COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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JOHN NAIMO
AUDITOR-CONTROLLER

March 31, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo
Auditor-Controller

SUBJECT: **FISCAL YEAR 2014-15 SINGLE AUDIT REPORT**

Attached is the County's Single Audit Report (Report) for Fiscal Year 2014-15. The audit was performed by the independent accounting firm Macias Gini & O'Connell LLP. Federal law requires the County to have an annual audit of all expenditures that were funded by federal assistance received by the County. This year, the audit covered expenditures of approximately $2.73 billion.

The Report identifies a number of areas with internal control weaknesses and where County departments are not in compliance with federal assistance requirements. County departments are in general agreement with the auditors' findings and have taken, or will take, corrective action. The Report also includes the statuses of the prior year's audit findings. In most cases, the prior year recommendations have been implemented or are in progress.

To comply with federal reporting requirements, we submit this Report to the State Controller and federal clearinghouse agency. It is subject to further review and follow-up action by the State Controller and/or federal agencies that provided the funding to the County.

If you have any questions, please contact me, or your staff may contact Connie Yee at (213) 974-8321 or cyee@auditor.lacounty.gov.

JN:CY:EJ:fl
FY 14-15 Single Audit Board Transmittal Letter -Final.docx

Attachment

c: Sachi A. Hamai, Chief Executive Officer
Lori Glasgow, Executive Officer of the Board of Supervisors
Audit Committee
Public Information Office
Each Department Head

COUNTY OF LOS ANGELES

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS

For the Year Ended June 30, 2015

MGO Certified Public Accountants

COUNTY OF LOS ANGELES
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2015

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BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2015

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Certified Public Accountants

Sacramento
Walnut Creek
San Francisco
Oakland
Los Angeles
Century City
Newport Beach
San Diego

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Supervisors
County of Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Development Commission (CDC) (discretely presented component unit), Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA) (discretely presented component unit) and the Los Angeles County Employees' Retirement Association (LACERA), which represent the following percentages of the assets, net position/fund balances, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/Additions
Discretely presented component units	100%	100%	100%
Aggregate remaining fund information	71%	73%	9%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CDC, First 5 LA, and LACERA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District Fund, Flood Control District Fund, Public Library Fund, and Regional Park and Open Space District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, effective July 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* The implementation of these statements resulted in a restatement of net position as of July 1, 2014 in the amount of $7,835,193,000, $1,322,777,000, and $21,142,000 for governmental activities, business-type activities, and the CDC, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 24, the schedule of net pension liability and related ratios, the schedule of County's contributions and the schedules of funding progress – Other Postemployment Benefits on pages 139 through 141 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and state awards granted by the California Department of Aging are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the California Department of Community Services and Development, and the California Department of Aging, respectively, and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and state awards granted by the California Department of Aging are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the County'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 the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Los Angeles, California
December 15, 2015, except for the report on the schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and state awards granted by the California Department of Aging, as to which the date is March 28, 2016.

This section of the County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of financial activities for the year ended June 30, 2015. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

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

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

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

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

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

Overview of the Basic Financial Statements

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Activities presents information that indicates how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

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

- Governmental Activities - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities, which include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and interest on long-term debt.

- Business-type Activities - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, and the Aviation Funds represent the County's business activities.

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

FUND FINANCIAL STATEMENTS

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

The County's funds are classified into the following three categories:

- Governmental Funds - These funds are used to account for essentially the same services that were previously described as governmental activities above. However, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Governmental funds include the General Fund, as well as Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds.

- Proprietary Funds - These funds are used to account for functions that were classified as "business-type activities" in the government-wide financial statements. The County's Internal Service Funds are also reported within the proprietary fund section. The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds) and it is displayed with the other major enterprise funds.

- Fiduciary Funds - These funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the County's programs. The Pension and Other Postemployment Benefit Trust Funds, the Investment Trust Funds, and Agency Funds are reported in this fund category, using the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $286 million at the close of the most recent fiscal year.

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

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

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

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

Current and Other Assets

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

Deferred Outflows of Resources

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

Liabilities

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

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

Deferred Inflows of Resources

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

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

Net Investment in Capital Assets

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

Restricted Net Position

The County's restricted net position at year-end was $3.183 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

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

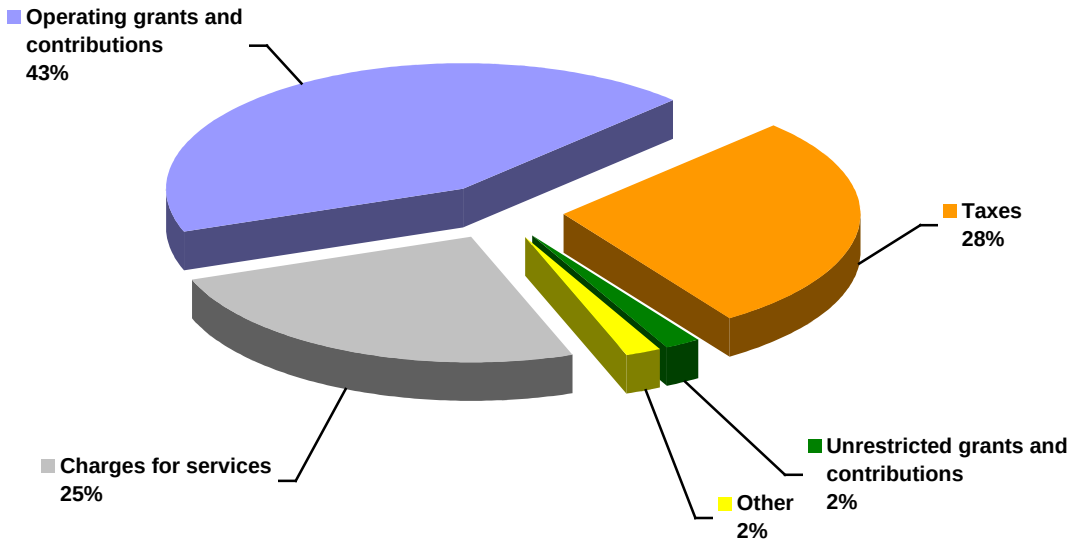
The following table details identifies changes in net position for governmental and business-type activities:

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

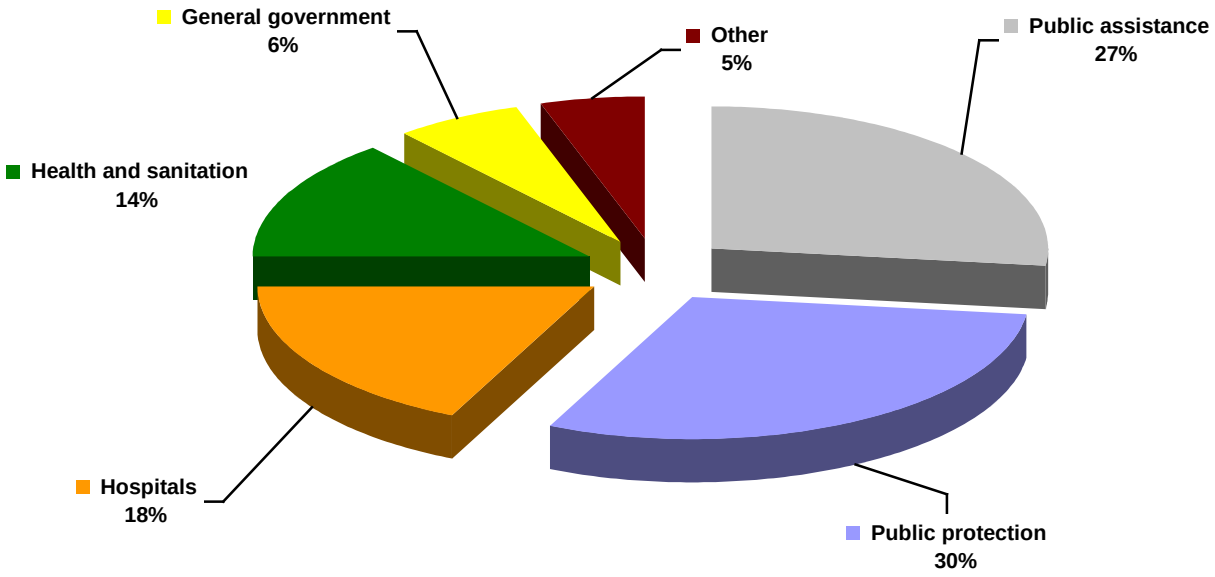
	Governmental Activities		Business-type Activities		Total	
	2015	2014 (1)	2015	2014 (1)	2015	2014 (1)
Revenues:						
Program revenues:						
Charges for services	$ 2,505,007	$ 2,751,505	$ 3,037,826	$ 2,534,565	$ 5,542,833	$ 5,286,070
Operating grants and contributions	8,976,986	8,579,502	500,840	485,888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

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

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



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



Governmental Activities

Revenues from governmental activities increased by $550 million (3.1%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by $397 million. Of this total, $139 million is attributable to new State grant funding designed to improve local probation supervision practices and capacities. An additional $72 million provided increased funding for a variety of public safety initiatives. Revenue associated with the State Mental Health Services Act (Proposition 63) increased by $138 million due to growth in dedicated State income taxes, which is the State's source of funding for this program.

- Taxes, the County's largest general revenue source, were $321 million higher than the prior year due almost entirely to increased property taxes, which grew by $297 million. The County's assessed property tax roll grew for the fourth consecutive year and was 5.47% higher in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "Pass through" payments from redevelopment dissolution were $223 million and increased by $21 million from the prior year. Redevelopment dissolution also provides residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was $190 million, an increase of $30 million compared to the prior year.

- Charges for services decreased by a total of $246 million, primarily attributable to a $278 million decrease in revenues associated with clients who were enrolled in managed care pursuant to the County's implementation of the Affordable Care Act (ACA). In the prior year, the County was responsible for processing and paying the out-of-network claims and out-of-network pass through payments to private hospitals, on behalf of managed care enrollees. In the current year, enrollment responsibilities shifted to independent local agencies, which specialize in providing managed health care services.

For the second consecutive year, pursuant to Assembly Bill 85 (AB85), the State withheld revenues known as "1991 County Health Realignment Funds." The withheld amount in the current year, $238 million, represents an increase of $150 million over the $88 million withheld in the prior year. The amounts withheld are based on an assumption that County healthcare costs for the indigent population will decrease. The funds will be reconciled and trued-up, two years after the fiscal year in which the amounts were withheld. The County anticipates that the final amount withheld will be less than or equal to the cumulative withheld amount of $326 million. It is subject to the State's review and approval, and the financial impact of the potential redirection of realignment funding in future years is not yet known. Accordingly, any revenues associated with the amount withheld are uncertain and have not been recorded in the financial statements.

Governmental Activities-Continued

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

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

Business-type Activities

Revenues from business-type activities saw a net increase in comparison to the prior year of $522 million (17.1%) and nearly all of this amount was related to charges for services, which increased by $503 million. As discussed in Note 14 to the basic financial statements, County Hospital revenues are derived from a wide range of federal and State funding sources. The ACA was initiated midway during the prior year, and the current year represented the first full year of operations under the ACA. The principal funding source derived from the ACA is known as "Medicaid Coverage Expansion" and it increased by $458 million in the current year, and included rate supplement revenues.

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

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and the Permanent Funds.

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

Revenues from all governmental funds for the current year were $18.435 billion, an increase of $567 million (3.2%) from the previous year. Expenditures for all governmental funds in the current year were $17.849 billion, an increase of $520 million (3.0%) from the previous year. In addition, other financing uses exceeded other financing sources by $103 million as compared to $369 million in the prior year.

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by $87 million (2.8%). At the end of the current fiscal year, the General Fund's total fund balance was $3.190 billion. Of this amount, $272 million is classified as nonspendable, $56 million as restricted, $334 million as committed, $492 million as assigned and the remaining $2.036 billion is classified as unassigned.

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

Following are significant changes in General Fund revenues and expenditures:

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

Governmental Funds-Continued

- Intergovernmental revenues increased by $179 million overall, and were primarily associated with federal revenue increases of $144 million. Federal revenue growth was attributable to higher levels of reimbursable program and administrative costs for public assistance and children and family services programs. State revenues grew by $54 million, while Other Intergovernmental revenues were lower by $19 million. State revenue growth of $46 million was associated with a program referred to as Senate Bill 90, which reimburses the County for performing State-mandated activities.

- Charges for services decreased by a total of $252 million. As previously mentioned, there was a $278 million decrease in revenues associated with clients who were initially enrolled in managed care pursuant to the County's implementation of the ACA in the prior year. This was partially offset by a $27 million increase in revenues for services provided by the Sheriff's Department, primarily for services rendered to the County's independently operated transportation agency and the Superior Court.

- General fund expenditures increased by a total of $448 million, or 3.0%. Within this total, current expenditures increased by $451 million, and debt service and capital outlay expenditures decreased by $2 million and $1 million, respectively. The most significant increase in current expenditures was reflected in public protection programs, where spending grew by $293 million, of which $234 million pertained to salaries and employee benefits, largely due to negotiated salary increases. Public assistance expenditures were higher by $252 million, of which salary and benefit increases were nearly $137 million with the remaining increase associated with higher spending on public assistance benefits. General government spending increases were $157 million and this growth was related to funding grants to other agencies of $86 million, capital improvements of $34 million, and wage growth of $40 million. Health and sanitation program expenditures were $273 million lower, and this was primarily due to the significant changes in managed care responsibilities, as previously discussed.

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

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

Governmental Funds-Continued

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

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

Proprietary Funds

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

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year as discussed in Note 15 to the basic financial statements. The amount of subsidy, per facility, ranged from $33 million for Rancho Los Amigos National Rehabilitation Center to $208 million for the Harbor-UCLA Medical Center. The total subsidy amount was $377 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was $522 million. The ACA was in effect for the entire current year and the County's hospital operations experienced higher levels of patient care revenues.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund ("Measure B Fund"). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center ($117 million), Harbor-UCLA Medical Center ($54 million), and Olive-View UCLA Medical Center ($40 million). The total current year amount of $211 million in Measure B transfers was higher than the prior year amount of $209 million.

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

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 16 to the basic financial statements. There are approximately 100 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of $184 million in the General Fund's available (unassigned) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

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

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately $269 million. The most significant changes occurred in the following areas:

Changes from Amounts Originally Budgeted-Continued

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

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $15.811 billion. This amount was $1.186 billion, or 7%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, charges for services, and "other sources and transfers in."

- Actual intergovernmental revenues were $783 million lower than the amount budgeted. Budgeted intergovernmental revenues of $193 million were not realized for various capital improvements, disaster recovery programs and emergency preparedness projects, as these initiatives were not completed prior to year-end. Approximately $296 million was associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Mental health programs accounted for approximately $143 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The Sheriff's Department under-realized revenues of $44 million due to lower than expected reimbursement of salaries, services and supplies. Public health related programs experienced budgeted revenue shortfalls of $51 million, most of which was associated with federal grants and offset by a comparable amount of cost savings. The Registrar-Recorder did not realize $23 million of federal funds (Help America Vote Act) due to lower than anticipated eligible costs and delay in implementing a new voting system. The remaining variance of $33 million was related to a variety of other programs.

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

- The actual amount of "other sources and transfers in" was $357 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were $224 million lower than budgeted. In addition, "transfers in" totaling $90 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Probation and Sheriff's Department programs funded by the Other Public Protection Special Revenue Funds were $35 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of $8 million.

- Actual charges for services were $126 million lower than the amount budgeted. Of this amount, $89 million was associated with health, mental health, and public health program revenues, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The estimated costs of servicing a large telecommunication system and other projects were $18 million less than the budget. The remaining variance of $19 million was related to a variety of other charges for services.

Budgetary Summary - Expenditures/Other Financing Uses

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund expenditures, transfers out, and changes in fund balance components (in thousands):

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive
General government	$ (39,525)	$ 1,984,708	$ 1,110,563	$ 874,145
Public protection	71,091	5,432,617	5,188,548	244,069
Health and sanitation	(52,847)	3,486,984	3,024,533	462,451
Public assistance	39,755	6,142,607	5,716,044	426,563
All other expenditures	15,617	1,176,442	464,688	711,754
Transfers out	136,189	399,947	388,051	11,896
Contingencies	43,924	48,924		48,924
Fund balance changes-net	54,452	(109,003)	(265,528)	156,525
Total	$ 268,656	$ 18,563,226	$15,626,899	$ 2,936,327

Changes from Amounts Originally Budgeted

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

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

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

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

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

- The general government function reported actual expenditures that were $874 million less than the amount budgeted. Of this amount, $641 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. The remaining $233 million was spread across County departments comprising general government and was mostly related to savings in the areas of salaries and services and supplies.

- The category referred to as "all other expenditures" reflected actual spending of $712 million less than the budgeted amount. Of this variance, $696 million was in the capital outlay category, related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been reestablished in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.

- Overall expenditures for the health and sanitation category were $462 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by $313 million, primarily due to lower than anticipated costs for contracted services and some salary savings. The public health program recognized budgetary savings of $132 million, with $86 million due to lower than expected services and supplies costs and approximately $46 million in salaries and benefits savings. The remaining variance of $17 million was associated with managed care health programs.

- Actual public assistance expenditures were $427 million lower than the final budget. Of this amount, $376 million was concentrated in social service and children and family programs. Administrative costs in these areas were lower than anticipated due to overall cost containment efforts, vacant positions, and delays in implementing new technology initiatives. There were also direct program savings associated with lower than anticipated caseloads. There were $33 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of $18 million was related to other public assistance programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2015 were $19.159 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, software, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 6 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was $65 million, as shown in the following table.

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

	Current Year	Prior Year	Increase (Decrease)
Land and easements	$ 7,513,257	$ 7,542,257	$ (29,000)
Buildings and improvements	5,239,777	4,649,013	590,764
Infrastructure	4,798,885	4,925,897	(127,012)
Equipment	539,429	524,218	15,211
Software	338,281	294,937	43,344
Capital assets, in progress	729,132	1,157,155	(428,023)
Total	$ 19,158,761	$ 19,093,477	$ 65,284

The County's major capital asset initiatives during the current year continued to focus on new facilities and major improvements for the Hospitals. Six significant construction-in-progress (CIP) projects were completed toward the end of the current year and reclassified from CIP to buildings and improvements for the following facilities: $275 million for the Martin Luther King, Jr. Inpatient Tower facility, $205 million for the Hall of Justice building, $42 million for the Harbor/UCLA Medical Center facility, $24 million for the Medical Examiner Biological building, $21 million for the Manhattan Beach Library, and $17 million for the Pathfinder Park Community Center. As of June 30, 2015, there were $339 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by $11 million, as newly issued debt and accretions of $568 million exceeded debt maturities of $557 million. Specific changes related to governmental and business-type activities are presented in Note 11 (Long-Term Obligations) to the basic financial statements.

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

- Lease revenue obligation notes (LRON) of $342 million were issued for governmental and business-type activities in the amounts of $309 million and $33 million, respectively. For governmental activities, debt was issued to finance a new family support center, library, animal care, and fire department facilities. For business-type activities, debt was issued to finance hospital improvements.

- New debt of $40 million was issued to finance the acquisition of equipment. Equipment debt totaling $19 million was redeemed during the year in accordance with maturity schedules.

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

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $900 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2015. The General Fund also relied upon periodic borrowing from available agency funds.

Bond Ratings

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

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

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

Economic Conditions and Outlook

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

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

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

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

Obtaining Additional Information

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

BASIC FINANCIAL STATEMENTS

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

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

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

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

GENERAL REVENUES:
- Taxes:
  - Property taxes
  - Utility users taxes
  - Voter approved taxes
  - Documentary transfer taxes
  - Other taxes
- Sales and use taxes, levied by the State
- Grants and contributions not restricted to special programs
- Investment income
- Miscellaneous

TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET POSITION
NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
NET POSITION (DEFICIT), JUNE 30, 2015

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

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

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

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 1,648,529	225,595	411,413	62,097
Other	1,030,156	17,813	12,812	1,456
Total pooled cash and investments	2,678,685	243,408	424,225	63,553
Other investments (Notes 4 and 5)	4,655			118
Taxes receivable	157,215	37,531	11,207	5,769
Interest receivable	12,192	460	922	158
Other receivables	1,876,345	33,013	3,773	1,753
Due from other funds (Note 15)	460,987	3,870	19,742	4,643
Advances to other funds (Note 15)	434,849		6,047	
Inventories	48,186	10,419		1,443
TOTAL ASSETS	5,673,114	328,701	465,916	77,437
DEFERRED OUTFLOWS OF RESOURCES (Note 20)				
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,673,114	328,701	465,916	77,437
LIABILITIES				
Accounts payable	$ 410,671	4,795	2,310	1,189
Accrued payroll	356,579	36,605		3,710
Other payables	115,998	2,393		451
Due to other funds (Note 15)	271,800	13,827	22,562	5,257
Advances payable	853,441		58,735	
Third party payor (Notes 11 and 14)	39,693			
TOTAL LIABILITIES	2,048,182	57,620	83,607	10,607
DEFERRED INFLOWS OF RESOURCES (Note 20)	435,109	28,259	8,398	4,462
FUND BALANCES (Note 21)				
Nonspendable	272,384	10,419		1,443
Restricted	55,694	232,403	373,812	11,004
Committed	334,346			
Assigned	491,954		99	49,921
Unassigned	2,035,445			
TOTAL FUND BALANCES	3,189,823	242,822	373,911	62,368
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 5,673,114	328,701	465,916	77,437

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				ASSETS
				Pooled cash and investments: (Notes 1 and 5)
$ 328,968	2,530,273		$ 5,206,875	Operating
1,231	39,970		1,103,438	Other
330,199	2,570,243		6,310,313	Total pooled cash and investments
	133,632	(82,880)	55,525	Other investments (Notes 4 and 5)
2,012	11,570		225,304	Taxes receivable
828	5,258		19,818	Interest receivable
5,383	55,342		1,975,609	Other receivables
9	141,607		630,858	Due from other funds (Note 15)
	12,172		453,068	Advances to other funds (Note 15)
			60,048	Inventories
338,431	2,929,824	(82,880)	9,730,543	TOTAL ASSETS
	237,055		237,055	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
$ 338,431	3,166,879	(82,880)	$ 9,967,598	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
				LIABILITIES
$ 265	55,597		$ 474,827	Accounts payable
	105		396,999	Accrued payroll
	36		118,878	Other payables
2,033	425,172		740,651	Due to other funds (Note 15)
	32,773		944,949	Advances payable
	538		40,231	Third party payor (Notes 11 and 14)
2,298	514,221		2,716,535	TOTAL LIABILITIES
5,889	9,886		492,003	DEFERRED INFLOWS OF RESOURCES (Note 20)
				FUND BALANCES (Note 21)
	2,185		286,431	Nonspendable
330,244	2,376,290	(82,880)	3,296,567	Restricted
	112,034		446,380	Committed
	152,263		694,237	Assigned
			2,035,445	Unassigned
330,244	2,642,772	(82,880)	6,759,060	TOTAL FUND BALANCES
$ 338,431	3,166,879	(82,880)	$ 9,967,598	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015 (in thousands)

Fund balances - total governmental funds (page 29)			$	6,759,060
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not reported in governmental funds:				
Land and easements	$	7,328,764		
Construction-in-progress		674,896		
Buildings and improvements - net		3,316,311		
Equipment - net		288,365		
Intangible software - net		306,110		
Infrastructure - net		4,105,581		16,020,027
Deferred outflows and inflows of resources reported in the statement of net position, but not recognized in the governmental funds:				
Deferred outflows from losses on refunding of debt	$	17,530		
Deferred outflows from pension contributions		1,183,888		
Deferred outflows from changes in proportionate share of contributions		19,813		
Deferred inflows from service concession arrangements		(93,233)		
Deferred inflows from net difference between projected and actual earnings on investments		(2,364,323)		(1,236,325)
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities:				
Deferred inflows from property taxes	$	170,344		
Deferred inflows from long-term receivables		84,604		254,948
Other long-term asset transactions are not available for the current period and are not recognized in governmental funds:				
Payables and receivables related to capital assets	$	(97)		
Accrued interest on long-term receivables		127		30
Installment receivables from service concession arrangements.				93,233
Accrued interest payable is not recognized in governmental funds.				(21,633)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:				
Bonds and notes	$	(1,530,728)		
Unamortized premiums on bonds and notes		(51,085)		
Accreted interest on bonds and notes		(167,904)		
Capital lease obligations		(166,320)		
Accrued compensated absences		(1,242,752)		
Workers' compensation		(1,856,914)		
Litigation and self-insurance		(169,242)		
Pollution remediation obligations		(20,058)		
Net pension liability		(5,747,517)		
OPEB obligation		(9,193,679)		(20,146,199)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.				(600,100)
Net position of governmental activities (page 25)			$	1,123,041

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

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

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

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

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

COUNTY OF LOS ANGELES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

Net change in fund balances - total governmental funds (page 33)		$ 482,462
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	$ 454,502	
Less - current year depreciation expense	(408,252)	46,250
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net position differs from the change in fund balance.		(2,661)
Contribution of capital assets is not recognized in the governmental funds.		27,686
Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds.		(2,713)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		(67,948)
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	$ 120	
Change in unamortized premiums	4,177	4,297
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(490,031)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation and bonds	$ 56,523	
Notes, loans, and lease revenue obligation notes	366,957	
Assessment bonds	30,735	
Other long-term notes, loans and capital leases	9,465	463,680
Some expenses reported in the accompanying statement of activities do not require (or provide) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in workers' compensation	$ (35,800)	
Change in litigation and self-insurance	667	
Change in pollution remediation obligations	(1,864)	
Change in accrued compensated absences	(52,030)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	638,395	
Change in OPEB obligation	(1,324,470)	
Change in accrued interest payable	(2,254)	
Change in accretion of bonds and notes	5,482	
Change in accretion of tobacco settlement bonds	(2,803)	
Transfer of capital assets from governmental fund to enterprise fund	(14,945)	(789,622)
The portion of internal service funds that is reported with governmental activities.		(29,941)
Change in net position of governmental activities (page 27)		$ (358,541)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total		Internal Service Funds	
					ASSETS
					Current assets:
					Pooled cash and investments: (Notes 1 and 5)
$ 71,034	8,624	$ 83,776		$ 59,031	Operating
1,967	159	27,946		6,337	Other
73,001	8,783	111,722		65,368	Total pooled cash and investments
717		717			Taxes receivable
11,918	752	1,483,537			Accounts receivable - net (Note 14)
173	18	327		164	Interest receivable
		57,822		13,856	Other receivables
2,338	48	340,422		78,148	Due from other funds (Note 15)
1,347		1,347			Advances to other funds (Note 15)
		23,443		9,851	Inventories
89,494	9,601	2,019,337		167,387	Total current assets
					Noncurrent assets:
		141,532		14,249	Restricted assets (Note 5)
		153,384			Other receivables (Note 14 and 15)
					Capital assets: (Notes 6 and 10)
11,699	134,692	184,493			Land and easements
119,091	37,907	2,657,208			Buildings and improvements
1,076	1,325	289,162		308,363	Equipment
1,322		58,922			Intangible - software
1,194,490	55,044	1,249,534			Infrastructure
22,550	908	54,236			Construction in progress
(611,563)	(62,710)	(1,509,973)		(153,211)	Less accumulated depreciation
738,665	167,166	2,983,582		155,152	Total capital assets - net
738,665	167,166	3,278,498		169,401	Total noncurrent assets
828,159	176,767	5,297,835		336,788	TOTAL ASSETS
		211,805		46,216	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
					LIABILITIES
					Current liabilities:
3,089	141	300,407		5,657	Accounts payable
		86,392		16,806	Accrued payroll
	261	10,946		2,113	Other payables
		19,903		242	Accrued interest payable
4,932	239	269,420		39,357	Due to other funds (Note 15)
		432,415		22,000	Advances from other funds (Note 15)
24		780		234	Advances payable
1,828	92	161,886		33,918	Current portion of long-term liabilities (Note 11)
9,873	733	1,282,149		120,327	Total current liabilities
					Noncurrent liabilities:
		179,357		46,718	Accrued compensated absences (Note 11)
8,236	1,908	764,621		54,540	Bonds and notes (Note 11)
		32,904			Premiums on bonds and notes payable (Note 11)
		220,799		37,037	Workers' compensation (Notes 11 and 18)
		69,472			Litigation and self-insurance (Notes 11 and 18)
		992,845		216,720	Net pension liability (Notes 8 and 11)
		1,930,396		410,730	OPEB obligation (Notes 9 and 11)
		451,693			Third party payor (Notes 11 and 14)
8,236	1,908	4,642,087		765,745	Total noncurrent liabilities
18,109	2,641	5,924,236		886,072	TOTAL LIABILITIES
		426,559		93,034	DEFERRED INFLOWS OF RESOURCES (Note 20)
					NET POSITION
730,251	167,166	2,297,867		90,809	Net investment in capital assets
					Restricted:
		4,873			Debt service
79,799		79,799			Public ways and facilities
	6,960	(3,223,694)		(686,911)	Unrestricted (deficit)
$ 810,050	174,126	(841,155)		$ (596,102)	TOTAL NET POSITION (DEFICIT) (Note 3)
		3,998			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ (837,157)			NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

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

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				OPERATING REVENUES:
$		$ 2,982,613	$	Net patient service revenues (Note 14)
	3,883	3,883	28,035	Rentals
73,499	364	73,863	475,620	Charges for services
103		503,304		Other (Note 14)
73,602	4,247	3,563,663	503,655	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		2,152,719	419,603	Salaries and employee benefits
59,824	4,220	573,842	44,435	Services and supplies
3,083	521	715,444	38,825	Other professional services
22,374	1,934	87,571	36,132	Depreciation and amortization (Note 6)
		9,265		Medical malpractice
		19,523		Rent
85,281	6,675	3,558,364	538,995	TOTAL OPERATING EXPENSES
(11,679)	(2,428)	5,299	(35,340)	OPERATING INCOME (LOSS)
				NONOPERATING REVENUES (EXPENSES):
4,919		4,919		Taxes
696	71	1,265	158	Investment income
(198)		(49,974)	(1,760)	Interest expense
		(501,456)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
43	700	743		State
120	40	160		Federal
112		112		Other
5,692	811	(544,231)	(1,602)	TOTAL NONOPERATING REVENUES (EXPENSES)
(5,987)	(1,617)	(538,932)	(36,942)	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
45	2,308	17,298		Capital contributions
103		644,943	8,536	Transfers in (Note 15)
(63)		(57,621)	(9)	Transfers out (Note 15)
(5,902)	691	65,688	(28,415)	CHANGE IN NET POSITION
815,952	173,435		(567,687)	NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
$ 810,050	174,126		$ (596,102)	NET POSITION (DEFICIT), JUNE 30, 2015
		1,526		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ 67,214		CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 27)

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

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

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				CASH FLOWS FROM OPERATING ACTIVITIES
$		$ 2,915,537	$	Cash received from patient services
	3,883	3,883	7	Rentals received
			28,468	Rentals received from other funds
73,550	1,104	74,654	51,713	Cash received from charges for services
103		503,304		Other operating revenues
		94,644	426,345	Cash received for services provided to other funds
		(1,947,585)	(381,053)	Cash paid for salaries and employee benefits
(59,776)	(4,250)	(90,041)	(30,065)	Cash paid for services and supplies
(1,566)	(521)	(748,783)	(38,825)	Other operating expenses
		(301,764)		Cash (paid) returned for services from other funds
12,311	216	503,849	56,590	Net cash provided by operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
24		2,179,393	234	Cash advances received/returned from other funds
(29)		(2,629,645)		Cash advances paid/returned to other funds
		(1,264)		Interest paid on advances
		(501,456)		Intergovernmental transfers
275	740	1,015		Intergovernmental receipts
103		644,943	8,536	Transfers in
(63)		(57,621)	(9)	Transfers out
310	740	(364,635)	8,761	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
4,952		4,952		Proceeds from taxes
	2,308	2,308		Capital contributions
758	2,000	36,022	40,000	Proceeds from bonds and notes
(198)		(49,834)	(1,758)	Interest paid on capital borrowing
(350)		(73,021)	(18,620)	Principal payments on bonds and notes
(9,097)	(5,089)	(70,964)	(49,437)	Acquisition and construction of capital assets
(3,935)	(781)	(150,537)	(29,815)	Net cash required for capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
680	76	1,278	126	Investment income
9,366	251	(10,045)	35,662	Net increase (decrease) in cash and cash equivalents
63,635	8,532	263,299	43,955	Cash and cash equivalents, July 1, 2014
$ 73,001	8,783	$ 253,254	$ 79,617	Cash and cash equivalents, June 30, 2015

Continued…

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

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (50,797)	9,284	7,074	53,845
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	22,656	10,471	26,461	3,675
(Increase) decrease in:				
Accounts receivable - net	(4,933)	39,018	97,714	(94,847)
Other receivables	8,770	13,732	7,075	16,794
Due from other funds	(30,665)	(30,200)	(29,231)	(18,628)
Inventories	64	167	(82)	100
Increase (decrease) in:				
Accounts payable	1,454	2,673	25,308	(260)
Accrued payroll	2,152	782	2,680	519
Other payables	40	22	48	19
Accrued compensated absences	2,262	937	5,156	516
Due to other funds	55,189	17,391	49,573	30,442
Advances payable			(222)	(23)
Workers' compensation	3,504	1,042	5,535	819
Litigation and self-insurance	(727)	(175)	(7,981)	(6)
Net pension liability and related changes in deferred outflows and inflows of resources	(34,575)	(22,792)	(47,438)	(10,373)
OPEB obligation	90,951	50,517	137,375	24,328
Third party payor	4,393	47,260	(1,247)	(3,263)
TOTAL ADJUSTMENTS	120,535	130,845	270,724	(50,188)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 69,738	140,129	277,798	3,657
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Capital contributions	$ 5,040	4,123	3,864	1,918
TOTAL	$ 5,040	4,123	3,864	1,918
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	$ 9,434	5,330	12,803	2,371
Restricted assets	87,772	38,757	4,873	10,130
TOTAL	$ 97,206	44,087	17,676	12,501

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:
$ (11,679)	(2,428)	$ 5,299	$ (35,340)	Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
22,374	1,934	87,571	36,132	Depreciation and amortization
				(Increase) decrease in:
1,372	787	39,111		Accounts receivable - net
		46,371	(4,370)	Other receivables
(1,251)	(47)	(110,022)	6,397	Due from other funds
3		252	798	Inventories
				Increase (decrease) in:
(98)	30	29,107	(1,172)	Accounts payable
		6,133	1,080	Accrued payroll
	132	261	58	Other payables
		8,871	1,720	Accrued compensated absences
143	(192)	152,546	14,744	Due to other funds
(70)		(315)	(340)	Advances payable
		10,900	2,702	Workers' compensation
1,517		(7,372)	(250)	Litigation and self-insurance
		(115,178)	(25,121)	Net pension liability and related changes in deferred outflows and inflows of resources
		303,171	59,552	OPEB obligation
		47,143		Third party payor
23,990	2,644	498,550	91,930	TOTAL ADJUSTMENTS
$ 12,311	216	$ 503,849	$ 56,590	NET CASH PROVIDED BY OPERATING ACTIVITIES
				NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-
$ 45		$ 14,990	$	Capital contributions
$ 45		$ 14,990	$	TOTAL
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
$ 73,001	8,783	$ 111,722	$ 65,368	Pooled cash and investments
		141,532	14,249	Restricted assets
$ 73,001	8,783	$ 253,254	$ 79,617	TOTAL

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

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

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

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

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

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2015 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Blended Component Units

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

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

The various districts are included primarily because the Board is also their governing board and the County has operational responsibilities for the districts except for LACERA. As such, the Board establishes policy, appoints management and exercises budgetary control. The NPC and JPAs have been included because their sole purpose is to finance and construct County capital assets and because they are dependent upon the County for funding. LACERA is reported in the Pension and Other Postemployment Benefit (OPEB) Trust Funds on the Statement of Net Position - Fiduciary Funds of the basic financial statements and has been included because its operations are dependent upon County funding and because its operations, almost exclusively, benefit the County. Separate financial statements are issued by LACERA.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Blended Component Units-Continued

The LACSC is a California public benefit corporation created by the County Board of Supervisors in January 2006. Three directors, the County's Auditor-Controller, Treasurer and Tax Collector, and an independent party designated by at least one of the County directors, govern the LACSC. The LACSC purpose is to acquire the County's rights in relation to future tobacco settlement payments and to facilitate the issuance of long-term bonds secured by the County Tobacco Assets. The LACSC provides service solely to the County and is reported as a blended component unit of the County.

Discretely Presented Component Units

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

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

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

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

Los Angeles County Children and Families First – Proposition 10 Commission

First 5 LA (First 5) was established by the County as a separate legal entity to administer the County's share of tobacco taxes levied by the State pursuant to Proposition 10. The County's Board established First 5 with nine voting members and four non-voting representatives. Of the nine voting members, one is a member of the Board of Supervisors, three are heads of County Departments (Public Health Services, Mental Health, and Children and Family Services), and five are public members appointed by the Board. The non-voting representatives are from other County commissions and planning groups.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

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

First 5 services are focused on the development and well-being of all children, from the prenatal stage until age five. First 5 is a discretely presented component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those Commissioners at will. First 5 hires its own employees, including an Executive Director and functions independent of the County. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County. The financial activity of First 5 is reported on the Discretely Presented Component Units column of the government-wide financial statements. First 5 issues a separate financial report that can be obtained by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Related Organization

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

Basic Financial Statements

In accordance with Governmental Accounting Standards Board (GASB) 34, the basic financial statements consist of the following:

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

Government-wide Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements-Continued

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

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

Net position is classified into the following three components: 1) net investment in capital assets; 2) restricted and 3) unrestricted. Net position is reported as restricted when it has external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2015, the restricted net position balances were $3.099 billion and $84.67 million for governmental activities and business-type activities, respectively. For governmental activities, $713.34 million was restricted by enabling legislation.

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

Fund Financial Statements

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

The County reports the following major governmental funds:

General Fund

The General Fund is available for any authorized purpose and is used to account for and report all financial resources not accounted for and reported in another fund.

Fire Protection District Fund

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Flood Control District Fund

The Flood Control District Fund is used to account for the control and conservation of flood, storm and other waste waters, to conserve such waters for beneficial and useful purposes, and to protect the harbors, waterways, public highways and property located within the District from damage from such flood and storm waters. Funding comes primarily from the District's statutory share of the Countywide tax levy and benefit assessments (charges for services).

Public Library Fund

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

Regional Park and Open Space District Fund

The Regional Park and Open Space District Fund is used to account for the programs designed to preserve beaches, parks, and wild lands, to acquire and renovate new and existing recreational facilities, and to restore rivers, streams, and trails in the County. Funding comes primarily from voter-approved assessments, charges for services and long-term debt proceeds.

The County's enterprise funds consist of four Hospital Funds, Waterworks Enterprise Funds and Nonmajor Aviation Enterprise Funds. The Hospital Enterprise funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. The Waterworks Enterprise Funds provide water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. The Aviation Enterprise Funds provide airport services for five County airports. Revenues are derived primarily from airport charges and rentals. A description of each Enterprise Fund is provided below:

Harbor-UCLA Medical Center

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

Olive View-UCLA Medical Center

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

LAC+USC Medical Center

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Rancho Los Amigos National Rehabilitation Center

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

Waterworks Funds

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

Aviation Funds

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

The following fund types have also been reported:

Internal Service Funds

The Internal Service Funds are used to account for the financing of services provided by a department or agency to other departments or agencies on a cost-reimbursement basis. The County's principal Internal Service Fund is used to account for the cost of services provided by the Department of Public Works to various other County funds and agencies.

Fiduciary Fund Types

Pension and Other Postemployment Benefit Trust Funds

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

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

Investment Trust Funds

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Fiduciary Fund Types-Continued

Agency Funds

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

Basis of Accounting

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers revenues to be available if collectible within one year after year-end, except for property taxes, which are considered available to the extent that they are collectible within 60 days after year-end. When property taxes are measurable but not available, the collectible portion (taxes levied less estimated uncollectibles) is recorded as deferred inflows of resources in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims (including workers' compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital lease obligations are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, ad valorem property taxes (except for redevelopment agency dissolution), sales taxes, investment income (loss), charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. When all eligibility requirements are met, except for the timing requirements, a deferred inflow of resources is reported until the time requirements have passed. All other revenues are not considered susceptible to accrual and are recognized when received, including property tax revenues derived from redevelopment agency dissolution.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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

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

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting, which is different from GAAP. Annual budgets were not adopted for the JPAs, Public Buildings and the LACSC debt service funds, the capital project funds and the permanent funds.

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board of Supervisors. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all budget units within the County, except for capital asset expenditures, which are controlled at the sub-object level. The total budget exceeds $27.929 billion and is currently controlled through the use of approximately 400 separate budget units. There were no excesses of expenditures over the related appropriations within any fund for the year ended June 30, 2015. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at http://ceo.lacounty.gov/budget.htm, or can be obtained from the Auditor-Controller's office.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data-Continued

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

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total FY 2014-2015 assessed valuation of the County of Los Angeles approximated $1.208 trillion.

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

The County is divided into 12,703 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five (5) years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent, if unpaid, on August 31.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

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

Deposits and Investments

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

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2015 that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB 34.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Investments

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

Restricted Assets

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

Inventories

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

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Certain buildings and equipment are being leased under capital leases as defined in GASB 62. The present value of the minimum lease obligation has been capitalized in the statement of net position and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures in the fund financial statements and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds from tax-exempt debt over the same period. For taxable debt, business-type activities interest is capitalized and not netted with interest earnings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

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

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

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

Deferred Outflows and Inflows of Resources

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Advances Payable

The County uses certain agency funds as clearing accounts for the distribution of financial resources to other County funds. Pursuant to GASB 34, for external financial reporting purposes, the portions of the clearing account balances that pertain to other County funds should be reported as cash of the appropriate funds. The corresponding liability is included in "Advances Payable" because the amounts represent unearned revenue.

Compensated Absences

Vacation pay benefits accrue to employees ranging from 10 to 20 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of up to 8 days per year depending on the benefit plan. Employees can also accumulate unused holiday and compensatory time off benefits throughout the year. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued compensated absences are accrued in the government-wide financial statements and in the proprietary funds. For the governmental funds, expenditures are recorded when amounts become due and payable (i.e., when employees terminate from service).

Net Pension Liability and Related Balances

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

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

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period issued.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Long-term Debt-Continued

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

Fund Balances

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

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

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

Cash Flows

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

Use of Estimates

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

2. NEW PRONOUNCEMENTS

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

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

2. NEW PRONOUNCEMENTS-Continued

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

Restatement of Net Position

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

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

3. DEFICIT NET POSITION

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

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

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

4. ELIMINATIONS

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

Fund Financial Statements

At June 30, 2015, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of $82,880,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable ($82,880,000), as this obligation is not currently due. Accordingly, the value of the asset represents restricted fund balance in the Nonmajor Governmental Funds.

4. ELIMINATIONS-Continued

Fund Financial Statements-Continued

In order to reflect the economic substance of the transaction described above, an eliminations column has been established in the governmental fund financial statements. The purpose of the column is to remove the duplication of assets, fund balances, revenues and expenditures that resulted from the consolidation of the two component units into the County's overall financial reporting structure.

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within governmental activities (as appropriate under the accrual basis of accounting). The specific items eliminated were other investments and bonds payable ($82,880,000) and investment income and interest expense ($4,998,000 for each). Accordingly, there are no reconciling differences between the two sets of financial statements (after the effects of eliminations) for this matter.

The bonds payable of $82,880,000, that were publicly issued, are included among the liabilities presented in the Government-wide Financial Statements. Disclosures related to those outstanding bonds appear in Note 11 and are captioned "Assessment Bonds."

5. CASH AND INVESTMENTS

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

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

5. CASH AND INVESTMENTS-Continued

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

Cash:	
County	
Imprest Cash	$ 10,658
Cash in Vault	1,687
Cash in Bank	400,607
Deposits in Transit	5,713
CDC	9,510
Outside Trustees	100
Total Cash	428,275
Investments:	
In Treasury Pool	24,196,820
In Specific Purpose Investment (SPI)	156,177
In Other Specific Investments	302
Held by Outside Trustees	51,377
In LACERA	50,817,566
In Discretely Presented Component Unit - CDC	202,601
	75,424,843
Total Cash and Investments	$ 75,853,118

Cash and investments are reported as follows:

Governmental Funds	$ 6,365,838
Proprietary Funds	332,871
Investment Trust Funds	15,607,299
Agency Funds	1,740,579
Pension Trust Fund (LACERA)	50,902,930
Discretely presented component unit:	
- First 5	520,768
- Community Development Commission (CDC)	382,833
Total Cash and Investments	$ 75,853,118

County Treasurer Cash

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

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

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

5. CASH AND INVESTMENTS-Continued

County Investment Pool

California Government Code Sections 53601, 53635, 53534 and 53601q authorize the County Treasurer to invest the External Investment Pool (Pool) and Specific Purpose Investments (SPI) funds in obligations of the United States Treasury, federal agencies, State and local agencies, municipalities, asset-backed securities, mortgage-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard and Poor's Rating Services (S&P) or P-1 by Moody's Investors Service (Moody's), negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, floating rate notes, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securties and Exchange Commission, the State of California's Local Agency Investment Fund (LAIF), guaranteed investment contracts, interest rate swaps, and supranationals. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-five percent (85%) of the Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County's Pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund. Certain SPI have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's Pool and is reported in the Specific Investment Trust Fund in the amount of $121,357,000. The Pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

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

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

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

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

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

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

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

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

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

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

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

Specific Purpose Investments and Other Specific Investments

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

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

5. CASH AND INVESTMENTS-Continued

Specific Purpose Investments and Other Specific Investments-Continued

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than three years, with the exception of commercial paper and bankers' acceptances, which are limited to 270 days and 180 days, respectively. In addition, U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities may have maturities beyond five years. The County Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

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

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

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

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

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

5. CASH AND INVESTMENTS-Continued

Custodial Credit Risk

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

Credit Risk and Concentration of Credit Risk

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

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

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

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

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

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

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

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2015:

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

5. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements

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

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

Securities Lending Transactions

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

Safekeeping Securities

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

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

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

Cash and Investments - Held by Outside Trustees

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

5. CASH AND INVESTMENTS-Continued

Cash and Investments - Held by Outside Trustees-Continued

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

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

The following is a summary of deposits and investments held by outside trustees as of June 30, 2015 (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
Money market mutual funds	$ 51,377	$ 51,377	0.01%	07/01/15	0.00
Deposits	100	100			
	$ 51,477	$ 51,477			

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

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

LACERA Investment Portfolio

Narratives and tables presented for the Pension and OPEB Trust funds managed by the LACERA are taken directly from LACERA's Report on Audited Financial Statements for the year ended June 30, 2015 (certain terms have been modified to conform with the County's CAFR presentation). The interest rate risk, foreign currency risk, credit risk, concentration of credit risk, and custodial credit risk related to Pension and OPEB Trust Funds investments are different than the corresponding risk on investments held by the County Treasurer. Detailed deposit and investment risk disclosures are included in Note G and Note I of the audited financial statements.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Deposits-Custodial Credit Risk

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

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

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

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

Deposit and Investment Risks

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

The Investment Policy Statement encompasses the following:

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

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

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

Domestic Fixed Income Core and Core Plus Portfolios

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

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

Domestic High-Yield Fixed Income Portfolios

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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

Credit Quality Ratings of Investments in Fixed Income Securities
As of June 30, 2015
(Dollars in Thousands)

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

Custodial Credit Risk

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Counterparty Risk

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

Concentration of Credit Risk

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

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

Interest Rate Risk

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Fixed Income Securities - Duration
As of June 30, 2015
(Dollars in Thousands)

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

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

Foreign Currency Risk

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Securities at Fair Value
As of June 30, 2015
(Dollars in Thousands)

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

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

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

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

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

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2015
(Dollars in Thousands)

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

Derivative Financial Instruments

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

Futures Contracts

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

Currency Forward Contracts

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Currency Forward Contracts-Continued

Currency Forwards Analysis
As of June 30, 2015
(Dollars in Thousands)

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

Option Contracts

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

Swap Agreements

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Swap Agreements-Continued

Investment Derivatives
As of June 30, 2015
(Dollars in Thousands)

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Counterparty Credit Risk

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

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

Counterparty Credit Risk Analysis
As of June 30, 2015
(Dollars in Thousands)

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

5. CASH AND INVESTMENTS-Continued

LACERA Investments Portfolio-Continued

Counterparty Credit Risk-Continued

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

Interest Rate Risk

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

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

*The notional value represents units.

Hedge Funds

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds-Continued

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

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

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

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

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

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

6. CAPITAL ASSETS

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

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

6. CAPITAL ASSETS-Continued

Governmental Activities-Continued

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Less accumulated depreciation for:				
Buildings and improvements	$ (1,624,808)	$ (77,903)	1,818	$(1,700,893)
Equipment	(1,111,949)	(98,420)	54,580	(1,155,789)
Software	(311,132)	(88,181)	1	(399,312)
Infrastructure	(3,520,072)	(171,223)	14,824	(3,676,471)
Subtotal	(6,567,961)	(435,727)	71,223	(6,932,465)
Total capital assets, being depreciated, net	7,666,235	536,598	(53,596)	8,149,237
Governmental activities capital assets, net	$ 16,091,301	1,009,999	(948,403)	$16,152,897

Business-type Activities

Capital assets, not being depreciated:				
Land	$ 152,578	480		$ 153,058
Easements	31,390	45		31,435
Construction in progress-buildings and improvements	65,740	15,233	(50,195)	30,778
Construction in progress-infrastructure	24,638	10,465	(11,645)	23,458
Subtotal	274,346	26,223	(61,840)	238,729
Capital assets, being depreciated:				
Buildings and improvements	2,585,150	72,058		2,657,208
Equipment	282,392	56,067	(11,345)	327,114
Software	58,922			58,922
Infrastructure	1,238,200	11,334		1,249,534
Subtotal	4,164,664	139,459	(11,345)	4,292,778
Less accumulated depreciation for:				
Buildings and improvements	(694,976)	(38,766)		(733,742)
Equipment	(185,637)	(30,702)	7,419	(208,920)
Software	(21,880)	(4,871)		(26,751)
Infrastructure	(534,341)	(21,889)		(556,230)
Subtotal	(1,436,834)	(96,228)	7,419	(1,525,643)
Total capital assets, being depreciated, net	2,727,830	43,231	(3,926)	2,767,135
Business-type activities capital assets, net	$ 3,002,176	69,454	(65,766)	3,005,864
Total capital assets, net	$ 19,093,477	1,079,453	(1,014,169)	$19,158,761

6. CAPITAL ASSETS-Continued

Depreciation Expense

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

Governmental activities:	
General government	$ 26,807
Public protection	162,356
Public ways and facilities	98,540
Health and sanitation	26,608
Public assistance	69,885
Education	2,959
Recreation and cultural services	21,097
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	27,475
Total depreciation expense, governmental activities	$ 435,727
Business-type activities:	
Hospitals	$ 63,263
Waterworks	22,374
Aviation	1,934
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	8,657
Total depreciation expense, business-type activities	$ 96,228

Discretely Presented Component Units

CDC

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

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

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units-Continued

CDC-Continued

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

First 5 LA

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated-				
Land	$ 2,039			$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,589	125		2,714
Subtotal	14,665	125		14,790
Less accumulated depreciation for:				
Buildings and improvements	(2,193)	(242)		(2,435)
Equipment	(2,429)	(80)		(2,509)
Subtotal	(4,622)	(322)		(4,944)
Total capital assets being depreciated, net	10,043	(197)		9,846
First 5 LA capital assets, net	$ 12,082	(197)		$ 11,885

7. SERVICE CONCESSION ARRANGEMENTS (SCA)

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

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

7. SERVICE CONCESSION ARRANGEMENTS (SCA)-Continued

Golf Courses

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

As of June 30, 2015, the present value of the installment payments under contract is estimated to be $93.23 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using a discount rate of 5.12% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from two to 24 years as of June 30, 2015. The FY 2014-2015 total monthly installment payments are approximately $723,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The carrying value of the golf courses, including buildings and land, is reported at $11.90 million as of June 30, 2015.

8. PENSION PLAN

Plan Description

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

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

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

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

8. PENSION PLAN-Continued

Plan Description-Continued

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

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

Contributions

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

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

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

October 1, 2014 – June 30, 2015	A	B	C	D	E	G
General Members	26.99%	19.49%	19.01%	19.74%	20.95%	19.53%
Safety Members	35.91%	29.26%	25.29%			

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

8. PENSION PLAN-Continued

Contributions-Continued

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

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

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

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

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

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

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

8. PENSION PLAN-Continued

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

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

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

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

Actuarial Assumptions

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

8. PENSION PLAN-Continued

Actuarial Assumptions-Continued

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

For the year ended June 30, 2014:

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

Discount Rate

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

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

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

8. PENSION PLAN-Continued

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

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

Pension Plan Fiduciary Net Position

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

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funding Policy

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

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

The County's contribution during FY 2014-2015 is on a pay-as-you-go basis. During FY 2014-2015, the County made payments to LACERA totaling $450.14 million for retiree health care benefits. Included in this amount was $47.30 million for Medicare Part B reimbursements and $7.30 million in death benefits. Additionally, $39.50 million was paid by member participants. The County also made payments of $39.92 million for long-term disability benefits.

OPEB Trust

Pursuant to the California Government Code, the County established an irrevocable Other Postemployment Benefit (OPEB) Trust for the purpose of holding and investing assets to pre-fund the Retiree Health Program, which LACERA administers. On May 15, 2012, the Los Angeles County Board of Supervisors entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. During FY 2014-2015, the County did not make any contributions in excess of the pay-as-you-go amounts to the OPEB Trust. As of June 30, 2015, the net position of the OPEB Trust Fund was $488.36 million.

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Annual OPEB Cost and Net OPEB Obligation

The County's Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The OPEB cost and OPEB obligation were determined by the OPEB health care actuarial valuation as of July 1, 2014, and the OPEB long-term disability actuarial valuation as of July 1, 2013. The following table shows the ARC, the amount actually contributed and the net OPEB obligation (in thousands):

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

Retiree Health Care Trend Information (in thousands)

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

LTD Trend Information (in thousands)

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

Funded Status and Funding Progress

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

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funded Status and Funding Progress-Continued

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

Actuarial Methods and Assumptions

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

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

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

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

The actuarial valuations for OPEB health care and OPEB long-term disability benefits were prepared by two different firms; with some differences in the methods and assumptions used. In both valuations, the projected unit credit cost method was used. The valuation for OPEB health care benefits assumed an annual investment rate of return of 3.75%, a projected general wage increase of 3.50% per annum, and an annual inflation rate of 3.00%. The valuation for OPEB long-term disability benefits assumed an annual investment rate of return of 4.35%, a projected general wage increase of 3.85% per annum and an annual inflation rate of 3.00%. The increases in salary due to promotions and longevity do not affect the amount of the OPEB program benefits. The valuation for OPEB healthcare included an actuarial asset valuation, however, the valuation for OPEB long-term disability benefits did not. Finally, both the OPEB health care and the OPEB long-term disability valuation reports used the level percentage of projected payroll over a rolling (open) 30-year amortization period.

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

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

10. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015 (in thousands):

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

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

Capital Lease Obligations

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of future minimum lease payments as of June 30, 2015 (in thousands):

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

10. LEASES-Continued

Capital Lease Obligations-Continued

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

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

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

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, and Asset Development Projects. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. The Asset Development Projects are ground leases and development agreements entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Asset Development leases cover remaining periods ranging generally from 7 to 82 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 20 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 53 years and are accounted for in the General Fund.

The land carrying value of the Asset Development Project ground leases and the Marina del Rey Project area leases is $579,026,000. The carrying value of the capital assets associated with the regional park operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2015 (in thousands):

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

10. LEASES-Continued

Leases of County-Owned Property-Continued

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

	Governmental Activities	Business-type Activities
Minimum rentals	$ 38,892	$ 161
Contingent rentals	18,342	
Total	$ 57,234	$ 161

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

11. LONG-TERM OBLIGATIONS

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

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

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

11. LONG-TERM OBLIGATIONS-Continued

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

	Original Par Amount of Debt	Balance June 30, 2015
NPC Bond Anticipation Notes, 0.535% to 0.596%	$ 19,041	$ 19,041
NPC Bonds, 1.5% to 5.0%	14,703	6,841
Public Buildings Bonds and Notes, 2.0% to 7.618%	914,292	814,882
Lease Revenue Obligation Notes, 0.06% to 0.12%	33,264	33,264
Waterworks District Loans, 2.28%	8,869	8,414
Aviation Loan, 2.95%	2,000	2,000
Total	$ 992,169	$ 884,442

Assessment Bonds

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

The bonds mature in FY 2019-2020. Annual principal and interest payments of the bonds are expected to require less than 50% of annual assessment revenues. Total principal and interest remaining on the bonds is $91,698,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were $35,733,000 and $80,090,000, respectively.

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

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

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds

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

The County has pledged net revenues from the Calabasas Landfill for the payment of the Calabasas Landfill Project Revenue bonds, included here in the Public Buildings COPS, issued in 2005 and maturing in 2022. To the extent that the net available revenues are insufficient to cover the debt payments in any fiscal year, the County has pledged to make the debt payments from any source of legally available funds. The County paid $3,199,000 and credit reserves of $217,000 were used to pay for the current fiscal year debt payment of $3,416,000. Total principal and interest remaining on the bonds is $25,910,000.

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

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 55,562	$ 58,375	$ 29,576	$ 49,918
2017	42,188	55,620	21,777	47,815
2018	28,820	56,527	17,271	45,413
2019	26,814	56,229	16,908	44,613
2020	27,985	55,953	17,771	43,755
2021-2025	184,126	182,801	101,263	202,847
2026-2030	150,072	129,790	128,143	166,814
2031-2035	133,936	85,703	163,549	119,152
2036-2040	132,268	43,373	206,712	59,379
2041-2045	70,808	6,990	84,567	5,161
Subtotal	852,579	$ 731,361	787,537	$ 784,867
Add: Accretions	59,025			
Unamortized bond premiums	45,139		34,186	
Total certificates of participation and bonds	$ 956,743		$ 821,723	

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the Los Angeles County Securitization Corporation (LACSC) under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of $319,827,000 and a residual certificate in exchange for the rights to receive and retain 25.9% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2015 were $131,514,000. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be $1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.7% interest rate at the time of the sale, was $309,230,000. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

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

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

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes

Notes and Loans

Bond Anticipation Notes (BANS) are issued by the Los Angeles County Capital Asset Leasing Corporation (LACCAL) to provide interim financing for equipment purchases. BANS are purchased by the County Treasury Pool and are payable within five years. In addition, the BANS are issued with a formal agreement that, in the event they are not liquidated within the five-year period, they convert to capital lease obligations with a three-year term secured by County real property. During FY 2014-2015, LACCAL issued additional BANS in the amount of $25,886,000, as reflected in Governmental Activities and $14,114,000 as reflected in Business-type Activities.

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

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of $3,410,000 and $5,473,000 from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 47% of the annual surcharge revenues. During FY 2014-2015, the County obtained additional loans of $758,000. As of June 30, 2015, total loans drawn are $3,396,000 on the Sepulveda Feeder Interconnection project and $5,473,000 on the Marina del Rey Waterline Replacement project.

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

Lease Revenue Obligation Notes

Lease revenue obligation notes (LRON) provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON are secured by three irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON and a revolving credit facility with an additional bank supporting the issuance of direct placement revolving notes. This program is secured by twenty-four County-owned properties pledged as collateral in a lease-revenue financing structure with the LACCAL. The LOCs and the revolving credit facility were issued for a three-year period and have a termination date of April 18, 2016. The County has the option to extend the LOCs and the revolving credit for an additional one-year period or to some other term mutually agreed to with the participating banks.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes-Continued

The aggregate maximum principal amount of the three LOCs is $450,000,000, which consists of $150,000,000 of callable Series A (JP Morgan), $100,000,000 of Series B (U.S. Bank), $200,000,000 of Series C (Wells Fargo) and $150,000,000 direct placement revolving credit facility of Series D (Bank of America). The County is responsible for the payment of a non-refundable letter of credit fee for each LOC and a non-refundable commitment fee for the revolving credit facility on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for Series A is equal to 0.54% of the maximum principal amount of the LOC. For Series B and C, the letter of credit fee is equal to 0.6% of the maximum principal amount of the LOC. The commitment fee is equal to 0.3% of the $150,000,000 maximum principal amount of the revolving credit facility for Series D (Bank of America). As of June 30, 2015, $341,860,000 of LRON issued under the program were outstanding, including $80,000,000 of Series A, $100,000,000 of Series B, and $161,860,000 of Series C.

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. During FY 2014-2015, the County redeemed $100,000,000 and reissued $266,957,000 for Governmental Activities and redeemed $38,140,000 and reissued $12,903,000 for Business-type Activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional $62,000,000 of new County LRON, which is reported as $41,639,000 for Governmental Activities and $20,361,000 for Business-type Activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2015 is $341,860,000, which is reported as $308,596,000 for Governmental Activities and $33,264,000 for Business-type Activities. The average interest rate on LRON issued in FY 2014-2015 was 0.087%.

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

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 311,503	$ 711	$ 38,461	$ 155
2017	26,757	673	14,571	242
2018	911	634	469	231
2019	952	593	480	220
2020	995	550	492	208
2021-2025	5,686	2,037	2,643	855
2026-2030	5,541	637	2,981	517
2031-2035			2,622	148
Total notes, loans, and LRON	$ 352,345	$ 5,835	$ 62,719	$ 2,576

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

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

	Governmental Activities		Business-type Activities	
Debt Type	Principal	Interest	Principal	Interest
Assessment bonds	$ 82,880	$ 8,818	$	$
Certificates of participation and bonds	852,579	731,361	787,537	784,867
Tobacco settlement asset-backed bonds	295,472	423,910		
Notes, loans, and LRON	352,345	5,835	62,719	2,576
Subtotal	1,583,276	$1,169,924	850,256	$ 787,443
Add: Accretions	167,904			
Unamortized premiums on bonds payable	51,085		34,186	
Total bonds and notes	$1,802,265		$ 884,442	

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

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. At June 30, 2015, there were no outstanding bonds and certificates of participation considered defeased.

Changes in Long-term Liabilities

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

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

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

	Balance July 1, 2014	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2015	Due Within One Year
Other long-term liabilities:					
Capital lease obligations (Note 10)	$ 174,121	866	8,667	$ 166,320	$ 8,529
Accrued compensated absences	1,238,514	134,651	80,901	1,292,264	68,458
Workers' compensation (Note 18)	1,862,683	399,635	361,133	1,901,185	379,847
Litigation and self-insurance (Note 18)	170,159	63,072	63,989	169,242	134,669
Pollution remediation obligation (Note 19)	18,194	1,997	133	20,058	3,537
Net pension liability, as restated (Note 2, 8)	8,919,900		2,955,663	5,964,237	
OPEB obligation (Note 9)	8,220,387	1,384,022		9,604,409	
Third party payor	26,745	80,670	67,184	40,231	40,231
Total governmental activities	$ 22,394,771	2,582,767	4,017,327	$ 20,960,211	$1,049,490
Business-type activities:					
Bonds and notes payable	$ 876,778	50,136	76,658	$ 850,256	$ 68,037
Add: Unamortized premium on bonds payable	35,084		898	34,186	1,282
Total bonds and notes payable	911,862	50,136	77,556	884,442	69,319
Other long-term liabilities:					
Accrued compensated absences	182,476	22,390	13,519	191,347	11,990
Workers' compensation (Note 18)	255,814	52,370	41,470	266,714	45,915
Litigation and self-insurance (Note 18)	104,983	10,242	17,614	97,611	28,139
Net pension liability, as restated (Note 2, 8)	1,505,903		513,058	992,845	
OPEB obligation (Note 9)	1,627,225	303,171		1,930,396	
Third party payor (Note 14)	419,357	175,878	128,735	466,500	14,807
Total business-type activities	$ 5,007,620	614,187	791,952	$ 4,829,855	$ 170,170

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the Public Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences, pension and OPEB, and litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes. Accretions decreased during FY 2014-2015, thereby decreasing liabilities for Bonds and Notes by $2,679,000 for governmental activities. Note 18 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance.

Discretely Presented Component Unit

Long-term debt obligations and corresponding activity for the CDC discretely presented component unit for the year ended June 30, 2015 was as follows (in thousands):

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

12. SHORT-TERM DEBT

On July 1, 2014, the County issued $900,000,000 of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.12%. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2014. The notes matured and were redeemed on June 30, 2015.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2015, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $42,729,000 and limited obligation improvement bonds totaling $5,311,000. The bonds were issued to finance the cost of various construction activities and infrastructure improvements, which have a regional or direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County and are payable solely from special taxes and benefit assessments collected from property owners within the districts. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County and neither the full faith and credit of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

The County functions as an agent for the districts and bondholders. Debt service transactions related to the various bond issues are reported in the agency funds. Construction activities are reported in the Improvement Districts' Capital Projects Fund.

Industrial Development and Other Conduit Bonds

Industrial development bonds, and other conduit bonds, have been issued to provide financial assistance to private sector entities and nonprofit corporations for the acquisition of industrial and health care facilities, which provide a public benefit. The bonds are secured by the facilities acquired and/or bank letter of credit and are payable solely from project revenue or other pledged funds. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2015, the amount of industrial development and other conduit bonds outstanding was $164,560,000.

Redevelopment Refunding Bonds

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

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

14. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Medi-Cal Demonstration Project

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

Revenues for the public hospitals are comprised of: 1) Fee-For-Service (FFS) cost-based reimbursement for inpatient hospital services for Medi-Cal patients who are not enrolled in managed care; 2) Medi-Cal Disproportionate Share Hospital (DSH) payments; and 3) distribution from a pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP), which was capped Statewide at $236.0 million in FY 2014-2015. The non-federal share of these payments is provided by the public hospitals rather than the State, through certified public expenditures (CPE). For the inpatient hospital FFS cost-based payments, each hospital provides its own CPE.

The federal medical assistance percentage (FMAP), which establishes the matching amount (known as federal financial participation or FFP) for the FFS cost-based reimbursement for the traditional Medi-Cal population was 50% and 100% for the expansion population for FY 2014-2015. The FMAP for DSH remains at 50%.

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

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

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

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

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

The IGTs made during FY 2014-2015 are for services provided in FYs 2013-2014 and 2014-2015. The amounts reported below also include IGTs returned by the State for overpayment. The estimated Medi-Cal Demonstration Project net revenues for inpatient services, DSH and SNCP include amounts collected and accrued for FY 2014-2015 as adjusted for over/under-realization of revenues for FY 2005-2006 through FY 2013-2014. The amounts below are in thousands:

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

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

Delivery System Reform Incentive Pool

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

Delivery System Reform Incentive Pool-Continued

	DSRIP Gross Revenues	Intergovernmental Transfers Expense
Harbor-UCLA	$ 123,108	$ 91,920
Olive View-UCLA	34,917	34,984
LAC+USC	170,945	108,325
Rancho	119,372	7,603
Total	$ 448,342	$ 242,832

In addition, the General Fund received $35.41 million for DSRIP. These amounts were recorded as Intergovernmental Revenue Federal on the governmental fund statements.

Managed Care for Seniors and Persons with Disabilities (SPDs)

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

The Medi-Cal Demonstration Project requires the County make IGTs to the State to fund the non-federal share of Medi-Cal inpatient payments for the SPD managed care population and expenses associated with such IGTs were $97.81 million in FY 2014-2015.

Coverage Expansion - Low Income Health Program or Healthy Way LA

Under the Medi-Cal Demonstration Project, counties had the option to expand coverage by operating a Low Income Health Program (LIHP). Under this plan, the County is able to cover individuals up to 133% of the federal poverty level (FPL), known as the Medicaid Coverage Expansion (MCE) population for a particular group of services, and receive federal matching funds for the amount expended. The LIHP or the Healthy Way LA (HWLA) - Matched program in Los Angeles, was in effect through the end of 2013 and effective January 1, 2014, coverage under the federal health care reform or the Patient Protection and Affordable Care Act (ACA) of 2010 went into effect.

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Affordable Care Act

The ACA is the new health care reform law in America. The MCE program provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138% of the FPL. Beginning January 1, 2014, the Hospital Presumptive Eligibility program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

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

Medi-Cal Physician State Plan Amendment (Physician SPA)

Prior to July 1, 2005, Medi-Cal inpatient physician professional services (as well as non-physician practitioner services) provided by the County were reimbursed as part of an all-inclusive fixed contract rate per-diem. Effective July 1, 2005, public hospitals were no longer paid a fixed rate but were reimbursed under a Medi-Cal Demonstration Project. The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. California State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

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

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

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

CBRC reimburses 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, Multi-Service Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services). The Department-wide CBRC revenues in FY 2014-2015 were $191.06 million. As of June 30, 2015, the County estimated that approximately $153.38 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a noncurrent asset in the proprietary fund statements of net position for each hospital.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Cost Report Settlements

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

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

Medi-Cal Managed Care Rate Supplement

The State received approval from CMS to continue the various Medi-Cal Managed Care rate supplements paid to L.A. Care for the period October 1, 2013 through June 30, 2014. The supplement is funded by an IGT made by the County. The County does not receive managed care payments directly from the State; rather, the State contracts with L.A. Care and Health Net, which then subcontract for services with various provider networks.

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

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

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

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

Accounts Receivable-Net

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

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

Charity Care

Charity care includes those uncollectible amounts, for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through the Department's Ability-to-Pay program, through other collection efforts by the Department, by the Treasurer and Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter. The total amount of such charity care provided by the hospitals for the year ended June 30, 2015 is as follows (in thousands):

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

Realignment

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Realignment-Continued

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

Martin Luther King, Jr. Community Hospital

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

On December 27, 2013, the County, in its General Fund, established the Martin Luther King, Jr. Community Hospital Financial Assistance budget to provide funding to the MLK-LA Healthcare Corporation for hospital opening activities provided by the County. On April 25, 2014, the County executed a lease agreement with MLK-LA Health Corporation to occupy the Inpatient Tower and related ancillary and support buildings on the MLK Medical Center campus. As part of the lease agreement, the County committed to provide MLK-LA Healthcare Corporation with loans up to the aggregate amount of $82.0 million for pre- and post-hospital opening activities. The fund balance of the General Fund includes the outstanding MLK-LA Health Corporation loan balance of $62.0 million in non-spendable for long-term receivables, and the remaining $20.0 million is assigned for future loans.

15. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for "internal balances" that are reflected between the governmental and business-type activities. The majority of the interfund balances resulted from the time lag between the time that (1) goods and services were provided; (2) the recording of those transactions in the accounting system; and (3) payments between the funds were made. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2015.

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2015 are as follows (in thousands):

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers

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

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

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Rancho Los Amigos Nat'l Rehab Center	LAC+USC Medical Center	$ 21,520
Waterworks Enterprise Funds	Internal Service Funds	63
Internal Service Funds	Nonmajor Governmental Funds	9
Total Interfund Transfers		$ 1,411,376

Interfund Advances

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

Advances from/to other funds at June 30, 2015 are as follows (in thousands):

Receivable Fund	Payable Fund	Short-Term	Long-Term	Total
General Fund	Harbor-UCLA Medical Center	$ 132,717	$ 43,695	$ 176,412
	Olive View-UCLA Medical Center		12,131	12,131
	LAC+USC Medical Center	29,688	70,028	99,716
	Rancho Los Amigos Nat'l Rehab Center	128,313	15,843	144,156
	Internal Service Funds	2,434		2,434
		293,152	141,697	434,849
Flood Control District	Internal Service Funds	6,047		6,047
Nonmajor Governmental Funds	Internal Service Funds	12,172		12,172
Waterworks Enterprise Funds	Internal Service Funds	1,347		1,347
Total Interfund Advances		$ 312,718	$ 141,697	$ 454,415

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

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

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

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance in other financing sources.

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

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

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

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

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

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

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

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

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

LACERA Capital Commitments

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

17. OTHER COMMITMENTS-Continued

Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2015, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	$	$	$ 457,427	$ 457,427
Fire Protection District	31,943			31,943
Flood Control District	27,009			27,009
Public Library			11,145	11,145
Regional Park and Open Space District	88,430			88,430
Nonmajor Governmental Funds	101,509	7,386	9,734	118,629
Total Encumbrances	$ 248,891	$ 7,386	$ 478,306	$ 734,583

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, special events, public official bond, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The County also has insurance on most major structures. Losses did not exceed coverage in FY 2012-2013, FY 2013-2014 or FY 2014-2015.

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

18. RISK MANAGEMENT-Continued

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

As of June 30, 2015, the County's best estimate of these liabilities is $2.435 billion. Changes in the reported liability since July 1, 2013 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year-End
2013-2014				
Workers' Compensation	$ 2,096,349	$ 370,226	$ (348,078)	$ 2,118,497
Other	282,020	39,680	(46,558)	275,142
Total 2013-2014	$ 2,378,369	$ 409,906	$ (394,636)	$ 2,393,639
2014-2015				
Workers' Compensation	$ 2,118,497	$ 452,005	$ (402,603)	$ 2,167,899
Other	275,142	73,314	(81,603)	266,853
Total 2014-2015	$ 2,393,639	$ 525,319	$ (484,206)	$ 2,434,752

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

19. POLLUTION REMEDIATION

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

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

19. POLLUTION REMEDIATION-Continued

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

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide financial statements and the proprietary funds as of June 30, 2015 are described as follows:

- The deferred outflows of resources, included on the government-wide statement of net position, relates to the unamortized losses on refunding of debt and changes in the net pension liability as discussed in Note 8. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

- The deferred inflows of resources, included on the government-wide statement of net position, relates to the future installment payments of service concession arrangements as discussed in Note 7 and from changes in the net pension liability as discussed in Note 8.

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

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

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

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

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

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

- The intra-entity sales of future tobacco settlement revenues are reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.

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

Governmental Fund financial statements
Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources - Tobacco settlement revenues	$					237,055	$ 237,055
Deferred inflows of resources:							
Tobacco settlement revenues	$ 237,055					$	237,055
Property tax revenues	114,473	27,444	8,299	4,462	5,889	9,777	170,344
Other long-term receivables	83,581	815	99			109	84,604
Total governmental funds deferred inflows of resources	$ 435,109	28,259	8,398	4.462	5,889	9,886	$ 492,003

21. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2015 (in thousands) are as follows:

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable:						
Inventories	$ 48,186	10,419		1,443		
Long-term receivables	224,198					
Permanent fund principal						2,185
Total Nonspendable	272,384	10,419		1,443		2,185
Restricted for:						
Purpose of fund		232,403	373,812	11,004	330,244	1,711,287
Purpose of utility user tax	45,888					
Grand Avenue project	4,600					
Sheriff Pitchess landfill	3,206					
La Alameda project	2,000					
Capital projects						160,979
Debt service						503,821
Endowments and annuities						203
Total Restricted	55,694	232,403	373,812	11,004	330,244	2,376,290
Committed to:						
Purpose of fund						40,530
Capital projects and extraordinary maintenance	93,291					71,504
Health services-tobacco settlement	46,154					
Budget uncertainties	86,698					
Low to moderate income housing	181					
Assessor tax system	9,300					
Health services operations	16,000					
Interoperable and countywide communication	2,229					
Services to unincorporated areas	13,461					
Financial system	21,995					
Reopening jail beds	12,147					
Department of children and family services	8,840					
Health services future financial requirements	6,513					
Public works-permit tracking system	5,855					

21. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
TTC remittance processing and mailroom equipment	5,600					
Information technology enhancements	2,564					
Live scan	2,000					
Board budget policies and priorities	965					
TTC unsecured property tax system	463					
Sheriff unincorporated patrol	90					
Total Committed	334,346					112,034
Assigned to:						
Purpose of fund			99	49,921		111,449
Future purchases	490,386					
Capital projects						40,814
Imprest cash	1,568					
Total Assigned	491,954		99	49,921		152,263
Unassigned	2,035,445					
Total Fund Balances	$ 3,189,823	242,822	373,911	62,368	330,244	2,642,772

Reserve for “Rainy Day” Fund

On June 22, 2009, the Board established a Reserve for “Rainy Day” fund. The Reserve for “Rainy Day” fund was established and maintained to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10% of on-going locally generated revenue. Transfers of three percent (3%) should be made into the Reserve each year, if feasible, until the 10% cap is met.

When the Reserve cap of 10% is exceeded, the excess may be available for specified one-time purposes such as capital projects, unfunded retiree health obligations, efficiency measures and information technology initiatives. The objective is to avoid on-going commitments with funding that may not be sustainable in an economic downturn.

The County’s “Rainy-Day” fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for “Rainy Day” funds in the amount of $306,319,000 is reported as unassigned fund balance in the General Fund.

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

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

Lease Revenue Obligation Notes

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

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

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

Medicaid Demonstration Project Renewal

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

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

22. SUBSEQUENT EVENTS-Continued

Medicaid Demonstration Project Renewal-Continued

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

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

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

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

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

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

Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

None

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

Retiree Health Care

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2010	$ 0	$ 22,939,800	$ 22,939,800	0%	$ 6,695,439	342.62%
July 1, 2012	0	25,733,300	25,733,300	0%	6,619,816	388.73%
July 1, 2014	483,800	27,287,900	26,804,100	1.8%	6,672,228	401.73%

Long-Term Disability

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

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

SINGLE AUDIT REPORT

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS				
U.S. Agency for International Development				
Direct Program				
USAID Foreign Assistance for Programs Overseas				
International Search and Rescue Operations	98.001			$ 754,197
International Search and Rescue Operations Aid-OFDA-A-15-00014	98.001			2,706,807
Subtotal 98.001				3,461,004
Total U.S. Agency for International Development				3,461,004
U.S. Department of Agriculture				
Passed Through the California Department of Aging				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention (SNAP-Ed) Cycle I	10.561	(1) (16)	SP-1415-19	79,354
Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention (SNAP-Ed) Cycle II	10.561	(1) (16)	SP-1415-19	270,661
Subtotal 10.561				350,015
Passed Through the California Department of Education				
Summer Food Service Program for Children	10.559	(2)	CN-130380	57,144
Summer Food Service Program for Children	10.559	(2)	04031-SFSP-19	587,679
Subtotal Child Nutrition Cluster (10.559)				644,823
Passed Through the California Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care				
Pest Detection Emergency Program (Note 4)	10.025		14-8506-0934-CA/ 14-8506-0689-CA	2,730,632
Pest Exclusion/Dog Teams Program (Note 4)	10.025		14-8506-1165-CA	504,699
Glassy Winged Sharpshooter (GWSS) (Note 4)	10.025		15-8506-0484-CA	862,024
Sudden Oak Death (SOD) Program	10.025		14-8506-0572-CA	295
Oriental Fruit Fly Emergency Program	10.025		14-8506-1881-CA	25,381
Mediterranean Fruit Fly (Note 4)	10.025		14-8506-1782-CA	25,343
Subtotal 10.025				4,148,374
Senior Farmers Market Nutrition Program				
Senior Farmer's Market Program	10.576			72,100
Passed Through the California Department of Public Health				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Network for a Healthy California - Local Health Department	10.561	(1) (16)	13-20467	14,816,469
Passed Through the California Department of Social Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program (SNAP) - Administration (CalFresh)	10.561	(1) (16)	5180	220,506,594
Subtotal 10.561				235,323,063
Passed Through the California State Controller's Office				
Schools and Roads - Grants to States				
U.S. Forest Service	10.665	(3)		740,095
Total U.S. Department of Agriculture				241,278,470
U.S. Department of Defense				
Direct Program				
Procurement Technical Assistance for Business Firms				
Procurement Technical Assistance	12.002			173,599
Total U.S. Department of Defense				173,599
U.S. Department of Education				
Direct Program				
Federal Supplemental Educational Opportunity Grants				
Supplemental Educational Opportunity Grants	84.007	(15)		9,901
Federal Pell Grant Program				
Pell Grants	84.063	(15)		309,656
Subtotal Student Financial Assistance Cluster (84.007, 84.063)				319,557
Total U.S. Department of Education				319,557
U.S. Department of Health and Human Services				
Direct Program				
Public Health Emergency Preparedness	93.069			21,469,658
Sodium Reduction in Communities				
Los Angeles County Sodium Reduction Initiative (LACSRI)	93.082			227,741
Project Grants and Cooperative Agreements for Tuberculosis Control Programs				
Tuberculosis/Centers for Disease Control Cooperative Agreement	93.116			4,670,657

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance			
Integrated Behavioral Health and Primary Care Program	93.243 (19)		$ 656,853
Adult Drug Court Program (SAMHSA)	93.243 (19)		134,979
Project ABC Family Wellness Network	93.243 (19)		1,823,245
Subtotal 93.243			2,615,077
Adult Viral Hepatitis Prevention and Control			
Category A, Part 1-Viral Hepatitis Prevention Coordinator	93.270		114,346
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			
Epidemiology and Laboratory Capacity for Infectious Disease (ELC) - Building and Strengthening Epidemiology, Laboratory, and Health Information Systems Capacity in State and Local Health Departments - Non-PPHF	93.323		574,188
PPHF National Public Health Improvement Initiative			
National Public Health Improvement Initiative	93.507		246,703
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements: PPHF			
Patient Protection and Affordable Care Act (PPACA)	93.521		116,560
Epidemiology and Laboratory Capacity for Infectious Disease (ELC) - Building and Strengthening Epidemiology, Laboratory, and Health Information Systems Capacity in State and Local Health Departments - PPHF	93.521		688,928
Subtotal 93.521			805,488
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - Financed Solely by Prevention and Public Health Funds			
Community Transformation Grant	93.531		3,190,314
Strong Start for Mothers and Newborns	93.611		581,128
Adoption Opportunities			
Diligent Recruitment of Families for Children in the Foster Care System	93.652	90CO105105	439,830
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)			
Chronic Disease Prevention Strategy in Los Angeles	93.757		1,480,293
National Bioterrorism Hospital Preparedness Program			
Bioterrorism Hospital Preparedness Program	93.889		8,977,661
HIV Emergency Relief Project Grant			
HIV Emergency Relief Project Grant	93.914		38,651,607
Minority AIDS Initiative (MAI)	93.914		798,376
Subtotal 93.914			39,449,983
HIV Prevention Activities - Health Department Based			
HIV Prevention Project	93.940		16,873,226
National HIV Behavioral Surveillance	93.940		467,864
Subtotal 93.940			17,341,090
HIV Demonstration, Research, Public and Professional Education Projects			
PS09-007 Evaluating Locally-Developed Homegrown HIV Prevention Interventions	93.941		513,514
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance			
HIV AIDS Surveillance and Seroprevalence	93.944		2,362,441
Medical Monitoring Project (MMP)	93.944		696,161
Subtotal 93.944			3,058,602
Preventive Health Services - Sexually Transmitted Diseases Control Grants			
Los Angeles County STD Programs Through Assessment, Assurance, Policy Development, and Prevention Strategies	93.977 (24)		3,516,515
Passed Through the California Family Health Council			
Family Planning - Services			
Family Planning	93.217	FPHPA096061	764,832
Family Planning - HIV	93.217	FPHPA096061	231,441
Subtotal 93.217			996,273
Passed Through the Community Health Councils, Inc.			
Racial and Ethnic Approaches to Community Health: Obesity and Hypertension Demonstration Projects Financed Solely by Prevention and Public Health Funds			
Racial and Ethnic Approaches to Community Health Obesity and Hypertension Demonstration Project	93.743	1954487664A1	295,467
Passed Through the Council of State and Territorial Epidemiologists (CSTE)			
Centers for Disease Control and Prevention - Investigations and Technical Assistance			
Influenza Incidence Surveillance Project	93.283	1U38 OT000143	127,000

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS				
Passed Through the Health Research Association, Inc.				
Teenage Pregnancy Prevention Program	93.297		55797472	$ 130,596
Passed Through the University of California, Los Angeles				
Drug Abuse and Addiction Research Programs				
Effectiveness of Peer Navigation to Link Released HIV/Jail Inmates to HIV Care	93.279		1557 GNA694	70,943
Child Health and Human Development Extramural Research				
The Impact of Natural Experiments on Child Obesity: A Systems Science Approach	93.865		1920 G RA205	56,022
Passed Through the California Department of Aging				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation				
Title VII - Elder Abuse Prevention	93.041	(11)	AP-1415-19	79,069
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals				
Title VII - Ombudsman	93.042	(11)	AP-1415-19	129,342
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services				
Area Agency on Aging III D	93.043	(11)	AP-1415-19	355,112
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers				
Area Agency on Aging III B	93.044	(11)	AP-1415-19	5,561,011
Special Programs for the Aging - Title III, Part C - Nutrition Services				
Area Agency on Aging III C-I	93.045	(11)	AP-1415-19	6,164,165
Area Agency on Aging III C-II	93.045	(11)	AP-1415-19	5,007,928
C-I Special Nutrition Funds	93.045	(11)	AP-1415-19	306,910
C-II Special Nutrition Funds	93.045	(11)	AP-1415-19	180,533
Subtotal 93.045				11,659,536
National Family Caregiver Support, Title III, Part E				
Area Agency on Aging Title III E	93.052	(11)	AP-1415-19	2,114,108
Nutrition Services Incentive Program				
Area Agency on Aging III USDA C-I	93.053	(11)	AP-1415-19	969,557
Area Agency on Aging III USDA C-II	93.053	(11)	AP-1415-19	865,337
Subtotal 93.053				1,834,894
State Health Insurance Assistance Program				
Area Agency on Aging - Health Insurance Counseling and Advocacy Program (HICAP)	93.324		HI-1415-19	384,979
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models				
Financial Alignment	93.626		FA-13-16-19	145,589
Passed Through the California Department of Alcohol and Drugs				
Medical Assistance Program				
Federal Drug Medi-Cal (Prenatal and Drug) FMAP	93.778	(14) (23)	14-90066	2,988,262
Block Grants for Prevention and Treatment of Substance Abuse				
Drug Free Schools and Communities (DFSC) - Friday Night Live	93.959		14-90066	62,281
Alcohol Block Grant	93.959		14-90066	37,800,013
Drug Free Schools and Communities - Club Live	93.959		14-90066	62,281
Federal Female Offender	93.959		14-90066	137,764
New Prenatal Set-Aside	93.959		14-90066	2,984,397
Substance Abuse Block Grant New HIV Set-Aside	93.959		14-90066	4,106,671
Substance Abuse Prevention and Treatment Block Grant Adolescent Treatment	93.959		14-90066	1,464,897
Substance Abuse Prevention and Treatment Set-Aside	93.959		14-90066	10,761,455
Subtotal 93.959				57,379,759
Passed Through the California Department of Child Support Services				
Child Support Enforcement				
Child Support Enforcement Title IV-D	93.563			102,686,199
Passed Through the California Department of Community Services and Development				
Community Services Block Grant				
Community Services Block Grant 13F-3021 (Note 5)	93.569		13F-3021	236,534
Community Services Block Grant 14F-3021 (Note 5)	93.569		14F-3021	5,127,319
Community Services Block Grant 15F-2021 (Note 5)	93.569		15F-2021	1,302,356

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS				
Community Services Block Grant American Indian 14F-3058 (Note 5)	93.569		14F-3058	$ 146,313
Community Services Block Grant American Indian 15F-2105 (Note 5)	93.569		15F-2105	104,063
Subtotal 93.569				6,916,585
Passed Through the California Department of Education				
Child Care and Development Block Grant				
Child Care Salary Retention Incentive Program	93.575	(13)	CRET-4018	2,487,939
Local Child Care Planning and Development Council (LCCPDC)	93.575	(13)	CLPC-4019	186,261
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
Child Day Care Program	93.596	(13)	CAPP4025	8,322,035
Subtotal CCDF Cluster (93.575, 93.596)				10,996,235
Passed Through the California Department of Health Care Services				
Projects for Assistance in Transition from Homelessness (PATH)				
McKinney Homeless Act Program	93.150		68-0317191	983,995
Medical Assistance Program				
Medi-Cal Administrative Activities (MAA)	93.778	(14) (23)	14-90031	12,889,477
Low Income Health Program	93.778	(14) (23)	11-15909-LA-07	4,822,982
Medi-Cal Eligibility Determination	93.778	(14) (23)	4260	337,584,875
Child Health and Disability Program	93.778	(14) (23)		5,348,782
Health Care Program Children in Foster Care	93.778	(14) (23)		10,347,027
Medi-Cal Outreach and Enrollment	93.778	(14) (23)	AB 82 SEC. 71	1,303,433
Subtotal 93.778				372,296,576
Block Grants for Community Mental Health Services				
Mental Health Services: Block Grant	93.958		68-0317191	15,159,949
Passed Through the California Department of Public Health				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance				
Strategic Prevention Framework State Incentive Grant	93.243	(19)		116,726
Immunization Cooperative Agreements				
Immunization Calendar Year	93.268		11-10878	5,291,670
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program				
Title V Maternal, Infant, and Early Childhood Home Visiting Program	93.505		15-10160, 15-10161, 15-10162	2,606,180
Refugee and Entrant Assistance - State Administered Programs				
Refugee Health Assessment Program	93.566	(20)	14-19-90840-00	1,664,375
Refugee and Entrant Assistance - Discretionary Grants				
Refugee Preventive Health Program	93.576	(21)		7,806
Refugee Health Promotion Project (RHPP)	93.576	(21)	14-19-90841-00	63,518
Subtotal 93.576				71,324
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare				
Health Facilities Inspection	93.777	(14)	12-10082	18,833,685
HIV Care Formula Grants				
HIV Care Program	93.917		13-20065 A01	8,441,683
Preventive Health Services - Sexually Transmitted Diseases Control Grants				
STD Surveillance Network (SSuN)	93.977	(24)	13-20573	91,333
Maternal and Child Health Services Block Grant to the States				
Maternal and Child Health	93.994		201419	2,240,000
Passed Through the California Department of Social Services				
Guardianship Assistance				
Kinship Guardianship Assistance Payment Program (KIN-GAP) Title IV-E	93.090		CFL14/15-36	13,502,777
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges				
California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) - Exchange Grant	93.525		4260	267,796
Promoting Safe and Stable Families				
Promoting Safe and Stable Families Program (PSSF)	93.556		CFL14/15-06 & 75	7,842,395
Temporary Assistance for Needy Families				
CalWORKs - Family Group/Unemployed Parent (FG/U) Assistance	93.558	(12)	5180	236,674,195
CalWORKs Legal Immigrants (MC)	93.558	(12)	5180	6,997,388
CalWORKs Diversion - Federal	93.558	(12)	5180	7,515
CalWORKs Fraud Incentives	93.558	(12)	5180	2,718,760
CalWORKs Single	93.558	(12)	5180	468,295,480
Temporary Assistance for Needy Families (TANF)	93.558	(12)	CFL15/16-04	63,707,333
Subtotal TANF Cluster (93.558)				778,400,671
Refugee and Entrant Assistance - State Administered Programs				
Refugee Resettlement	93.566	(20)	5180	3,963,958

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS			
Refugee Employment Social Services	93.566 (20)	5180	$ 2,242,375
Subtotal 93.566			6,206,333
Low-Income Home Energy Assistance			
Low-Income Home Energy Assistance Program (LIHEAP) (Note 7)	93.568	5180	(41,115)
Refugee and Entrant Assistance - Discretionary Grants			
Older Refugee Discretionary Grant	93.576 (21)	5180	85,293
Targeted Assistance Discretionary Grant	93.576 (21)	TART1402	36,223
Subtotal 93.576			121,516
Refugee and Entrant Assistance - Targeted Assistance Grants			
Refugee Targeted Assistance Program	93.584	5180	1,513,531
Community-Based Child Abuse Prevention Grants			
Community-Based Child Abuse Prevention	93.590	CFL14/15-41E	312,634
Stephanie Tubbs Jones Child Welfare Services Program			
Children's Welfare Services IV-B (Direct Cost)	93.645	CFL15/16-04	7,915,742
Child Welfare Research Training or Demonstration			
California Partnership for Permanency (CAPP)	93.648	MOU 10-6078	387,084
Foster Care - Title IV-E			
Aid to Families With Dependent Children - FC - Administration and Assistance	93.658	CFL14/15-36	186,408,486
Foster Care Title IV-E	93.658	CFL14/15-36	264,548,862
Foster Parent Training	93.658	CFL14/15-36	159,540
Foster Family Licensing	93.658	CFL14/15-36	406,012
Group Home Month Visits/County Welfare Department (CWD)	93.658	CFL14/15-36	20,017,165
Child Welfare Services Outcome Improvement Project (Cohort 1)	93.658	CFL14/15-36	1,289,510
Subtotal 93.658			472,829,575
Adoption Assistance			
Adoptions - Administration and Assistance	93.659 (22)	CFL14/15-40	126,358,224
Social Services Block Grant			
Children's Welfare Services Title XX	93.667	CFL15/16-04	40,087,000
Chafee Foster Care Independence Program			
Independent Living Skills - Children's Services	93.674	CFL14/15-11	6,604,899
Children's Health Insurance Program			
California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) - Title XXI	93.767	4260	101,325
Medical Assistance Program			
In-Home Supportive Services - Personal Care Services Program (Health-Related)	93.778 (14) (23)	4260	68,573,291
Adult Protective Services/County Services Block Grant	93.778 (14) (23)	5180	22,802,988
Children's Welfare Services XIX (Health-Related)	93.778 (14) (23)	CFL14/15-36	46,620,049
Subtotal 93.778			137,996,328
Passed Through the California Secretary of State			
Voting Access for Individuals with Disabilities - Grants to States			
HAVA Polling Place Accessibility Training Program	93.617	13G30324	28,864
Total U.S. Department of Health and Human Services			2,342,412,844
U.S. Department of Homeland Security			
Direct Program			
National Urban Search and Rescue (US&R) Response System			
Urban Search and Rescue 2011-CA-K00078-S01	97.025		80,501
Urban Search and Rescue 2012 - EMW-2012-CA-00024	97.025		286,273
Urban Search and Rescue - EMW-2013-CA-K00013-S01	97.025		499,798
Urban Search and Rescue - EMW-2014-CA-K00050-S01	97.025		130,000
Subtotal 97.025			996,572
Port Security Grant Program			
Port Security Grant Program 12	97.056		97,793
Port Security Grant Program 13	97.056		47,802
Subtotal 97.056			145,595
Passed Through the City of Los Angeles			
Securing the Cities Program			
Securing the Cities Program	97.106	C-125298	20,340
Securing the Cities Program (STC) 12	97.106	2012-DN-106-00001-04	6,713
Securing the Cities Program (STC) 13	97.106	2012-DN-106-00001-04	37,425
Subtotal 97.106			64,478

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS			
Passed Through the United Way			
Emergency Food and Shelter National Board Program			
Emergency Food and Shelter Program - Phase 32	97.024	069500-009	$ 7,000
Passed Through the California Department of Parks and Recreation			
Boating Safety Financial Assistance			
Basic Boating Skills and Operation, Rescue Boat Operations, and Boating Marine Fires	97.012	C1470005	67,368
Law Enforcement Equipment Grant Program	97.012	C8956108	57,607
Subtotal 97.012			124,975
Passed Through the California Office of Emergency Services			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
2008 Wildfires	97.036	FEMA-1810-DR-CA	87,073
Emergency Management Performance Grants			
2013 Emergency Management Performance Grant	97.042	2013-0047	1,103,294
2014 Emergency Management Performance Grant	97.042	2014-0070	811,784
Subtotal 97.042			1,915,078
Fire Management Assistance Grant			
2013 Powerhouse	97.046	FEMA-2013-FM-CA	1,177,754
Homeland Security Grant Program			
State Homeland Security Program 11	97.067	2011-0077	9,926,533
State Homeland Security Program 12	97.067	2012-0123	7,093,940
State Homeland Security Program 13	97.067	2013-0110	5,774,327
State Homeland Security Program 14	97.067	2014-0093	49,700
State Homeland Security Program 13	97.067	037-95066	2,407,277
Passed Through the California Office of Emergency Services/City of Los Angeles			
Homeland Security Grant Program			
Urban Area Security Initiative 13	97.067	C-124278	7,486,029
Urban Area Security Initiative 06	97.067	C-125696	1,219,563
Urban Area Security Initiative 13	97.067	037-95050	957,339
Urban Area Security Initiative 14	97.067	037-95050	267,900
Urban Area Security Initiative 14	97.067	C-125696	216,713
Passed Through the California Office of Emergency Services/County of San Diego			
Homeland Security Grant Program			
Operation Stonegarden Grant Program (OPSG) 13	97.067	073-95015	388,956
Operation Stonegarden Grant Program (OPSG) 14	97.067	073-95015	102,459
Subtotal 97.067			35,890,736
Total U.S. Department of Homeland Security			40,409,261
U.S. Department of Housing and Urban Development (HUD)			
Direct Program			
Housing Opportunities for Persons with AIDS (HOPWA)	14.241		110,681
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants			
Charles White Park Planning Project	14.251	B-09-SP-CA-0302	117,227
Section 8 Housing Choice Vouchers			
VA - Housing First Assertive Community Treatment Program	14.871 (4)		446,000
Passed Through the Housing Authority of the County of Los Angeles (HACOLA)			
Continuum of Care Program			
Tenant-Based Rental Assistance (TBRA) Program/Shelter Plus Care	14.267		20,371
Passed Through the Los Angeles County Community Development Commission			
Community Development Block Grants/Entitlement Grants			
Project Star (Studying, Tutoring, and Reading)	14.218	F96125-14	83,327
Project Star (La Puente/Graham Library)	14.218	601638-14	25,000
Hacienda Heights Community Recreation Program	14.218	F96411-14	23,000
Burke's Club Drug Prevention and Gang Intervention	14.218	F96228-14	114,374
Adventure Park Recreation Program	14.218	F96410-14	70,765
Amigo Park Mobile Recreation Program	14.218	F96409-14	22,392
Pathfinder Senior Recreation Program	14.218	601590-14	16,063
Loma Alta Park Recreation Program	14.218	600475-14	28,666
Pamela Park Recreation Program	14.218	600482-14	31,009
Pearblossom Park Recreation Program	14.218	600483-14	21,140
Valleydale Park After-School Program	14.218	601346-14	30,934
Community Development Block Grant	14.218	600922-14	80,000

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF LOS ANGELES
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Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS			
Community Code Enforcement East Los Angeles - 1st District	14.218	F96131-14	$ 249,611
Community Code Enforcement 4th District	14.218	600727-14	35,000
Homeowners Fraud Prevention Program	14.218	F96227-09	50,000
Rowland Heights Youth Athletic League Program-Carolyn Rosas Park	14.218	F96414-14	48,425
Century Station Code Enforcement Project	14.218	F96414-14	199,784
Subtotal 14.218			1,129,490
Passed Through the Los Angeles Homeless Services Authority			
Supportive Housing Demonstration Program			
Transitional Housing for Homeless Young People	14.235	HUD VI, VII, X, XI, XII	533,624
Passed Through the California Department of Housing and Community Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Community Development Block Grant	14.228		65,070
Total U.S. Department of Housing and Urban Development (HUD)			2,422,463
U.S. Department of the Interior			
Direct Program			
Invasive and Noxious Plant Management			
National Rec Area Vac Lot Weeding	15.230		2,980
WaterSMART (Sustaining and Manage America's Resources for Tomorrow)			
In-Situ Arsenic Removal on Unsaturated Alluvium	15.507		112,297
Coastal Impact Assistance Program	15.668		316,441
Total U.S. Department of the Interior			431,718
U.S. Department of Justice			
Direct Program			
Joint Law Enforcement Operations (JLEO)			
Domestic Cannabis Eradication Suppression Program 14	16.111		241,636
Domestic Cannabis Eradication Suppression Program 15	16.111		114,068
Subtotal 16.111			355,704
Drug Court Discretionary Grant Program			
Adult Drug Court Program (BJA)	16.585		22,208
State Criminal Alien Assistance Program (SCAAP) (Note 4)	16.606		3,403,949
Public Safety Partnership and Community Policing Grants			
Community Policing Development Program (CPD) - Innovative Officer Accountability Model	16.710		20,039
Cops Hiring Program 11	16.710		3,133,810
Subtotal 16.710			3,153,849
PREA Program: Demonstration Projects to Establish 'Zero Tolerance' Cultures for Sexual Assault in Correctional Facilities			
Prison Rape Elimination Act	16.735		10,076
DNA Backlog Reduction Program			
DNA Backlog Reduction Program 13	16.741		498,945
DNA Capacity Enhancement and Backlog Reduction Program 14	16.741		275,704
Subtotal 16.741			774,649
Paul Coverdell Forensic Sciences Improvement Grant Program			
Coverdell Forensic Sciences Improvement Act Program 13	16.742 (17)		52,578
Economic High-Tech and Cyber Crime Prevention			
Counterfeit and Piracy Enforcement Team Program (CAPE) 13	16.752		123,349
Congressionally Recommended Awards			
2010 Congressionally Selected Awards Program - Gang Coplink Project	16.753		1,834
Second Chance Act Reentry Initiative			
Adult Re-Entry Comprehensive Service Program	16.812		75,343
Equitable Sharing Program			
Asset Seizure and Forfeiture	16.922		9,126,014
Passed Through the City of Los Angeles			
Edward Byrne Memorial Justice Assistance Grant Program			
School Resource Deputy/Rosemont Middle School (JAG) 10	16.738	2010-DJ-BX-0387	11,269
Florence-Firestone Community Peace Project (JAG) 10	16.738	2010-DJ-BX-0387	11,103
Peace Over Violence (JAG) 10	16.738	2010-DJ-BX-0387	23,532
A New Way of Life Reentry Project (JAG) 11	16.738	2011-DJ-BX-2533	148,143
School Resource Deputy/Rosemont Middle School (Sheriff) (JAG) 11	16.738	2011-DJ-BX-2533	12,009
District Attorney - Saving Innocence (JAG) 11	16.738	2011-DJ-BX-2533	15,854
Gang Reduction and Community Engagement Project (GRACE) (JAG) 11	16.738	2011-DJ-BX-2533	164,433
Gang Reduction and Community Engagement Project (GRACE) (JAG) 12	16.738	2012-DJ-BX-0878	48,760

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF LOS ANGELES
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Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS				
Sage - East Los Angeles (JAG) 12	16.738		2012-DJ-BX-0878	$ 43,152
Alternate Sentencing Program (JAG) 12	16.738		2012-DJ-BX-0878	373,300
School Based Supervision Program (JAG) 12	16.738		2012-DJ-BX-0878	120,000
Youth Activities League (JAG) 11	16.738		2011-DJ-BX-2533	35,000
Palmdale AED Devices - (JAG) 12	16.738		2012-DJ-BX-0878	5,044
Sheriff Palmdale Station - (JAG) 12	16.738		2012-DJ-BX-0878	481
Sheriff CLEPP - (JAG) 12	16.738		2012-DJ-BX-0878	3,620
Altadena Station Equipment - (JAG) 12	16.738		2012-DJ-BX-0878	7,499
Sheriff Cops Bureau - (JAG) 12	16.738		2012-DJ-BX-0878	44,428
Sheriff Lancaster Station - (JAG) 12	16.738		2012-DJ-BX-0878	12,156
San Dimas Station Radar - (JAG) 12	16.738		2012-DJ-BX-0878	3,612
JAG City Clear Foothill	16.738		2014-DJ-BX-0235	45,282
JAG City Clear Various Sites	16.738		2014-DJ-BX-0235	362,253
JAG City Clear	16.738		2014-DJ-BX-0235	263,279
Passed Through the Board of State and Community Corrections				
Edward Byrne Memorial Justice Assistance Grant Program				
JAG Anti-Drug Abuse (ADA) Enforcement Team Program 13	16.738		BSCC 626-13	251,381
Subtotal 16.738				2,005,590
Juvenile Accountability Block Grant	16.523		BSCC 183-14	265,100
Juvenile Accountability Block Grant	16.523		BSCC 161-14	265,100
Subtotal 16.523				530,200
Juvenile Justice and Delinquency Prevention - Allocation to States				
Title II Formula Block Grant	16.540		BSCC 382-13	125,009
Passed Through the California Office of Emergency Services				
Crime Victim Assistance				
Victim Witness Assistance Program (VWAP)	16.575		VW 14 33 0190	2,337,468
Underserved Victim Advocacy and Outreach Program (UV)	16.575		UV 14 05 0190	129,733
Human Trafficking Advocacy (HA) Program	16.575		HA 14 01 0190	72,764
Subtotal 16.575				2,539,965
Paul Coverdell Forensic Sciences Improvement Grant Program				
Paul Coverdell Forensic CQ14 04 0190	16.742	(17)	CQ14 04 0190	19,670
Coverdell Forensic Sciences Improvement Act Program 13	16.742	(17)	037-00000	73,904
Coverdell Forensic Sciences Improvement Act Program 14	16.742	(17)	037-00000	54,855
Subtotal 16.742				148,429
Total U.S. Department of Justice				22,448,746
U.S. Department of Labor				
Passed Through the South Bay Workforce Investment Board				
Workforce Investment Act (WIA) National Emergency Grants				
National Emergency Grant - CA Multi-Sector Partnerships	17.277		11-W112	163,886
Passed Through the California Department of Aging				
Senior Community Service Employment Program				
Older American Title V Project	17.235			1,680,232
Passed Through the California Employment Development Department				
WIA Adult Program				
Workforce Investment Act Adult - K491022	17.258	(5)	K491022	87,837
Workforce Investment Act Adult - K594765	17.258	(5)	K594765	11,640,400
WIA Youth Activities				
Workforce Investment Act Youth - K491022	17.259	(5)	K491022	2,943,556
Workforce Investment Act Youth - K594765	17.259	(5)	K594765	6,947,935
WIA Dislocated Worker Formula Grants				
Workforce Investment Act Dislocated Worker - K491022	17.278	(5)	K491022	4,098,390
Workforce Investment Act Rapid Response - K491022	17.278	(5)	K491022	581,781
Workforce Investment Act Dislocated Worker - K594765	17.278	(5)	K594765	3,719,513
Workforce Investment Act Rapid Response - K594765	17.278	(5)	K594765	730,871
Workforce Investment Act Layoff Version RR - K594765 (GC292)	17.278	(5)	K594765	4,081
Workforce Investment Act Layoff Version RR - K594765 (GC293)	17.278	(5)	K594765	423,316
Passed Through the California Employment Development Department/South Bay Workforce Investment Board				
WIA Dislocated Worker Formula Grants				
CA Multi-Sector Workforce Partnership Project 25%	17.278	(5)	13-WO-63	630,988
Subtotal WIA Program Cluster (17.258, 17.259, 17.278)				31,808,668
Total U.S. Department of Labor				33,652,786
U.S. Department of Transportation				
Direct Program				
Airport Improvement Program				
Vacant Lot Clearance - Federal Aviation	20.106			2,694
Airport Improvement Program	20.106			2,064,930
Subtotal 20.106				2,067,624

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)		Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS				
Passed Through the Los Angeles Metropolitan Transportation Authority				
Highway Planning and Construction				
2014 Open Streets Grant Program	20.205	(6) (18)	Various	$ 70,674
Federal Transit - Capital Investment Grants				
Wilshire Bus Rapid Transit Program	20.500	(7)		1,746,104
Job Access and Reverse Commute Program				
Job Access and Reverse Commute (JARC)	20.516	(8)	TV-1415-19	103,231
Passed Through the California Department of Alcoholic Beverage Control/California Office of Traffic Safety				
National Priority Safety Programs				
Minor Decoy/Shoulder Tap and Informed Merchants Preventing Alcohol-Related Crime Tendencies (IMPACT) Inspections	20.616	(9)	14-MPG05	18,521
Passed Through the California Department of Transportation				
Highway Planning and Construction				
Bridge Retrofit Program	20.205	(6) (18)	Various	825,526
Surface Transportation Program (STP)	20.205	(6) (18)	Various	13,329,667
Highway Bridge Rehabilitation	20.205	(6) (18)	Various	5,893,797
1998/1999 Demonstration	20.205	(6) (18)	Various	259,342
Transportation Enhancement Activities	20.205	(6) (18)	Various	718,578
Emergency Relief Program	20.205	(6) (18)	Various	8,545,392
Highway Safety Improvement Program (HSIP)	20.205	(6) (18)	Various	601,081
Federal Safe Routes to School (SSTS)	20.205	(6) (18)	Various	57,298
Subtotal 20.205				30,230,681
Passed Through the California Office of Traffic Safety				
State and Community Highway Safety				
Selective Traffic Enforcement Program - State and Community Highway Safety	20.600	(9)	PT 14118	162,757
Selective Traffic Enforcement Program - State and Community Highway Safety	20.600	(9)	PT 1545	160,317
Subtotal 20.600				323,074
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Office of Traffic and Safety Program Driving Under the Influence	20.608		AL 1546	294,756
Selective Traffic Enforcement Program - Offenders for Driving While Intoxicated	20.608		PT 14118	208,033
Selective Traffic Enforcement Program (Minimum Penalties for Repeat Offenders for Driving While Intoxicated)	20.608		PT 1545	965,383
Passed Through the California Office of Traffic Safety/University of California, Berkeley				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Sobriety Checkpoint Grant Program (Safe TREC) 13	20.608		SC 14501	343,238
Subtotal 20.608				1,811,410
Total U.S. Department of Transportation				36,371,319
U.S. Election Assistance Commission				
Passed Through the California Secretary of State				
Help America Vote Act Requirements Payments				
Help America Vote Act Section 301 Voting Systems Program	90.401		11G30121	1,974,982
HAVA VoteCal Statewide Voter Registration System Project	90.401		14G26118	69,799
Subtotal 90.401				2,044,781
Total U.S. Election Assistance Commission				2,044,781
U.S. Environmental Protection Agency				
Direct Program				
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements				
Fish Contamination Inspection, Outreach and Education (Toxics Epidemiology)	66.802			32,769
Palos Verdes Fish Contamination - Enforcement Cooperative Agreement	66.802			2,638
Subtotal 66.802				35,407
Brownfields Assessment and Cleanup Cooperative Agreements				
Brownfields Assessment	66.818			11,800
Passed Through the California Department of Public Health				
Capitalization Grants for Drinking Water State Revolving Funds				
Small Public Water System Regulatory Program	66.468	(10)	SRFLPA49	325,484
Passed Through the California Environmental Protection Agency				
Beach Monitoring and Notification Program Implementation Grants				
Public Beach Safety Program	66.472		CU-99T20901-0	121,284
Total U.S. Environmental Protection Agency				493,975
U.S. Executive Office of the President				
Direct Program				
High Intensity Drug Trafficking Areas Program				
High Intensity Drug Trafficking Areas (HIDTA)	95.001			111,426
Total U.S. Executive Office of the President				111,426

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF NON-AMERICAN RECOVERY AND REINVESTMENT ACT (Non-ARRA) PROGRAMS			
U.S. Institute of Museum and Library Services			
Passed Through the California State Library			
Grants to States			
Eureka! Leadership Grant	45.310	LS-00-14-0005-14	$ 13,916
Veterans Connect @ the Library	45.310	LS-00-14-0005-14	8,621
E-Publishing at the Library at Westlake Village Library	45.310	LS-00-14-0005-14	4,455
Rock n' Roll High School at Hacienda Heights Library	45.310	LS-00-14-0005-14	2,500
Elderly Fraud Prevention at Carson, Lancaster, Montebello, Norwalk, and West Hollywood Libraries	45.310	LS-00-14-0005-14	2,480
Computer Literacy en Español at Hawaiian Gardens Library	45.310	LS-00-14-0005-14	1,651
Junior Science Lecture Series and Stem Lab at La Cañada Flintridge Library	45.310	LS-00-14-0005-14	2,518
Subtotal 45.310			36,141
Total U.S. Institute of Museum and Library Services			36,141
U.S. National Endowment for the Humanities			
Passed Through the California Humanities			
Promotion of the Humanities - Federal/State Partnership			
California Reads: War Comes Home	45.129	LS-00-14-0005-14	9,242
Total U.S. National Endowment for the Humanities			9,242
Subtotal Non-American Recovery and Reinvestment Act (Non-ARRA) Schedule of Expenditures of Federal Awards			$ 2,726,077,332

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

(Continued)

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA#)	Pass-Through Entity ID No. (Note A)	Federal Expenditures
SCHEDULE OF EXPENDITURES OF AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) PROGRAMS			
U.S. Department of Education			
Passed Through the Children, Youth and Family Collaborative			
Investing in Innovation (i3) Fund			
ARRA-Investing in Innovation (i3) Fund Grant	84.411	CYFC150001	$ 27,609
Total U.S. Department of Education			27,609
U.S. Department of Education/Health and Human Services			
Passed Through the California Department of Education			
Race to the Top - Early Learning Challenge			
ARRA-Race to the Top - Early Learning Challenge	84.412	12-15181-2819-00	2,398,790
Total U.S. Department of Education/Health and Human Services			2,398,790
U.S. Department of Energy			
Direct Program			
Energy Efficiency and Conservation Block Grant Program (EECBG)			
ARRA-Energy Efficiency and Conservation Block Grant	81.128		290,353
ARRA-Energy Efficiency and Conservation Block Grant-Better Buildings	81.128		591,625
Subtotal 81.128			881,978
Total U.S. Department of Energy			881,978
U.S. Department of Health and Human Services			
Passed Through the California Department of Social Services			
Adoption Assistance			
ARRA-Adoptions-Administration and Assistance FMAP (Note 7)	93.659 (22)	CA800	(1,721)
Total U.S. Department of Health and Human Services			(1,721)
Subtotal American Recovery and Reinvestment Act (ARRA) Schedule of Expenditure of Federal Awards (SEFA)			3,306,656
Total Non-ARRA and ARRA Schedule of Expenditures of Federal Awards			$ 2,729,383,988

See legend on page 154 for CFDA No. Cluster Summary and Notes A and B.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Legend		Amounts
(1)	*SNAP Cluster*	*$ 235,673,078*
(2)	*Child Nutrition Cluster*	*644,823*
(3)	*Forest Service Schools and Roads Cluster*	*740,095*
(4)	*Housing Voucher Cluster*	*446,000*
(5)	*WIA Cluster*	*31,808,668*
(6)	*Highway Planning and Construction Cluster*	*30,301,355*
(7)	*Federal Transit Cluster*	*1,746,104*
(8)	*Transit Services Programs Cluster*	*103,231*
(9)	*Highway Safety Cluster*	*341,595*
(10)	*Drinking Water State Revolving Fund Cluster*	*325,484*
(11)	*Aging Cluster (Note B)*	*21,733,072*
(12)	*TANF Cluster*	*778,400,671*
(13)	*CCDF Cluster*	*10,996,235*
(14)	*Medicaid Cluster*	*532,114,851*
(15)	*Student Financial Assistance Cluster*	*319,557*
(16)	*Total for CFDA# 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program*	*235,673,078*
(17)	*Total for CFDA# 16.742 - Paul Coverdell Forensic Sciences Improvement Grant Program*	*201,007*
(18)	*Total for CFDA# 20.205 - Highway Planning and Construction*	*30,301,355*
(19)	*Total for CFDA# 93.243 - Substance Abuse and Mental Health Services-Projects of Regional and National Significance*	*2,731,803*
(20)	*Total for CFDA# 93.566 - Refugee and Entrant Assistance-State Administered Programs*	*7,870,708*
(21)	*Total for CFDA# 93.576 - Refugee and Entrant Assistance-Discretionary Grants*	*192,840*
(22)	*Total for CFDA# 93.659 - Adoption Assistance*	*126,356,503*
(23)	*Total for CFDA# 93.778 - Medical Assistance Program*	*513,281,166*
(24)	*Total for CFDA# 93.977 - Preventive Health Services-Sexually Transmitted Diseases Control Grants*	*3,607,848*

Note A - Certain awards do not have a pass-through entity ID number.
Note B - Aging Cluster (as determined by the California Department of Health and Human Services, Department of Aging)

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards represents all federal programs of the County of Los Angeles, California (the County). The County's basic financial statements include the operations of the Community Development Commission (CDC) and the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), which expended $326,260,633 and $168,013 respectively, in federal awards, which are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2015. The CDC engaged other auditors to perform an audit in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* First 5 LA did not meet the minimum threshold of $500,000 and, therefore, was not subject to an OMB A-133 audit. All federal financial assistance received directly from federal/state agencies, as well as federal financial assistance passed through other government agencies, is included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presently using the modified-accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds, as described in Note 1 of the notes to the County's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. However, some amounts presented in this schedule are reported on a cash basis, as described in the succeeding paragraph.

Additionally, certain federal program expenditures in the Schedule of Expenditures of Federal Awards are converted to and reported on a cash basis due to the claiming requirements of the State pass-through agencies. These expenditures are presented on a cash basis in order to be consistent with the amounts previously claimed and reported to the State for reimbursement purposes. The affected programs are listed below.

Catalog of Federal Domestic Assistance Number (CFDA#)	Program Name
10.561	Supplemental Nutrition Assistance Program (SNAP) - Administration (CalFresh)
12.002	Procurement Technical Assistance
14.235	Transitional Housing for Homeless Young People
15.668	Coastal Impact Assistance Program
16.738	School Resource Deputy/Rosemont Middle School (JAG) 10
16.738	Florence-Firestone Community Peace Project (JAG) 10
16.738	Peace Over Violence (JAG) 10
16.738	A New Way of Life Reentry Project (JAG) 11

Catalog of Federal Domestic Assistance Number (CFDA#)	Program Name
16.738	School Resource Deputy/Rosemont Middle School (Sheriff) (JAG) 11
16.738	District Attorney - Saving Innocence (JAG) 11
16.738	Gang Reduction and Community Engagement Project (GRACE) (JAG) 11
16.738	Gang Reduction and Community Engagement Project (GRACE) (JAG) 12
16.738	Sage - East Los Angeles (JAG) 12
16.738	Alternate Sentencing Program (JAG) 12
16.738	School Based Supervision Program (JAG) 12
16.738	Youth Activities League (JAG) 11
16.738	Palmdale AED Devices - (JAG) 12
16.738	Sheriff Palmdale Station - (JAG) 12
16.738	Sheriff CLEPP - (JAG) 12
16.738	Altadena Station Equipment - (JAG) 12
16.738	Sheriff Cops Bureau - (JAG) 12
16.738	Sheriff Lancaster Station - (JAG) 12
16.738	San Dimas Station Radar - (JAG) 12
84.007	Supplemental Educational Opportunity Grants
84.063	Pell Grants
84.411	ARRA-Investing in Innovation (i3) Fund Grant
93.090	Kinship Guardianship Assistance Payment Program (KIN-GAP) Title IV-E
93.525	California Healthcare Eligibility, Enrollment, and Retention System (CALHEERS) - Exchange Grant
93.556	Promoting Safe and Stable Families Program (PSSF)
93.558	CalWORKs - Family Group/Unemployed Parent (FG/U) Assistance
93.558	CalWORKs Legal Immigrants (Medi-Cal)
93.558	CalWORKs Diversion - Federal
93.558	CalWORKs Fraud Incentives
93.558	CalWORKs Single
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement Title IV-D
93.566	Refugee Resettlement
93.566	Refugee Employment Social Services
93.568	Low-Income Home Energy Assistance Program (LIHEAP)
93.569	Community Services Block Grant 13F-3021
93.569	Community Services Block Grant 14F-3021

Catalog of Federal Domestic Assistance Number (CFDA#)	Program Name
93.569	Community Services Block Grant 15F-2021
93.576	Older Refugee Discretionary Grant
93.576	Targeted Assistance Discretionary Grant
93.584	Refugee Targeted Assistance Program
93.590	Community-Based Child Abuse Prevention
93.596	Child Day Care Program
93.617	HAVA Polling Place Accessibility Training Program
93.645	Children's Welfare Services IV-B (Direct Cost)
93.648	California Partnership for Permanency (CAPP)
93.652	Diligent Recruitment of Families for Children in the Foster Care System
93.658	Aid to Families with Dependent Children - FC - Administration and Assistance
93.658	Foster Care Title IV-E
93.658	Foster Parent Training
93.658	Foster Family Licensing
93.658	Group Home Month Visits/County Welfare Department (CWD)
93.658	Child Welfare Services Outcome Improvement Project (Cohort 1)
93.659	Adoptions - Administration and Assistance
93.659	ARRA-Adoptions-Administration and Assistance FMAP
93.667	Children's Welfare Services Title XX
93.674	Independent Living Skills - Children's Services
93.767	California Healthcare Eligibility, Enrollment, and Retention System (CALHEERS) - Title XXI
93.778	Medi-Cal Administrative Activities (MAA)
93.778	Low Income Health Program
93.778	Medi-Cal Eligibility Determination
93.778	In-Home Supportive Services - Personal Care Services Program (Health-Related)
93.778	Adult Protective Services/County Services Block Grant
93.778	Children's Welfare Services XIX (Health-Related)

NOTE 3 – SUBRECIPIENT AWARDS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided a significant amount of funding to various subrecipients. Listed below is a summary of amounts provided to the subrecipients by County program title.

County Program Title	CFDA #	Amount Provided to Subrecipients
Supplemental Nutrition Assistance Program (SNAP) - Administration (CalFresh)	10.561	$ 18,118
Network for a Healthy California - Local Health Department	10.561	10,324,954
Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention (SNAP-Ed) Cycle I	10.561	73,888
Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention (SNAP-Ed) Cycle II	10.561	222,782
Subtotal 10.561		10,639,742
Victim Witness Assistance Program (VWAP)	16.575	584,367
Adult Drug Court Program (BJA)	16.585	9,844
Workforce Investment Act Adult - K491022	17.258	87,837
Workforce Investment Act Adult - K594765	17.258	8,800,978
Workforce Investment Act Youth - K491022	17.259	2,943,556
Workforce Investment Act Youth - K594765	17.259	4,328,788
Workforce Investment Act Dislocated Worker - K491022	17.278	3,990,909
Workforce Investment Act Dislocated Worker - K594765	17.278	1,848,877
Workforce Investment Act Rapid Response - K594765	17.278	168,511
Workforce Investment Act Rapid Response - K491022	17.278	502,083
CA Multi-Sector Workforce Partnership Project 25%	17.278	384,464
Subtotal WIA Cluster (17.258, 17.259, 17.278)		23,056,003
National Emergency Grant - CA Multi-Sector Partnerships (See note at the end of this schedule)	17.277	288,145
Title VII - Elder Abuse Prevention	93.041	79,069
Title VII - Ombudsman	93.042	129,342
Area Agency on Aging III D	93.043	355,112
Area Agency on Aging III B	93.044	3,138,429
C-I Special Nutrition Funds	93.045	306,910
C-II Special Nutrition Funds	93.045	180,533
Area Agency on Aging III C-I	93.045	5,580,265
Area Agency on Aging III C-II	93.045	4,707,930

COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

County Program Title	CFDA #	Amount Provided to Subrecipients
Area Agency on Aging Title III E	93.052	$ 1,509,704
Area Agency on Aging III USDA C-I	93.053	969,557
Area Agency on Aging III USDA C-II	93.053	865,337
Subtotal Aging Cluster (93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053)		17,822,188
Public Health Emergency Preparedness	93.069	1,089,554
McKinney Homeless Act Program	93.150	95,441
Adult Drug Court Program (SAMHSA)	93.243	73,479
Strategic Prevention Framework State Incentive Grant	93.243	104,500
Project ABC Family Wellness Network	93.243	1,608,413
Integrated Behavioral Health and Primary Care Program	93.243	398,415
Subtotal 93.243		2,184,807
Effectiveness of Peer Navigation to Link Released HIV/Jail Inmates to HIV Care	93.279	9,081
Area Agency on Aging - Health Insurance Counseling and Advocacy Program (HICAP)	93.324	347,251
Title V Maternal, Infant, and Early Childhood Home Visiting Program	93.505	1,689,081
Community Transformation Grant	93.531	2,342,665
Promoting Safe and Stable Families Program (PSSF)	93.556	5,879,442
CalWORKs Single	93.558	110,925,376
Temporary Assistance for Needy Families (TANF)	93.558	14,956,011
Subtotal 93.558		125,881,387
Refugee Employment Social Services	93.566	1,674,308
Community Services Block Grant 14F-3021	93.569	4,405,108
Community Services Block Grant American Indian 15F-2105	93.569	82,741
Community Services Block Grant American Indian 14F-3058	93.569	135,164
Subtotal 93.569		4,623,013
Older Refugee Discretionary Grant	93.576	72,586
Targeted Assistance Discretionary Grant	93.576	5,559
Subtotal 93.576		78,145
Refugee Targeted Assistance Program	93.584	1,315,525
Financial Alignment	93.626	132,224

COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

County Program Title	CFDA #	Amount Provided to Subrecipients
Aid to Families with Dependent Children - FC - Administration and Assistance	93.658	$ 151,943,372
Foster Care Title IV-E	93.658	2,413,802
Subtotal 93.658		154,357,174
Independent Living Skills - Children's Services	93.674	2,070,616
Chronic Disease Prevention Strategy in Los Angeles	93.757	75,214
Medi-Cal Administrative Activities (MAA)	93.778	1,853,051
Medi-Cal Outreach and Enrollment	93.778	321,821
Subtotal 93.778		2,174,872
Bioterrorism Hospital Preparedness Program	93.889	5,996,810
HIV Emergency Relief Project Grant	93.914	25,184,341
Minority Aids Initiative (MAI)	93.914	586,702
Subtotal 93.914		25,771,043
HIV Care Program	93.917	8,107,977
HIV Prevention Project	93.940	7,134,158
National HIV Behavioral Surveillance	93.940	100,143
Subtotal 93.940		7,234,301
PS09-007 Evaluating Locally-Developed Homegrown HIV Prevention Interventions	93.941	200,016
HIV AIDS Surveillance and Seroprevalence	93.944	56,446
Mental Health Services: Block Grant	93.958	1,940,852
Substance Abuse Prevention and Treatment Set-Aside	93.959	10,441,455
Alcohol Block Grant	93.959	24,137,641
Drug Free Schools and Communities - Club-Live	93.959	62,281
Drug Free Schools and Communities (DFSC) - Friday Night Live	93.959	62,281
Federal Female Offender	93.959	137,764
New Prenatal Set-Aside	93.959	2,456,216
Substance Abuse Prevention and Treatment Block Grant Adolescent Treatment	93.959	1,318,407
Substance Abuse Block Grant New HIV Set-Aside	93.959	688,392
Subtotal 93.959		39,304,437
Los Angeles County STD Programs Through Assessment, Assurance, Policy Development, and Prevention Strategies	93.977	978,809
2013 Emergency Management Performance Grant	97.042	1,103,294

County Program Title	CFDA #	Amount Provided to Subrecipients
State Homeland Security Program 13	97.067	$ 2,061,347
State Homeland Security Program 12	97.067	3,443,589
State Homeland Security Program 11	97.067	4,937,026
Subtotal 97.067		10,441,962
Total Amount Provided to Subrecipients		$ 459,556,036

National Emergency Grant - CA Multi-Sector Workforce Partnerships

The Department of Community and Senior Services' National Emergency Grant - CA Multi-Sector Workforce Partnerships (CFDA No. 17.277) refunded $223,500 to the South Bay Workforce Investment Board (SBWIB) for current and prior year administrative costs, which exceeded 10% of actual expenditures and were erroneously billed to SBWIB. As a result, total program expenditures decreased from $387,386 to $163,886. Of the $387,386 of program expenditures, $288,145 was for payments made to subrecipients. Since the refund only affected administrative costs and not subrecipient expenditures, the amount provided to subrecipients is $288,145.

NOTE 4 – GRANT PROGRAMS REIMBURSED IN ARREARS

The County participates in several federal programs where payments are received in arrears because eligibility, as determined by the federal agency, is determined in arrears. The County reports actual revenues for these programs in the year that the funds are received, since the County's eligible expenditures are not determinable until reimbursement is received.

State Criminal Alien Assistance Program (SCAAP), CFDA #16.606

FY Exp. Incurred	FY Exp. Reimbursed	Amount
12-13	14-15	$ 3,403,949

Pest Detection Emergency Program, CFDA # 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
13-14	14-15	$ 4,625

Pest Exclusion/Dog Teams Program, CFDA # 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
13-14	14-15	$ 80,193

Glassy Winged Sharpshooter (GWSS), CFDA # 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
13-14	14-15	$ 87,222

Mediterranean Fruit Fly, CFDA # 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
13-14	14-15	$ 25,343

NOTE 5 – COMMUNITY SERVICES BLOCK GRANTS, CFDA #93.569

At the request of the California Health and Human Services Agency, Department of Community Services and Development, supplementary schedules of grant expenditures for CSBG grant programs are included on page 193 through 197.

NOTE 6 – MEDICAID CLUSTER

Direct Medi-Cal and Medicare expenditures are excluded from the Schedule of Expenditures of Federal Awards. These expenditures represent fees for services and are not included in the Schedule of Expenditures of Federal Awards or in determining major programs. The County assists the State in determining eligibility and provides Medi-Cal and Medicare services through County-owned facilities. Administrative costs related to Medi-Cal and Medicare are, however, included in the Schedule of Expenditures of Federal Awards under the Medicaid Cluster.

NOTE 7 – PAYMENT ADJUSTMENTS

The Department of Children & Family Services' ARRA – Adoptions FMAP (CFDA No. 93.659) funding ended in FY10-11. However, due to adjustments, such as overpayment recoveries, aid code adjustments, and prior month cancellations, we are reflecting a negative $1,721.

The Department of Public Social Services' Low-Income Home Energy Assistance Program-LIHEAP (CFDA No. 93.568) funding was discontinued in FY 14-15. However, expungements of amounts that are unclaimed by participants resulted in a negative $41,115.

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INDEPENDENT AUDITOR'S 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*

The Honorable Board of Supervisors
County of Los Angeles, California

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2015, except for the report on the schedule of expenditure of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and state awards granted by California Department of Aging, as to which the date is March 28, 2016. As discussed in Note 2 to the basic financial statements, effective July 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* The implementation of these statements resulted in a restatement of net position as of July 1, 2014 in the amount of $7,835,193,000, $1,322,777,000, and $21,142,000 for governmental activities, business-type activities, and the CDC, respectively. Our report includes a reference to other auditors who audited the financial statements of the Community Development Commission (CDC), Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), and the Los Angeles County Employees Retirement Association (LACERA), as described in our report on the County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-001.

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California
December 15, 2015

Certified Public Accountants

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Los Angeles
Century City
Newport Beach
San Diego

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Board of Supervisors
County of Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the County of Los Angeles, California's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Community Development Commission (CDC) and the Los Angeles County Children and Families First- Proposition 10 Commission (First 5 LA), which expended $326,260,633 and $168,013, respectively, in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, described below, did not include the operations of CDC and First 5 LA because CDC and First 5 LA engaged other auditors to perform an audit in accordance with OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. However, the First 5 LA did not issue a report in accordance with OMB A-133 because it did not meet the reporting threshold under OMB A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Adoption Assistance Program

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 93.659 Adoption Assistance Program as described in finding number 2015-002 for Allowable Activities and Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Adoption Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.659 Adoption Assistance Program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-004 to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California
March 28, 2016

Section I - Summary of Auditor's Results

(a) Financial Statements

Type of auditor's report issued: **Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified? **None reported**

Noncompliance material to the financial statements noted? **Yes**

(b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified? **Yes**

Type of auditor's report issued on compliance for major programs:

Unmodified for all major programs except for the following, which was qualified:

- **CFDA 93.659 Adoption Assistance – Qualified**

Any audit findings which are required to be reported in accordance with Section 510(a) of Circular A-133: **Yes**

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
20.205	Highway Planning and Construction Cluster
93.090	Guardianship Assistance
93.563	Child Support Enforcement
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.659	Adoption Assistance
93.674	Chafee Foster Care Independence Program
93.667	Social Services Block Grant
93.777/93.778	Medicaid Cluster
93.958	Block Grants for Community Mental Health Services
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: **$8,188,152.**

Auditee qualified as a low-risk auditee? **No**

Section II – Financial Statement Findings

Reference Number:	**2015-001**
Federal Program Title:	**Medical Assistance Program**
Federal Catalog Number:	**93.778**
Federal Agency:	**U.S. Department of Health and Human Services**
Pass-Through Entity:	**California Department of Health Care Services**
Federal Award Number and Year:	**11-15909-LA-07 – 2011**
Name of Department:	**Department of Health Services**
Category of Finding:	**Financial Reporting - SEFA**
Federal Program Title:	**Water SMART (Sustaining and Manage America's Resources for Tomorrow)**
Federal Catalog Number:	**15.507**
Federal Agency:	**U.S. Department of Interior**
Pass-Through Entity:	**N/A**
Federal Award Number and Year:	**2014**
Name of Department:	**Department of Public Works**
Category of Finding:	**Financial Reporting - SEFA**
Federal Program Title:	**Airport Improvement Program**
Federal Catalog Number:	**20.106**
Federal Agency:	**U.S. Department of Transportation**
Pass-Through Entity:	**N/A**
Federal Award Number and Year:	**2014**
Name of Department:	**Department of Public Works**
Category of Finding:	**Financial Reporting - SEFA**
Federal Program Title:	**Highway Planning and Construction**
Federal Catalog Number:	**20.205**
Federal Agency:	**U.S. Department of Transportation**
Pass-Through Entity:	**California Department of Transportation**
Federal Award Number and Year:	**2014**
Name of Department:	**Department of Public Works**
Category of Finding:	**Financial Reporting - SEFA**

Federal Program Title:	**Federal Transit – Capital Investment Grants**
Federal Catalog Number:	**20.500**
Federal Agency:	**U.S. Department of Transportation**
Pass-Through Entity:	**Los Angeles Metropolitan Transportation Authority**
Federal Award Number and Year:	**2014**
Name of Department:	**Department of Public Works**
Category of Finding:	**Financial Reporting - SEFA**

Federal Program Title:	**Medical Assistance Program**
Federal Catalog Number:	**93.778**
Federal Agency:	**U.S. Department of Health and Human Services**
Pass-Through Entity:	**California Department of Alcohol and Drugs**
Federal Award Number and Year:	**12-89224 – 2014**
Name of Department:	**Department of Public Health**
Category of Finding:	**Financial Reporting - SEFA**

Federal Program Title:	**Promotion of the Humanities – Federal/State Partnership**
Federal Catalog Number:	**45.129**
Federal Agency:	**U.S. Department of National Endowment for the Humanities**
Pass-Through Entity:	**California Humanities**
Federal Award Number and Year:	**CAR13-59 – 2013**
Name of Department:	**Department of Public Library**
Category of Finding:	**Financial Reporting – SEFA**

Criteria

U.S. Office of Management and Budget Circular A-133 (OMB A-133), Subpart C - §__.300 states that the auditee shall identify all federal awards received and expended, prepare the Schedule of Expenditures of Federal Awards (SEFA) and ensure that audits are performed and submitted when due.

As directed by the Auditor-Controller (A-C), each County department is responsible for reviewing their grant agreements to determine if a grant is a federal award as defined under OMB Circular A-133. A-C continues to train and provide guidance to County departments on the importance of identifying federal expenditures and

ensuring they are reported on the SEFA. Each County department is responsible to report federal award expenditures to the A-C by specified deadlines.

Condition

The Department of Health Services (DHS) received federal funding for the administrative expenditures of the Medical Assistance Program (i.e. Low Income Health Program (LIHP) in the State of California). However, DHS did not report the following expenditures in the FY 10-11 to FY 13-14 SEFA:

FY 10-11	$ 7,625,453
FY 11-12	$ 13,033,632
FY 12-13	$ 15,381,295
FY 13-14	$ 5,097,081

The Department of Public Works (DPW) did not report the following expenditures on the FY 13-14 SEFA:

Program	CFDA No.	Unreported Expenditures
Water SMART	15.507	$251,935
Airport Improvement Program	20.106	$217,294
Highway Planning and Construction	20.205	$106,410
Federal Transit – Capital Investment Grants	20.500	$928,210

The Department of Public Health (DPH) did not report expenditures of $2,383,561 for CFDA No. 93.778 – Medical Assistance Program on the FY 13-14 SEFA.

The Department of Public Library did not report expenditures of $5,528 for CFDA No. 45.129 – Promotion of the Humanities on the FY 13-14 SEFA.

The above expenditures were identified by the respective departments.

Cause

DHS – The Department was not aware that the funding for LIHP administrative expenditures is subject to the requirements of OMB Circular A-133.

DPW – The unreported expenditures were caused by an oversight when compiling information for the expenditure worksheet.

DPH – Payments for patient care services are not considered federal expenditures. When DPH removed the patient care expenditures from the grant worksheet, the $2,383,561 non-patient care expenditures were accidentally excluded from the SEFA.

Public Library – The Department assigns a project code for each grant so that the expenditures can be captured when preparing a project code report. However, it was an oversight that a project code wasn't assigned to the grant with $5,528 expenditures in FY 13-14.

Effect

Failure to timely report federal awards on the SEFA results in an incorrect SEFA and programs potentially not being audited in accordance with OMB Circular A-133. The funding agency could withhold grant funds to the County.

Context

In FY 14-15, A-C issued a memo to all County departments requesting a review of their grants to ensure that all federal expenditures were reported on the SEFA. During this review, the County departments discovered the following:

1. DHS noted that federal expenditures pertaining to the LIHP incurred in FY 10-11 to FY 13-14 were not reported on the SEFA in the correct fiscal years.

2. DPW noted that federal expenditures incurred in FY 13-14 pertaining to the Water SMART, Airport Improvement Program, Highway Planning and Construction, and Federal Transit – Capital Investment Grants were not reported on the FY 13-14 SEFA.

3. DPH noted that federal expenditures incurred in FY 13-14 for the Medical Assistance Program were not reported on the FY13-14 SEFA.

4. Public Library noted that federal expenditures incurred in FY 13-14 for the Promotion of the Humanities were not reported on the FY13-14 SEFA.

Recommendation

We recommend that DHS reinforce its federal grant tracking process. When a funding source is unclear, DHS should contact the funding agency to obtain such information. This will enable proper reporting of the grant.

We also recommend that DPW, DPH, and Public Library reinforce their federal grant tracking process to ensure expenditures for all federal grants are reported to the A-C in the proper fiscal year.

Management Response and Corrective Action

Department of Health Services

1. Person responsible: Expenditure Manager, Fiscal Services

2. Corrective action plan:

   Department of Health Services (DHS) agrees with this recommendation. DHS management will ensure the funding for all grants is clearly identified in order to properly report all federal grants. Health Services Administration (HSA) Fiscal Services will coordinate with corresponding Program Offices, closely working on the grants, to determine if grants are subject to Single Audit. In the event funding is unclear, HSA Fiscal Services will advise Program Offices to contact funding agencies for verification or additional information.

3. Anticipated implementation date: December 18, 2015

Department of Public Works

1. Person responsible: Chief Financial Officer

2. Corrective action plan:

   Public Works agrees with the recommendation. The affected staff and reviewer received detailed instructions in writing. We have modified the procedures. When submitting the single audit information/package for review and approval, staff are required to provide an updated billing summary for each project along with additional supporting documents to prevent similar mistakes in the future and to ensure expenditures for all federal grants are reported to the Auditor-Controller in the proper fiscal year.

3. Anticipated implementation date: January 14, 2016

Department of Public Health

1. Person responsible: Chief Financial Officer

2. Corrective action plan:

   Substance Abuse Prevention and Control (SAPC) agrees with the recommendation, therefore, SAPC provided a revised FY 13-14 schedule on November 5, 2015 to the Auditor-Controller, along with back-up documents to include Medical Assistance Program. Subsequently, SAPC has developed

procedures to reinforce the federal grant tracking process to ensure that all Federal Grant and Federal Medicaid Non-Patient Care expenditures are reported on the SEFA.

3. Anticipated implementation date: November 5, 2015

Department of Public Library

1. Person responsible: Departmental Finance Manager

2. Corrective action plan:

   Public Library agrees with the recommendation. Public Library assigns a project code for each grant to capture all the expenditures. Public Library will ensure that the grant coordinators are informed whenever the new project code is established and will meet with them to instruct them to use the appropriate project code when grant money is being spent. This grant is already expired. But the process will be implemented for future grants.

3. Anticipated implementation date: February 25, 2016

Section III – Federal Award Findings and Questioned Costs

Reference Number:	**2015-002**
Federal Program Title:	**Adoption Assistance**
Federal Catalog Number:	**93.659**
Federal Agency:	**U.S. Department of Health and Human Services**
Pass-Through Entity:	**California Department of Social Services**
Federal Award Number and Year:	**CFL No. 14/15-40 – 2015**
Name of Department:	**Department of Children and Family Services**
Category of Finding:	**Allowable Activities and Eligibility**

Criteria

The compliance criteria pertaining to the Adoption Assistance are as follows:

1. The amount of adoption assistance cannot exceed the foster care maintenance payment (42 USC 673(a)(3)).

2. Per DCFS' policies and procedures, upon receipt of the Adoption Assistance Program (AAP) 4 form – Eligibility Certification, Section I Three Part Special Needs Determination or Barriers to Adoption section should be completed.

3. DCFS is required to make reasonable efforts to place the child for adoption without a subsidy. The only exception to this requirement is where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in their care as a foster child (42 USC 673(c)(1)(B) and 42 USC 673(c)(2), as amended/added by PUB. L. No. 110-351).

Condition

Of the sixty (60) samples selected for testing, we noted the following:

1. Three (3) cases where the documentation didn't support the basis of the rate paid to the participant and that the rate did not exceed the foster care maintenance payment.

2. Four (4) cases where Section I Three Part Special Needs Determination or the Barriers to Adoption on the AAP 4 form was not completed. Based on the Adoption Assistance Agreement (AD 4320) or the final decree, the children met the special needs requirement.

3. The Search for Non-Subsidy Placement section on the AAP 4 form for three (3) cases were not completed to support that DCFS had made reasonable efforts to place the children for adoption without a subsidy or to support that the search requirement was waived.

Cause

1. DCFS was unable to locate the documentation to support the FY 14-15 schedule rate.

2. Adoption staff failed to complete Section I Three Part Special Needs Determination or the Barriers to Adoption on the AAP 4.

3. Adoption staff failed to complete section of AAP 4 to demonstrate effort was made to place the child for adoption with appropriate parents without providing financial assistance or that the search requirement was waived.

Effect

Lack of proper completion and documentation supporting eligibility results in questioned costs and noncompliance with 42 USC 673, OMB Circular A-133, and DCFS policies and procedures.

Questioned Costs

$26,022 (known questioned costs based on sample items tested)

Context

Of the sixty (60) samples selected for testing, which totaled $178,841, the number of samples noted with exceptions are as follows for each condition:

1) Three (3) samples with no documentation to support the FY 14-15 schedule rate
2) Four (4) samples without completion of Section I Three Part Special Needs Determination or the Barriers to Adoption on the AAP 4
3) Three (3) samples without completion of Search for Non-Subsidy Placement section on the AAP 4

Recommendation

We recommend that DCFS strengthens review process to ensure completeness on the AAP 4 - *Eligibility Certification* and to maintain adequate documentation for adoption case files.

Management Response

1. Person responsible: Acting Division Chief, Adoption and Permanency Resources Division

2. Corrective action plan:

   DCFS agrees with the recommendation. Adoption and Permanency Resources Division will retrain staff in the proper completion of the AAP 4 and issue a memo to remind staff to thoroughly complete all AAP documentation and remind supervising staff to ensure that all needed areas are completed thoroughly and accurately.

3. Anticipated implementation date: March 31, 2016

Reference Number:	**2015-003**
Federal Program Title:	**Medical Assistance Program**
Federal Catalog Number:	**93.778**
Federal Agency:	**U.S. Department of Health and Human Services**
Pass-Through Entity:	**California Department of Health Care Services**
Federal Award Number and Year:	**N/A - 2015**
Name of Department:	**Department of Public Social Services**
Category of Finding:	**Allowable Activities/Costs**

Criteria

U.S. Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, Attachment A – General Principles for Determining Allowable Costs, Paragraph C – Basic Guidelines states:

1) Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
   (b) Be allocable to Federal awards under the provisions of this Circular.
   (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

U.S. Office of Management and Budget Circular A-133, Subpart C – Section 300, Auditee responsibilities states that the auditee shall:

b) Maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition

The Department of Public Social Services (DPSS) is required to perform a quarterly random moment time study (RMTS) to properly distribute salary costs to various programs. During our review of time studies and timesheets, one employee was not at work on the date when a quarterly RMTS was performed, however the employee was counted in the time study.

Cause

It was an oversight that DPSS included the employee in the time study.

Effect

Inaccurate time study may result in non-compliance with OMB A-87 and OMB A-133.

Questioned Costs

$3,140 (within our samples tested for the program)

Context

One (1) out of sixty (60) employees was incorrectly included in the quarterly RMTS.

Recommendation

We recommend the DPSS adhere to policies and procedures requiring detailed supervisory reviews of timesheets and time studies concurrently for accuracy.

Management Response

1. Person responsible: Division Chief

2. Corrective action plan:

   The Department agrees with the Recommendation and will reinforce policies and procedures on the Random Moment Time Study with DPSS District/Regional Deputies during the Deputy Forum scheduled for January 26 and 28, 2016. As part of this effort, Fiscal Memorandum #2011/02-1 - Random Moment Time Study Instructions will also be shared with all District Directors.

   The Department does not agree with the questioned costs as the necessary adjustment to the time study was included in the 3rd quarter supplemental County Expense Claim, thus eliminating the questionable costs of $3,140.

3. Anticipated implementation date: January 28, 2016

Reference Number:	**2015-004**
Federal Program Title:	**Promoting Safe and Stable Families**
Federal Catalog Number:	**93.556**
Federal Agency:	**U.S. Department of Health and Human Services**
Pass-Through Entity:	**California Department of Social Services**
Federal Award Number and Year:	**CFL No. 14/15-06 - 2015**
Name of Department:	**Department of Children and Family Services**
Category of Finding:	**Allowable Costs/Cost Principles**

Criteria

U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian tribal Governments* (OMB Circular A-87), Attachment A – General Principles for Determining Allowable Costs, Paragraph C – Basic Guidelines states: "To be allowable under federal awards, costs must meet the following general criteria…(d) Conform to any limitations or exclusions set forth in these principles, federal laws, terms and conditions of the federal award, or other government regulations as to types or amounts of cost items".

In addition, in accordance with 45 CFR section 1357.32(h)(1), "States claiming federal financial participation for services provided in FY 1994 and subsequent years may not claim more than 10 (ten) percent of expenditures under subpart 2 for administrative costs".

Condition

During our review of the payments that the Department of Children and Family Services (DCFS) made to subrecipient and other County departments, we noted the following:

1. The total expenditures of one subrecipient were $52,520 in FY 14-15. The administrative cost should have been $5,252 which is limited to 10% of the total expenditures. However, the administrative cost that DCFS paid was $8,011 which exceeded the 10% limitation by $2,759.

2. The total expenditures of one subrecipient were $106,037 in FY 14-15. The administrative cost should have been $10,604 which is limited to 10% of the total expenditures. However, the administrative cost that DCFS paid was $11,720 which exceeded the 10% limitation by $1,116.

3. DCFS contracted with one of the subrecipients for $142,948. DCFS applied the 10% limitation of administrative costs to the contract amount instead of to actual expenditures incurred in the amount of $128,046. As a result, total administrative

costs paid in FY 14-15 were $14,295 instead of $12,805, which exceeded the 10% limitation by $1,490.

Cause

DCFS did not ensure the administrative cost was within 10% limitation or ensure the 10% limit of administrative costs was applied to actual expenditures not contract amount.

Effect

Charging administrative costs over the limitation is not allowed under the grant, and the funding agency may request the excess administrative costs to be returned.

Questioned Costs

$5,365

Context

N/A

Recommendation

We recommend that DCFS ensure the 10% limitation of administrative costs is applied to the actual expenditures and strengthen their controls over the review of expenditures to ensure that administrative costs do not exceed such limitation.

Management Response and Corrective Action

Management Response

1. Person responsible: Community Based Support Manager

2. Corrective action plan:

   DCFS agrees with the recommendation. The finding concerns Family Support invoices for which the contract language states that the contractors shall not utilize more than 10% of their maximum annual contract sum for their administrative and indirect costs. The Family Support contract has ended; however, currently, there are other contracts with essentially the same boiler plate language. The Community Based Support Division (CBSD) staff has encouraged agencies with the same contract language to invoice for indirect costs at only up to 10% of their actual expenditures rather than 10% of their

annual contract sum. However, CBSD is required to adhere to the language in the approved contracts. CBSD will work with the Contracts Section to amend the contracts to follow federal limitations on indirect costs.

3. Anticipated implementation date: March 31, 2017

FINANCIAL STATEMENT FINDINGS:

Finding #2014-001 – Financial Reporting - SEFA

CFDA #93.566 – Refugee and Entrant Assistance - State Administered Programs

Condition

On the SEFAs prior to FY 13-14, the Department of Public Health (DPH) incorrectly reported CFDA 93.566, *Refugee and Entrant Assistance-State Administered Programs* (known as *Refugee Health Assessment Program* per California Department of Public Health) as CFDA 93.978, *Refugee Preventive Health Services* (or *Preventive Health Services-Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants,* pursuant to CFDA program title).

Recommendation

We recommend that the DPH reviews all grant agreements and correspondence from the grantors to ensure that CFDA title and number are reported correctly on the SEFA.

Current Year Management Response

The Department of Public Health developed and implemented procedures to ensure that all grant agreements and correspondence from the grantors referenced the correct CFDA title and is reported correctly on the SEFA, effective on February 1, 2016.

Current Status as of June 30, 2015

Implemented

Finding #2014-002 – Financial Reporting - SEFA

CFDA #93.590 – Community-Based Child Abuse Prevention Grants

Condition

The Department of Children and Family Services (DCFS) did not report the following expenditures of federal awards on the FY 06-07 to FY 12-13 SEFA:

1) FY 06-07: $336,974
2) FY 07-08: $341,710
3) FY 08-09: $452,742
4) FY 09-10: $985,403
5) FY 10-11: $375,692
6) FY 11-12: $370,624
7) FY 12-13: $351,603

Recommendation

We recommend DCFS to reinforce its federal grant tracking process. When a funding source is unclear, DCFS should contact the funding agency to obtain such information. This will enable proper reporting of the grant.

Current Year Management Response

The Finance Operations Division Manager directed the Claiming Unit Management in writing on February 24, 2015 to research funding sources for all grants and or work with State of California as a standard operation procedure to ensure DCFS reports all federal awards on the SEFA.

Current Status as of June 30, 2015

Implemented

Finding #2014-003 – Financial Reporting - SEFA

CFDA #10.665 – Schools and Roads – Grants to States

Condition

The Department of Public Works (DPW) did not report $648,057 on the FY 12-13 SEFA.

Recommendation

We recommend that DPW reinforce its federal grant tracking process. When a funding source is unclear, DPW should contact the funding agency to obtain such information. This will enable proper reporting of the grant.

Current Year Management Response

We will develop a protocol which includes generating an exception report to capture and identify receipt of all non-competitive or formula-based revenue for reporting purposes.

Current Status as of June 30, 2015

Not implemented (see current year finding 2015-001)

Finding #09-04 – Protection of Information Assets (DHS)

Condition

During our review we noted the following:

b. At another hospital facility, IT assets are not currently safeguarded by an active dry fire suppression system. The server room has a Halon system, but it had been disconnected.

Recommendation

We recommend that the County take the following actions:

b. Evaluate options and budget for the replacement of the Halon fire suppression system because the system should be reactivated as soon as possible.

Current Year Management Response

DHS management is still evaluating funding sources and the decision to replace and/or repair the fire suppression system at the OVMC facility. OVMC will again be turning in to DHS finance, this fiscal year a request to upgrade their server room. DHS is turning to enterprise applications and has two primary data centers. OVMC has and is moving some enterprise systems to the primary data centers. DHS is also building a new electronic health record for all of the DHS locations and they too will be using this application. At the present time, the "Affinity" system for the DHS electronic health record is not housed at OVMC but at our two primary data centers. OVMC is making positive process and has no apparent server room problems.

Current Status as of June 30, 2015

Partially implemented

FEDERAL AWARD FINDINGS:

Finding #2014-004 – Eligibility

CFDA #93.659 – Adoption Assistance – Title IV-E

Condition

Of the sixty (60) samples selected for testing, we noted the following:

1. Auditor noted one case where eligibility was extended to age 21 due to meeting the medical condition clause per review of the Adoption Assistance Program (AAP) 4 form. However, this determination was not properly documented on the AAP 2 - *Payment Instructions* form (AAP 2).

2. Auditor noted one case where Barriers to Adoption on the AAP 4 was not completed to determine whether the child meets the special needs eligibility provision.

3. Auditor noted two cases where a reasonable search effort to place a child for adoption without subsidy, or waiver, was not properly documented on the AAP 4.

4. Auditor was not provided with adoption assistance agreement (AD 4320), court order, criminal background check, and final decree of adoption (ADPT 215) for one case.

Recommendation

We recommend that DCFS strengthen their review process to ensure completeness on the AAP 4 - *Eligibility Certification* and AAP 2 – *Payment Instructions* forms, and to maintain proper documentation for adoption case files.

Current Year Management Response

Adoption and Permanency Resources Division Management issued a memo to social work staff on March 24, 2015 reinforcing policy and reminding of the necessity to be thorough in completing all AAP documentation, and instructing supervising staff to ensure all needed areas in the APP2 and APP4 forms are completed thoroughly and accurately. The memo was also reviewed in supervisor and unit meetings.

Current Status as of June 30, 2015

Not implemented (see current year finding 2015-002)

Finding #2014-005 – Davis-Bacon Act

CFDA #20.205 – Highway Planning and Construction

Condition

During our testing of the Davis-Bacon Act compliance requirements, the Department of Public Works (DPW) could not provide eight (8) weekly certified payroll records for two contractors.

Recommendation

We recommend that the DPW strengthens their procedures for the safeguarding of the weekly certified payrolls submitted by the contractors and subcontractors.

Current Year Management Response

On June 11, 2015, we issued a memo about Records Management Procedures for Labor Compliance Records to all Construction Division staff requiring compliance for securely retaining and protecting all certified payroll records and labor compliance documents from damage, loss unauthorized disclosure, and other risks. In addition, starting January 1, 2016, all Public Works Contractors will be required to electronically upload certified payroll records in the State's Department of Industrial Relations website. The records shall be accessible on the State's Website; therefore acquiring other software is unnecessary.

Current Status as of June 30, 2015

Implemented

Finding #2014-006 – Subrecipient Monitoring

CFDA #93.556 – Promoting Safe and Stable Families

Condition

Of the nine (9) subrecipients selected for testing, we noted that eight (8) subrecipients did not have documentation indicating that DCFS reviewed the required single audit reports to ensure the report was being submitted in a timely manner and to ensure corrective action was being taken for any deficiencies noted.

Recommendation

We recommend that DCFS regularly and consistently apply procedures to ensure their subrecipients are being adequately monitored.

Current Year Management Response

Contracts Management instructed all Contract Development staff to read and review all incoming financial reports to ensure adequate monitoring of subrecipient agencies.

On June 24, 2015 Contracts Management conducted training for Contract Assistant Managers. Staff was given instructions on how to review Subrecipient Financial Reports and identified documentation to be used for the review. This will ensure all subrecipient Single Audits and Audited Financial Statements are reviewed in a timely manner.

Current Status as of June 30, 2015

Implemented

Finding #2014-007 – Allowable Costs/Cost Principles

CFDA #93.556 Promoting Safe and Stable Families

Condition

The Department of Children and Family Services (DCFS) contracted with the Alcohol and Drug Program Administration for $2,201,992. DCFS applied the 10% limitation of administrative costs to the contract amount instead of to actual expenditures incurred in the amount of $2,090,275. As a result, total administrative costs paid in FY 13-14 were $220,199, which exceeded the 10% limitation by $11,172.

Recommendation

We recommend that DCFS ensure the 10% limitation of administrative costs is applied to the actual expenditures and strengthen their controls over the review of expenditures to ensure that administrative costs do not exceed such limitation.

Current Year Management Response

Community Based Support Division Management has instructed staff to approve administrative costs that reflect ten percent (10%) of the actual costs incurred as a standard operation procedure.

PH submitted additional FY 13-14 expenditures in the amount of $70,665 since the audit was conducted. The additional expenditures increased the actual amount to $2,160,940; the increase in expenditures changed the administrative costs to $216,094 from $209,027 (a difference of $7,067). Therefore, the overpayment amount decreased from $11,172 to $4,105. Additionally, DCFS staff worked with DPH staff to recoup the administrative cost overage. DPH staff agreed to offset the current Department Service order in the amount of $4,105.

Current Status as of June 30, 2015

Not implemented (see current year finding 2015-004)

Finding #2014-008 – Subrecipient Monitoring

CFDA #93.674 Chafee Foster Care Independence Program

Condition

Of the two subrecipients selected for testing, we noted the following:

1) One subrecipient file did not have documentation indicating that DCFS reviewed the required Single Audit report to ensure that the report was submitted in a

timely manner and to ensure corrective action was taken for any deficiencies noted.

2) One subrecipient's FY 12-13 Single Audit report was not reviewed until February 15, 2015.

Recommendation

We recommend that DCFS regularly and consistently apply procedures to ensure their subrecipients are being adequately monitored.

Current Year Management Response

Contracts Management instructed all Contract Development staff to read and review all incoming financial reports to ensure adequate monitoring of subrecipient agencies.

On June 24, 2015 Contracts Management conducted training for Contract Assistant Managers. Staff was given Instructions on how to review Subrecipient Financial Reports and documentation used for the review. This will ensure all subrecipient Single Audits and Audited Financial Statements are reviewed in a timely manner.

Current Status as of June 30, 2015

Implemented

Finding #2014-009 – Allowable Costs/Cost Principles

CFDA #93.090 Guardianship Assistance

Condition

During our testing of Kinship guardianship assistance payments (payments), we noted that the payment rate for two eligible cases were not in accordance with the state-approved rate per All County Letter (ACL) No. 13-62 and the Specialized Care Increment Rates for Los Angeles County issued by the California Department of Social Services. The state-approved rates were $1,398 and $3,162, however the actual payment rates applied were $1,232, and $3,045.

Recommendation

We recommend that DCFS reinforces procedures to ensure that the correct rate is applied.

Current Year Management Response

Revenue Enhancement Division Management has convened meetings on 1/26/15 and 3/11/15 with staff to discuss Kin-GAP policy and procedures. Management has instructed staff to use the appropriate rate schedules when processing Kin-GAP payments and provided the most current rate schedule and any updated rate charts are emailed to staff as changes occur. Additionally, Revenue Enhancement Division staff completed a 100% review of all host county rates.

Current Status as of June 30, 2015

Implemented

Finding #2014-010 – Cash Management

CFDA #97.067 Homeland Security Grant Program

Condition

During our review of forty (40) transactions, we noted that advances for twenty-seven (27) transactions were received prior to the disbursements ranging from six (6) to thirty-eight (38) days. The advances were deposited into the County's treasury pool which is an interest bearing account. However, no interest was calculated and returned to the granting agency. The interest amount that should have been returned is $463 based on the selected transactions.

Recommendation

We recommend that the CEO/CDAT consider the substance of a request for fund to determine if the request is an advance or reimbursement and adhere to the California Supplement to the Federal Program Guidance to ensure that interest earned on advances is returned to the granting agency.

Current Year Management Response

The Department has implemented recommended changes and is currently processing submissions to Cal DES on a reimbursement basis and reporting County incurred expenses in its reimbursement submissions.

Current Status as of June 30, 2015

Implemented

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 13F-3021
FOR THE YEAR ENDED JUNE 30, 2015

CFDA #93.569

	January 1, 2013 through June 30, 2013	July 1, 2013 through June 30, 2014	July 31, 2014[1]	Total Costs	Total Budget
REVENUE					
Grant Revenue	$ 1,955,481	$ 3,386,195	$ 230,859	$ 5,572,535	$ 5,572,535
Interest Income	-	-	5,675	5,675	-
Other Income	-	-	-	-	-
Total Revenue [2]	1,955,481	3,386,195	236,534	5,578,210	5,572,535
EXPENDITURES					
Administrative Costs					
Salaries and Wages	81,381	210,640	-	292,021	292,021
Fringe Benefits	43,546	103,312	-	146,858	146,858
Operating Expenses & Equipment	4,453	9,801	-	14,254	14,254
Out-of State Travel	-	-	-	-	-
Other Costs					
Indirect Cost	26,235	58,206	-	84,441	84,441
Others	-	-	-	-	-
Total Administrative Costs	155,615	381,959	-	537,574	537,574
Program Costs					
Salaries and Wages	199,712	325,769	-	525,481	525,481
Fringe Benefits	92,294	148,469	-	240,763	240,763
Other Costs					
Indirect Costs	61,321	90,105	-	151,426	151,427
Other Costs	-	-	-	-	-
Subcontractor Services	253,765	3,632,667	236,534	4,122,966	4,117,290
Total Program Costs	607,092	4,197,010	236,534	5,040,636	5,034,961
Total Expenditures	762,707	4,578,969	236,534	5,578,210	5,572,535
Revenue over (under) Expenditures	$ 1,192,774	$ (1,192,774)	$ -	$ -	$ -

(1) Expenditures paid in July 2014 were incurred within the contract period that ended on June 30, 2014.

(2) The total revenue amount includes advances of $1,431,329.

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 14F-3021
FOR THE YEAR ENDED JUNE 30, 2015

CFDA #93.569

	January 1, 2014 through June 30, 2014	July 1, 2014 through June 30, 2015	Total Costs	Total Budget
REVENUE				
Grant Revenue	$ 2,157,833	$ 3,486,215	$ 5,644,048	$ 5,644,048
Interest Income [1]	-	6,735	6,735	-
Other Income	-	-	-	-
Total Revenue	2,157,833	3,492,950	5,650,783	5,644,048
EXPENDITURES [2]				
Administrative Costs				
Salaries and Wages	71,995	262,472	334,467	334,467
Fringe Benefits	48,562	134,192	182,754	182,754
Operating Expenses & Equipment	1,588	10,501	12,089	12,089
Out-of State Travel	-	2,088	2,088	2,088
Other Costs				
Indirect Cost	24,351	71,359	95,710	95,710
Others	-	-	-	-
Total Administrative Costs	146,496	480,612	627,108	627,108
Program Costs				
Salaries and Wages	216,124	507,937	724,061	724,061
Fringe Benefits	100,656	244,185	344,841	344,841
Other Costs				
Indirect Costs	60,188	142,903	203,091	203,091
Other Costs	-	-	-	-
Subcontractor Services	-	3,751,682	3,751,682	3,744,947
Total Program Costs	376,968	4,646,707	5,023,675	5,016,940
Total Expenditures	523,464	5,127,319	5,650,783	5,644,048
Revenue over (under) Expenditures	$ 1,634,369	$ (1,634,369)	$ -	$ -

(1) The Total Budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement), with a year-end and close out budget shifts. The interest earned on the advance was added to the budget amount.

(2) The Expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the Department of Community Services and Development.

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 15F-2021
FOR THE YEAR ENDED JUNE 30, 2015

CFDA #93.569

	January 1, 2015 through June 30, 2015	Total Costs	Total Budget[1]
REVENUE			
Grant Revenue	$ 2,726,022	$ 2,726,022	$ 5,694,664
Interest Income	-	-	-
Other Income	-	-	-
Total Revenue	2,726,022	2,726,022	5,694,664
EXPENDITURES [2]			
Administrative Costs			
Salaries and Wages	101,424	101,424	371,561
Fringe Benefits	71,789	71,789	185,781
Operating Expenses	2,200	2,200	22,899
Out-of State Travel	-	-	-
Other Costs			
Indirect Cost/Other Costs	36,918	36,918	103,118
Total Administrative Costs	212,331	212,331	683,359
Program Costs			
Salaries and Wages	237,335	237,335	693,964
Fringe Benefits	119,037	119,037	346,980
Operating Expenses	-	-	-
Out-of-State Travel	-	-	-
Other Costs			
Indirect Costs/Other Costs	67,711	67,711	197,779
Subcontractor Services	665,942	665,942	3,772,582
Total Program Costs	1,090,025	1,090,025	5,011,305
Total Expenditures	1,302,356	1,302,356	1,302,356
Revenue over (under) Expenditures	$ 1,423,666 [3]	$ 1,423,666	$ 4,392,308 [4]

(1) The Expenditure and Total Budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement.) The Contract Budget amounts are from January 1, 2015 - December 31, 2015.

(2) The Expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the Department of Community Services and Development (CSD) from January 1, 2015 through June 30, 2015.

(3) Revenue Over (Under) Expenditures: This amount represents the balance of CSBG program advances at the end of FY 2014-15. The amount will be applied to FY 2015-16 CSBG expenditure claims.

(4) This amount represents the grant balance of the extended Contract 15F-2021 that will be expended during FY2015-16.

COUNTY OF LOS ANGELES
COMMUNITY AND SENIOR SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 14F-3058
FOR THE YEAR ENDED JUNE 30, 2015

CFDA #93.569

	January 1, 2014 through June 30, 2014	July 31, 2014 through December 30, 2014	Total Costs	Total Budget
REVENUE				
Grant Revenue	$ 115,736	$ 146,213	$ 261,949	$ 261,949
Interest Income	-	100	100 *	-
Other Income	-	-	-	-
Total Revenue	115,736	146,313	262,049	261,949
EXPENDITURES				
Administrative Costs				
Salaries & Wages	17,294	7,228	24,522	22,858
Fringe benefits	7,088	3,921	11,009	12,573
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor Services	-	-	-	-
Other Costs	-	-	-	-
Total Administrative Costs	24,382	11,149	35,531	35,431
Program Costs				
Salaries & Wages	-	-	-	-
Fringe benefits	-	-	-	-
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor Services	91,354	135,164	226,518	226,518
Other Costs	-	-	-	-
Total Program Costs	91,354	135,164	226,518	226,518
Total Expenditures	115,736	146,313	262,049	261,949
*** Revenue over (under) expenditures**	$ -	$ -	$ -	$ -

* Represents interest earned on advances used to reprogram to provide additional administrative services.

COUNTY OF LOS ANGELES
COMMUNITY AND SENIOR SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 15F-2105
FOR THE YEAR ENDED JUNE 30, 2015

CFDA #93.569

	January 1, 2015 through June 30, 2015	July 1, 2015 through December 31, 2015	Total Costs	Total Budget
REVENUE				
Grant Revenue	$ 104,063	$ -	$ 104,063	$ 264,614
Interest Income	-	-	-	-
Other Income	-	-	-	-
Total Revenue	104,063	-	104,063	264,614
EXPENDITURES				
Administrative Costs				
Salaries & Wages	13,756	-	13,756	22,858
Fringe benefits	7,566	-	7,566	12,573
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor Services	-	-	-	-
Other Costs	-	-	-	-
Total Administrative Costs	21,322	-	21,322	35,431
Program Costs				
Salaries & Wages	-	-	-	-
Fringe benefits	-	-	-	-
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor Services	82,741	-	82,741	229,183
Other Costs	-	-	-	-
Total Program Costs	82,741	-	82,741	229,183
Total Expenditures	104,063	-	104,063	264,614
Revenue over (under) expenditures	$ -	$ -	$ -	$ -

COUNTY OF LOS ANGELES
COMMUNITY AND SENIOR SERVICES
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
GRANTED BY CALIFORNIA DEPARTMENT OF AGING
FOR THE YEAR ENDED JUNE 30, 2015

Grant	CFDA	Single Audit Federal Expenditures	State Expenditures	Total Expenditures
Older American TITLE V Project	17.235	$ 1,680,232	$ -	$ 1,680,232
AAA HICAP	93.324	384,979	689,601	1,074,580
Financial Alignment	93.626	145,589	-	145,589
Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention (SNAP-Ed) Cycle I	10.561	79,354	-	79,354
Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention (SNAP-Ed) Cycle II	10.561	270,661	-	270,661
TOTAL OTHERS		2,560,815	689,601	3,250,416
Ombudsman Volunteer Recruitment Initiative	*	-	463,188	463,188
AAA TITLE III E	93.052	2,114,108	-	2,114,108
Area Agency on Aging III B	93.044	5,561,011	-	5,561,011
TITLE VII - Ombudsman	93.042	129,342	-	129,342
Area Agency on Aging III C-I	93.045	6,164,165	566,753	6,730,918
Area Agency on Aging III C-II	93.045	5,007,928	605,019	5,612,947
CI - Special Nutrition Funds	93.045	306,910	-	306,910
CII - Special Nutrition Funds	93.045	180,533	-	180,533
TITLE VII - Elder Abuse Prevention	93.041	79,069	-	79,069
Area Agency on Aging III D	93.043	355,112	-	355,112
Area Agency on Aging III USDA C-I	93.053	969,557	-	969,557
Area Agency on Aging III USDA C-II	93.053	865,337	-	865,337
TOTAL TITLE III AND VII		21,733,072	1,634,960	23,368,032
TOTAL		**$ 24,293,887**	**$ 2,324,561**	**$ 26,618,448**

** This grant does not have a CFDA number. It is 100% State funded.*