



County of Los Angeles Deferred Compensation And Thrift ("Horizons") Plan

Financial Statements and Supplemental
Schedules with Independent Auditor's Report
Years ended June 30, 2013 and 2012



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**COUNTY OF LOS ANGELES
 DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
 FINANCIAL STATEMENTS AND
 INDEPENDENT AUDITOR’S REPORT
 YEARS ENDED JUNE 30, 2013 AND 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Plan Administrative Committee of the
County of Los Angeles Deferred Compensation and
Thrift ("Horizons") Plan

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position of the County of Los Angeles Deferred Compensation and Thrift ("Horizons") Plan (the "Plan") as of June 30, 2013 and 2012, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements.

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 an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Plan'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 Plan'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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan, as of June 30, 2013 and 2012, and the respective changes in financial position 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 financial statements, effective July 1, 2012, the Plan adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

Los Angeles, CA
January 15, 2014

Bazilio Cobb Associates, P.C.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2013 AND 2012**

This Management’s Discussion and Analysis (“MD&A”) of the financial activities of the County of Los Angeles Deferred Compensation and Thrift (“Horizons”) Plan (the “Plan”) is an overview of its fiscal operations for the years ended June 30, 2013 and 2012. Readers are encouraged to consider the information presented in conjunction with the financial statements and the notes to the financial statements. Amounts contained in this discussion have been rounded to facilitate their readability.

Overview of Financial Statements

The Plan has two financial statements, the notes to the financial statements, and supplemental information that includes schedules in the format of the financial statements, showing the balances and activity for each investment option. The financial statements and the required disclosures are in compliance with the accounting standards and reporting guidelines as set forth by the Governmental Accounting Standards Board (“GASB”), utilizing the accrual basis of accounting.

The financial statements of the Plan are presented on a comparative basis with the previous fiscal year. The Statements of Fiduciary Net Position reflect a snapshot of account balances at each fiscal year-end. The statements reflect assets available for future payments to participants and their beneficiaries and any current liabilities owed as of each fiscal year-end. The Statements of Fiduciary Net Position, which present assets and deferred outflow of resources and less the liabilities and deferred inflow of resources, reflect the funds available for future benefit payments.

The Statements of Changes in Fiduciary Net Position reflect all the activities that occurred during the fiscal year presented, and the impact of those addition or deduction activities on the Plan’s net position. The trend of additions versus deductions to the Plan can be an indication of the Plan’s financial condition over time.

The notes to the financial statements provide a detailed discussion of key accounting policies and activities that occurred during the year. The notes provide additional information that is essential to a full understanding of the information provided in the financial statements.

2013 Financial Highlights

- Net position available for benefits as of June 30, 2013, as reported in the Statement of Fiduciary Net Position, totaled \$7.1 billion, an increase of \$0.7 billion or 10.70% from the prior year.
- Total additions, as reflected in the Statement of Changes in Fiduciary Net Position, increased by \$693.0 million during the year ended June 30, 2013. The overall increase was primarily due to an increase of \$631.5 million in the net appreciation/depreciation in

**COUNTY OF LOS ANGELES
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MANAGEMENT’S DISCUSSION AND ANALYSIS
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the fair value of investments, which resulted from favorable market conditions during fiscal year 2013 as compared to the previous year.

- Total deductions during the year ended June 30, 2013, as reflected in the Statement of Changes in Fiduciary Net Position, increased by \$156.6 million, which was due primarily to an increase in benefits paid out to participants.

2012 Financial Highlights

- Net position available for benefits as of June 30, 2012, as reported in the Statement of Fiduciary Net Position, totaled \$6.4 billion, an increase of \$0.2 billion or 2.4% from the prior year.
- Total additions, as reflected in the Statement of Changes in Fiduciary Net Position, decreased by \$787.0 million during the year ended June 30, 2012. The overall decrease was primarily due to a decrease of \$783.1 million in the net appreciation/depreciation in the fair value of investments, which resulted from unfavorable market conditions during fiscal year 2012 as compared to the previous year.
- Total deductions during the year ended June 30, 2012, as reflected in the Statement of Changes in Fiduciary Net Position, increased by \$56.3 million, which was due primarily to an increase in benefits paid out to participants.

Financial Analysis

Table 1 – Condensed Statements of Fiduciary Net Position as of June 30, 2013, 2012 and 2011

	2013	2012	2011	2013 - 2012		2012 - 2011	
				Variance	%	Variance	%
ASSETS							
Investments	\$ 6,735,795,092	\$ 6,075,584,070	\$ 5,946,702,683	\$ 660,211,022	10.87	\$ 128,881,387	2.17
Receivables	369,727,262	343,255,562	321,951,609	26,471,700	7.71	21,303,953	6.62
Total Assets	<u>7,105,522,354</u>	<u>6,418,839,632</u>	<u>6,268,654,292</u>	<u>686,682,722</u>	10.70	<u>150,185,340</u>	2.40
LIABILITIES							
Administrative expenses payable	500,816	618,416	758,148	(117,600)	(19.02)	(139,732)	(18.43)
Total Liabilities	<u>500,816</u>	<u>618,416</u>	<u>758,148</u>	<u>(117,600)</u>	(19.02)	<u>(139,732)</u>	(18.43)
Net Position Available For Benefits	<u>\$ 7,105,021,538</u>	<u>\$ 6,418,221,216</u>	<u>\$ 6,267,896,144</u>	<u>\$ 686,800,322</u>	10.70	<u>\$ 150,325,072</u>	2.40

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Fiscal Year 2013

The Plan’s investments for fiscal year 2013 increased by \$660.2 million or 10.87%. The increase was due primarily to net investment income for the year of \$660.6 million. The significant return on investments occurred because market conditions were favorable in 2013 compared to 2012, which contributed to an increase in the net appreciation in the fair value of investments in 2013 compared to a net depreciation in 2012 of \$631.5 million.

As shown in **Table 2a - Investments by Fund with Rates of Returns as of June 30, 2013**, a significant portion of the Plan’s investments were in the Horizons Stable Income Fund (41.6%), Horizons Mid Cap Equity Fund (10.5%) and the Horizons Large Cap Equity Fund (11.6%). The Horizons Stable Income Fund provides participants with the opportunity to accumulate capital through a fixed income investment vehicle through capital preservation and a higher yield than traditional money market instruments. The Horizons Mid and Large Cap Equity Funds invest primarily in domestic equity funds and provide capital appreciation and diversification to participants. As of June 30, 2013, the Horizons Stable Income, Mid Cap Equity and Large Cap Equity Funds had an average annual rate of return of 2.2%, 22.2% and 20.6%, respectively.

Receivables for fiscal year 2013 increased by \$26.5 million or 7.71% due to increases in participant loans and contributions during the year.

Fiscal Year 2012

The Plan’s investments for fiscal year 2012 increased by \$128.9 million or 2.17%. The increase was due primarily to the excess of contributions over benefit payments plus a modest return on investments. The modest return on investments occurred because market conditions were unfavorable in 2012 compared to 2011, which contributed to a net depreciation in the fair value of investments in 2012 compared to a net appreciation in 2011, and a decrease in interest and dividends compared to 2011.

As shown in **Table 2b - Investments by Fund with Rates of Returns as of June 30, 2012**, a significant portion of the Plan’s investments were in the Horizons Stable Income Fund (46.0%), Horizons Mid Cap Equity Fund (10.0%) and the Horizons Large Cap Equity Fund (10.8%). The Horizons Stable Income Fund provides participants with the opportunity to accumulate capital through a fixed income investment vehicle through capital preservation and a higher yield than traditional money market instruments. The Horizons Mid and Large Cap Equity Funds invest primarily in domestic equity funds and provide capital appreciation and diversification to participants. As of June 30, 2012, the Horizons Stable Income, Mid Cap Equity and Large Cap Equity Funds had an average annual rate of return of 2.8%, -2.3% and 5.4%, respectively.

Receivables for fiscal year 2012 increased by \$21.3 million or 6.62% due to increases in participant loans and contributions during the year.

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Table 2a - Investments by Fund with Rates of Returns as of June 30, 2013

	Investment Value	Percentage of Total Assets	Average Annual Rate of Return %
Horizons 2010 Target Date Fund	\$ 151,957,777	2.3	11.7
Horizons 2015 Target Date Fund	205,613,365	3.1	13.8
Horizons 2020 Target Date Fund	371,904,929	5.5	15.8
Horizons 2025 Target Date Fund	414,584,380	6.1	16.9
Horizons 2030 Target Date Fund	45,268,580	0.7	17.5
Horizons 2035 Target Date Fund	37,665,780	0.6	17.5
Horizons 2040 Target Date Fund	28,421,600	0.4	17.5
Horizons 2045 Target Date Fund	24,311,480	0.4	17.5
Horizons 2050 Target Date Fund	9,016,233	0.1	17.4
Horizons Retirement Income Fund	50,357,279	0.7	8.8
Horizons Non-U.S. Equity Fund	246,435,094	3.7	20.6
Horizons Small Cap Equity Fund	418,431,029	6.2	25.8
Horizons Mid Cap Equity Fund	706,916,195	10.5	22.2
Horizons Large Cap Equity Fund	783,478,504	11.6	20.6
Horizons Balanced Fund	118,513,879	1.7	22.8
Horizons Bond Fund	112,143,338	1.7	5.0
Horizons Inflation Protection Fund	11,173,299	0.2	(4.9)
Bank Depository Fund	135,445,397	2.0	0.6
Horizons Stable Income Fund	2,804,705,746	41.6	2.2
SCHWAB Self Directed Brokerage Account	59,451,208	0.9	4.8
	<u>\$ 6,735,795,092</u>	<u>100.0</u>	

Table 2b - Investments by Fund with Rates of Returns as of June 30, 2012

	Investment Value	Percentage of Total Assets	Average Annual Rate of Return %
Horizons 2010 Target Date Fund	\$ 138,450,709	2.2	0.1
Horizons 2015 Target Date Fund	174,811,597	2.8	(0.8)
Horizons 2020 Target Date Fund	313,955,003	5.1	(2.1)
Horizons 2025 Target Date Fund	340,950,508	5.6	(3.2)
Horizons 2030 Target Date Fund	28,434,085	0.5	(3.0)
Horizons 2035 Target Date Fund	23,353,262	0.4	(3.0)
Horizons 2040 Target Date Fund	16,878,209	0.3	(2.9)
Horizons 2045 Target Date Fund	15,577,364	0.3	(3.0)
Horizons 2050 Target Date Fund	5,123,338	0.1	(2.9)
Horizons Retirement Income Fund	34,569,894	0.6	2.8
Horizons Non-U.S. Equity Fund	205,672,059	3.4	(12.2)
Horizons Small Cap Equity Fund	336,627,657	5.5	(5.5)
Horizons Mid Cap Equity Fund	606,166,234	10.0	(2.3)
Horizons Large Cap Equity Fund	657,854,768	10.8	5.4
Horizons Balanced Fund	78,836,104	1.3	0.9
Horizons Bond Fund	107,427,571	1.8	7.4
Horizons Inflation Protection Fund	15,218,387	0.3	11.4
Bank Depository Fund	133,039,007	2.2	1.2
Horizons Stable Income Fund	2,794,611,328	46.0	2.8
SCHWAB Self Directed Brokerage Account	48,026,986	0.8	(6.1)
	<u>\$ 6,075,584,070</u>	<u>100.0</u>	

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Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended June 30, 2013, 2012 and 2011

				2013 - 2012		2012 - 2011	
	2013	2012	2011	Variance	%	Variance	% Variance
ADDITIONS							
Contributions	\$ 516,074,288	\$ 437,815,502	\$ 429,684,466	\$ 78,258,786	17.87	\$ 8,131,036	1.89
Net investment income	660,599,244	45,819,481	840,953,100	614,779,763	1,341.74	(795,133,619)	(94.55)
Total Additions	1,176,673,532	483,634,983	1,270,637,566	693,038,549	143.30	(787,002,583)	(61.94)
DEDUCTIONS							
Benefits paid to participants	484,017,959	328,227,420	271,638,441	155,790,539	47.46	56,588,979	20.83
Administrative expenses	5,855,251	5,082,491	5,376,577	772,760	15.20	(294,086)	(5.47)
Total Deductions	489,873,210	333,309,911	277,015,018	156,563,299	46.97	56,294,893	20.32
Net Increase	686,800,322	150,325,072	993,622,548	536,475,250	356.88	(843,297,476)	(84.87)
Net Position Available For Benefits, Beginning of Year	6,418,221,216	6,267,896,144	5,274,273,596	150,325,072	2.40	993,622,548	18.84
Net Position Available For Benefits, End of Year	\$ 7,105,021,538	\$ 6,418,221,216	\$ 6,267,896,144	\$ 686,800,322	10.70	\$ 150,325,072	2.40

Fiscal Year 2013

Contributions were comprised of participant and rollover contributions, as well as the County’s matching share contributions, and increased by \$78.3 million or 17.87%, from \$437.8 million in fiscal year 2012 to \$516.1 million in fiscal year 2013. Participant contributions increased from \$325.9 million to \$335.7 million from fiscal year 2012 to 2013. The County’s matching share contributions increased from \$96.0 million to \$160.7 million. The increase in the County’s matching share contributions occurred because for fiscal year 2013, matching was up to 4% for represented employees (capped at \$112 million) and up to 4% for non-represented employees, as compared with fiscal year 2012, matching was up to 2% for represented employees (capped at \$56 million) and up to 3% for non-represented employees. Rollover contributions increased from \$15.9 million in fiscal year 2012 to \$19.7 million in fiscal year 2013.

Net investment income was comprised primarily of interest and dividends, and the net appreciation in the fair market value of investments. Interest and dividends decreased, from \$90.6 million in 2012, to \$73.9 million in 2013. The financial markets reflected favorable conditions during the year ended June 30, 2013, and accordingly, there was a net appreciation in the fair value of the investments of \$586.7 million for fiscal year 2013, compared to a net depreciation in the fair value of investments of \$44.7 million for fiscal year 2012. The increase in the net investment income was primarily due to the Plan’s funds, except the Inflation Protection Fund, reflecting positive rates of return. The Plan had an overall weighted average rate of return of 11.6% for fiscal year 2013.

Benefits paid to participants increased by \$155.8 million or 47.46%.

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The administrative expenses increased by \$0.77 million or 15.20% and are paid at the discretion of the Plan Administrative Committee. Administrative expenses represent approximately 0.08% or 8 basis points of average assets.

Fiscal Year 2012

Contributions were comprised of participant and rollover contributions, as well as the County’s matching share contributions, and increased by \$8.1 million or 1.89%, from \$429.7 million in fiscal year 2011 to \$437.8 million in fiscal year 2012. Participant contributions increased from \$322.2 million to \$325.9 million from fiscal year 2011 to 2012. The County’s matching share contributions increased from \$94.8 million to \$96.0 million. The increase in the County’s matching share contributions occurred because, as agreed in the amended Fringe Benefits Memorandum of Understanding with the Coalition of County Unions and the SEIU Local 721, no County match was made for the period January 1, 2011 through June 30, 2011; however, matching resumed on July 1, 2011 up to 2% for represented employees (capped at \$56 million) and up to 3% for non-represented employees. Rollover contributions increased from \$12.7 million in fiscal year 2011 to \$15.9 million in fiscal year 2012.

Net investment income was comprised primarily of interest and dividends, and the net depreciation in the fair value of investments. Interest and dividends decreased, from \$102.6 million in 2011, to \$90.6 million in 2012. The financial markets reflected unfavorable conditions during the year ended June 30, 2012, and accordingly, there was a net depreciation in the fair value of the investments of \$44.7 million for fiscal year 2012, compared to a net appreciation in the fair value of investments of \$738.4 million for fiscal year 2011. The decrease in the net investment income was primarily due to most of the Plan’s funds reflecting negative rates of return. The Plan had an overall weighted average rate of return of 0.8% for fiscal year 2012.

Benefits paid to participants increased by \$56.6 million or 20.83%.

The administrative expenses decreased by \$0.3 million or 5.47% and are paid at the discretion of the Plan Administrative Committee. Administrative expenses represent approximately 0.08% or 8 basis points of average assets.

Requests for Information

This financial report is designed to provide the Plan’s Administrative Committee, participants, and other third parties with a general overview of the Plan finances and to show accountability for the Plan’s funds. 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.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2013 AND 2012**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Investments:		
Horizons Stable Income Fund (Note 4)	\$ 2,804,705,746	\$ 2,794,611,328
Stock funds	3,484,172,205	2,884,906,972
Bond funds	252,020,536	214,999,777
Self directed brokerage accounts	59,451,208	48,026,986
Deposits (Note 3)	135,445,397	133,039,007
	<u>6,735,795,092</u>	<u>6,075,584,070</u>
Receivables:		
Participant loans	337,572,387	313,638,777
Participant contributions	28,319,508	27,186,133
Employer match	3,835,367	2,430,652
	<u>369,727,262</u>	<u>343,255,562</u>
 TOTAL ASSETS	 7,105,522,354	 6,418,839,632
 <u>LIABILITIES</u>		
Administrative expenses payable	<u>500,816</u>	<u>618,416</u>
 NET POSITION AVAILABLE FOR BENEFITS	 <u>\$ 7,105,021,538</u>	 <u>\$ 6,418,221,216</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED JUNE 30, 2013 AND 2012**

<u>ADDITIONS</u>	<u>2013</u>	<u>2012</u>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	\$ 586,722,346	\$ (44,733,137)
Interest and dividends	73,876,898	90,552,618
	<u>660,599,244</u>	<u>45,819,481</u>
Contributions:		
Employer	160,685,908	96,030,829
Participants	335,694,659	325,868,551
Rollovers	19,693,721	15,916,122
	<u>516,074,288</u>	<u>437,815,502</u>
 TOTAL ADDITIONS	 <u>1,176,673,532</u>	 <u>483,634,983</u>
 <u>DEDUCTIONS</u>		
Benefits paid to participants	484,017,959	328,227,420
Administrative expenses (Note 5)	5,855,251	5,082,491
	<u>489,873,210</u>	<u>333,309,911</u>
 TOTAL DEDUCTIONS	 <u>489,873,210</u>	 <u>333,309,911</u>
 NET INCREASE	 686,800,322	 150,325,072
 NET POSITION AVAILABLE FOR BENEFITS		
Beginning of year	<u>6,418,221,216</u>	<u>6,267,896,144</u>
 End of year	 <u>\$ 7,105,021,538</u>	 <u>\$ 6,418,221,216</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 DESCRIPTION OF PLAN

The following description of the County of Los Angeles Deferred Compensation and Thrift (“Horizons”) Plan (the “Plan”) provides only general information. Participants should refer to the Plan document or Summary Plan Description, which are available from the Plan Administrator, for a more complete description of the Plan’s provisions.

General - The Plan was originally established in 1978 as a Section 457 defined contribution plan covering employees who are within a certain employment classification established by the Los Angeles County Board of Supervisors and who have achieved full time and permanent employment status. The Plan is designed to permit these employees to defer a portion of their compensation and provide for retirement and death benefits.

The operations of the Plan are directed by the Plan Administrative Committee. The assets of the Plan are held in trust by Wells Fargo Bank, N. A., traded and valued by the Bank of New York Mellon Corporation, and are administered by Great-West Life & Annuity Insurance Company.

The Plan had 87,833 and 85,421 participant accounts as of June 30, 2013 and 2012, respectively.

Contributions - Participants may elect to contribute a percentage or specific dollar amount of eligible earnings. Participant contributions, in combination with the County’s matching contributions, may not exceed \$17,500 and \$17,000 for calendar years 2013 and 2012, respectively. The County normally matches 100% of the participant’s contribution up to 4% of the participant’s compensation. For fiscal year 2013, the match for represented employees was capped at \$112 million. For fiscal year 2012, matching was up to 2% for represented employees (capped at \$56 million) and up to 3% for non-represented employees.

Catch-up contributions for participants who have reached the age of 50 may be made in the amounts of \$5,500 for each of the calendar years 2013 and 2012. Participants within three years of normal retirement age that have not always made maximum annual contributions to the Plan may make contributions up to two times the applicable annual dollar limit. The total maximum annual pretax contribution for participants within three years of normal retirement age was \$35,000 and \$34,000 for calendar years 2013 and 2012, respectively.

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DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 DESCRIPTION OF PLAN (Continued)

Participant investment account options - Participants direct the investment of all contributions into various investment options offered by the Plan, which as of June 30, 2013 were as follows:

- Bank Depository Fund - Investments are held in money market instruments and certificates of deposit. Interest earnings fluctuate with the market rate of interest. The investments represent cash equivalents due to the fact that the funds are highly liquid and readily convertible to cash.
- Horizons Stable Income Fund - Funds are invested in managed fixed income investments, contracts from major insurance companies, and short term money market accounts with interest rates ranging from 0.02% to 2.84% and 0.08% to 3.82% as of June 30, 2013 and 2012, respectively.
- Large Cap Equity Fund – S&P 500 Index Funds - Funds are invested in the stocks of large, well-known U.S. companies that make up the Standard & Poor’s 500 Index.
- Mid Cap Equity Fund - Funds are invested primarily in the common stocks of mid-size U.S. companies.
- Small Cap Equity Fund - Funds are invested in stocks of small, U.S. companies.
- Bond Fund - Funds are invested in corporate and U.S. Government Bonds.
- Balanced Fund - Funds are invested in a blend of stocks, fixed income, and cash equivalents.
- Non-U.S. Equity Fund - Funds are invested in stocks of non-U.S. companies.
- Inflation Protection Fund - Funds are invested in U.S. Inflation Protected Bond Index Funds consisting primarily of U.S. Treasuries.
- Target Date Funds - Funds are invested in a managed mix of the asset class investment options listed above, as well as equity alternative assets and emerging market investments.

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DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 DESCRIPTION OF PLAN (Continued)

- Self-Directed Brokerage accounts - Funds are participant directed and can be invested in numerous mutual funds, stocks, and bonds that are on a major exchange, outside of Plan offerings.

Participant accounts - Each participant’s account is credited with the participant’s contribution and allocations of the County’s matching contribution and plan earnings, and charged with an allocation of administrative expenses. The benefit to which the participant is entitled is the benefit that can be provided from the participant’s account.

Vesting - Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Participants are also immediately 100% vested in the County’s matching contribution and all earnings thereon.

Participant loans - Active employees of the County enrolled in the Plan may borrow from the vested portion of their respective accounts. The loan amount must have a minimum balance of \$2,000 up to a maximum of 50% of the individual’s vested account balance or \$50,000 reduced by the highest outstanding loan balance for all plans during the preceding year, whichever is less. If 50% of the vested portion of the participant account balance is less than \$10,000, the loan can be up to 80% of the vested balance or \$10,000, whichever is less. Loan terms will not exceed a period of 5 years, unless the proceeds are used for the purchase of a primary residence, in which case the maximum period is 15 years. Loans are secured by the participant’s vested account balance. General purpose loans bear interest at a fixed rate of 1% over the prime rate on the last day of the month before the loan is originated. The fixed rate of interest on a primary residence loan is equal to the Freddie Mac, 30-day note on the last business day of the previous month in which the loan is originated. The interest rates on outstanding loans ranged from 2.72% to 9.25% and 3.08% to 9.25% as of June 30, 2013 and 2012, respectively.

Payment of benefits – If a participant decides to leave the County before retirement and the participant’s account balance does not exceed \$1,000, the participant may receive a lump-sum payment. If the account balance is at least \$1,000 but less than or equal to \$5,000, the participant may elect to receive payment either when the participant’s employment ends or payment may be deferred until any date before April 1st following the year the participant reaches age 70½. For account balances above \$5,000, the funds may be distributed in one or more of the following options:

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 DESCRIPTION OF PLAN (Continued)

- Lump-sum payment
- Consecutive periodic payments for the life of the participant, or for the lives of the participant and spouse, and last survivor of the participant or spouse
- Substantially equal monthly, quarterly, semi-annual or annual installments not extending over more than 20 years
- A combination of the methods of payment described above

If a combination of these options is selected, the participant must specify, at the time of election, how all funds are to be distributed. The distribution of benefits is also payable upon death.

Voluntary in-service withdrawals - Participants may be eligible for in-service withdrawals in the following circumstances:

- They are an active employee of the County of Los Angeles.
- Their account balance is \$5,000 or less.
- They have not previously received an in-service distribution.
- They have not made any deferrals to the Plan in the past two years.

Unforeseeable emergency withdrawals - Subject to approval, the Plan allows withdrawals due to an unforeseeable emergency resulting in severe financial hardship, as defined by the Internal Revenue Service that cannot be satisfied from any other sources.

Hardship withdrawals are strictly monitored and must generally fall under one of the following qualifying events:

- Medical expenses for the participant, the participant’s spouse, or dependents, as long as there was no reimbursement
- Payment of funeral expenses for the participant's spouse or dependent.
- The need to prevent foreclosure or eviction from a participant’s principal residence.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 DESCRIPTION OF PLAN (Continued)

Unforeseeable emergency withdrawal requests must be submitted within one year of the date of the qualifying event.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The accompanying statements of fiduciary net position and changes in fiduciary net position present only the Plan and are not intended to present the financial position, and changes in its financial position, of the County. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental and financial reporting standards.

Basis of accounting - The financial statements of the Plan are prepared under the accrual basis of accounting in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Employee contributions are recognized by the Plan at the time compensation is earned by Plan members and the payments become due from the County government. Investment income is recognized when earned. Benefits are recognized when paid. Other deductions are recognized when due in accordance with the terms of the Plan.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Participant Loans Receivable – Loans to participants are recorded at principal less repayments plus accrued interest. If a payment is missed for any reason the loan is considered delinquent and in arrears. All missed payments should be made by the end of the next calendar quarter. A loan is considered in default and taxed as a “deemed distribution” if missed payments are not made during the applicable grace period. Even after a loan is deemed distributed, loan repayments will continue to be deducted from available compensation until the earlier of when the loan is repaid or the maturity date is reached. As of June 30, 2013 and 2012, the total of all defaulted loans was \$11,149,027 and \$8,400,083, respectively.

COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investment valuation and income recognition - Shares of mutual funds are reported at fair value based on quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Investments in the Horizon Stable Income Fund are reported at contract value, which approximates to fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

Employee contributions - Employee contributions are recognized as revenue at the time compensation is earned by Plan members on specified payroll pay dates or when received from other eligible plans.

Payment of benefits - Benefits are recorded when paid.

Administrative expenses - Expenses incurred in the administration of the Plan and the trust are paid by the County or from Plan assets when authorized by the Plan Administrative Committee.

Reclassifications - Certain prior year balances may have been reclassified to conform with the current year presentation. These reclassifications have no effect upon reported net position available for benefits.

Tax Status - The Plan is an eligible employee deferred compensation plan under Section 457(b) of the Internal Revenue Code.

Accounting Pronouncements Adopted - In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions, and the Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (“AICPA”) Committee on Accounting Procedure, issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The

COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The adoption of the pronouncement did not have a material impact on the Plan’s financial statements.

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflow of Resources, and Net Position*. The requirement of this statement standardizes the presentation of deferred inflows and outflows of resources, and their effects on a government’s net position. This statement became effective for periods beginning after December 15, 2011. The implementation of this statement to the Plan is limiting to renaming of “Net Assets” to “Net Position”.

Accounting Pronouncements to be Adopted - GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is effective for periods beginning after December 15, 2012. The Plan is evaluating the impact of this standard on the financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. The adoption of the pronouncement is not expected to have a material impact of the Plan’s financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of the pronouncement is not expected to have a material impact of the Plan’s financial statements.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits - At June 30, 2013 and 2012, the carrying amounts of the Plan’s deposits in the Bank Depository Fund were \$135,445,397 and \$133,039,007, respectively, while the corresponding bank balances were \$135,502,598 and \$133,058,118, respectively. The differences between carrying amounts and bank balances were due to timing differences. Of the amounts held by the financial institutions, each participant account is insured up to certain limits by Federal depository insurance. Deposits exceeding insured limits are collateralized with securities held by the financial institution or its agent in the Plan’s name.

Investments - Investments of the Plan at June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Stock and Bond Funds	\$ 3,736,192,741	\$ 3,099,906,749
Horizons Stable Income Fund	2,804,705,746	2,794,611,328
Self-Directed Brokerage Accounts	<u>59,451,208</u>	<u>48,026,986</u>
 Total Investments	 <u>\$ 6,600,349,695</u>	 <u>\$ 5,942,545,063</u>

The Plan’s investments are subject to the following risks common to investments:

- *Custodial Credit Risk* is the risk that the Plan will not be able to recover the value of its investments if the custodian fails. The Plan’s investments are subject to custodial credit risk for 2013 and 2012 because the investments are uninsured and unregistered and are held by the counterparty in the Plan’s name.
- *Credit Risk* is the risk that an issuer to an investment will not fulfill its obligations. At June 30, 2013 and 2012, those investments were comprised mainly of customized funds which were not rated; however, the underlying securities reflected various credit ratings.
- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan manages its exposure to declines in fair values by not offering investments that have excessive average maturities.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

➤ *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Plan mitigates this risk by limiting its Horizons Non-U.S. Equity Fund investment to the Causeway International Value and the Capital Guardian International Funds. These funds’ underlying investments are no more than 4.4% in any one entity. As of June 30, 2013 and 2012, the Horizons Non-U.S. Equity Fund was valued at \$246.4 million and \$205.7 million, respectively.

Investment concentrations - In accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans as amended by Government Accounting Standards Board Statement No. 40 (GASB 40), Deposit and Investment Risk Disclosures – An amendment of GASB Statement No. 3*, the Plan is required to disclose the identification, by amount and issuer, of investments in any one issuer that represent 5% or more of the Plan’s net position. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The following represent investments (other than those issued or guaranteed by the U.S. government) in any one organization which constitute 5% or more of net position as of June 30, 2013 and 2012:

	2013	2012
Horizons Stable Income Fund	\$ 2,804,705,746	\$ 2,794,611,328
State Street Global Advisors		
Large-Cap	\$ 1,141,194,341	\$ 950,900,591
Mid-Cap	45,776,612	34,261,947
Small-Cap	31,329,092	17,062,007
Inflation Protection Fund	20,096,044	21,971,930
Total State Street Global Advisors	1,238,396,089 **	1,024,196,475 **

**Investments for which a portion of the total fund is included in the Horizons Target Date Funds and other portfolios.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 4 HORIZONS STABLE INCOME FUND

Plan participants who invest in the Horizons Stable Income Fund (“SIF”) are credited with a fixed rate of interest. The crediting interest rate for participants is reviewed and reset quarterly, based upon the investment earnings and cash flows of the SIF portfolio. Differences between the actual investment earnings of the underlying funds and the credited earnings as reflected in the contract value (total carrying value of all participant accounts) are rolled forward and realized in subsequent rate reset calculations through an amortization process.

The Plan has guaranteed investment contracts with various investment carriers and a liquidity buffer component which collectively comprise the SIF. The underlying investments of the SIF are structured to include a fixed rate fixed maturity portfolio of guaranteed investment contracts with various insurance companies comprising \$108,943,385 or approximately 3.88% of the SIF’s contract value, five actively managed bond portfolios invested in major sectors of the fixed-income market comprising \$2,580,467,121 or approximately 92.01% of the SIF’s contract value, and a money market liquidity account comprising \$115,295,241 or approximately 4.11% of the SIF’s contract value.

The actively managed bond component is insured to provide, pursuant to contract terms, book value liquidity for Plan participant transactions. At June 30, 2013 and 2012, the fair value of the actively managed bond component was \$2,633,516,661 and \$2,551,983,228, and the guaranteed contract value was \$110,262,667 and \$2,436,419,488, respectively.

Additional information on the guaranteed investment contracts held by the Plan is as follows:

	June 30,	
	2013	2012
Fair value	\$ 2,859,074,569	\$ 2,913,833,258
Contract value	2,804,705,747	2,794,611,328
Average yield	2.00%	2.49%
Crediting interest rate	2.00%	2.49%

Certain events may limit the Plan’s ability to transact at the contract value with the investment carriers. The Plan Administrator believes that it is not probable that such events will occur.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 5 ADMINISTRATIVE/FORFEITURE ACCOUNT

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*, the County of Los Angeles holds forfeited and other funds in trust in an “Administrative/Forfeiture Account” at Wells Fargo Bank, N. A. for the exclusive benefit of the Plan’s participants. These amounts consist primarily of administrative fees collected from the participants, float interest, and custodial, transaction and management fees collected and temporarily held in the Administrative/Forfeiture Account. At the Plan Administrative Committee’s discretion, monies held in the account are used to pay Plan administrative expenses. The amount shown for Administrative Expenses includes the net activity within all of the Plan Administrative/Forfeiture Holding Accounts.

The Administrative Forfeiture account consists of the following components:

	June 30,	
	2013	2012
Participant administrative fees paid	\$ 5,335,861	\$ 5,222,341
Other administrative transactions	519,390	(139,850)
Net administrative expenses	\$ 5,855,251	\$ 5,082,491

As of June 30, 2013 and 2012, the forfeiture account balances (net of administrative fees payable) of \$6,057,073 and \$6,405,427 respectively, have been included in the Plan’s cash and investments.

NOTE 6 PLAN TERMINATION

The County intends to continue the Plan as negotiated; however, the County reserves the right to terminate the Plan at any time, subject to negotiations with employee representatives. In the event of the termination of the Plan, the County shall distribute to the participants in a lump-sum payment, the balance in the participants’ accounts.

NOTE 7 RELATED PARTIES

Some members of the Plan Administrative Committee are eligible to participate in the Plan.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 8 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the statements of net position available for benefits.

NOTE 9 SUBSEQUENT EVENTS

The Plan Administrator has evaluated events subsequent to June 30, 2013 and through January 15, 2014, the date the financial statements were available to be issued, and determined there have been no events that have occurred that would require adjustments to the financial statements.

SUPPLEMENTAL SCHEDULES

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF FIDUCIARY NET POSITION BY FUND
JUNE 30, 2013**

	Horizons 2010 Target Date Fund	Horizons 2015 Target Date Fund	Horizons 2020 Target Date Fund	Horizons 2025 Target Date Fund	Horizons 2030 Target Date Fund	Horizons 2035 Target Date Fund	Horizons 2040 Target Date Fund	Horizons 2045 Target Date Fund
ASSETS								
Investments:								
Horizons Stable Income Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock funds	115,976,123	170,764,205	337,809,184	395,767,222	45,268,580	37,665,780	28,421,600	24,311,480
Bond funds	35,981,654	34,849,160	34,095,745	18,817,158	-	-	-	-
Self directed brokerage accounts	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
	<u>151,957,777</u>	<u>205,613,365</u>	<u>371,904,929</u>	<u>414,584,380</u>	<u>45,268,580</u>	<u>37,665,780</u>	<u>28,421,600</u>	<u>24,311,480</u>
Receivables:								
Participant loans	-	-	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-	-	-
Employer match	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	151,957,777	205,613,365	371,904,929	414,584,380	45,268,580	37,665,780	28,421,600	24,311,480
LIABILITIES								
Administrative expenses payable	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AVAILABLE FOR BENEFITS	<u>\$ 151,957,777</u>	<u>\$ 205,613,365</u>	<u>\$ 371,904,929</u>	<u>\$ 414,584,380</u>	<u>\$ 45,268,580</u>	<u>\$ 37,665,780</u>	<u>\$ 28,421,600</u>	<u>\$ 24,311,480</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF FIDUCIARY NET POSITION BY FUND
JUNE 30, 2013**

<u>ASSETS</u>	<u>Horizons 2050 Target Date Fund</u>	<u>Horizons Retirement Income Fund</u>	<u>Horizons Non- US Equity Fund</u>	<u>Horizons Small Cap Equity Fund</u>	<u>Horizons Mid Cap Equity Fund</u>	<u>Horizons Large Cap Equity Fund</u>	<u>Horizons Balanced Fund</u>	<u>Horizons Bond Fund</u>
Investments:								
Horizons Stable Income Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock funds	9,016,233	34,223,798	246,435,094	418,431,029	706,916,195	783,478,504	118,513,879	-
Bond funds	-	16,133,481	-	-	-	-	-	112,143,338
Self directed brokerage accounts	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
	<u>9,016,233</u>	<u>50,357,279</u>	<u>246,435,094</u>	<u>418,431,029</u>	<u>706,916,195</u>	<u>783,478,504</u>	<u>118,513,879</u>	<u>112,143,338</u>
Receivables:								
Participant loans	-	-	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-	-	-
Employer match	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	9,016,233	50,357,279	246,435,094	418,431,029	706,916,195	783,478,504	118,513,879	112,143,338
<u>LIABILITIES</u>								
Administrative expenses payable	-	-	-	-	-	-	-	-
NET POSITION AVAILABLE FOR BENEFITS	<u>\$ 9,016,233</u>	<u>\$ 50,357,279</u>	<u>\$ 246,435,094</u>	<u>\$ 418,431,029</u>	<u>\$ 706,916,195</u>	<u>\$ 783,478,504</u>	<u>\$ 118,513,879</u>	<u>\$ 112,143,338</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF FIDUCIARY NET POSITION BY FUND
JUNE 30, 2013**

<u>ASSETS</u>	Horizons Inflation Protection Fund	Bank Depository Fund	Horizons Stable Income Fund	SCHWAB SDB Account	Loan Fund	Forfeiture Account	Receivables	Total
<u>Investments:</u>								
Horizons Stable Income Fund	\$ -	\$ -	\$ 2,798,147,857	\$ -	\$ -	\$ 6,557,889	\$ -	\$ 2,804,705,746
Stock funds	11,173,299	-	-	-	-	-	-	3,484,172,205
Bond funds	-	-	-	-	-	-	-	252,020,536
Self directed brokerage accounts	-	-	-	59,451,208	-	-	-	59,451,208
Deposits	-	135,445,397	-	-	-	-	-	135,445,397
	<u>11,173,299</u>	<u>135,445,397</u>	<u>2,798,147,857</u>	<u>59,451,208</u>	<u>-</u>	<u>6,557,889</u>	<u>-</u>	<u>6,735,795,092</u>
<u>Receivables:</u>								
Participant loans	-	-	-	-	337,572,387	-	-	337,572,387
Participant contributions	-	-	-	-	-	-	28,319,508	28,319,508
Employer match	-	-	-	-	-	-	3,835,367	3,835,367
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,572,387</u>	<u>-</u>	<u>32,154,875</u>	<u>369,727,262</u>
TOTAL ASSETS	11,173,299	135,445,397	2,798,147,857	59,451,208	337,572,387	6,557,889	32,154,875	7,105,522,354
<u>LIABILITIES</u>								
Administrative expenses payable	-	-	-	-	-	500,816	-	500,816
NET POSITION AVAILABLE FOR BENEFITS	<u>\$ 11,173,299</u>	<u>\$ 135,445,397</u>	<u>\$ 2,798,147,857</u>	<u>\$ 59,451,208</u>	<u>\$ 337,572,387</u>	<u>\$ 6,057,073</u>	<u>\$ 32,154,875</u>	<u>\$ 7,105,021,538</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY FUND
YEAR ENDED JUNE 30, 2013**

	Horizons 2010 Target Date Fund	Horizons 2015 Target Date Fund	Horizons 2020 Target Date Fund	Horizons 2025 Target Date Fund	Horizons 2030 Target Date Fund	Horizons 2035 Target Date Fund	Horizons 2040 Target Date Fund	Horizons 2045 Target Date Fund
ADDITIONS								
Investment Income:								
Net appreciation (depreciation) in fair value of investments	\$ 16,249,776	\$ 24,171,624	\$ 49,363,829	\$ 58,761,434	\$ 5,473,915	\$ 4,579,040	\$ 3,326,276	\$ 2,977,179
Interest and dividends	-	-	-	-	-	-	-	-
	<u>16,249,776</u>	<u>24,171,624</u>	<u>49,363,829</u>	<u>58,761,434</u>	<u>5,473,915</u>	<u>4,579,040</u>	<u>3,326,276</u>	<u>2,977,179</u>
Contributions:								
Employer	5,023,379	7,193,829	10,033,987	17,072,123	2,489,397	2,640,578	2,569,165	2,453,259
Participants	13,511,897	19,826,124	29,275,103	45,683,321	5,765,768	6,027,584	5,187,412	4,950,833
Rollovers	397,135	1,178,864	1,161,450	1,208,319	741,622	569,401	444,658	397,870
	<u>18,932,411</u>	<u>28,198,817</u>	<u>40,470,540</u>	<u>63,963,763</u>	<u>8,996,787</u>	<u>9,237,563</u>	<u>8,201,235</u>	<u>7,801,962</u>
TOTAL ADDITIONS	<u>35,182,187</u>	<u>52,370,441</u>	<u>89,834,369</u>	<u>122,725,197</u>	<u>14,470,702</u>	<u>13,816,603</u>	<u>11,527,511</u>	<u>10,779,141</u>
DEDUCTIONS								
Benefits paid to participants	16,034,286	20,002,598	33,027,934	44,362,212	3,509,050	3,882,193	2,550,982	2,532,809
Administrative expenses	152,928	190,117	222,912	366,622	40,312	46,745	52,205	57,104
TOTAL DEDUCTIONS	<u>16,187,214</u>	<u>20,192,715</u>	<u>33,250,846</u>	<u>44,728,834</u>	<u>3,549,362</u>	<u>3,928,938</u>	<u>2,603,187</u>	<u>2,589,913</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	<u>18,994,973</u>	<u>32,177,726</u>	<u>56,583,523</u>	<u>77,996,363</u>	<u>10,921,340</u>	<u>9,887,665</u>	<u>8,924,324</u>	<u>8,189,228</u>
Net interfund transfers	(5,487,905)	(1,375,958)	1,366,403	(4,362,491)	5,913,155	4,424,853	2,619,067	544,888
NET INCREASE (DECREASE)	<u>13,507,068</u>	<u>30,801,768</u>	<u>57,949,926</u>	<u>73,633,872</u>	<u>16,834,495</u>	<u>14,312,518</u>	<u>11,543,391</u>	<u>8,734,116</u>
NET POSITION AVAILABLE FOR BENEFITS								
Beginning of the year	<u>138,450,709</u>	<u>174,811,597</u>	<u>313,955,003</u>	<u>340,950,508</u>	<u>28,434,085</u>	<u>23,353,262</u>	<u>16,878,209</u>	<u>15,577,364</u>
End of the year	<u>\$ 151,957,777</u>	<u>\$ 205,613,365</u>	<u>\$ 371,904,929</u>	<u>\$ 414,584,380</u>	<u>\$ 45,268,580</u>	<u>\$ 37,665,780</u>	<u>\$ 28,421,600</u>	<u>\$ 24,311,480</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY FUND
YEAR ENDED JUNE 30, 2013**

	Horizons 2050 Target Date Fund	Horizons Retirement Income Fund	Horizons Non-US Equity Fund	Horizons Small Cap Equity Fund	Horizons Mid Cap Equity Fund	Horizons Large Cap Equity Fund	Horizons Balanced Fund	Horizons Bond Fund
ADDITIONS								
Investment Income:								
Net appreciation (depreciation) in fair value of investments	\$ 935,992	\$ 2,963,840	\$ 42,833,786	\$ 84,261,126	\$ 129,611,742	\$ 134,061,904	\$ 19,343,077	\$ 5,758,319
Interest and dividends	-	-	-	-	-	-	-	-
	<u>935,992</u>	<u>2,963,840</u>	<u>42,833,786</u>	<u>84,261,126</u>	<u>129,611,742</u>	<u>134,061,904</u>	<u>19,343,077</u>	<u>5,758,319</u>
Contributions:								
Employer	779,329	1,234,455	6,802,135	9,028,886	12,784,746	14,148,672	3,098,462	3,512,496
Participants	1,672,264	3,554,445	22,028,324	31,091,442	45,498,535	51,112,972	8,592,300	10,818,197
Rollovers	109,755	621,599	527,627	706,167	994,054	1,349,706	307,105	454,659
	<u>2,561,348</u>	<u>5,410,499</u>	<u>29,358,086</u>	<u>40,826,495</u>	<u>59,277,335</u>	<u>66,611,350</u>	<u>11,997,867</u>	<u>14,785,352</u>
TOTAL ADDITIONS	<u>3,497,340</u>	<u>8,374,339</u>	<u>72,191,872</u>	<u>125,087,621</u>	<u>188,889,077</u>	<u>200,673,254</u>	<u>31,340,944</u>	<u>20,543,671</u>
DEDUCTIONS								
Benefits paid to participants	634,319	4,858,132	22,457,364	32,830,746	55,289,459	60,700,790	8,844,373	12,037,445
Administrative expenses	18,125	28,099	32,188	62,842	172,311	545,006	132,748	197,709
TOTAL DEDUCTIONS	<u>652,444</u>	<u>4,886,231</u>	<u>22,489,552</u>	<u>32,893,588</u>	<u>55,461,770</u>	<u>61,245,796</u>	<u>8,977,121</u>	<u>12,235,154</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	2,844,896	3,488,108	49,702,320	92,194,033	133,427,307	139,427,458	22,363,823	8,308,517
Net interfund transfers	<u>1,047,999</u>	<u>12,299,277</u>	<u>(8,939,285)</u>	<u>(10,390,661)</u>	<u>(32,677,346)</u>	<u>(13,803,722)</u>	<u>17,313,952</u>	<u>(3,592,750)</u>
NET INCREASE (DECREASE)	<u>3,892,895</u>	<u>15,787,385</u>	<u>40,763,035</u>	<u>81,803,372</u>	<u>100,749,961</u>	<u>125,623,736</u>	<u>39,677,775</u>	<u>4,715,767</u>
NET POSITION AVAILABLE FOR BENEFITS								
Beginning of the year	<u>5,123,338</u>	<u>34,569,894</u>	<u>205,672,059</u>	<u>336,627,657</u>	<u>606,166,234</u>	<u>657,854,768</u>	<u>78,836,104</u>	<u>107,427,571</u>
End of the year	<u>\$ 9,016,233</u>	<u>\$ 50,357,279</u>	<u>\$ 246,435,094</u>	<u>\$ 418,431,029</u>	<u>\$ 706,916,195</u>	<u>\$ 783,478,504</u>	<u>\$ 118,513,879</u>	<u>\$ 112,143,338</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY FUND
YEAR ENDED JUNE 30, 2013**

	Horizons Inflation Protection Fund	Bank Depository Fund	Horizons Stable Income Fund	Schwab SBD Account	Loan Fund	Forfeiture Account	Receivables	Total
ADDITIONS								
Investment Income:								
Net appreciation (depreciation) in fair value of investments	\$ (550,326)	\$ -	\$ -	\$ 2,599,813	\$ -	\$ -	\$ -	\$ 586,722,346
Interest and dividends	-	483,248	60,014,223	-	13,208,391	171,036	-	73,876,898
	<u>(550,326)</u>	<u>483,248</u>	<u>60,014,223</u>	<u>2,599,813</u>	<u>13,208,391</u>	<u>171,036</u>	<u>-</u>	<u>660,599,244</u>
Contributions:								
Employer	530,839	5,651,929	52,233,527	-	-	-	1,404,715	160,685,908
Participants	1,785,057	10,487,057	157,892,334	-	(140,199,685)	-	1,133,375	335,694,659
Rollovers	367,872	619,353	7,536,505	-	-	-	-	19,693,721
	<u>2,683,768</u>	<u>16,758,339</u>	<u>217,662,366</u>	<u>-</u>	<u>(140,199,685)</u>	<u>-</u>	<u>2,538,090</u>	<u>516,074,288</u>
TOTAL ADDITIONS	<u>2,133,442</u>	<u>17,241,587</u>	<u>277,676,589</u>	<u>2,599,813</u>	<u>(126,991,294)</u>	<u>171,036</u>	<u>2,538,090</u>	<u>1,176,673,532</u>
DEDUCTIONS								
Benefits paid to participants	1,926,858	15,410,977	293,850,314	200,022	(150,924,904)	-	-	484,017,959
Administrative expenses	901	148,217	2,868,770	-	-	519,390	-	5,855,251
TOTAL DEDUCTIONS	<u>1,927,759</u>	<u>15,559,194</u>	<u>296,719,084</u>	<u>200,022</u>	<u>(150,924,904)</u>	<u>519,390</u>	<u>-</u>	<u>489,873,210</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	<u>205,683</u>	<u>1,682,393</u>	<u>(19,042,495)</u>	<u>2,399,791</u>	<u>23,933,610</u>	<u>(348,354)</u>	<u>2,538,090</u>	<u>686,800,322</u>
Net interfund transfers	<u>(4,250,771)</u>	<u>723,997</u>	<u>29,602,867</u>	<u>9,024,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE)	<u>(4,045,088)</u>	<u>2,406,390</u>	<u>10,560,372</u>	<u>11,424,222</u>	<u>23,933,610</u>	<u>(348,354)</u>	<u>2,538,090</u>	<u>686,800,322</u>
NET POSITION AVAILABLE FOR BENEFITS								
Beginning of the year	<u>15,218,387</u>	<u>133,039,007</u>	<u>2,787,587,485</u>	<u>48,026,986</u>	<u>313,638,777</u>	<u>6,405,427</u>	<u>29,616,785</u>	<u>6,418,221,216</u>
End of the year	<u>\$ 11,173,299</u>	<u>\$ 135,445,397</u>	<u>\$ 2,798,147,857</u>	<u>\$ 59,451,208</u>	<u>\$ 337,572,387</u>	<u>\$ 6,057,073</u>	<u>\$ 32,154,875</u>	<u>\$ 7,105,021,538</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF FIDUCIARY NET POSITION BY FUND
JUNE 30, 2012**

	Horizons 2010 Target Date Fund	Horizons 2015 Target Date Fund	Horizons 2020 Target Date Fund	Horizons 2025 Target Date Fund	Horizons 2030 Target Date Fund	Horizons 2035 Target Date Fund	Horizons 2040 Target Date Fund	Horizons 2045 Target Date Fund
ASSETS								
Investments:								
Horizons Stable Income Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock funds	105,904,304	146,975,906	288,821,164	330,092,154	28,434,085	23,353,262	16,878,209	15,577,364
Bond funds	32,546,405	27,835,691	25,133,839	10,858,354	-	-	-	-
Self directed brokerage accounts	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
	<u>138,450,709</u>	<u>174,811,597</u>	<u>313,955,003</u>	<u>340,950,508</u>	<u>28,434,085</u>	<u>23,353,262</u>	<u>16,878,209</u>	<u>15,577,364</u>
Receivables:								
Participant loans	-	-	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-	-	-
Employer match	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	138,450,709	174,811,597	313,955,003	340,950,508	28,434,085	23,353,262	16,878,209	15,577,364
LIABILITIES								
Administrative expenses payable	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AVAILABLE FOR BENEFITS	<u>\$ 138,450,709</u>	<u>\$ 174,811,597</u>	<u>\$ 313,955,003</u>	<u>\$ 340,950,508</u>	<u>\$ 28,434,085</u>	<u>\$ 23,353,262</u>	<u>\$ 16,878,209</u>	<u>\$ 15,577,364</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF FIDUCIARY NET POSITION BY FUND
JUNE 30, 2012**

<u>ASSETS</u>	Horizons 2050 Target Date Fund	Horizons Retirement Income Fund	Horizons Non- US Equity Fund	Horizons Small Cap Equity Fund	Horizons Mid Cap Equity Fund	Horizons Large Cap Equity Fund	Horizons Balanced Fund	Horizons Bond Fund
Investments:								
Horizons Stable Income Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock funds	5,123,338	23,371,977	205,672,059	336,627,657	606,166,234	657,854,768	78,836,104	-
Bond funds	-	11,197,917	-	-	-	-	-	107,427,571
Self directed brokerage accounts	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
	<u>5,123,338</u>	<u>34,569,894</u>	<u>205,672,059</u>	<u>336,627,657</u>	<u>606,166,234</u>	<u>657,854,768</u>	<u>78,836,104</u>	<u>107,427,571</u>
Receivables:								
Participant loans	-	-	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-	-	-
Employer match	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	5,123,338	34,569,894	205,672,059	336,627,657	606,166,234	657,854,768	78,836,104	107,427,571
<u>LIABILITIES</u>								
Administrative expenses payable	-	-	-	-	-	-	-	-
NET POSITION AVAILABLE FOR BENEFITS	<u>\$ 5,123,338</u>	<u>\$ 34,569,894</u>	<u>\$ 205,672,059</u>	<u>\$ 336,627,657</u>	<u>\$ 606,166,234</u>	<u>\$ 657,854,768</u>	<u>\$ 78,836,104</u>	<u>\$ 107,427,571</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF FIDUCIARY NET POSITION BY FUND
JUNE 30, 2012**

<u>ASSETS</u>	Horizons Inflation Protection Fund	Bank Depository Fund	Horizons Stable Income Fund	SCHWAB SDB Account	Loan Fund	Forfeiture Account	Receivables	Total
Investments:								
Horizons Stable Income Fund	\$ -	\$ -	\$ 2,787,587,485	\$ -	\$ -	\$ 7,023,843	\$ -	\$ 2,794,611,328
Stock funds	15,218,387	-	-	-	-	-	-	2,884,906,972
Bond funds	-	-	-	-	-	-	-	214,999,777
Self directed brokerage accounts	-	-	-	48,026,986	-	-	-	48,026,986
Deposits	-	133,039,007	-	-	-	-	-	133,039,007
	<u>15,218,387</u>	<u>133,039,007</u>	<u>2,787,587,485</u>	<u>48,026,986</u>	<u>-</u>	<u>7,023,843</u>	<u>-</u>	<u>6,075,584,070</u>
Receivables:								
Participant loans	-	-	-	-	313,638,777	-	-	313,638,777
Participant contributions	-	-	-	-	-	-	27,186,133	27,186,133
Employer match	-	-	-	-	-	-	2,430,652	2,430,652
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,638,777</u>	<u>-</u>	<u>29,616,785</u>	<u>343,255,562</u>
TOTAL ASSETS	15,218,387	133,039,007	2,787,587,485	48,026,986	313,638,777	7,023,843	29,616,785	6,418,839,632
<u>LIABILITIES</u>								
Administrative expenses payable	-	-	-	-	-	618,416	-	618,416
NET POSITION AVAILABLE FOR BENEFITS	<u>\$ 15,218,387</u>	<u>\$ 133,039,007</u>	<u>\$ 2,787,587,485</u>	<u>\$ 48,026,986</u>	<u>\$ 313,638,777</u>	<u>\$ 6,405,427</u>	<u>\$ 29,616,785</u>	<u>\$ 6,418,221,216</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY FUND
YEAR ENDED JUNE 30, 2012**

	Horizons 2010 Target Date Fund	Horizons 2015 Target Date Fund	Horizons 2020 Target Date Fund	Horizons 2025 Target Date Fund	Horizons 2030 Target Date Fund	Horizons 2035 Target Date Fund	Horizons 2040 Target Date Fund	Horizons 2045 Target Date Fund
ADDITIONS								
Investment Income:								
Net appreciation (depreciation) in fair value of investments	\$ (166,449)	\$ (1,414,282)	\$ (6,756,194)	\$ (10,268,791)	\$ (722,374)	\$ (439,822)	\$ (319,227)	\$ (341,037)
Interest and dividends	-	-	-	-	-	-	-	-
	<u>(166,449)</u>	<u>(1,414,282)</u>	<u>(6,756,194)</u>	<u>(10,268,791)</u>	<u>(722,374)</u>	<u>(439,822)</u>	<u>(319,227)</u>	<u>(341,037)</u>
Contributions:								
Employer	3,348,937	4,475,423	6,152,914	10,148,128	1,183,686	1,156,065	1,082,521	1,064,076
Participants	13,455,246	19,229,894	27,668,419	41,965,129	4,415,198	4,281,715	3,679,044	3,624,993
Rollovers	377,557	545,477	731,423	969,331	310,943	478,889	490,921	326,476
	<u>17,181,740</u>	<u>24,250,794</u>	<u>34,552,756</u>	<u>53,082,588</u>	<u>5,909,827</u>	<u>5,916,669</u>	<u>5,252,486</u>	<u>5,015,545</u>
TOTAL ADDITIONS	<u>17,015,291</u>	<u>22,836,512</u>	<u>27,796,562</u>	<u>42,813,797</u>	<u>5,187,453</u>	<u>5,476,847</u>	<u>4,933,259</u>	<u>4,674,508</u>
DEDUCTIONS								
Benefits paid to participants	11,324,828	11,770,549	22,872,413	26,461,002	2,026,391	1,412,513	1,514,958	1,249,049
Administrative expenses	161,281	195,261	224,986	373,036	29,999	33,602	36,149	43,415
TOTAL DEDUCTIONS	<u>11,486,109</u>	<u>11,965,810</u>	<u>23,097,399</u>	<u>26,834,038</u>	<u>2,056,390</u>	<u>1,446,115</u>	<u>1,551,107</u>	<u>1,292,464</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	<u>5,529,182</u>	<u>10,870,702</u>	<u>4,699,163</u>	<u>15,979,759</u>	<u>3,131,063</u>	<u>4,030,732</u>	<u>3,382,152</u>	<u>3,382,044</u>
Net interfund transfers	<u>(9,048,136)</u>	<u>(6,759,948)</u>	<u>(8,549,005)</u>	<u>(13,748,030)</u>	<u>1,880,041</u>	<u>1,248,422</u>	<u>253,988</u>	<u>(592,455)</u>
NET INCREASE (DECREASE)	<u>(3,518,954)</u>	<u>4,110,754</u>	<u>(3,849,842)</u>	<u>2,231,729</u>	<u>5,011,104</u>	<u>5,279,154</u>	<u>3,636,140</u>	<u>2,789,589</u>
NET POSITION AVAILABLE FOR BENEFITS								
Beginning of the year	<u>141,969,663</u>	<u>170,700,843</u>	<u>317,804,845</u>	<u>338,718,779</u>	<u>23,422,981</u>	<u>18,074,108</u>	<u>13,242,069</u>	<u>12,787,775</u>
End of the year	<u>\$ 138,450,709</u>	<u>\$ 174,811,597</u>	<u>\$ 313,955,003</u>	<u>\$ 340,950,508</u>	<u>\$ 28,434,085</u>	<u>\$ 23,353,262</u>	<u>\$ 16,878,209</u>	<u>\$ 15,577,364</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY FUND
YEAR ENDED JUNE 30, 2012**

	Horizons 2050 Target Date Fund	Horizons Retirement Income Fund	Horizons Non-US Equity Fund	Horizons Small Cap Equity Fund	Horizons Mid Cap Equity Fund	Horizons Large Cap Equity Fund	Horizons Balanced Fund	Horizons Bond Fund
ADDITIONS								
Investment Income:								
Net appreciation (depreciation) in fair value of investments	\$ (159,108)	\$ 728,474	\$ (29,418,461)	\$ (19,997,795)	\$ (14,928,068)	\$ 33,533,699	\$ 634,765	\$ 7,155,414
Interest and dividends	-	-	-	-	-	-	-	-
	<u>(159,108)</u>	<u>728,474</u>	<u>(29,418,461)</u>	<u>(19,997,795)</u>	<u>(14,928,068)</u>	<u>33,533,699</u>	<u>634,765</u>	<u>7,155,414</u>
Contributions:								
Employer	234,287	539,982	4,198,983	5,390,336	7,521,508	8,226,604	1,742,442	2,064,420
Participants	943,624	2,489,860	21,660,902	29,961,122	43,396,192	47,667,302	7,397,975	9,694,490
Rollovers	115,237	679,535	372,449	403,241	877,322	1,341,131	301,121	284,547
	<u>1,293,148</u>	<u>3,709,377</u>	<u>26,232,334</u>	<u>35,754,699</u>	<u>51,795,022</u>	<u>57,235,037</u>	<u>9,441,538</u>	<u>12,043,457</u>
TOTAL ADDITIONS	<u>1,134,040</u>	<u>4,437,851</u>	<u>(3,186,127)</u>	<u>15,756,904</u>	<u>36,866,954</u>	<u>90,768,736</u>	<u>10,076,303</u>	<u>19,198,871</u>
DEDUCTIONS								
Benefits paid to participants	514,323	2,632,731	12,909,744	21,183,655	36,934,741	37,731,153	4,913,422	7,280,799
Administrative expenses	7,831	20,218	32,313	65,498	176,109	539,821	119,138	182,357
	<u>522,154</u>	<u>2,652,949</u>	<u>12,942,057</u>	<u>21,249,153</u>	<u>37,110,850</u>	<u>38,270,974</u>	<u>5,032,560</u>	<u>7,463,156</u>
TOTAL DEDUCTIONS	<u>522,154</u>	<u>2,652,949</u>	<u>12,942,057</u>	<u>21,249,153</u>	<u>37,110,850</u>	<u>38,270,974</u>	<u>5,032,560</u>	<u>7,463,156</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	611,886	1,784,902	(16,128,184)	(5,492,249)	(243,896)	52,497,762	5,043,743	11,735,715
Net interfund transfers	<u>(169,083)</u>	<u>4,028,143</u>	<u>(25,804,382)</u>	<u>(22,618,702)</u>	<u>(34,290,459)</u>	<u>(25,393,260)</u>	<u>(2,138,940)</u>	<u>1,330,995</u>
NET INCREASE (DECREASE)	<u>442,803</u>	<u>5,813,045</u>	<u>(41,932,566)</u>	<u>(28,110,951)</u>	<u>(34,534,355)</u>	<u>27,104,502</u>	<u>2,904,803</u>	<u>13,066,710</u>
NET POSITION AVAILABLE FOR BENEFITS								
Beginning of the year	<u>4,680,535</u>	<u>28,756,849</u>	<u>247,604,625</u>	<u>364,738,608</u>	<u>640,700,589</u>	<u>630,750,266</u>	<u>75,931,301</u>	<u>94,360,861</u>
End of the year	<u>\$ 5,123,338</u>	<u>\$ 34,569,894</u>	<u>\$ 205,672,059</u>	<u>\$ 336,627,657</u>	<u>\$ 606,166,234</u>	<u>\$ 657,854,768</u>	<u>\$ 78,836,104</u>	<u>\$ 107,427,571</u>

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (“HORIZONS”) PLAN
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY FUND
YEAR ENDED JUNE 30, 2012**

	Horizons Inflation Protection Fund	Bank Depository Fund	Horizons Stable Income Fund	Schwab SBD Account	Loan Fund	Forfeiture Account	Receivables	Total
ADDITIONS								
Investment Income:								
Net appreciation (depreciation) in fair value of investments	\$ 840,326	\$ -	\$ -	\$ (2,694,207)	\$ -	\$ -	\$ -	\$ (44,733,137)
Interest and dividends	-	546,222	76,772,700	-	13,026,495	207,201	-	90,552,618
	<u>840,326</u>	<u>546,222</u>	<u>76,772,700</u>	<u>(2,694,207)</u>	<u>13,026,495</u>	<u>207,201</u>	<u>-</u>	<u>45,819,481</u>
Contributions:								
Employer	224,469	3,651,725	32,067,031	-	-	-	1,557,292	96,030,829
Participants	1,288,680	10,480,579	158,047,138	-	(126,078,934)	-	599,983	325,868,551
Rollovers	31,057	189,501	7,089,964	-	-	-	-	15,916,122
	<u>1,544,206</u>	<u>14,321,805</u>	<u>197,204,133</u>	<u>-</u>	<u>(126,078,934)</u>	<u>-</u>	<u>2,157,275</u>	<u>437,815,502</u>
TOTAL ADDITIONS	<u>2,384,532</u>	<u>14,868,027</u>	<u>273,976,833</u>	<u>(2,694,207)</u>	<u>(113,052,439)</u>	<u>207,201</u>	<u>2,157,275</u>	<u>483,634,983</u>
DEDUCTIONS								
Benefits paid to participants	1,142,908	11,768,525	244,355,130	427,703	(132,199,117)	-	-	328,227,420
Administrative expenses	885	150,967	2,829,474	-	-	(139,849)	-	5,082,491
TOTAL DEDUCTIONS	<u>1,143,793</u>	<u>11,919,492</u>	<u>247,184,604</u>	<u>427,703</u>	<u>(132,199,117)</u>	<u>(139,849)</u>	<u>-</u>	<u>333,309,911</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	<u>1,240,739</u>	<u>2,948,535</u>	<u>26,792,229</u>	<u>(3,121,910)</u>	<u>19,146,678</u>	<u>347,050</u>	<u>2,157,275</u>	<u>150,325,072</u>
Net interfund transfers	11,089,557	1,897,355	117,073,259	10,330,702	-	(20,062)	-	-
NET INCREASE (DECREASE)	<u>12,330,296</u>	<u>4,845,890</u>	<u>143,865,488</u>	<u>7,208,792</u>	<u>19,146,678</u>	<u>326,988</u>	<u>2,157,275</u>	<u>150,325,072</u>
NET POSITION AVAILABLE FOR BENEFITS								
Beginning of the year	2,888,091	128,193,117	2,643,721,997	40,818,194	294,492,099	6,078,439	27,459,510	6,267,896,144
End of the year	<u>\$ 15,218,387</u>	<u>\$ 133,039,007</u>	<u>\$ 2,787,587,485</u>	<u>\$ 48,026,986</u>	<u>\$ 313,638,777</u>	<u>\$ 6,405,427</u>	<u>\$ 29,616,785</u>	<u>\$ 6,418,221,216</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*.**

To the Members of the Plan Administrative Committee of the
County of Los Angeles Deferred Compensation and
Thrift (“Horizons”) Plan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Los Angeles Deferred Compensation and Thrift (“Horizons”) Plan (the “Plan”), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements, and have issued our report thereon dated January 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Plan Administrative Committee, management, and the County Board of Supervisors and is not intended to be and should not be used by anyone other than these specified parties.

Washington, DC
January 15, 2014

Bazilio Cobb Associates, P.C.



County of Los Angeles Deferred Compensation and Thrift (“Horizons”) Plan

Independent Accountant’s Report on Applying Agreed-Upun Procedures

June 30, 2013



County of Los Angeles Deferred Compensation and Thrift ("Horizons") Plan

Independent Accountant's Report on Applying Agreed-Up Upon Procedures

June 30, 2013



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Plan Administrative Committee of the
County of Los Angeles Deferred Compensation and
Thrift ("Horizons") Plan

We have performed the agreed-upon procedures described in Work Order No. 7-92 by the County of Los Angeles (the "County"), which were agreed to by the Plan Administrative Committee and management of the County, solely to assist you in evaluating certain controls and compliance requirements of the County of Los Angeles Deferred Compensation and Thrift ("Horizons") Plan (the "Plan") as of and for the year ended June 30, 2013. The County's management is responsible for complying with the requirements of the Plan document and the Plan Administrative Committee. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these agreed-upon procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Plan is a Section 457 defined-contribution plan. The Plan had 87,833 participants and approximately \$7.1 billion in net position at June 30, 2013. The County has contracted with Great-West Life & Annuity Insurance Company ("Great West") to administer the Plan and with BNY Mellon to provide valuation and custody services. The Plan assets are held on behalf of the participants by an independent trustee, Wells Fargo Bank, N.A. ("Wells Fargo").

The procedures we performed and the results are as follows:

1. **Plan asset reconciliation**

Total plan assets were comprised of the Plan's participant, forfeiture subaccount, and loan balances. We reconciled total plan assets of \$7,105,522,354, which include receivables of \$369,727,262 at June 30, 2013, by agreeing the ending market value balance according to the June 30, 2013 quarterly statement provided by Wells Fargo to the total Plan assets balance according to the annual account summary provided by Great West.

Results

There was no difference arising from the reconciliation.

2. **Investment confirmations**

We confirmed all cash accounts and investments with the individual financial institutions that had custody of the funds and investments held under the supervision of Great West. We reconciled the amounts confirmed to the records of Great West.

**COUNTY OF LOS ANGELES
 DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
 AGREED-UPON PROCEDURES REPORT
 JUNE 30, 2013**

2. Investment confirmations (continued)

Results

There were reconciling differences between the records of Great West and those of the individual financial institutions. Reconciling items noted were discussed with Great West personnel and were determined to be due to temporary timing differences that would self-correct.

The reconciled investments and cash balances at June 30, 2013 for the Plan are as follows:

**Deferred Compensation and Thrift ("Horizons") Plan
 Great West Account #98996-01**

	Assets Per		Difference
	Great West	Financial Institutions	
Horizons 2010 Target Date Fund	\$ 151,957,777	\$ 151,614,726	\$ (343,051)
Horizons 2015 Target Date Fund	205,613,365	205,668,373	55,008
Horizons 2020 Target Date Fund	371,904,929	371,775,860	(129,069)
Horizons 2025 Target Date Fund	414,584,380	414,639,802	55,422
Horizons 2030 Target Date Fund	45,268,580	45,273,443	4,863
Horizons 2035 Target Date Fund	37,665,780	37,650,433	(15,347)
Horizons 2040 Target Date Fund	28,421,600	28,403,406	(18,194)
Horizons 2045 Target Date Fund	24,311,480	24,297,012	(14,468)
Horizons 2050 Target Date Fund	9,016,233	8,956,870	(59,363)
Horizons Retirement Income Fund	50,357,279	51,148,229	790,950
Horizons Non-US Equity Fund	246,435,094	246,650,699	215,605
Horizons Small Cap Equity Fund	418,431,029	418,368,703	(62,326)
Horizons Mid Cap Equity Fund	706,916,195	706,973,443	57,248
Horizons Large Cap Equity Fund	783,478,504	783,801,003	322,499
Horizons Balanced Fund	118,513,879	118,169,871	(344,008)
Horizons Bond Fund	112,143,338	112,120,598	(22,740)
Horizons Inflation Protection Fund	11,173,299	11,182,917	9,618
Bank Depository Fund	135,445,397	135,502,598	57,201
Horizons Stable Income Fund	2,804,705,746	2,803,816,377	(889,369)
SCHWAB Self Directed Brokerage Account	59,451,208	59,460,072	8,864
	<u>6,735,795,092</u>	<u>\$ 6,735,474,435</u>	<u>\$ (320,657)</u>
Loan Fund	337,572,387		
Total Assets Per Great West	<u>7,073,367,479</u>		
Contributions Receivable	32,154,875		
Total Plan Assets	<u>\$ 7,105,522,354</u>		

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2013**

3. Investment income

The following procedures were performed:

- We reconciled total investment income for the year ended June 30, 2013 between Great West (record keeper) and the individual financial institutions.
- Total investment income for the year ended June 30, 2013 was also reconciled between Wells Fargo (trustee) and Great West.
- We recomputed the investment earnings for a sample of ten (10) participants for the year ended June 30, 2013 to determine whether investment income was properly allocated to the participant accounts.

Results

The following differences were identified from the reconciliation between Great West and individual financial institutions. These differences were determined to be due to temporary differences that would self-correct.

	Total Investment Income Per		
	Great West	Financial Institutions	Difference
Horizons 2010 Target Date Fund	\$ 16,249,776	\$ 16,249,605	\$ 171
Horizons 2015 Target Date Fund	24,171,624	24,171,543	81
Horizons 2020 Target Date Fund	49,363,829	49,363,773	56
Horizons 2025 Target Date Fund	58,761,434	58,760,129	1,305
Horizons 2030 Target Date Fund	5,473,915	5,473,985	(70)
Horizons 2035 Target Date Fund	4,579,040	4,578,861	179
Horizons 2040 Target Date Fund	3,326,276	3,326,309	(33)
Horizons 2045 Target Date Fund	2,977,179	2,979,130	(1,951)
Horizons 2050 Target Date Fund	935,992	935,983	9
Horizons Retirement Income Fund	2,963,840	2,963,874	(34)
Horizons Non-US Equity Fund	42,833,786	42,834,559	(773)
Horizons Small Cap Equity Fund	84,261,126	84,258,378	2,748
Horizons Mid Cap Equity Fund	129,611,742	129,609,370	2,372
Horizons Large Cap Equity Fund	134,061,904	134,059,303	2,601
Horizons Balanced Fund	19,343,077	19,343,119	(42)
Horizons Bond Fund	5,758,319	5,758,240	79
Horizons Inflation Protection Fund	(550,326)	(550,267)	(59)
Bank Depository Fund	483,248	483,172	76
Horizons Stable Income Fund	60,185,259	62,838,745	(2,653,486)
SCHWAB Self Directed Brokerage Account	2,599,813	2,466,559	133,254
	647,390,853	\$ 649,904,370	\$ (2,513,517)
Loan Fund	13,208,391		
Total Investment Income	\$ 660,599,244		

No exceptions were noted in the reconciliation between Wells Fargo and Great West, or in the recomputation of investment earnings for the sample selected.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2013**

4. Forfeiture sub-account withdrawals

A sample of forty (40) withdrawals from the forfeiture sub-accounts during the year ended June 30, 2013 was selected from Great West's Annual Forfeiture Account Summary. For each of the withdrawals selected, we performed the following procedures:

- We agreed each withdrawal to actual payment documentation from Great West.
- We noted evidence of payment approval, including authorized invoices and approval letters from the County.
- We noted that each withdrawal was appropriately made from the various types of forfeiture sub-accounts, including float interest earnings and administrative fees subaccounts.
- We noted that the forfeiture sub-accounts were fully reconciled.

Results

No exceptions were noted.

5. Charges to participant accounts for deposit into forfeiture subaccounts

A sample of sixty (60) participants was selected from the participant summary report provided by Great West for the months of September 2012, December 2012 and May 2013. Procedures were performed to determine whether the total fees charged to participant accounts (the approved net monthly third-party administrator ("TPA") and County administrative fees) of \$5.07 for the year ended June 30, 2013 was deducted from each participant's account for the months tested.

Also, the reasonableness of the total administrative fees deposited monthly to the forfeiture sub-accounts was verified. We recomputed the total monthly administrative fees using the approved TPA rate and the average monthly participants and compared the results to the actual amounts deposited to the forfeiture accounts.

Results

No exceptions were noted.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2013**

6. New loans

A sample of sixty (60) new loans issued during the year ended June 30, 2013 was selected from the Annual Summary Report provided by Great West. For each new loan selected, we performed the following:

- We reviewed supporting documentation to verify that each loan was made in compliance with the Plan's provisions. Specifically, loan terms and limits recorded in the Great West system and County's payroll system were compared with Plan provisions, and signed promissory notes were reviewed.
- Loan repayment amounts on the amortization schedules were compared to the County's payroll registers for the first pay period after the loan was initiated and the last pay period of the fiscal year ended June 30, 2013. The loan balance as of June 30, 2013 was compared to the Great West's fourth quarter participant statements. In addition, we verified that the interest rate used for each loan was in accordance with the Plan's guidelines and was consistent with the rate shown on the promissory note.

Results

No exceptions were noted.

7. Late and defaulted loans

A sample of twenty five (25) late and defaulted loans which occurred during the year ended June 30, 2013 was selected to determine if participant notices were accurate and mailed within the agreed-upon timeframes, and the loans were handled according to the Plan's provisions. We verified that an accurate notice was sent to each selected participant; loans were treated as defaulted if missed payments were not made by the end of the quarter following the quarter with the missed payments; defaulted loans were taxed as deemed distributions and the letter sent was accurate; and interest continued to be assessed and payments continued until the loans were fully repaid or offset.

Results

No exceptions were noted.

8. Loan changes

Fifteen (15) new and existing loans for which loan payment changes occurred during the year ended June 30, 2013 were selected, and the following procedures were performed for each participant to determine if the TPA handled the changes in accordance with the Plan's guidelines.

- We verified that a loan payment change request form was submitted for loan payment(s) to cease, and that loan payment(s) ceased, during the leave of absence.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2013**

8. Loan changes (continued)

- We also verified that a second loan payment change request form was submitted at the end of the leave of absence, and regular loan repayments resumed during the grace period.

Results

No exceptions were noted.

9. Outstanding loans of separated participants

A sample of twenty five (25) outstanding loans of participants who have separated service was selected to determine if the TPA processed the outstanding loans according to Plan provisions. We verified that the loan was: 1) repaid in full at separation; 2) if not repaid in full at separation, the loan was repaid within the grace period not to exceed the end of the calendar quarter following the calendar quarter in which the participant separated from County service; 3) if not repaid by the end of the grace period or before the participant takes a distribution (whichever is earlier), the loan was treated as defaulted and taxed as a deemed distribution.

Results

Two (2) of the loans were paid off or offset within the grace period. For eleven (11) of the loans, Great West provided 1099s on the default dates and the loans were paid off or offset after the grace period. For eight (8) of the loans, Great West provided 1099s on the default dates and the loans have not been paid off or offset. Per Great West, until a loan is paid off or offset, payments will continue to be accepted, even after the loan has defaulted and a 1099 has been issued.

For two (2) of the loans, 1099s were not provided by Great West at the end of the grace period. These loans were subsequently paid off or offset after the grace period. For the remaining two (2) loans, the participants are currently making monthly payments; however, this is beyond the grace period and 1099s have not been issued by Great West.

Great West indicated that the default policy for terminated employees with loans was not enforced consistently in the past, and beginning March 31, 2014, Great West will manually default all loans not paid within the grace period.

10. Hardship withdrawals

Twenty five (25) hardship withdrawals made during the year ended June 30, 2013 were selected, and the following procedures were performed to determine if the requests were handled timely, accurately and in accordance with the Plan's provisions.

- For each hardship withdrawal, we vouched to approved withdrawal forms, documentation supporting an eligible financial emergency, and participant statements.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2013**

10. Hardship withdrawals (continued)

- We verified that the withdrawal was taxed at distribution and made within 60 days of approval in accordance with the Plan document.

Results

No exceptions were noted.

11. Termination pay deferrals

A sample of twenty five (25) termination pay deferrals which occurred during the year ended June 30, 2013 was selected to determine if they were in compliance with Plan provisions. We verified that the deferrals were made out of the accrued sick, vacation and other types of the leave that were due to the participants upon termination; the termination pay deferrals were properly withheld; and the total contributions, including termination pay deferrals, did not exceed the annual maximum limit.

Results

No exceptions were noted.

12. Participant withdrawals and distributions

A sample of sixty (60) participants receiving a distribution during the year ended June 30, 2013 was selected from Great West's Annual Distribution Report. Types of distributions in the population sampled included payments to beneficiaries upon the participant's death, in-service withdrawals, separation of service withdrawals, retirement withdrawals, minimum required distributions, disability withdrawals, and Qualified Domestic Relations Orders ("QDROs"). For each of the 60 participants selected, we performed the following:

- We agreed each participant distribution to supporting payment documents from Great West.
- For each distribution selected for test work, we vouched to evidence of the distribution approval, including benefit election forms, evidence of age and employment status, and dates of service.
- We recomputed distribution amounts based on the participant's eligibility requirements and Plan provisions.
- We recalculated the federal and state tax withholding amounts, if applicable, to ensure compliance with the Plan document and applicable tax laws.

Results

No exceptions were noted.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2013**

13. Amounts held in suspense

The suspense activity records at the end of each month for the year ended June 30, 2013 were reviewed to determine whether amounts held in suspense and unapplied to participant accounts were resolved timely and cleared within a reasonable time period.

Results

No exceptions were noted.

14. Participant investment selections

We performed the following procedures to determine whether Great West executed participant investment allocations in accordance with participant-desired elections:

- We selected sixty (60) participants who were active in the Plan for the year ended June 30, 2013.
- We agreed the participant's allocation request to the Great West participant summary, indicating the participant's desired allocation, noting the date of the request, fund designations, and desired percentage allocations.
- We agreed the investment allocations in the related quarterly participant statements to Great West's records.

Results

No exceptions were noted.

15. Controls over participants' eligibility

We selected sixty (60) active participants from the monthly Great West Participant Summary Report to verify eligibility and performed the following:

- For each participant selected, we agreed that County's personnel records matched the participants records held by Great West.
- For each participant selected, we reviewed the County's human resources employee file to determine the participant's employment status and classification to verify their eligibility was in compliance with the Plan document.

Results

No exceptions were noted.

**COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2013**

16. Employee and County contributions

We selected sixty (60) active participants from the monthly Great West Participant Summary Report and performed the following procedures for each participant:

- For employee contributions, we compared the demographic data from the Great West database to the County's personnel records and determined whether the participant was eligible based on the Plan document. We compared the actual pay rate on payroll registers to the personnel records and the hours per payroll registers to approved time cards. We recalculated the regular earnings, total pay for each pay period selected, and the eligible earnings, and ensured that the eligible earnings agreed with the Plan document. We reviewed the County's and Great West's records to determine the employee's elective deferral percentage, recalculated the employee deferral amount, and reconciled it with the amount withheld from the participant's earnings.
- We agreed the County's matching contribution statements per the County Employee Sequence Register (payroll records) to Great West's contribution statements for the pay periods ended October 15, 2012, December 31, 2012, April 15, 2013, June 15, 2013, and June 30, 2013. We reviewed Great West's contribution statements and the County's payroll records to determine compliance with the County's matching policy guidelines for the year ended June 30, 2013 of 100% match of the participant's contribution up to 4% (capped at \$112 million) of the participant's monthly compensation.
- We recalculated the County's matching contributions and agreed them to the County's payroll records for each participant for the pay periods ended December 15, 2012 and June 30, 2013.

Results

No exceptions were noted.

17. Employee vesting percentages

Balances are 100% vested at all times.

18. Employee forfeitures

Not applicable to the Plan.

COUNTY OF LOS ANGELES
DEFERRED COMPENSATION AND THRIFT (HORIZONS) PLAN
AGREED-UPON PROCEDURES REPORT
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19. Stale-dated checks and lost participants

Each quarter, Great West reviews the uncashed checks that have been outstanding for 180 days or more, and attempts to contact recipients to notify them of the option to reissue checks. On a quarterly basis, Great West also takes those checks that are still outstanding one year after the initial issue date and transfers the balance, less a \$15 fee, to a stale dated-check forfeiture sub-account.

A sample of ten (10) stale-dated checks greater than 180 days old was selected from the stale-dated checks worksheet provided by Great West. We vouched the amounts to the notice letters sent to participants; reviewed the notice letters to determine the accuracy of the information; and examined supporting evidence for the reissuance of the checks or transfer of the amount, net of the fees, to the check forfeiture subaccount.

Results

No exceptions were noted.

20. Reconciliation procedures

We performed the following procedures to determine whether the reconciliation of the Plan's bank accounts and participant ledgers were in place:

- A non-interest bearing lockbox (depository) account is maintained for the purpose of receiving the Plan's contributions and transfers-in. On a daily basis, funds in the lockbox account are transferred to a non-interest bearing concentration (demand deposit) account for the purposes of efficient administration and effective control of all disbursements from and transactions in the Plan. We obtained and inspected reconciliations of the lockbox and concentration accounts performed by Great West during the year ended June 30, 2013 for the months of August 2012, December 2012 and June 2013. Where applicable, we reviewed the reconciling items and ensured that the balances at the end of each month were in agreement with the ledgers and bank statements.
- Each month, earnings in many of the individual forfeiture accounts are swept to the Float Interest Earnings forfeiture account. These earnings are used to offset the Plan's administrative charges. We obtained and inspected the sweep analysis and the reconciliations for the months of August 2012, December 2012, and June 2013 prepared by Great West and noted that the current month's float interest allocation to the Float Interest Earnings account was made based on the proportionate share of the Plan's prior month's earnings. We recalculated the float interest allocated based on this methodology and noted no exceptions. Where applicable, we reviewed the reconciling items and ensured that the balances at the end of each month were in agreement with the ledgers and bank statements.

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20. Reconciliation procedures (continued)

- We agreed the bank charges as reflected on Wells Fargo's August 2012, December 2012, and June 2013 Relationship Summary (bank statement) to the bank charges according to the Fee Schedule that Wells Fargo provided Great West for the months of August 2012, December 2012, and June 2013.

Results

No exceptions were noted.

21. Contribution limitations

Regular participant contributions, when in combination with the County's matching contributions, may not exceed \$17,500 and \$17,000 for calendar years 2013 and 2012, respectively. The Plan's catch-up provision allows a participant who has attained 50 years of age to contribute \$5,500 in addition to the regular annual contribution limits for the calendar years 2013 and 2012. Participants who are within 3 years of normal retirement age and have not always made maximum annual contributions to the Plan may contribute an additional \$17,500 and \$17,000 for the calendar years 2013 and 2012, respectively. To ensure compliance with these limits, we performed the following procedures:

- We reviewed all contributions in excess of the calendar year limits; verified that each participant was at least 50 years of age; and that the catch-up portion of the contribution was within the Plan limits.
- We selected fifteen (15) of the accelerated 457 catch-up contributions to determine if they were in accordance with the Plan document and Internal Revenue Service guidelines. We verified that the catch-up contribution was approved and recalculated the 457 catch-up amounts.

Results

No exceptions were noted.

22. Excessive trading provisions

A sample of ten (10) transfers of \$10,000 or more was selected for testing to determine whether Plan procedures were being followed and restrictions were enforced during the year ended June 30, 2013.

- We obtained support for excessive trading activity prior to the warning notice being issued.
- We verified that a warning notice was issued to participants who transferred \$10,000 or more across investment options and the transferred funds did not remain in the original investment for a minimum of 10 business days.

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22. Excessive trading provisions (continued)

- We verified that second-time violators' normal transaction privileges were suspended for 180 days.
- We obtained evidence of the trading restriction being lifted from the account, as applicable.

Results

No exceptions were noted.

23. Transfers into Bank Depository Fund and Self Directed Brokerage Account

A sample of twenty (20) transfers into the Plan's Bank Depository Fund or Self Directed Brokerage ("SDB") Account was selected for testing to ensure funds had not been transferred out of the Horizons Stable Income Fund during the 90 days immediately preceding the transfer into the Bank Depository Fund or the SDB Account during the year ended June 30, 2013 as follows:

- We verified that the participant transfer was made into the Bank Depository Fund or the SDB Account with Great West's Client Service Access System Report.
- We reviewed the participant's account history for the 90 days prior to the transfer into the Bank Depository Fund or the SDB Account with Great West's Client Service Access System Report to verify no transfers out of the Horizons Stable Income Fund occurred.

Results

No exceptions were noted.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on certain controls and management's compliance with the requirements of the Plan Administrative Committee. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users of the report as listed above and is not intended to be and should not be used by anyone other than these specified parties.

Los Angeles, CA
January 15, 2014

Bazilio Cobb Associates, P.C.