u>\$ 525,319</u>	<u>\$ (484,206)</u>	<u>\$ 2,434,752</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$175.62 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

19. POLLUTION REMEDIATION

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

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

19. POLLUTION REMEDIATION-Continued

As of June 30, 2015, the County's estimated pollution remediation obligation totaled \$20,058,000. This obligation was associated with the County's government-wide governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liability was determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust the estimated obligation when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligation.

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide financial statements and the proprietary funds as of June 30, 2015 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 and changes in the net pension liability as discussed in Note 8. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- The deferred inflows of resources, included on the government-wide statement of net position, relates to the future installment payments of service concession arrangements as discussed in Note 7 and from changes in the net pension liability as discussed in Note 8.

Government-wide statements  
Statement of Net Position (in thousands)

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Deferred outflows of resources:			
Unamortized losses on refunding of debt	\$ 17,530	\$	\$ 17,530
Pensions	<u>1,249,917</u>	<u>211,805</u>	<u>1,461,722</u>
Total government-wide deferred outflows of resources	<u>\$ 1,267,447</u>	<u>\$ 211,805</u>	<u>\$1,479,252</u>
Deferred inflows of resources:			
Service concession arrangements	\$ 93,233	\$	\$ 93,233
Pensions	<u>2,457,357</u>	<u>426,559</u>	<u>2,883,916</u>
Total government-wide deferred inflows of resources	<u>\$ 2,550,590</u>	<u>\$ 426,559</u>	<u>\$2,977,149</u>

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Fund financial statements  
Statement of Net Position (in thousands):

	<u>H-UCLA</u>	<u>OV-UCLA</u>	<u>LAC+USC</u>	<u>Rancho</u>	<u>Total</u>	<u>ISF Funds</u>
Deferred outflows of resources-						
Pensions	<u>\$ 63,506</u>	<u>41,859</u>	<u>87,299</u>	<u>19,141</u>	<u>\$211,805</u>	<u>\$46,216</u>
Deferred inflows of resources-						
Pensions	<u>\$128,045</u>	<u>84,412</u>	<u>175,688</u>	<u>38,414</u>	<u>\$426,559</u>	<u>\$93,034</u>

Deferred outflows and inflows of resources balances in the governmental fund financial statements as of June 30, 2015 are described as follows:

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

Governmental Fund financial statements  
Balance Sheet (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>	<u>Nonmajor Funds</u>	<u>Total</u>
Deferred outflows of resources -							
Tobacco settlement revenues	<u>\$ _____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>237,055</u>	<u>\$ 237,055</u>
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 237,055					\$	237,055
Property tax revenues	114,473	27,444	8,299	4,462	5,889	9,777	170,344
Other long-term receivables	<u>83,581</u>	<u>815</u>	<u>99</u>	<u>_____</u>	<u>_____</u>	<u>109</u>	<u>84,604</u>
Total governmental funds							
deferred inflows of resources	<u>\$ 435,109</u>	<u>28,259</u>	<u>8,398</u>	<u>4,462</u>	<u>5,889</u>	<u>9,886</u>	<u>\$ 492,003</u>



COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015 (in thousands) are as follows:

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable:						
Inventories	\$ 48,186	10,419		1,443		
Long-term receivables	224,198					
Permanent fund principal						<u>2,185</u>
Total Nonspendable	<u>272,384</u>	<u>10,419</u>		<u>1,443</u>		<u>2,185</u>
Restricted for:						
Purpose of fund		232,403	373,812	11,004	330,244	1,711,287
Purpose of utility user tax	45,888					
Grand Avenue project	4,600					
Sheriff Pitchess landfill	3,206					
La Alameda project	2,000					
Capital projects						160,979
Debt service						503,821
Endowments and annuities						<u>203</u>
Total Restricted	<u>55,694</u>	<u>232,403</u>	<u>373,812</u>	<u>11,004</u>	<u>330,244</u>	<u>2,376,290</u>
Committed to:						
Purpose of fund						40,530
Capital projects and extraordinary maintenance	93,291					71,504
Health services-tobacco settlement	46,154					
Budget uncertainties	86,698					
Low to moderate income housing	181					
Assessor tax system	9,300					
Health services operations	16,000					
Interoperable and countywide communication	2,229					
Services to unincorporated areas	13,461					
Financial system	21,995					
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, 2015

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	5,600					
Information technology enhancements	2,564					
Live scan	2,000					
Board budget policies and priorities	965					
TTC unsecured property tax system	463					
Sheriff unincorporated patrol	90					
Total Committed	<u>334,346</u>					<u>112,034</u>
Assigned to:						
Purpose of fund			99	49,921		111,449
Future purchases	490,386					
Capital projects						40,814
Imprest cash	1,568					
Total Assigned	<u>491,954</u>		<u>99</u>	<u>49,921</u>		<u>152,263</u>
Unassigned	<u>2,035,445</u>					
Total Fund Balances	<u>\$ 3,189,823</u>	<u>242,822</u>	<u>373,911</u>	<u>62,368</u>	<u>330,244</u>	<u>2,642,772</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 \$306,319,000 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, 2015

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2015, the County issued \$900,000,000 in 2015-2016 TRANS, which will mature on June 30, 2016. The TRANS are collateralized by taxes and other revenues attributable to the 2015-2016 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 0.29%.

Lease Revenue Obligation Notes

On August 17, 2015, the Los Angeles County Capital Asset Leasing Corporation issued an additional \$8,000,000 in Lease Revenue Obligation Notes (LRON) with an initial weighted average interest rate of 0.05%. On October 6, 2015, the Corporation issued an additional \$23,000,000 in LRON with an initial weighted average interest rate of 0.04%. Also, on October 30, 2015, the Corporation issued an additional \$15,000,000 in LRON with an initial weighted average interest rate of 0.03%. The proceeds are being used to fund capital requirements of various capital projects. The LRON are secured by a long-term lease of County real estate and a letter of credit.

Public Works Financing Authority - Lease Revenue Refunding Bonds 2015 Series B and Series C

On September 2, 2015, the authority issued \$218,340,000 in lease revenue refunding bonds, maturing from 2020-2033, with yields ranging from 0.09% to 2.67%. Proceeds from the sale of the bonds will be used to refinance outstanding lease revenue obligations related to the 2005 Calabasas Landfill bonds and the 2005A and 2006B Master Refunding Bonds.

Medicaid Demonstration Project Renewal

On October 31, 2015, the State Department of Health Care Services and the federal Centers for Medicare & Medicaid Services announced a conceptual agreement that outlines the major components of California's 1115 Medicaid waiver renewal, along with a temporary extension to December 31, 2015 of the existing waiver while the details of the renewal are determined through the official Special Terms and Conditions. The conceptual agreement includes the following core elements:

- Global Payment Program - for services to the uninsured in designated public hospital systems;
- Public Hospital Redesign and Incentives in Medi-Cal (PRIME) – delivery system transformation and alignment incentive program for designated public hospitals and district/municipal hospitals;
- Dental transformation incentive program;
- Whole Person Care pilot program – a county-based, voluntary program to target providing more integrated care for high-risk, vulnerable populations;
- Independent assessment of access to care and network adequacy for Medi-Cal managed care beneficiaries;
- Independent studies of uncompensated care and hospital financing.

COUNTY OF LOS ANGELES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

22. SUBSEQUENT EVENTS-Continued

Medicaid Demonstration Project Renewal-Continued

In addition, the waiver extension and renewal will continue certain programs currently authorized in the Medi-Cal Demonstration Project waiver, including the Drug Medi-Cal Organized Delivery System, Coordinated Care Initiative, and Community-Based Adult Services. The County will continue to participate in the new 1115 waiver. However, the financial impact on future fiscal years has not yet been determined.

COUNTY OF LOS ANGELES  
 REQUIRED SUPPLEMENTARY INFORMATION  
 (Unaudited)

Schedule of Net Pension Liability and Related Ratios  
 (Dollar amounts in thousands)

	<u>06/30/2014<sup>1</sup></u>
Pension Plan's fiduciary net position as percentage of total pension liability	86.804%
County's proportionate share of the collective net pension liability	\$6,957,082
County's proportion as percentage of the collective net pension liability	95.897%
Covered-employee payroll <sup>2</sup>	\$6,865,817
County's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	101.329%

Schedule of County's Contributions  
 (Dollar amounts in thousands)

	<u>2015</u>
Actuarially Determined Contribution (ADC)	\$1,494,465
Less: Contributions in relation to the ADC	<u>1,494,465</u>
Contribution Deficiency (excess)	<u>\$ 0</u>
Covered-employee payroll <sup>2</sup>	\$7,261,852
Contributions as a percentage of total covered-employee payroll	20.580%

- (1) Historical information is required only for measurement periods for which GASB 68 and 71 is applicable.  
 (2) Covered-employee payroll represents total payroll of employees that are provided pensions through the pension plan.

COUNTY OF LOS ANGELES  
REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)

Notes to Required Supplementary Information

**Changes of benefit terms**

There were no plan changes after June 30, 2013.

**Changes of assumptions**

None

COUNTY OF LOS ANGELES  
 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 <sup>1</sup> (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
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%
July 1, 2014	483,800	27,287,900	26,804,100	1.8%	6,672,228	401.73%

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%

(1) Covered payroll represents the pensionable payroll of employees that are provided pensions through the pension plan.





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, 2015 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
<b>GENERAL GOVERNMENT:</b>				
Salaries and employee benefits	\$ 911,316	904,456	823,534	80,922
Services and supplies	1,488,204	1,425,066	638,801	786,265
Other charges	242,791	271,633	217,073	54,560
Capital assets	9,029	9,853	6,707	3,146
Intrafund transfers	(627,107)	(626,300)	(575,552)	(50,748)
<b>TOTAL GENERAL GOVERNMENT</b>	<b>2,024,233</b>	<b>1,984,708</b>	<b>1,110,563</b>	<b>874,145</b>
<b>PUBLIC PROTECTION:</b>				
Salaries and employee benefits	4,043,308	4,130,201	4,039,291	90,910
Services and supplies	969,638	948,634	813,957	134,677
Other charges	413,970	422,372	379,801	42,571
Capital assets	40,751	40,666	33,293	7,373
Intrafund transfers	(106,141)	(109,256)	(77,794)	(31,462)
<b>TOTAL PUBLIC PROTECTION</b>	<b>5,361,526</b>	<b>5,432,617</b>	<b>5,188,548</b>	<b>244,069</b>
<b>HEALTH AND SANITATION:</b>				
Salaries and employee benefits	1,250,392	1,265,478	1,175,061	90,417
Services and supplies	2,254,602	2,232,375	1,858,071	374,304
Other charges	192,331	148,501	133,327	15,174
Capital assets	43,675	42,350	39,795	2,555
Intrafund transfers	(201,169)	(201,720)	(181,721)	(19,999)
<b>TOTAL HEALTH AND SANITATION</b>	<b>3,539,831</b>	<b>3,486,984</b>	<b>3,024,533</b>	<b>462,451</b>
<b>PUBLIC ASSISTANCE:</b>				
Salaries and employee benefits	2,037,164	2,053,463	1,978,869	74,594
Services and supplies	1,216,248	1,240,793	1,096,173	144,620
Other charges	2,899,414	2,905,483	2,694,030	211,453
Capital assets	4,162	4,538	4,186	352
Intrafund transfers	(54,136)	(61,670)	(57,214)	(4,456)
<b>TOTAL PUBLIC ASSISTANCE</b>	<b>6,102,852</b>	<b>6,142,607</b>	<b>5,716,044</b>	<b>426,563</b>
<b>RECREATION AND CULTURAL SERVICES:</b>				
Salaries and employee benefits	152,273	149,712	149,036	676
Services and supplies	156,944	164,503	149,762	14,741
Other charges	12,881	13,977	12,872	1,105
Capital assets	2,570	3,442	3,222	220
Intrafund transfers	(2,085)	(2,503)	(1,870)	(633)
<b>TOTAL RECREATION AND CULTURAL SERVICES</b>	<b>322,583</b>	<b>329,131</b>	<b>313,022</b>	<b>16,109</b>
<b>DEBT SERVICE-</b>				
Interest	2,129	2,129	2,129	
<b>CAPITAL OUTLAY</b>	<b>836,113</b>	<b>845,182</b>	<b>149,537</b>	<b>695,645</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 18,189,267</b>	<b>18,223,358</b>	<b>15,504,376</b>	<b>2,718,982</b>



## 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. Probation Community Corrections Performance Incentives is used to account for the improvement of public safety outcomes at the community level utilizing evidence-based services geared towards maintaining offenders within the community. Revenues are derived principally from State revenues.

The 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.

Continued...

COUNTY OF LOS ANGELES  
NONMAJOR GOVERNMENTAL FUNDS  
NONMAJOR DEBT SERVICE FUNDS

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The 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  
2015 Multiple Capital Projects - Series A  
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.

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, 2015 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 2,119,756	136,888	271,320	2,309	\$ 2,530,273
Other	39,350	22	596	2	39,970
Total pooled cash and investments	<u>2,159,106</u>	<u>136,910</u>	<u>271,916</u>	<u>2,311</u>	<u>2,570,243</u>
Other investments		129,687	3,855	90	133,632
Taxes receivable	11,570				11,570
Interest receivable	4,624	169	459	6	5,258
Other receivables	54,267		1,075		55,342
Due from other funds	132,076		9,531		141,607
Advances to other funds	12,172				12,172
<b>TOTAL ASSETS</b>	<u>2,373,815</u>	<u>266,766</u>	<u>286,836</u>	<u>2,407</u>	<u>2,929,824</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		<u>237,055</u>			<u>237,055</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,373,815</u>	<u>503,821</u>	<u>286,836</u>	<u>2,407</u>	<u>\$ 3,166,879</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 52,934		2,663		\$ 55,597
Accrued payroll	105				105
Other payables	36				36
Due to other funds	414,314		10,839	19	425,172
Advances payable	32,736		37		32,773
Third party payor	538				538
<b>TOTAL LIABILITIES</b>	<u>500,663</u>		<u>13,539</u>	<u>19</u>	<u>514,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>9,886</u>				<u>9,886</u>
<b>FUND BALANCES</b>					
Nonspendable				2,185	2,185
Restricted	1,711,287	503,821	160,979	203	2,376,290
Committed	40,530		71,504		112,034
Assigned	111,449		40,814		152,263
<b>TOTAL FUND BALANCES</b>	<u>1,863,266</u>	<u>503,821</u>	<u>273,297</u>	<u>2,388</u>	<u>2,642,772</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 2,373,815</u>	<u>503,821</u>	<u>286,836</u>	<u>2,407</u>	<u>\$ 3,166,879</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY  
 FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 355,762				\$ 355,762
Licenses, permits and franchises	16,915				16,915
Fines, forfeitures and penalties	66,040				66,040
Revenue from use of money and property:					
Investment income	18,640	6,036	2,294	23	26,993
Rents and concessions	24,773				24,773
Royalties	3				3
Intergovernmental revenues:					
Federal	31,489				31,489
State	832,573				832,573
Other	21,599				21,599
Charges for services	138,439	31,734	6,806		176,979
Miscellaneous	28,242	22,518	857		51,617
<b>TOTAL REVENUES</b>	<b>1,534,475</b>	<b>60,288</b>	<b>9,957</b>	<b>23</b>	<b>1,604,743</b>
<b>EXPENDITURES</b>					
Current:					
General government	16,976			52	17,028
Public protection	75,090				75,090
Public ways and facilities	378,345				378,345
Health and sanitation	143,154				143,154
Public assistance	6,315				6,315
Education	40				40
Recreation and cultural services	7,453				7,453
Debt service:					
Principal		484,950			484,950
Interest and other charges		84,406			84,406
Capital outlay			138,362		138,362
<b>TOTAL EXPENDITURES</b>	<b>627,373</b>	<b>569,356</b>	<b>138,362</b>	<b>52</b>	<b>1,335,143</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>907,102</b>	<b>(509,068)</b>	<b>(128,405)</b>	<b>(29)</b>	<b>269,600</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	13,131	208,021	97,289		318,441
Transfers out	(615,042)	(179,543)	(14,982)		(809,567)
Issuance of debt		420,172	41,639		461,811
Bond premium proceeds		27,354			27,354
Sales of capital assets	1,201				1,201
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(600,710)</b>	<b>476,004</b>	<b>123,946</b>		<b>(760)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>306,392</b>	<b>(33,064)</b>	<b>(4,459)</b>	<b>(29)</b>	<b>268,840</b>
<b>FUND BALANCES, JULY 1, 2014</b>	<b>1,556,874</b>	<b>536,885</b>	<b>277,756</b>	<b>2,417</b>	<b>2,373,932</b>
<b>FUND BALANCES, JUNE 30, 2015</b>	<b>\$ 1,863,266</b>	<b>503,821</b>	<b>273,297</b>	<b>2,388</b>	<b>\$ 2,642,772</b>



COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 JUNE 30, 2015 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
<b>ASSETS</b>						
Pooled cash and investments:						
Operating	\$ 216,868	158,615	69,997	40,455	28,507	132,950
Other	4,158	3,311	318	357	452	2,974
Total pooled cash and investments	<u>221,026</u>	<u>161,926</u>	<u>70,315</u>	<u>40,812</u>	<u>28,959</u>	<u>135,924</u>
Taxes receivable		319	1,248	1,024	719	8,230
Interest receivable	508	366	160	94	59	276
Other receivables	39,944	6,244	177	1,367	1,125	
Due from other funds	26,595	1,204	3,340		1,653	24
Advances to other funds	8,909	1,133	184		1,318	
<b>TOTAL ASSETS</b>	<u>\$ 296,982</u>	<u>171,192</u>	<u>75,424</u>	<u>43,297</u>	<u>33,833</u>	<u>144,454</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 17,088	4,060	1,474	1,435	227	5,017
Accrued payroll						
Other payables					33	
Due to other funds	29,516	13,614	3,604	995	6,223	108,772
Advances payable	28,212	3,139				
Third party payor	538					
<b>TOTAL LIABILITIES</b>	<u>75,354</u>	<u>20,813</u>	<u>5,078</u>	<u>2,430</u>	<u>6,483</u>	<u>113,789</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		<u>339</u>	<u>912</u>	<u>1,757</u>	<u>1,124</u>	<u>5,701</u>
<b>FUND BALANCES</b>						
Restricted	221,628	150,040	69,434	39,110	26,226	24,964
Committed						
Assigned						
<b>TOTAL FUND BALANCES</b>	<u>221,628</u>	<u>150,040</u>	<u>69,434</u>	<u>39,110</u>	<u>26,226</u>	<u>24,964</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 296,982</u>	<u>171,192</u>	<u>75,424</u>	<u>43,297</u>	<u>33,833</u>	<u>144,454</u>



	Health and Sanitation	Mental Health Services Act	Other Public Protection	Public Assistance	Recreation
\$	47,199	840,197	374,056	7,362	9,665
	3,059	726	3,124	549	16,795
	50,258	840,923	377,180	7,911	26,460
	30				
	97	1,895	855	1	7
	4,505		152	367	158
	1,497	97,309	2	10	159
	628				
\$	57,015	940,127	378,189	8,289	26,784

ASSETS

Pooled cash and investments:

Operating

Other

Total pooled cash and investments

Taxes receivable

Interest receivable

Other receivables

Due from other funds

Advances to other funds

TOTAL ASSETS

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES

Accounts payable

Accrued payroll

Other payables

Due to other funds

Advances payable

Third party payor

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES

FUND BALANCES

Restricted

Committed

Assigned

TOTAL FUND BALANCES

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, 2015 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 28,461	54,141	19,167	92,116	\$ 2,119,756
Other	1,324	1,519	546	138	39,350
Total pooled cash and investments	29,785	55,660	19,713	92,254	2,159,106
Taxes receivable					11,570
Interest receivable	74	124		108	4,624
Other receivables			228		54,267
Due from other funds			10	273	132,076
Advances to other funds					12,172
<b>TOTAL ASSETS</b>	<b>\$ 29,859</b>	<b>55,784</b>	<b>19,951</b>	<b>92,635</b>	<b>\$ 2,373,815</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$			1,154	\$ 52,934
Accrued payroll				105	105
Other payables					36
Due to other funds		55	3,042	1,426	414,314
Advances payable					32,736
Third party payor					538
<b>TOTAL LIABILITIES</b>		<b>55</b>	<b>3,042</b>	<b>2,685</b>	<b>500,663</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
					<b>9,886</b>
<b>FUND BALANCES</b>					
Restricted	29,859	55,729	16,909	449	1,711,287
Committed				6,033	40,530
Assigned				83,468	111,449
<b>TOTAL FUND BALANCES</b>	<b>29,859</b>	<b>55,729</b>	<b>16,909</b>	<b>89,950</b>	<b>1,863,266</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 29,859</b>	<b>55,784</b>	<b>19,951</b>	<b>92,635</b>	<b>\$ 2,373,815</b>



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, 2015 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
<b>REVENUES</b>						
Taxes	\$ 4,264	52,983	21,147	5,519		271,849
Licenses, permits and franchises	4,666					
Fines, forfeitures and penalties		30	137	391	322	1,310
Revenue from use of money and property:						
Investment income	2,368	1,532	643	355	221	978
Rents and concessions	74	178				
Royalties						
Intergovernmental revenues:						
Federal	29,915	1,574				
State	190,768	60	142	37	24	
Other	10,266	9,394	407		35	
Charges for services	20,982	1,228	3,340	19,797	36,120	1,236
Miscellaneous		21	42		17	
<b>TOTAL REVENUES</b>	<b>263,303</b>	<b>67,000</b>	<b>25,858</b>	<b>26,099</b>	<b>36,739</b>	<b>275,373</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public protection						
Public ways and facilities	280,466	66,564	31,315			
Health and sanitation				21,351	29,385	45,025
Public assistance						
Education						
Recreation and cultural services						
<b>TOTAL EXPENDITURES</b>	<b>280,466</b>	<b>66,564</b>	<b>31,315</b>	<b>21,351</b>	<b>29,385</b>	<b>45,025</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(17,163)</b>	<b>436</b>	<b>(5,457)</b>	<b>4,748</b>	<b>7,354</b>	<b>230,348</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out	(5,178)	(15)	(3)		(340)	(222,229)
Sales of capital assets	636	50				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,542)</b>	<b>35</b>	<b>(3)</b>		<b>(340)</b>	<b>(222,229)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(21,705)</b>	<b>471</b>	<b>(5,460)</b>	<b>4,748</b>	<b>7,014</b>	<b>8,119</b>
FUND BALANCES, JULY 1, 2014	243,333	149,569	74,894	34,362	19,212	16,845
FUND BALANCES, JUNE 30, 2015	\$ 221,628	150,040	69,434	39,110	26,226	24,964

	Health and Sanitation	Mental Health Services Act	Other Public Protection	Public Assistance	Recreation
\$					
	7,740			1,357	22
	20,575		8,790	2,313	
	386	6,984	3,774	4	25
	95		18,472		1,091
	667	485,663	155,075		137
	1,497				
	20,067		12,543	2,521	4,520
	10		22,783	2,409	2,920
	<u>51,037</u>	<u>492,647</u>	<u>221,437</u>	<u>8,604</u>	<u>8,715</u>
			66,018		
	42,302	5,091		6,315	
					7,453
	<u>42,302</u>	<u>5,091</u>	<u>66,018</u>	<u>6,315</u>	<u>7,453</u>
	<u>8,735</u>	<u>487,556</u>	<u>155,419</u>	<u>2,289</u>	<u>1,262</u>
			6,374		810
	(2,363)	(305,332)	(34,530)	(1,259)	(418)
			52		
	<u>(2,363)</u>	<u>(305,332)</u>	<u>(28,104)</u>	<u>(1,259)</u>	<u>392</u>
	6,372	182,224	127,315	1,030	1,654
	29,563	541,210	219,798	6,365	23,886
\$	<u>35,935</u>	<u>723,434</u>	<u>347,113</u>	<u>7,395</u>	<u>25,540</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, 2014

FUND BALANCES, JUNE 30, 2015

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, 2015 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
<b>REVENUES</b>					
Taxes	\$				\$ 355,762
Licenses, permits and franchises				3,130	16,915
Fines, forfeitures and penalties	14,995	17,172		5	66,040
Revenue from use of money and property:					
Investment income	376	533		461	18,640
Rents and concessions				4,863	24,773
Royalties				3	3
Intergovernmental revenues:					
Federal					31,489
State					832,573
Other					21,599
Charges for services			13,110	2,975	138,439
Miscellaneous				40	28,242
<b>TOTAL REVENUES</b>	<b>15,371</b>	<b>17,705</b>	<b>13,110</b>	<b>11,477</b>	<b>1,534,475</b>
<b>EXPENDITURES</b>					
Current:					
General government				16,976	16,976
Public protection	1,399	7,673			75,090
Public ways and facilities					378,345
Health and sanitation					143,154
Public assistance					6,315
Education				40	40
Recreation and cultural services					7,453
<b>TOTAL EXPENDITURES</b>	<b>1,399</b>	<b>7,673</b>		<b>17,016</b>	<b>627,373</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>13,972</b>	<b>10,032</b>	<b>13,110</b>	<b>(5,539)</b>	<b>907,102</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in		1,353		4,594	13,131
Transfers out	(23,879)	(1,963)	(13,521)	(4,012)	(615,042)
Sales of capital assets				463	1,201
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(23,879)</b>	<b>(610)</b>	<b>(13,521)</b>	<b>1,045</b>	<b>(600,710)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,907)</b>	<b>9,422</b>	<b>(411)</b>	<b>(4,494)</b>	<b>306,392</b>
FUND BALANCES, JULY 1, 2014	39,766	46,307	17,320	94,444	1,556,874
FUND BALANCES, JUNE 30, 2015	\$ 29,859	55,729	16,909	89,950	\$ 1,863,266

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, 2015 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 350,129	350,321	355,586	5,265
Licenses, permits and franchises	17,461	17,461	16,915	(546)
Fines, forfeitures and penalties	67,064	67,064	66,040	(1,024)
Revenue from use of money and property:				
Investment income	8,393	8,393	13,401	5,008
Rents and concessions	24,075	24,075	24,773	698
Royalties	6	6	3	(3)
Intergovernmental revenues:				
Federal	40,158	40,343	31,489	(8,854)
State	621,254	621,254	832,573	211,319
Other	34,289	38,804	21,599	(17,205)
Charges for services	159,282	159,282	138,675	(20,607)
Miscellaneous	22,640	22,640	28,242	5,602
<b>TOTAL REVENUES</b>	<b>1,344,751</b>	<b>1,349,643</b>	<b>1,529,296</b>	<b>179,653</b>
<b>EXPENDITURES</b>				
Current:				
General government	37,761	37,813	17,848	19,965
Public protection	318,568	318,568	103,394	215,174
Public ways and facilities	541,795	564,281	349,776	214,505
Health and sanitation	224,202	224,302	143,411	80,891
Public assistance	10,772	10,772	7,387	3,385
Education	5,884	5,631	41	5,590
Recreation and cultural services	22,093	25,350	7,574	17,776
<b>TOTAL EXPENDITURES</b>	<b>1,161,075</b>	<b>1,186,717</b>	<b>629,431</b>	<b>557,286</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>183,676</b>	<b>162,926</b>	<b>899,865</b>	<b>736,939</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	442	442	1,201	759
Transfers in	24,573	23,230	16,329	(6,901)
Transfers out	(893,959)	(915,669)	(592,398)	323,271
Appropriations for contingencies	(152,802)	(129,904)		129,904
Changes in fund balances	(128,787)	(107,882)	(87,620)	20,262
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(1,150,533)</b>	<b>(1,129,783)</b>	<b>(662,488)</b>	<b>467,295</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(966,857)</b>	<b>(966,857)</b>	<b>237,377</b>	<b>1,204,234</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>966,857</b>	<b>966,857</b>	<b>966,857</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>1,204,234</b>	<b>1,204,234</b>

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, 2015 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 4,069	4,261	4,264	3
Licenses, permits and franchises	5,243	5,243	4,666	(577)
Revenue from use of money and property:				
Investment income	1,302	1,302	1,586	284
Rents and concessions	113	113	74	(39)
Intergovernmental revenues:				
Federal	40,158	40,158	29,915	(10,243)
State	174,572	174,572	190,768	16,196
Other			10,266	10,266
Charges for services	28,866	28,866	20,982	(7,884)
Miscellaneous	222	222		(222)
<b>TOTAL REVENUES</b>	<b>254,545</b>	<b>254,737</b>	<b>262,521</b>	<b>7,784</b>
<b>EXPENDITURES</b>				
Current-Public ways and facilities:				
Services and supplies	232,616	242,036	227,763	14,273
Other charges	6,500	6,500	1,155	5,345
Capital assets	1,950	1,950	268	1,682
Capital Outlay	81,514	81,494	25,197	56,297
<b>TOTAL EXPENDITURES</b>	<b>322,580</b>	<b>331,980</b>	<b>254,383</b>	<b>77,597</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(68,035)</b>	<b>(77,243)</b>	<b>8,138</b>	<b>85,381</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets			636	636
Transfers out	(13,490)	(14,090)	(5,178)	8,912
Appropriations for contingencies	(36,268)	(26,460)		26,460
Changes in fund balance	(729)	(729)	10,366	11,095
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(50,487)</b>	<b>(41,279)</b>	<b>5,824</b>	<b>47,103</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(118,522)</b>	<b>(118,522)</b>	<b>13,962</b>	<b>132,484</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>118,522</b>	<b>118,522</b>	<b>118,522</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>132,484</b>	<b>132,484</b>

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, 2015 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 51,025	51,025	53,008	1,983
Fines, forfeitures and penalties	39	39	30	(9)
Revenue from use of money and property:				
Investment income	838	838	1,023	185
Rents and concessions	182	182	178	(4)
Intergovernmental revenues:				
Federal			1,574	1,574
State	45	45	60	15
Other	32,168	32,168	9,394	(22,774)
Charges for services	19,143	19,143	1,228	(17,915)
Miscellaneous			21	21
<b>TOTAL REVENUES</b>	<b>103,440</b>	<b>103,440</b>	<b>66,516</b>	<b>(36,924)</b>
<b>EXPENDITURES</b>				
Current-Public ways and facilities:				
Services and supplies	124,048	134,956	62,084	72,872
Other charges	3	3		3
Capital assets	4,655	4,655	480	4,175
Capital Outlay	45,815	47,993	11,524	36,469
<b>TOTAL EXPENDITURES</b>	<b>174,521</b>	<b>187,607</b>	<b>74,088</b>	<b>113,519</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(71,081)</b>	<b>(84,167)</b>	<b>(7,572)</b>	<b>76,595</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets			50	50
Transfers out	(132)	(132)	(15)	117
Appropriations for contingencies	(32,527)	(19,441)		19,441
Changes in fund balance	(1,069)	(1,069)	2,872	3,941
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(33,728)</b>	<b>(20,642)</b>	<b>2,907</b>	<b>23,549</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(104,809)</b>	<b>(104,809)</b>	<b>(4,665)</b>	<b>100,144</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>104,809</b>	<b>104,809</b>	<b>104,809</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>100,144</b>	<b>100,144</b>

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, 2015 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 18,369	18,369	21,215	2,846
Fines, forfeitures and penalties	170	170	137	(33)
Revenue from use of money and property-				
Investment income	408	408	433	25
Intergovernmental revenues:				
State	150	150	142	(8)
Other	589	589	407	(182)
Charges for services	5,587	5,587	3,340	(2,247)
Miscellaneous			42	42
TOTAL REVENUES	25,273	25,273	25,716	443
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	40,676	40,676	20,263	20,413
Other charges	2,008	2,008	1,042	966
Capital assets	10	10		10
Capital Outlay	2,000	2,000		2,000
TOTAL EXPENDITURES	44,694	44,694	21,305	23,389
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,421)	(19,421)	4,411	23,832
OTHER FINANCING SOURCES (USES)				
Transfers in	6,377	6,377	3,198	(3,179)
Transfers out	(6,001)	(6,001)	(3,201)	2,800
Appropriations for contingencies	(1,130)	(1,130)		1,130
Changes in fund balance	(7,602)	(7,602)	(6,327)	1,275
OTHER FINANCING SOURCES (USES) - NET	(8,356)	(8,356)	(6,330)	2,026
NET CHANGE IN FUND BALANCE	(27,777)	(27,777)	(1,919)	25,858
FUND BALANCE, JULY 1, 2014	27,777	27,777	27,777	
FUND BALANCE, JUNE 30, 2015	\$		25,858	25,858

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, 2015 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 4,872	4,872	5,533	661
Fines, forfeitures and penalties	499	499	391	(108)
Revenue from use of money and property-				
Investment income	186	186	241	55
Intergovernmental revenues-				
State	39	39	37	(2)
Charges for services	19,744	19,744	19,821	77
TOTAL REVENUES	25,340	25,340	26,023	683
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	30,826	30,826	21,369	9,457
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,486)	(5,486)	4,654	10,140
OTHER FINANCING USES				
Appropriations for contingencies	(1,706)	(1,706)		1,706
Changes in fund balance	(1,244)	(1,244)	(1,227)	17
TOTAL OTHER FINANCING USES	(2,950)	(2,950)	(1,227)	1,723
NET CHANGE IN FUND BALANCE	(8,436)	(8,436)	3,427	11,863
FUND BALANCE, JULY 1, 2014	8,436	8,436	8,436	
FUND BALANCE, JUNE 30, 2015	\$		11,863	11,863

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, 2015 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Fines, forfeitures and penalties	\$ 264	264	322	58
Revenue from use of money and property- Investment income	110	110	149	39
Intergovernmental revenues:				
State			24	24
Other	35	35	35	
Charges for services	35,778	35,778	36,332	554
Miscellaneous			17	17
<b>TOTAL REVENUES</b>	<b>36,187</b>	<b>36,187</b>	<b>36,879</b>	<b>692</b>
<b>EXPENDITURES</b>				
Current-Health and sanitation:				
Services and supplies	47,287	47,202	29,135	18,067
Other charges	1,335	1,335	972	363
Capital assets	90	90		90
Capital Outlay	1,000	1,000		1,000
<b>TOTAL EXPENDITURES</b>	<b>49,712</b>	<b>49,627</b>	<b>30,107</b>	<b>19,520</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(13,525)</b>	<b>(13,440)</b>	<b>6,772</b>	<b>20,212</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(828)	(913)	(340)	573
Appropriations for contingencies	(1,709)	(1,709)		1,709
Changes in fund balance	24	24	813	789
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(2,513)</b>	<b>(2,598)</b>	<b>473</b>	<b>3,071</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(16,038)</b>	<b>(16,038)</b>	<b>7,245</b>	<b>23,283</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>16,038</b>	<b>16,038</b>	<b>16,038</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>23,283</b>	<b>23,283</b>

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, 2015 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 271,794	271,794	271,566	(228)
Fines, forfeitures and penalties			1,310	1,310
Revenue from use of money and property-				
Investment income	500	500	573	73
Charges for services			1,236	1,236
Miscellaneous	830	830		(830)
TOTAL REVENUES	273,124	273,124	274,685	1,561
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	27,655	27,655	19,204	8,451
Other charges	28,335	28,335	28,335	
TOTAL EXPENDITURES	55,990	55,990	47,539	8,451
EXCESS OF REVENUES OVER EXPENDITURES	217,134	217,134	227,146	10,012
OTHER FINANCING SOURCES (USES)				
Transfers out	(222,543)	(222,543)	(222,229)	314
Appropriations for contingencies	(1,238)	(1,238)		1,238
Changes in fund balance			422	422
OTHER FINANCING SOURCES (USES) - NET	(223,781)	(223,781)	(221,807)	1,974
NET CHANGE IN FUND BALANCE	(6,647)	(6,647)	5,339	11,986
FUND BALANCE, JULY 1, 2014	6,647	6,647	6,647	
FUND BALANCE, JUNE 30, 2015	\$		11,986	11,986

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, 2015 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Licenses, permits and franchises	\$ 8,020	8,020	7,740	(280)
Fines, forfeitures and penalties	21,477	21,477	20,575	(902)
Revenue from use of money and property:				
Investment income	158	158	280	122
Rents and concessions	38	38	95	57
Intergovernmental revenues:				
Federal		185		(185)
State	1,253	1,253	667	(586)
Other	1,497	1,497	1,497	
Charges for services	17,544	17,544	20,067	2,523
Miscellaneous			10	10
<b>TOTAL REVENUES</b>	<b>49,987</b>	<b>50,172</b>	<b>50,931</b>	<b>759</b>
<b>EXPENDITURES</b>				
Current-Health and sanitation:				
Services and supplies	56,325	56,510	43,743	12,767
Capital assets	1,078	1,078	501	577
<b>TOTAL EXPENDITURES</b>	<b>57,403</b>	<b>57,588</b>	<b>44,244</b>	<b>13,344</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(7,416)</b>	<b>(7,416)</b>	<b>6,687</b>	<b>14,103</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(3,401)	(3,401)	(2,363)	1,038
Appropriations for contingencies	(3,682)	(3,682)		3,682
Changes in fund balance	(7,229)	(7,229)	(5,783)	1,446
<b>TOTAL OTHER FINANCING USES</b>	<b>(14,312)</b>	<b>(14,312)</b>	<b>(8,146)</b>	<b>6,166</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(21,728)</b>	<b>(21,728)</b>	<b>(1,459)</b>	<b>20,269</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>21,728</b>	<b>21,728</b>	<b>21,728</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>20,269</b>	<b>20,269</b>

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, 2015 (in thousands)

	MENTAL HEALTH SERVICES ACT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Revenue from use of money and property- Investment income	\$ 2,852	2,852	5,024	2,172
Intergovernmental revenues- State	394,853	394,853	485,663	90,810
<b>TOTAL REVENUES</b>	<b>397,705</b>	<b>397,705</b>	<b>490,687</b>	<b>92,982</b>
<b>EXPENDITURES</b>				
Current-Health and sanitation- Services and supplies	30,271	30,271	152	30,119
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>367,434</b>	<b>367,434</b>	<b>490,535</b>	<b>123,101</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(508,553)	(526,276)	(305,332)	220,944
Appropriations for contingencies	(29,938)	(29,938)		29,938
Changes in fund balance	(82,102)	(64,379)	(64,362)	17
<b>TOTAL OTHER FINANCING USES</b>	<b>(620,593)</b>	<b>(620,593)</b>	<b>(369,694)</b>	<b>250,899</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(253,159)</b>	<b>(253,159)</b>	<b>120,841</b>	<b>374,000</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>253,159</b>	<b>253,159</b>	<b>253,159</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>374,000</b>	<b>374,000</b>

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, 2015 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Licenses, permits and franchises	\$			
Fines, forfeitures and penalties	9,278	9,278	8,790	(488)
Revenue from use of money and property:				
Investment income	1,286	1,286	3,190	1,904
Rents and concessions	18,000	18,000	18,472	472
Intergovernmental revenues:				
Federal				
State	50,200	50,200	155,075	104,875
Charges for services	11,202	11,202	12,543	1,341
Miscellaneous	17,209	17,209	22,783	5,574
<b>TOTAL REVENUES</b>	<b>107,175</b>	<b>107,175</b>	<b>220,853</b>	<b>113,678</b>
<b>EXPENDITURES</b>				
Current-Public protection:				
Services and supplies	181,503	181,253	63,451	117,802
Other charges	874	874	874	
Capital assets	29,457	29,707	4,155	25,552
<b>TOTAL EXPENDITURES</b>	<b>211,834</b>	<b>211,834</b>	<b>68,480</b>	<b>143,354</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(104,659)</b>	<b>(104,659)</b>	<b>152,373</b>	<b>257,032</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of capital assets	28	28	52	24
Transfers in	6,374	6,374	6,374	
Transfers out	(58,124)	(61,225)	(34,530)	26,695
Appropriations for contingencies	(15,110)	(15,106)		15,106
Changes in fund balance	(30,990)	(27,893)	(27,521)	372
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(97,822)</b>	<b>(97,822)</b>	<b>(55,625)</b>	<b>42,197</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(202,481)</b>	<b>(202,481)</b>	<b>96,748</b>	<b>299,229</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>202,481</b>	<b>202,481</b>	<b>202,481</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>299,229</b>	<b>299,229</b>

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, 2015 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Licenses, permits and franchises	\$ 1,378	1,378	1,357	(21)
Fines, forfeitures and penalties	2,337	2,337	2,313	(24)
Revenue from use of money and property-				
Investment income	22	22	3	(19)
Charges for services	2,690	2,690	2,521	(169)
Miscellaneous	1,736	1,736	2,409	673
<b>TOTAL REVENUES</b>	<b>8,163</b>	<b>8,163</b>	<b>8,603</b>	<b>440</b>
<b>EXPENDITURES</b>				
Current-Public assistance-				
Services and supplies	10,772	10,772	7,387	3,385
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,609)</b>	<b>(2,609)</b>	<b>1,216</b>	<b>3,825</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,413)	(1,413)	(1,259)	154
Appropriations for contingencies	(1,626)	(1,626)		1,626
Changes in fund balance	310	310	839	529
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(2,729)</b>	<b>(2,729)</b>	<b>(420)</b>	<b>2,309</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,338)</b>	<b>(5,338)</b>	<b>796</b>	<b>6,134</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>5,338</b>	<b>5,338</b>	<b>5,338</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>6,134</b>	<b>6,134</b>

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, 2015 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Licenses, permits and franchises	\$ 20	20	22	2
Revenue from use of money and property:				
Investment income	29	29	17	(12)
Rents and concessions	952	952	1,091	139
Intergovernmental revenues:				
State	142	142	137	(5)
Other		4,515		(4,515)
Charges for services	4,435	4,435	4,520	85
Miscellaneous	2,630	2,630	2,920	290
<b>TOTAL REVENUES</b>	<b>8,208</b>	<b>12,723</b>	<b>8,707</b>	<b>(4,016)</b>
<b>EXPENDITURES</b>				
Current-Recreation and cultural services:				
Services and supplies	21,599	24,856	7,564	17,292
Other Charges	394	394		394
Capital assets	100	100	10	90
<b>TOTAL EXPENDITURES</b>	<b>22,093</b>	<b>25,350</b>	<b>7,574</b>	<b>17,776</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(13,885)</b>	<b>(12,627)</b>	<b>1,133</b>	<b>13,760</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,022	679	810	131
Transfers out	(789)	(789)	(418)	371
Changes in fund balance	1,844	1,929	2,136	207
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>3,077</b>	<b>1,819</b>	<b>2,528</b>	<b>709</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,808)</b>	<b>(10,808)</b>	<b>3,661</b>	<b>14,469</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>10,808</b>	<b>10,808</b>	<b>10,808</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>14,469</b>	<b>14,469</b>

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, 2015 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 15,000	15,000	14,995	(5)
Revenue from use of money and property- Investment income	250	250	236	(14)
TOTAL REVENUES	15,250	15,250	15,231	(19)
EXPENDITURES				
Current-Public protection:				
Services and supplies	29,420	29,420	1,399	28,021
Other charges	25,765	25,765	23,879	1,886
TOTAL EXPENDITURES	55,185	55,185	25,278	29,907
DEFICIENCY OF REVENUES OVER EXPENDITURES	(39,935)	(39,935)	(10,047)	29,888
NET CHANGE IN FUND BALANCE	(39,935)	(39,935)	(10,047)	29,888
FUND BALANCE, JULY 1, 2014	39,935	39,935	39,935	
FUND BALANCE, JUNE 30, 2015	\$		29,888	29,888

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, 2015 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 18,000	18,000	17,172	(828)
Revenue from use of money and property- Investment income	300	300	337	37
TOTAL REVENUES	18,300	18,300	17,509	(791)
EXPENDITURES				
Current-Public protection:				
Services and supplies	49,121	49,121	7,673	41,448
Other charges	2,008	2,008	1,963	45
Capital Outlay	420	420		420
TOTAL EXPENDITURES	51,549	51,549	9,636	41,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(33,249)	(33,249)	7,873	41,122
OTHER FINANCING SOURCES (USES)				
Transfers in			1,353	1,353
Transfers out	(12,900)	(12,900)		12,900
OTHER FINANCING SOURCES (USES) - NET	(12,900)	(12,900)	1,353	14,253
NET CHANGE IN FUND BALANCE	(46,149)	(46,149)	9,226	55,375
FUND BALANCE, JULY 1, 2014	46,149	46,149	46,149	
FUND BALANCE, JUNE 30, 2015	\$		55,375	55,375

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, 2015 (in thousands)

	REGISTRAR RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 13,534	13,534	13,110	(424)
OTHER FINANCING USES				
Transfers out	(14,914)	(14,914)	(13,521)	1,393
Appropriations for contingencies	(15,937)	(15,937)		15,937
TOTAL OTHER FINANCING USES	(30,851)	(30,851)	(13,521)	17,330
NET CHANGE IN FUND BALANCE	(17,317)	(17,317)	(411)	16,906
FUND BALANCE, JULY 1, 2014	17,317	17,317	17,317	
FUND BALANCE, JUNE 30, 2015	\$		16,906	16,906

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, 2015 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 2,800	2,800	3,130	330
Fines, forfeitures and penalties			5	5
Revenue from use of money and property:				
Investment income	152	152	309	157
Rents and concessions	4,790	4,790	4,863	73
Royalties	6	6	3	(3)
Charges for services	759	759	2,975	2,216
Miscellaneous	13	13	40	27
<b>TOTAL REVENUES</b>	<b>8,520</b>	<b>8,520</b>	<b>11,325</b>	<b>2,805</b>
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	5,700	5,700	5,550	150
Services and supplies	25,806	25,806	11,313	14,493
Other charges		52	51	1
Capital assets	6,255	6,255	934	5,321
Total general government	37,761	37,813	17,848	19,965
Education-				
Services and supplies	5,884	5,631	41	5,590
<b>TOTAL EXPENDITURES</b>	<b>43,645</b>	<b>43,444</b>	<b>17,889</b>	<b>25,555</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(35,125)</b>	<b>(34,924)</b>	<b>(6,564)</b>	<b>28,360</b>
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	414	414	463	49
Transfers in	9,800	9,800	4,594	(5,206)
Transfers out	(50,871)	(51,072)	(4,012)	47,060
Appropriations for contingencies	(11,931)	(11,931)		11,931
Changes in fund balance			152	152
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>(52,588)</b>	<b>(52,789)</b>	<b>1,197</b>	<b>53,986</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(87,713)</b>	<b>(87,713)</b>	<b>(5,367)</b>	<b>82,346</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>87,713</b>	<b>87,713</b>	<b>87,713</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>82,346</b>	<b>82,346</b>

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 JUNE 30, 2015 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
<b>ASSETS</b>						
Pooled cash and investments:						
Operating	\$	57,460		79,428		\$ 136,888
Other		22				22
Total pooled cash and investments		57,482		79,428		136,910
Other investments			82,880	7,271	39,536	129,687
Interest receivable		67		102		169
<b>TOTAL ASSETS</b>		57,549	82,880	86,801	39,536	266,766
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					237,055	237,055
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$	57,549	82,880	86,801	276,591	\$ 503,821
<b>TOTAL FUND BALANCES - RESTRICTED</b>	\$	57,549	82,880	86,801	276,591	\$ 503,821

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, 2015 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
<b>REVENUES</b>						
Revenue from use of money and property-						
Investment income	\$	405	4,998	604	29	\$ 6,036
Charges for services		31,734				31,734
Miscellaneous					22,518	22,518
<b>TOTAL REVENUES</b>		<b>32,139</b>	<b>4,998</b>	<b>604</b>	<b>22,547</b>	<b>60,288</b>
<b>EXPENDITURES - Debt service</b>						
Principal	2,375	30,735	30,735	421,105		484,950
Interest and other charges	709	4,998	4,998	52,395	21,306	84,406
<b>TOTAL EXPENDITURES</b>	<b>3,084</b>	<b>35,733</b>	<b>35,733</b>	<b>473,500</b>	<b>21,306</b>	<b>569,356</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,084)</b>	<b>(3,594)</b>	<b>(30,735)</b>	<b>(472,896)</b>	<b>1,241</b>	<b>(509,068)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,084	1		204,936		208,021
Transfers out				(175,100)	(4,443)	(179,543)
Issuance of debt				420,172		420,172
Bond premium proceeds				27,354		27,354
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,084</b>	<b>1</b>		<b>477,362</b>	<b>(4,443)</b>	<b>476,004</b>
<b>NET CHANGE IN FUND BALANCES</b>		<b>(3,593)</b>	<b>(30,735)</b>	<b>4,466</b>	<b>(3,202)</b>	<b>(33,064)</b>
<b>FUND BALANCES, JULY 1, 2014</b>		<b>61,142</b>	<b>113,615</b>	<b>82,335</b>	<b>279,793</b>	<b>536,885</b>
<b>FUND BALANCES, JUNE 30, 2015</b>	<b>\$</b>	<b>57,549</b>	<b>82,880</b>	<b>86,801</b>	<b>276,591</b>	<b>\$ 503,821</b>



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, 2015 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Revenue from use of money and property-				
Investment income	\$ 194	194	295	101
<b>EXPENDITURES</b>				
Debt service:				
Principal	30,735	30,735	30,735	
Interest	9,687	5,058	4,998	60
<b>TOTAL EXPENDITURES</b>	<b>40,422</b>	<b>35,793</b>	<b>35,733</b>	<b>60</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(40,228)</b>	<b>(35,599)</b>	<b>(35,438)</b>	<b>161</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	36,306	31,677	31,734	57
Changes in fund balance	3,863	3,863	3,864	1
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>40,169</b>	<b>35,540</b>	<b>35,598</b>	<b>58</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(59)</b>	<b>(59)</b>	<b>160</b>	<b>219</b>
<b>FUND BALANCE, JULY 1, 2014</b>	<b>59</b>	<b>59</b>	<b>59</b>	
<b>FUND BALANCE, JUNE 30, 2015</b>	<b>\$</b>		<b>219</b>	<b>219</b>

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 JUNE 30, 2015 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
<b>ASSETS</b>					
Pooled cash and investments:					
Operating	\$ 105,713	12	106,938	58,657	\$ 271,320
Other	533		8	55	596
Total pooled cash and investments	106,246	12	106,946	58,712	271,916
Other investments			3,855		3,855
Interest receivable	243		76	140	459
Other receivables	5		1,070		1,075
Due from other funds	8,554		977		9,531
<b>TOTAL ASSETS</b>	<b>\$ 115,048</b>	<b>12</b>	<b>112,924</b>	<b>58,852</b>	<b>\$ 286,836</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 671		1,992		\$ 2,663
Due to other funds	2,034		3,559	5,246	10,839
Advances payable	37				37
<b>TOTAL LIABILITIES</b>	<b>2,742</b>		<b>5,551</b>	<b>5,246</b>	<b>13,539</b>
<b>FUND BALANCES</b>					
Restricted			107,373	53,606	160,979
Committed	71,504				71,504
Assigned	40,802	12			40,814
<b>TOTAL FUND BALANCES</b>	<b>112,306</b>	<b>12</b>	<b>107,373</b>	<b>53,606</b>	<b>273,297</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 115,048</b>	<b>12</b>	<b>112,924</b>	<b>58,852</b>	<b>\$ 286,836</b>

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, 2015 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
<b>REVENUES</b>					
Revenue from use of money and property -					
Investment income	\$ 969		711	614	\$ 2,294
Charges for services	6,806				6,806
Miscellaneous	857				857
<b>TOTAL REVENUES</b>	<b>8,632</b>		<b>711</b>	<b>614</b>	<b>9,957</b>
<b>EXPENDITURES - Capital outlay</b>	<b>21,793</b>		<b>116,569</b>		<b>138,362</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(13,161)</b>		<b>(115,858)</b>	<b>614</b>	<b>(128,405)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	22,616		74,673		97,289
Transfers out	(312)		(9,444)	(5,226)	(14,982)
Issuance of debt			41,639		41,639
<b>OTHER FINANCING SOURCES (USES) - NET</b>	<b>22,304</b>		<b>106,868</b>	<b>(5,226)</b>	<b>123,946</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>9,143</b>		<b>(8,990)</b>	<b>(4,612)</b>	<b>(4,459)</b>
<b>FUND BALANCES, JULY 1, 2014</b>	<b>103,163</b>	<b>12</b>	<b>116,363</b>	<b>58,218</b>	<b>277,756</b>
<b>FUND BALANCES, JUNE 30, 2015</b>	<b>\$ 112,306</b>	<b>12</b>	<b>107,373</b>	<b>53,606</b>	<b>\$ 273,297</b>

COUNTY OF LOS ANGELES  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS  
 JUNE 30, 2015 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
<b>ASSETS</b>			
Pooled cash and investments:			
Operating	\$ 434	1,875	\$ 2,309
Other	<u>2</u>	<u>2</u>	<u>2</u>
Total pooled cash and investments	<u>434</u>	<u>1,877</u>	<u>2,311</u>
Other investments	90		90
Interest receivable	<u>2</u>	<u>4</u>	<u>6</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 526</u></b>	<b><u>1,881</u></b>	<b><u>\$ 2,407</u></b>
<b>LIABILITIES</b>			
Due to other funds	<u>\$</u>	<u>19</u>	<u>\$ 19</u>
<b>FUND BALANCES</b>			
Nonspendable	410	1,775	2,185
Restricted for annuities and endowments	<u>116</u>	<u>87</u>	<u>203</u>
<b>TOTAL FUND BALANCES</b>	<b><u>526</u></b>	<b><u>1,862</u></b>	<b><u>2,388</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 526</u></b>	<b><u>1,881</u></b>	<b><u>\$ 2,407</u></b>

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, 2015 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES			
Revenue from use of money and property -			
Investment income	<u>\$ 6</u>	<u>17</u>	<u>\$ 23</u>
EXPENDITURES - General government	<u>32</u>	<u>20</u>	<u>52</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(26)</u>	<u>(3)</u>	<u>(29)</u>
NET CHANGE IN FUND BALANCES	(26)	(3)	(29)
FUND BALANCES, JULY 1, 2014	<u>552</u>	<u>1,865</u>	<u>2,417</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ 526</u>	<u>1,862</u>	<u>\$ 2,388</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, 2015 (in thousands)

	Public Works	Equipment Acquisition	Total
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments:			
Operating	\$ 49,631	9,400	\$ 59,031
Other	6,326	11	6,337
Total pooled cash and investments	<u>55,957</u>	<u>9,411</u>	<u>65,368</u>
Interest receivable	126	38	164
Other receivables	13,856		13,856
Due from other funds	78,128	20	78,148
Inventories	9,851		9,851
Total current assets	<u>157,918</u>	<u>9,469</u>	<u>167,387</u>
Noncurrent assets:			
Restricted assets		14,249	14,249
Capital assets:			
Equipment	174,239	134,124	308,363
Less accumulated depreciation	(86,068)	(67,143)	(153,211)
Total capital assets - net	<u>88,171</u>	<u>66,981</u>	<u>155,152</u>
Total noncurrent assets	<u>88,171</u>	<u>81,230</u>	<u>169,401</u>
<b>TOTAL ASSETS</b>	<u>246,089</u>	<u>90,699</u>	<u>336,788</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>46,216</u>		<u>46,216</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	5,184	473	5,657
Accrued payroll	16,806		16,806
Other payables	2,113		2,113
Accrued interest payable		242	242
Due to other funds	39,357		39,357
Advances from other funds	22,000		22,000
Advances payable	234		234
Current portion of long-term liabilities	10,028	23,890	33,918
Total current liabilities	<u>95,722</u>	<u>24,605</u>	<u>120,327</u>
Noncurrent liabilities:			
Accrued compensated absences	46,718		46,718
Bonds and notes		54,540	54,540
Workers' compensation	37,037		37,037
Net pension liability	216,720		216,720
OPEB obligation	410,730		410,730
Total noncurrent liabilities	<u>711,205</u>	<u>54,540</u>	<u>765,745</u>
<b>TOTAL LIABILITIES</b>	<u>806,927</u>	<u>79,145</u>	<u>886,072</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>93,034</u>		<u>93,034</u>
<b>NET POSITION</b>			
Net investment in capital assets	88,171	2,638	90,809
Restricted-			
Debt service			
Unrestricted (deficit)	(695,827)	8,916	(686,911)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (607,656)</u>	<u>11,554</u>	<u>\$ (596,102)</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, 2015 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$ 7	28,028	\$ 28,035
Charges for services	475,620		475,620
<b>TOTAL OPERATING REVENUES</b>	<b>475,627</b>	<b>28,028</b>	<b>503,655</b>
OPERATING EXPENSES:			
Salaries and employee benefits	419,603		419,603
Services and supplies	44,421	14	44,435
Other professional services	38,825		38,825
Depreciation and amortization	11,471	24,661	36,132
<b>TOTAL OPERATING EXPENSES</b>	<b>514,320</b>	<b>24,675</b>	<b>538,995</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(38,693)</b>	<b>3,353</b>	<b>(35,340)</b>
NONOPERATING REVENUES (EXPENSES):			
Investment income	89	69	158
Interest expense		(1,760)	(1,760)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>89</b>	<b>(1,691)</b>	<b>(1,602)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(38,604)</b>	<b>1,662</b>	<b>(36,942)</b>
Transfers in	8,536		8,536
Transfers out	(9)		(9)
<b>CHANGE IN NET POSITION</b>	<b>(30,077)</b>	<b>1,662</b>	<b>(28,415)</b>
<b>TOTAL NET POSITION (DEFICIT), JULY 1, 2014, as restated</b>	<b>(577,579)</b>	<b>9,892</b>	<b>(567,687)</b>
<b>TOTAL NET POSITION (DEFICIT), JUNE 30, 2015</b>	<b>\$ (607,656)</b>	<b>11,554</b>	<b>\$ (596,102)</b>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	Public Works	Equipment Acquisition	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rentals received	\$ 7		\$ 7
Rentals received from other funds		28,468	28,468
Cash received from charges for services	51,713		51,713
Cash received from charges for services to other funds	426,345		426,345
Cash paid for salaries and employee benefits	(381,053)		(381,053)
Cash paid for services and supplies	(30,051)	(14)	(30,065)
Other operating expenses	(38,825)		(38,825)
Net cash provided by operating activities	<u>28,136</u>	<u>28,454</u>	<u>56,590</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash advances received from other funds	234		234
Transfers in	8,536		8,536
Transfers out	(9)		(9)
Net cash provided by noncapital financing activities	<u>8,761</u>		<u>8,761</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from bonds and notes		40,000	40,000
Interest paid on capital borrowing		(1,758)	(1,758)
Principal payments on bonds and notes		(18,620)	(18,620)
Acquisition and construction of capital assets	(18,076)	(31,361)	(49,437)
Net cash required for capital and related financing activities	<u>(18,076)</u>	<u>(11,739)</u>	<u>(29,815)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	57	69	126
Net increase in cash and cash equivalents	18,878	16,784	35,662
Cash and cash equivalents July 1, 2014	<u>37,079</u>	<u>6,876</u>	<u>43,955</u>
Cash and cash equivalents June 30, 2015	<u>\$ 55,957</u>	<u>23,660</u>	<u>\$ 79,617</u>

Continued...

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CASH FLOWS - Continued  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	Public Works	Equipment Acquisition	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (38,693)	3,353	\$ (35,340)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	11,471	24,661	36,132
(Increase) decrease in:			
Other receivables	(4,370)		(4,370)
Due from other funds	5,957	440	6,397
Inventories	798		798
Increase (decrease) in:			
Accounts payable	(1,172)		(1,172)
Accrued payroll	1,080		1,080
Other payables	58		58
Accrued compensated absences	1,720		1,720
Due to other funds	14,744		14,744
Pension bonds payable	(340)		(340)
Workers' compensation	2,702		2,702
Litigation and self-insurance	(250)		(250)
Net pension liability and related changes in deferred outflows and inflows of resources	(25,121)		(25,121)
OPEB obligation	59,552		59,552
<b>TOTAL ADJUSTMENTS</b>	<b>66,829</b>	<b>25,101</b>	<b>91,930</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 28,136</b>	<b>28,454</b>	<b>\$ 56,590</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:</b>			
Pooled cash and investments	\$ 55,957	9,411	\$ 65,368
Restricted assets		14,249	14,249
<b>TOTAL</b>	<b>\$ 55,957</b>	<b>23,660</b>	<b>\$ 79,617</b>

# 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, 2015 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 85,364	\$	\$ 85,364
Other investments:			
Short-term investments	1,305,372		1,305,372
Equity	24,689,701	388,254	25,077,955
Fixed income	12,781,560	100,022	12,881,582
Private equity	4,346,854		4,346,854
Real estate	5,480,795		5,480,795
Hedge funds	691,537		691,537
Cash collateral on loaned securities	1,033,471		1,033,471
Interest receivable	99,637	149	99,786
Other receivables	880,099		880,099
<b>TOTAL ASSETS</b>	<b>51,394,390</b>	<b>488,425</b>	<b>51,882,815</b>
<b>LIABILITIES</b>			
Accounts payable	1,471,192		1,471,192
Other payables	1,104,848	66	1,104,914
<b>TOTAL LIABILITIES</b>	<b>2,576,040</b>	<b>66</b>	<b>2,576,106</b>
<b>NET POSITION</b>			
Net position restricted for pension and other postemployment benefits	<u>\$ 48,818,350</u>	<u>\$ 488,359</u>	<u>\$ 49,306,709</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, 2015 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
<b>ADDITIONS</b>			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 1,494,975	\$ 450,140	\$ 1,945,115
Member	441,258		441,258
Total contributions	<u>1,936,233</u>	<u>450,140</u>	<u>2,386,373</u>
Investment earnings:			
Investment income	2,421,690	486	2,422,176
Net increase (decrease) in the fair value of investments	(330,804)	4,429	(326,375)
Securities lending income	6,551		6,551
Total investment earnings	<u>2,097,437</u>	<u>4,915</u>	<u>2,102,352</u>
Less - Investment expenses-			
Expense from investing activities	108,079	228	108,307
Net investment earnings	<u>1,989,358</u>	<u>4,687</u>	<u>1,994,045</u>
Miscellaneous	<u>1,695</u>		<u>1,695</u>
<b>TOTAL ADDITIONS</b>	<u><u>3,927,286</u></u>	<u><u>454,827</u></u>	<u><u>4,382,113</u></u>
<b>DEDUCTIONS</b>			
Salaries and employee benefits	46,090		46,090
Services and supplies	16,501	152	16,653
Benefit payments	2,742,999	450,140	3,193,139
Miscellaneous	25,623		25,623
<b>TOTAL DEDUCTIONS</b>	<u><u>2,831,213</u></u>	<u><u>450,292</u></u>	<u><u>3,281,505</u></u>
<b>CHANGE IN NET POSITION</b>	1,096,073	4,535	1,100,608
<b>NET POSITION, JULY 1, 2014</b>	<u><u>47,722,277</u></u>	<u><u>483,824</u></u>	<u><u>48,206,101</u></u>
<b>NET POSITION, JUNE 30, 2015</b>	<u><u>\$ 48,818,350</u></u>	<u><u>\$ 488,359</u></u>	<u><u>\$ 49,306,709</u></u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 JUNE 30, 2015 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 15,486,371		\$ 15,486,371
Other investments		120,928	120,928
Interest receivable	36,581	429	37,010
<b>TOTAL ASSETS</b>	<b>15,522,952</b>	<b>121,357</b>	<b>15,644,309</b>
<b>NET POSITION</b>			
Net position restricted for pool participants and investment trust fund	<u>\$ 15,522,952</u>	<u>121,357</u>	<u>\$ 15,644,309</u>

COUNTY OF LOS ANGELES  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ADDITIONS			
Contributions to investment trust funds	\$ 42,721,986	459,164	\$ 43,181,150
Investment income	<u>119,206</u>	<u>1,320</u>	<u>120,526</u>
TOTAL ADDITIONS	<u>42,841,192</u>	<u>460,484</u>	<u>43,301,676</u>
DEDUCTIONS			
Distributions from investment trust funds	<u>40,715,361</u>	<u>436,171</u>	<u>41,151,532</u>
CHANGE IN NET POSITION	2,125,831	24,313	2,150,144
NET POSITION, JULY 1, 2014	<u>13,397,121</u>	<u>97,044</u>	<u>13,494,165</u>
NET POSITION, JUNE 30, 2015	<u>\$ 15,522,952</u>	<u>121,357</u>	<u>\$ 15,644,309</u>

COUNTY OF LOS ANGELES  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>PROPERTY TAX FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 326,888	55,304,324	55,295,398	\$ 335,814
Interest receivable	297	204	297	204
<b>TOTAL ASSETS</b>	<b>\$ 327,185</b>	<b>55,304,528</b>	<b>55,295,695</b>	<b>\$ 336,018</b>
LIABILITIES				
Due to other governments	327,185	55,304,528	55,295,695	336,018
<b>TOTAL LIABILITIES</b>	<b>\$ 327,185</b>	<b>55,304,528</b>	<b>55,295,695</b>	<b>\$ 336,018</b>
<u>DEPARTMENTAL FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,281,509	79,551,730	79,459,280	\$ 1,373,959
Other investments	30,810	1,805	1,809	30,806
Taxes receivable	272,899	472,427	522,710	222,616
Interest receivable	45,293	50,085	45,294	50,084
<b>TOTAL ASSETS</b>	<b>\$ 1,630,511</b>	<b>80,076,047</b>	<b>80,029,093</b>	<b>\$ 1,677,465</b>
LIABILITIES				
Due to other governments	1,630,511	80,076,047	80,029,093	1,677,465
<b>TOTAL LIABILITIES</b>	<b>\$ 1,630,511</b>	<b>80,076,047</b>	<b>80,029,093</b>	<b>\$ 1,677,465</b>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,608,397	134,856,054	134,754,678	\$ 1,709,773
Other investments	30,810	1,805	1,809	30,806
Taxes receivable	272,899	472,427	522,710	222,616
Interest receivable	45,590	50,289	45,591	50,288
<b>TOTAL ASSETS</b>	<b>\$ 1,957,696</b>	<b>135,380,575</b>	<b>135,324,788</b>	<b>\$ 2,013,483</b>
LIABILITIES				
Due to other governments	1,957,696	135,380,575	135,324,788	2,013,483
<b>TOTAL LIABILITIES</b>	<b>\$ 1,957,696</b>	<b>135,380,575</b>	<b>135,324,788</b>	<b>\$ 2,013,483</b>









## 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 .....	191
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 .....	198
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY .....	202
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 .....	208
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.....	210
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>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>	<u>2014-15</u>
<b>Governmental activities</b>										<b>(2)</b>
Net investment in capital assets <b>(1)</b>	\$ 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	14,846,719
Restricted	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	3,098,677
Unrestricted (deficit)	(840,389)	(194,953)	51,582	(972,862)	(2,133,744)	(4,247,364)	(6,127,737)	(6,919,526)	(8,199,840)	(16,822,355)
Subtotal governmental activities net position	14,105,563	15,440,624	15,570,415	14,752,295	13,999,615	13,162,766	11,373,998	10,390,976	9,316,775	1,123,041
<b>Business-type activities</b>										
Net investment in capital assets <b>(1)</b>	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	2,298,915
Restricted	165,427	186,266	307,985	192,427	163,820	122,216	104,997	68,169	76,908	84,672
Unrestricted (deficit)	(444,450)	(640,691)	(824,889)	(1,032,677)	(1,373,660)	(1,336,706)	(1,588,985)	(1,721,419)	(1,930,232)	(3,220,744)
Subtotal business-type activities net position	1,548,202	1,736,574	1,742,713	1,377,199	1,083,307	1,027,850	757,071	565,397	418,406	(837,157)
<b>Primary government</b>										
Net investment in capital assets <b>(1)</b>	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	17,145,634
Restricted	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	3,183,349
Unrestricted (deficit)	(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)	(20,043,099)
Total primary government net position	\$ 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	285,884

**Notes:**

**(1)** The County adopted GASB Statement No. 63 in FY 2012-13. For FY 2005-06 through 2011-12, the amounts were reported as Invested in capital assets, net of related debt. Net assets were also renamed as net position.

**(2)** The County adopted GASB 68 & 71 in FY 2014-15 and prior year amounts were not restated.

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

	<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>	<u>2014-15</u>
<b>Expenses</b>										(2)
Government activities:										
General government	\$ 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	1,429,897
Public protection	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	6,638,192
Public ways and facilities	360,980	282,827	299,304	327,403	352,549	417,250	355,527	381,211	366,582	415,586
Health and sanitation	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	3,136,924
Public assistance	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	6,007,973
Education	92,867	99,136	112,035	109,910	101,397	104,159	112,497	119,680	119,037	107,336
Recreation and cultural services	240,274	266,967	290,669	331,726	319,000	311,422	310,369	316,372	278,459	365,755
Interest on long-term debt	221,838	239,608	191,551	165,782	139,824	134,429	110,541	105,491	97,777	99,400
Subtotal governmental activities expenses	12,771,716	13,331,259	15,584,102	16,179,879	16,549,818	16,659,327	17,448,455	17,110,914	18,239,504	18,201,063
Business-type activities:										
Hospitals	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	4,017,633
Waterworks	67,563	97,504	74,810	76,904	76,817	83,592	94,651	84,824	84,499	85,479
Aviation	5,236	5,761	4,182	5,073	4,743	4,658	5,022	5,332	6,402	6,675
Community Development Commission (1)	202,298	211,077	246,195	268,201	294,785	284,048	289,924			
Subtotal business-type activities expense	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	4,109,787
Total primary government expenses	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	22,310,850
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	500,233	451,050	445,948	634,153	432,084	451,082	455,062	473,047	488,685	469,598
Public protection	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	1,246,654
Health and sanitation	469,450	518,893	708,097	484,240	639,602	635,950	665,863	615,531	784,997	535,836
Recreation and cultural services	165,980	173,531	206,364	172,899	178,935	179,705	183,151	200,827	200,639	206,794
Other charges for services	83,694	63,664	104,433	79,844	92,226	82,462	103,799	51,735	55,027	46,125
Subtotal governmental activities charges for services	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	2,505,007
Operating grants and contributions	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	8,976,986
Capital grants and contributions	64,258	25,135	184,502	206,137	115,640	149,569	38,352	104,486	12,850	35,685
Total governmental activities program revenue	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	11,517,678
Business-type activities:										
Charges for services										
Hospitals	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	2,960,080
Other charges for services	90,604	93,770	76,516	73,311	70,853	72,429	81,239	75,762	78,625	77,746
Subtotal business-type activities charges for services	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	3,037,826
Operating grants and contributions	309,526	304,720	263,471	279,195	317,162	681,471	776,779	522,112	485,888	500,840
Capital grants and contributions	74,821	12,992	2,897	837	2,018	437	1,311	47	3,156	2,353
Total business-type activities program revenue	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	3,541,019
Total primary government program revenues	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	15,058,697

**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.

(2) The County adopted GASB 68 & 71 in FY 2014-15 and prior year amounts were not restated.

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

	<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>	<u>2014-15</u>
<b>Net (expenses) / revenues:</b>										
Governmental activities	(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)	(6,683,385)
Business-type activities	(664,582)	(933,144)	(1,344,754)	(1,417,468)	(1,282,026)	(949,216)	(1,117,562)	(1,010,311)	(905,866)	(568,768)
Total primary government net expenses	(4,233,150)	(4,861,851)	(6,872,667)	(7,481,211)	(7,393,878)	(6,862,245)	(8,099,858)	(7,240,516)	(7,801,513)	(7,252,153)
<b>General Revenues and Transfers</b>										
Governmental Activities:										
Taxes	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	6,161,188
Unrestricted grants and contributions	730,516	761,705	778,936	756,417	701,521	677,767	608,967	745,406	513,458	512,079
Investment income (loss)	244,005	335,851	324,132	197,705	105,878	80,746	82,271	(920)	64,354	74,220
Miscellaneous	171,049	259,357	229,810	142,075	132,856	129,963	134,827	150,957	134,611	181,119
Special Item - Contribution of Disney Hall		267,473								
Extraordinary Items - Net positions transferred to private-purpose trust fund							(6,282)			
Transfers (Net)	(989,117)	(1,049,213)	(1,152,946)	(1,011,862)	(895,250)	(859,079)	(818,923)	(913,686)	(731,152)	(603,762)
Subtotal governmental activities	4,449,372	5,263,768	5,214,331	5,276,901	5,106,600	5,076,180	5,193,528	5,551,800	5,821,446	6,324,844
Business-type activities:										
Taxes	743	3,782	4,405	4,453	4,415	4,265	4,382	4,347	4,681	4,919
Unrestricted grants and contributions	34	35	37	37	143	41	51	37	33	
Investment income (loss)	9,703	18,043	14,073	9,844	2,693	2,142	1,770	(171)	3,908	1,289
Miscellaneous	58,804	50,443	24,950	25,758	35,463	28,232	21,657	13,171	19,101	26,012
Transfers (Net)	989,117	1,049,213	1,152,946	1,011,862	895,250	859,079	818,923	913,686	731,152	603,762
Subtotal business-type activities	1,058,401	1,121,516	1,196,411	1,051,954	937,964	893,759	846,783	931,070	758,875	635,982
Total primary government	5,507,773	6,385,284	6,410,742	6,328,855	6,044,564	5,969,939	6,040,311	6,482,870	6,580,321	6,960,826
<b>Changes in Net Position</b>										
Government activities	880,804	1,335,061	(313,582)	(786,842)	(1,005,252)	(836,849)	(1,788,768)	(678,405)	(1,074,201)	(358,541)
Business-type activities	393,819	188,372	(148,343)	(365,514)	(344,062)	(55,457)	(270,779)	(79,241)	(146,991)	67,214
Total primary government	\$ 1,274,623	1,523,433	(461,925)	(1,152,356)	(1,349,314)	(892,306)	(2,059,547)	(757,646)	(1,221,192)	(291,327)

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

	(1) 2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (3)	2011-12	2012-13	2013-14	2014-15
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 352,523	415,001	532,752	368,798	373,511					
Inventories	42,562	42,561	43,906	46,486	44,279					
Assets unavailable for appropriation	26,970	20,718	20,808	124,567	366,638					
Total Reserved Balance	422,055	478,280	597,466	539,851	784,428					
Unreserved, designated for:										
Budget uncertainties	375,511	338,192	292,113							
Program expansion	497,370	328,795	302,763	464,395	305,831					
Health services	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	793,812	1,366,839	1,624,335	1,655,388	1,592,484					
Total Unreserved Balance	2,316,223	2,602,164	2,776,974	2,626,967	2,211,383					
Nonspendable						259,127	259,597	253,836	272,007	272,384
Restricted						35,377	55,115	59,786	40,577	55,694
Committed							332,255	528,865	482,740	334,346
Assigned						763,038	405,285	376,181	538,078	491,954
Unassigned						1,664,901	1,589,699	1,660,982	1,769,406	2,035,445
Total General Fund	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	3,189,823
<b>All Other Governmental Funds (2)</b>										
Reserved for:										
Encumbrances	414,475	379,556	384,475	391,728	383,683					
Inventories	49,424	44,936	45,426	42,965	44,039					
Housing programs	2,117	1,662	1,167	1,618	2,026					
Debt service	508,379	467,444	447,088	447,866	448,391					
Endowments & annuities	3,332	3,380	3,455	3,019	2,826					
Assets unavailable for appropriation	46,872	32,638	53,218	16,152	15,484					
Total Reserved Balance	1,024,599	929,616	934,829	903,348	896,449					
Unreserved, designated for:										
Special revenue funds	309,291	441,196	572,711	641,311	731,996					
Unreserved, undesignated, reported in:										
Special revenue funds	792,856	835,998	931,013	991,162	1,096,078					
Capital projects special funds	328,896	268,535	190,098	188,992	193,410					
Total Unreserved Balance	1,431,043	1,545,729	1,693,822	1,821,465	2,021,484					
Nonspendable						54,082	46,371	11,191	11,953	14,047
Restricted						3,173,112	3,181,643	2,920,249	2,856,062	3,240,873
Committed						111,363	125,838	123,956	115,116	112,034
Assigned						143,704	147,775	171,992	190,659	202,283
Total All Other Governmental Funds	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	3,569,237
Total Governmental Fund Balance	\$ 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	6,759,060

**Notes:**

- (1) FY 2005-06 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.





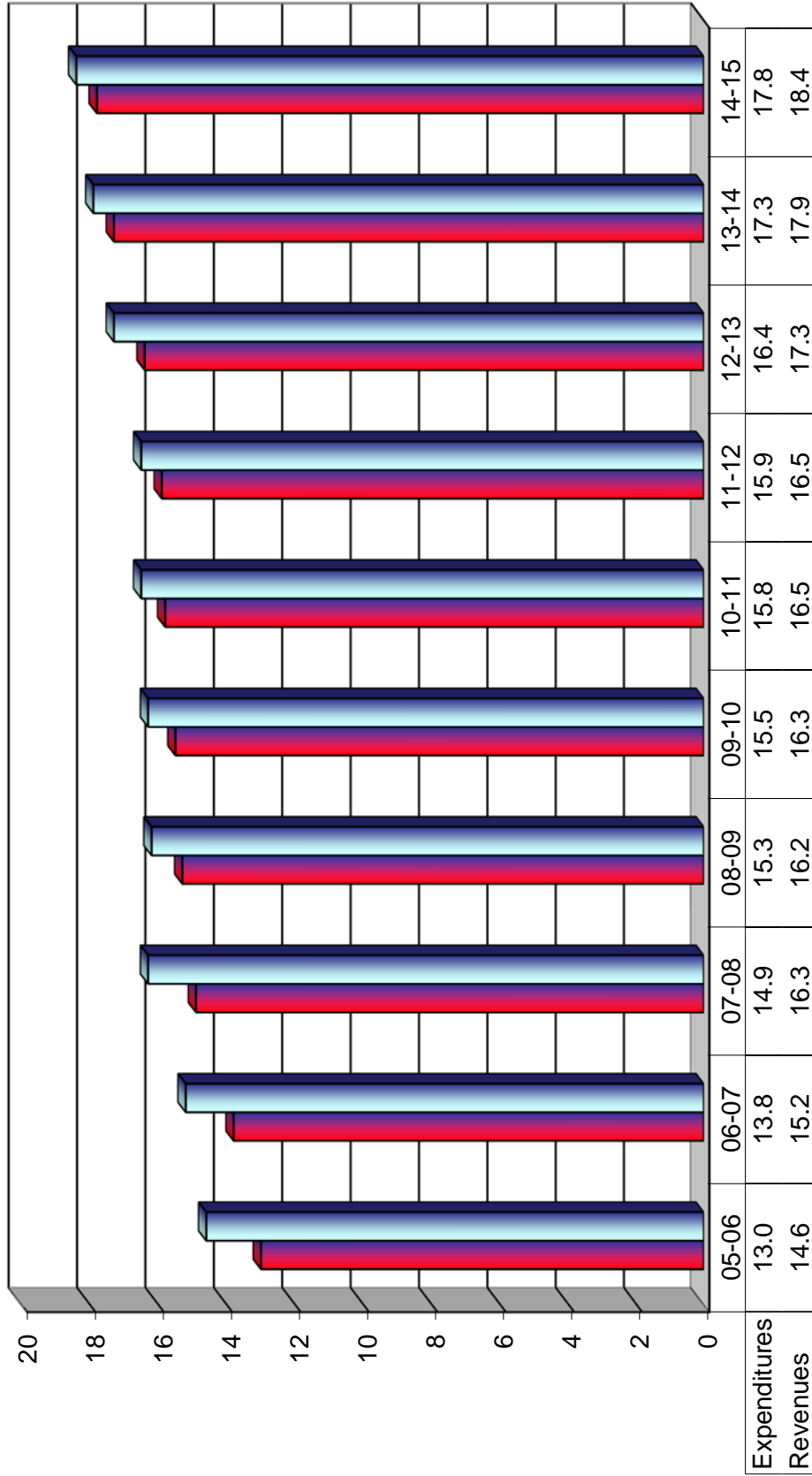
COUNTY OF LOS ANGELES  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)  
 LAST TEN FISCAL YEARS (in thousands)  
 (modified accrual basis of accounting)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenues (by source)</b>										
Taxes	\$ 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	6,078,449
Licenses, permits and franchises	77,004	77,690	79,511	80,823	69,440	80,278	83,252	91,833	91,160	92,079
Fines, forfeitures and penalties	309,962	316,174	341,135	364,047	353,432	341,143	300,310	302,310	284,318	279,246
Revenue from use of money and property:										
Investment income (loss)	243,197	334,865	323,071	196,575	105,618	80,584	81,947	(551)	64,097	73,966
Rents and concessions	69,388	80,874	78,370	90,881	94,101	111,659	114,178	118,224	124,664	133,208
Royalties	615	594	978	1,073	1,006	1,285	3,446	3,029	2,435	1,503
Intergovernmental revenues:										
Federal	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	3,412,218
State	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	6,012,662
Other	121,532	154,116	170,405	183,787	169,268	162,385	131,217	215,145	83,587	69,212
Charges for services	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	2,023,074
Miscellaneous	324,060	291,293	442,645	327,762	273,309	218,607	224,000	283,518	210,090	259,466
Total Revenues	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	18,435,083
<b>Expenditures (by function)</b>										
Current:										
General government	778,406	871,304	934,641	963,275	877,098	898,099	999,962	997,690	1,026,961	1,172,098
Public protection	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	6,353,892
Public ways and facilities	287,544	271,904	318,468	309,264	332,036	340,886	324,449	326,159	338,953	378,345
Health and sanitation	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	3,074,411
Public assistance	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	5,688,513
Education	92,105	99,115	105,684	115,315	107,963	110,550	109,159	115,750	121,237	123,723
Recreation and cultural services	247,845	265,029	272,028	302,988	300,199	302,924	299,663	319,863	346,690	357,458
Debt services:										
Principal (2)	420,369	330,824	239,916	200,175	196,941	218,856	186,951	123,581	350,393	463,680
Interest and other charges	126,030	211,386	259,254	220,467	246,461	269,895	110,998	101,089	99,038	97,877
Capital outlay	67,717	48,897	188,090	75,494	32,799	101,592	176,197	397,807	218,498	139,228
Total Expenditures	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	17,849,225
Excess of Revenues over Expenditures	1,594,546	1,389,383	1,392,627	894,917	869,689	774,180	505,352	841,735	538,773	585,858
<b>Other Financing Sources (Uses)</b>										
Transfers in	516,492	540,377	602,352	527,231	565,138	639,472	719,565	782,464	664,819	757,897
Transfers out	(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)	(1,353,746)
Issuance of debt	389,423	326,245	3,000	36,977	36,977	326,363	192,281	293,284	366,957	461,811
Refunding bonds issued		94,315					50,675			
Payment to refunded bonds escrow agent		(320,995)	(94,315)							
Bond premium proceeds		14,566						3,848		27,354
Proceeds from capital leases	22,533	818	98,168	880	2,333	43,523	15,128	2,780	1,736	866
Sales of capital assets	12,636	3,816	4,099	6,145	2,235	17,732	4,733	1,365	1,586	2,422
Total other financing sources (uses)	(563,052)	(1,027,514)	(1,045,066)	(1,006,377)	(847,576)	(483,220)	(560,196)	(612,527)	(369,213)	(103,396)
Extraordinary item - Net assets transferred to private-purpose trust fund							(6,282)			
Net change in fund balances	\$ 1,031,494	361,869	347,561	(111,460)	22,113	290,960	(61,126)	229,208	169,560	482,462
Debt service as a percentage of noncapital expenditures (1)	4.29%	4.03%	3.44%	2.81%	2.91%	3.17%	1.92%	1.41%	2.69%	3.23%
<b>Note:</b>										
(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	\$ 272,525	400,933	356,061	349,363	234,040	366,201	457,331	432,727	631,200	454,502

# 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
2005 - 2006	\$ 813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.00000%
2006 - 2007	905,276,182	45,783,429	10,638,106	(36,182,793)	925,514,924	1.00000%
2007 - 2008	990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.00000%
2008 - 2009	1,057,718,427	52,279,248	12,298,465	(41,418,999)	1,080,877,141	1.00000%
2009 - 2010	1,055,807,331	53,193,853	11,891,981	(45,881,461)	1,075,011,704	1.00000%
2010 - 2011	1,040,789,623	49,744,044	12,120,596	(47,184,173)	1,055,470,090	1.00000%
2011 - 2012	1,058,615,951	48,214,334	12,950,932	(49,248,993)	1,070,532,224	1.00000%
2012 - 2013 (6)	1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.00000%
2013 - 2014	1,134,707,829	49,662,548	13,989,870	(53,103,768)	1,145,256,479	1.00000%
2014 - 2015	1,197,665,178	50,777,030	14,325,069	(54,911,046)	1,207,856,231	1.00000%

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 (4)	Overlapping Rates (2) (3) (5)					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	
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
2014- 2015	1.000000	.000000	.000000	.028096	.187055	.003500	1.218651

**Notes:**

- (1) The Secured Tax Rate and Ratios Report no longer includes the Detention Facilities & Flood Control Districts rates, as these bonds have matured.
- (2) 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.
- (3) The County is divided into 12,703 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.
- (4) 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.
- (5) An exception to the 1% limit was provided by Proposition 46 which was approved in June, 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.

**Source:**

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

COUNTY OF LOS ANGELES  
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)  
 CURRENT YEAR AND NINE YEARS AGO  
 JUNE 30, 2015 AND JUNE 30, 2006 (in thousands)

Taxpayer	2015			2006		
	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 5,941,704	1	0.51%	\$ 3,495,406	1	0.44%
Douglas Emmett Residential	3,514,532	2	0.30%	2,267,823	3	0.29%
Tesoro Refining and Marketing Co.	2,572,396	3	0.22%			
Participants in Long Beach Unit	2,097,676	4	0.18%			
Universal Studios LLC	2,085,555	5	0.18%			
ASN Pasadena LLC	1,820,097	6	0.16%			
Chevron USA Inc/Texaco/Unocal	1,818,710	7	0.16%	2,110,543	4	0.27%
Southern California Gas Co.	1,811,041	8	0.16%	1,351,542	9	0.17%
AT&T/Pacific Bell Telephone Co.	1,740,245	9	0.15%			
EQR/ERP Limited	1,688,090	10	0.15%			
BP Amoco Corporation				2,292,210	2	0.29%
Maguire Thomas Partners				2,048,859	5	0.26%
SBC California				1,830,426	6	0.23%
Arden Realty LTD Partnership				1,595,755	7	0.20%
Exxon/Mobil Corp.				1,475,878	8	0.19%
Verizon California Inc.				1,307,070	10	0.17%
<b>Total</b>	<b>\$ 25,090,046</b>		<b>2.17%</b>	<b>\$ 19,775,512</b>		<b>2.51%</b>

**Note:**  
 (1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,157,079,201 as of June 30, 2015 is based on Secured \$1,197,665,178 plus Unitary \$14,325,069 less exemptions of \$54,911,046. Total assessed value, \$791,936,671 as of June 30, 2006 is based on Secured \$813,276,803 plus Unitary \$10,718,105 less exemptions of \$32,058,237. (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>
2005 - 2006	\$ 9,582,359	\$ 9,322,047	97.3%	\$ 260,312	\$ 9,582,359	100.0%
2006 - 2007	10,632,956	10,213,017	96.1%	419,939	10,632,956	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%	565,265	12,317,105	100.0%
2009 - 2010	12,457,417	12,047,862	96.7%	409,555	12,457,417	100.0%
2010 - 2011	12,651,611	12,344,040	97.6%	288,938	12,632,978	99.9%
2011 - 2012	12,822,884	12,556,003	97.9%	231,612	12,787,615	99.7%
2012 - 2013	13,286,464	13,044,463	98.2%	169,871	13,214,334	99.5%
2013 - 2014	13,673,951	13,452,687	98.4%	126,664	13,579,351	99.3%
2014 - 2015	14,394,534	14,167,462	98.4%	(2)	14,167,462	98.4%

**Note:**

(1) Reflects property taxes levied in prior years but collected in the current year.

(2) No amounts are shown in FY 2014-15 because the property taxes levied will be collected in the following fiscal year.

**Source:**

Auditor-Controller-Accounting Division-Property Tax Section

COUNTY OF LOS ANGELES  
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)  
LAST TEN FISCAL YEARS (In thousands, except per capita)

**Governmental Activities**

Fiscal Year	General Obligation Bonds	Assessment Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Pension Bonds Payable	Capital Leases
2005-06	\$ 9,475	\$ 325,710	\$ 1,007,134	\$ 387,764	\$ 73,191	\$ 36,346	\$ (23,876)	\$ 1,045,264	\$ 123,676
2006-07	370	304,235	876,106	403,622	94,692	50,079	(40,818)	879,585	98,450
2007-08		269,995	812,318	395,838	116,475	48,036	(37,985)	668,539	173,369
2008-09		246,875	726,236	413,252	138,476	44,121	(34,848)	485,092	157,794
2009-10		222,660	670,242	414,651	160,642	40,195	(31,805)	256,717	148,073
2010-11		197,285	912,191	513,462	172,237	36,314	(28,942)		181,260
2011-12		170,725	863,211	563,381	172,662	32,259	(25,949)		190,746
2012-13 (3)		142,870	810,740	597,536	172,142	32,107	(23,165)		183,056
2013-14 (4)		113,615	770,872	681,090	170,583	27,908			174,121
2014-15		82,880	852,579	647,817	167,904	51,085			166,320

**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 (2)
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	0.58%	283
2014-15		787,537	62,719	34,186			2,853,027	0.56%	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 2012-13.
- (4) The unamortized loss on advance debt refund, which was previously reported under bonds payable, is now reported as deferred outflows of resources due to the implementation of GASB 65 in FY 2013-14.

**Source:**

Auditor-Controller, County of Los Angeles



COUNTY OF LOS ANGELES  
 RATIO OF NET GENERAL BONDED DEBT (UNAUDITED)  
 LAST TEN FISCAL YEARS (in thousands except ratio and per capita)

Fiscal Year	Population (1)	Assessed Value (1)	General Bonded Debt (2)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
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	10,069	1,145,256,479		.000000	0.0000
2014-15	10,117	1,207,856,231		.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, 2015

2014-15 Net Assessed Valuation	\$ 1,207,856,231,081	
Redevelopment Incremental Valuation	159,451,721,798	
Full Cash Value (2014-15)	<u>1,048,404,509,283</u>	(1)
Population - (2015)	<u>10,117,400</u>	(2)

	Percent	Debt
	<u>Applicable</u>	<u>June 30, 2015</u>
100		\$ 15,105,000
		<u>\$ 15,105,000</u>

DIRECT TAX AND ASSESSMENT DEBT:

Los Angeles County Flood Control District	\$	
Subtotal Direct Tax and Assessment Debt	\$	

OVERLAPPING TAX AND ASSESSMENT DEBT:

Metropolitan Water District	\$	53,257,774	
Los Angeles Community College District	100	3,882,265,000	
Other Community College Districts	Various (3)	2,631,220,559	
Arcadia Unified School District	100	190,428,896	
Beverly Hills Unified School District	100	194,220,855	
Glendale Unified School District	100	222,759,986	
Long Beach Unified School District	100	781,405,702	
Los Angeles Unified School District	100	10,296,665,000	
Pasadena Unified School District	100	336,555,000	
Pomona Unified School District	100	233,126,050	
Redondo Beach Unified School District	100	220,864,621	
Santa Monica-Malibu Unified School District	100	310,824,194	
Torrance Unified School District	100	369,992,073	
Other Unified School Districts	Various (3)	3,041,372,080	
High School and School Districts	Various (3)	1,729,428,608	
City of Los Angeles	100	887,735,000	
City of Industry	100	115,425,000	
Other Cities	100	60,900,000	
Palmdale Water District Water Revenue Bonds	100	54,289,038	(4)
Palos Verdes Library District	100	2,420,000	
Community Facilities Districts	100	704,167,173	
Los Angeles County Regional Park & Open Space Assessment District	100	82,880,000	(5)
1915 Act and Benefit Assessment Bonds - Estimate	100	103,922,600	
Subtotal Overlapping Tax and Assessment Debt	\$	<u>26,506,125,209</u>	
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$	<u>26,521,230,209</u>	
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues		(34,744,984)	
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$	<u>26,486,485,225</u>	

DIRECT GENERAL FUND OBLIGATION DEBT:

Los Angeles County General Fund Obligations	\$	1,953,480,000	(6)
Subtotal Direct General Fund Obligation Debt	\$	<u>1,953,480,000</u>	

OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Los Angeles County Office of Education Certificates of Participation	\$	8,719,113	
Community College District Certificates of Participation	Various (7)	44,317,332	
Baldwin Park Unified School District Certificates of Participation	100	28,825,000	
Compton Unified School District Certificates of Participation	100	20,850,000	
Los Angeles Unified School District Certificates of Participation	100	307,180,000	
Paramount Unified School District Certificates of Participation	100	28,900,000	
Other Unified School District Certificates of Participation	Various (7)	157,989,917	

Continued . . . .

COUNTY OF LOS ANGELES  
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued  
 JUNE 30, 2015

High School and Elementary School District General Fund Obligations		141,148,968	Various (7)
City of Beverly Hills General Fund Obligations	100	162,875,000	
City of Los Angeles General Fund & Judgment Obligations	100	1,655,124,584	
City of Long Beach General Fund Obligations	100	158,875,000	
City of Long Beach Pension Obligation Bonds	100	40,915,000	
City of Pasadena General Fund Obligations	100	472,062,918	
City of Pasadena Pension Obligation Bonds	100	1,209,227,115	
Other Cities' General Fund Obligations	100	182,237,684	
Los Angeles County Sanitation Districts Financing Authority	100	4,738,707,631	
Subtotal Overlapping General Fund Obligation Debt		6,692,187,631	
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>(8)</b>	
Less: Los Angeles County Lease Revenue Bonds supported by landfill revenues		(4,544,895)	
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(17,090,808)	
Cities' supported bonds		(540,323,443)	
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>6,130,228,485</b>	
<b>OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)</b>		<b>4,326,005,136</b>	
<b>GROSS COMBINED TOTAL DEBT</b>		<b>37,539,422,976</b>	
<b>NET COMBINED TOTAL DEBT</b>		<b>36,942,718,846</b>	
<b>TOTAL GROSS DIRECT DEBT</b>		<b>1,968,585,000</b>	
<b>TOTAL NET DIRECT DEBT</b>		<b>1,964,040,105</b>	
<b>TOTAL GROSS OVERLAPPING DEBT</b>		<b>35,570,837,976</b>	
<b>TOTAL NET OVERLAPPING DEBT</b>		<b>34,978,678,741</b>	
<b>RATIOS TO 2014-15 NET ASSESSED VALUATION</b>			
Total Overlapping Tax and Assessment Debt		2.19%	
<b>RATIOS TO FULL CASH VALUE</b>			
Gross Combined Direct Debt (\$1,968,585,000)		0.19%	
Net Combined Direct Debt (\$1,964,040,105)		0.19%	
Gross Combined Total Debt		3.58%	
Net Combined Total Debt		3.52%	
<b>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</b>			
Total Overlapping Tax Increment Debt		2.71%	

- Notes:**
- (1) This balance is reduced by homewoners exemptions of \$7,740,295,064.
  - (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance and the U.S. Census Bureau as of January 1 of each year.
  - (3) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
  - (4) 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)		Legal Debt Margin/ Debt Limit
	Assessed Value	Legal Debt Limit	Total net applicable debt	Legal Debt Margin	Legal Debt Margin		
2005 - 2006	\$ 835,901,668	\$ 10,448,771	\$ 8,395	\$ 10,440,376	99.92%		
2006 - 2007	925,514,924	11,568,937		11,568,937	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%		
2014 - 2015	1,207,856,231	15,098,203		15,098,203	100.00%		

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2015

Assessed valuation (net taxable)	\$ 1,207,856,231
Applicable percentage in computing capacity	1.25%
Total debt limit	\$ 15,098,203
Less: Total net applicable debt	
Legal debt margin, June 30, 2015	\$ 15,098,203

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule.
- (2) The Legal Debt Limit is 1.25% of assessed value.
- (3) The Legal Debt Margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable from the Legal Debt Limit.

COUNTY OF LOS ANGELES  
 PLEDGED-REVENUE COVERAGE (UNAUDITED)  
 LAST TEN FISCAL YEARS

Fiscal Year	Marina del Rey Revenue Bonds			Regional Park and Open Space Special Assessment Bond				
	Revenue Collected	Principal	Debt Service Interest	Special Assessment Collection	Principal	Debt Service Interest	Total Debt Service	Coverage
2005-06	(1)	\$ 50,745,000	\$ 1,649,212	\$ 52,394,212	\$ 23,980,000	\$ 17,150,338	\$ 41,130,338	1.91
2006-07				78,930,000	21,475,000	16,020,653	37,495,653	2.11
2007-08				78,613,000	34,240,000 (3)	16,867,000	51,107,000	1.54
2008-09				79,140,000	23,120,000	12,821,950	35,941,950	2.20
2009-10				80,130,000	24,215,000	11,691,825	35,906,825	2.23
2010-11				80,152,000	25,375,000	10,514,544	35,889,544	2.23
2011-12				79,484,000	26,560,000	9,270,388	35,830,388	2.22
2012-13				80,380,000	27,855,000	7,925,013	35,780,013	2.25
2013-14				80,455,000	29,255,000	6,497,263	35,752,263	2.25
2014-15				80,090,000	30,735,000	4,997,513	35,732,513	2.24

Fiscal Year	Calabasas Landfill Bond Fees			Total		
	Revenue Collected	Principal	Debt Service Interest	Debt Service	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	591,361	2,165,000	1,182,721	3,347,721		0.18
2014-15 (2)	545,354	2,325,000	1,090,709	3,415,709		0.16

Notes:

- (1) Optional Redemption occurred on 7/1/05 using Reserve and remaining Sinking Funds.
- (2) Gross operating revenues were \$11,385,413 less operating expenses \$10,840,059 to arrive at net available revenue of \$545,354.
- (3) Reflects additional redemptions related to the Regional Park and Open Space District Refunding Revenue Bonds Series 2007 A.

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

Year	Population County of Los Angeles *	Personal Income *	Per Capita Personal Income (1)	School Enrollment (2) **	Unemployment Rate *
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	10,069	487,900,000	48,456	1,553	8.2%
2015	10,117 (3)	510,500,000 (3)	50,460	1,539	7.2%

**Notes:**

- (1) Amounts shown are in actual dollars (not thousands).
- (2) Public school enrollment.
- (3) Amount is a projection as of February 2015.

**Sources:**

- \* Los Angeles Economic Development Corporation Economic Forecast: website address: [www.laedc.org](http://www.laedc.org).
- \*\* California Department of Education website address: [www.cde.ca.gov](http://www.cde.ca.gov).

COUNTY OF LOS ANGELES  
 TEN LARGEST INDUSTRIES (1)  
 CURRENT YEAR AND NINE YEARS AGO

Industry	June 30, 2015			June 30, 2006		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	814,700	1	17.34%	807,000	1	17.72%
Educational & Health Services	763,100	2	16.25%	575,800	4	12.64%
Professional & Business Services	623,000	3	13.26%	601,300	2	13.20%
Government	574,400	4	12.23%	598,000	3	13.13%
Leisure & Hospitality	487,600	5	10.38%	394,100	6	8.65%
Manufacturing	362,800	6	7.72%	467,600	5	10.26%
Financial Activities	211,100	7	4.49%	247,300	7	5.43%
Information	190,900	8	4.06%	209,100	8	4.59%
Other Services	155,900	9	3.32%	147,100	10	3.23%
Construction	128,200	10	2.73%	159,300	9	3.50%
Ten largest industries	4,311,700		91.78%	4,206,600		92.35%
All other industries	385,900		8.22%	348,500		7.65%
<b>Total industries</b>	<b>4,697,600</b>		<b>100.00%</b>	<b>4,555,100</b>		<b>100.00%</b>

**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](http://www.edd.ca.gov/labormarketinfo).

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

<u>Function/Program</u> (1) and (2)	<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> (4)	<u>2013-14</u> (4)	<u>2014-15</u>
General Government	11,018	11,185	11,692	11,605	11,100	10,831	10,680	10,578	10,528	10,571
Public Protection (3)	38,049	39,528	41,560	42,583	36,378	35,428	35,433	33,702	33,556	33,537
Health and Sanitation	26,717	27,072	27,395	27,345	26,826	26,133	26,029	25,839	26,431	27,144
Public Assistance	19,540	20,329	20,867	20,940	20,665	20,280	20,043	19,963	20,346	20,808
Education	1,828	1,871	1,878	1,829	1,622	1,481	1,431	1,459	1,442	1,432
Recreation and Cultural Services	2,393	2,649	2,977	3,075	2,861	2,761	2,812	2,811	2,853	2,839
Total	99,545	102,634	106,369	107,377	99,452	96,914	96,428	94,352	95,156	96,331

**Notes:**

- (1) Full time equivalent count is calculated by dividing the total number of man-months paid by 12. Full time equivalent employees include all employees on the County's payroll system.
- (2) Specific data for Public Ways and Facilities is not available.
- (3) Beginning with 2009 -10, totals reflect the exclusion of Superior Court employees that are no longer on the County's payroll and are identified as State employees.
- (4) Restated FY 2012-13 and FY 2013-14 due to migration from CWTAPPS to TIMEI, which occurred in April 2012, to eliminate duplicate entries. Figures have been revised from previous publication.

**Source:**  
 Employee Count study performed by the Auditor Controller- Accounting Division.



COUNTY OF LOS ANGELES  
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)  
LAST TEN FISCAL YEARS

Function/Program (9)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Government										
Assessor - Number of re-appraisable transfers processed	221,858	168,592	148,999	153,807	164,464	158,643	149,864	146,369	150,006	138,322
Auditor Controller - Number of warrants issued monthly (1)	360,394	235,336	239,750	254,316	221,097	220,649	230,243	222,142	215,210	189,729
Registrar Recorder - Number of registered voters	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	6,394,639
Public Protection										
Sheriff - Inmate population (10)	19,000	19,300	19,600	19,300	18,000	15,300	16,400	18,710	18,951	19,041
Sheriff - Crime rate total (2)	297.89	299.51	302.20	290.65	249.44	246.84	252.13	252.20	231.93	235.60
Probation - Juvenile halls/camps population (11)	3,500	4,000	4,000	2,800	2,600	2,385	2,354	2,004	1,635	1,438
Health and Sanitation										
Health Services - Average daily inpatient census (12)	1,493	1,415	1,317	1,293	1,313	1,321	1,263	1,234	1,213	1,212
Health Services - Outpatient visits (13)	2,656,000	2,665,000	2,631,000	2,710,000	2,817,000	2,811,000	2,970,000	3,182,000	2,868,000	2,733,000
Mental Health - Number of outpatient services to children and youth (3)	55,725	51,016	53,115	57,518	61,835	62,732	69,708	73,513	73,062	61,111
Public Assistance										
Children and Family Services - Child protective services caseloads	527,100	531,500	518,700	479,900	498,100	521,600	539,700	533,500	540,200	540,600
Children and Family Services - Adoption caseloads	21,200	22,300	23,500	24,300	24,800	24,500	23,900	23,800	23,700	22,900
Public Social Services - Average persons aided monthly thru CalWorks (4)	388,700	358,200	351,300	369,700	409,100	442,200	438,400	428,100	422,800	414,900
Public Social Services - Average number of indigents aided monthly	63,400	59,000	62,900	74,900	91,700	106,600	108,100	104,800	104,800	95,800
Community and Senior Services - Number of vulnerable adults served	25,518	26,450	27,671	27,828	28,779	30,654	33,187	36,788	37,779	38,558
Education										
Public Library - Number of items which circulate to the public (8)	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	4,930,145
Recreation and Culture										
Museum of Art - Total education program participants (5)	250,866	200,103	305,645	326,922	307,121	423,560	487,297	512,658	502,269	530,163
Museum of Natural History - Annual attendance (6)	867,138	859,569	874,725	873,230	858,297	933,588	1,162,231	1,012,661	1,140,844	1,131,507
Parks and Recreation - Total passive and active park users (7)	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	11,626,319

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. FY2014-15 have lag times of data due to implementation of Integrated Behavioral Health Information System on October 16, 2015.
- (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:

2012-2013, 2013-2014, 2014-2015 & 2015-2016 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 2006-07, along with the new methodology for accumulating data. Revised holdings based on substantial collection review and catalog updating. FY2014-15 data went down due to weeding process.
- (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 2014-15 has increased to 73 days as compared to an average of 59 days in 2013-14.
- (11) The Actual FY 2012-13 figures reflects three camps that are temporary closed.
- (12) DHS estimates the FY 2014-15 inpatient census to remain at a similar level as the FY 2013-14. 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 2014-15 data is an estimate.

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

Function/Program (1)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public Protection										
Animal Shelters	7	6	6	6	6	6	6	6	6	6
Public ways and facilities										
Mileage of maintained County roads	3,179	3,198	3,213	3,217	3,219	3,219	3,218	3,206	3,187	3,187
Miles of unincorporated County bikeways	139	141	141	145	145	148	148	162	171	182
Airports	5	5	5	5	5	5	5	5	5	5
Dams	15	15	15	14	14	14	14	15	14	14
Storm drains, in miles	2,782	2,865	2,800	2,972	3,010	3,070	3,100	3,200	3,331	3,348
Flood pump stations	45	45	45	45	45	45	48	48	48	48
Health and Sanitation										
Hospitals	5	5	4	4	4	4	4	4	4	4
Health centers	18	18	18	18	18	18	17	17	17	17
Education										
Libraries	84	84	84	85	85	85	84	85	85	86
Bookmobiles	5	4	4	4	5	5	4	3	3	3
Recreation and Cultural services										
Museums (2)	4	4	4	4	5	5	5	5	5	5
Arboretums and Botanic Gardens	4	4	4	4	4	4	4	4	4	4
Golf courses (3)	19	19	19	19	19	19	19	19	19	20
Beaches	20	20	20	17	17	14	14	14	14	14
Boat Slips	5,246	5,246	4,796	4,832	4,800	4,700	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.
- (3) On May 12, 2015, the Board approved to occupy, operate and make improvements of Norwalk Golf Course.

**Source:**

2015-16 Recommended Budget book, Department of Public Works website, Sheriff's Department website and Department of Health Services website.