



County of Los Angeles, California Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017
John Naimo • Auditor-Controller

**County of Los Angeles, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017**

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

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017
 TABLE OF CONTENTS

Page

I. INTRODUCTORY SECTION:

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

II. FINANCIAL SECTION:

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited).....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis:	
General Fund	35
Fire Protection District	36
Flood Control District	37
Public Library.....	38
Regional Park and Open Space District	39
Mental Health Services Act.....	40
Statement of Net Position - Proprietary Funds.....	42
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	44
Statement of Cash Flows - Proprietary Funds	46
Statement of Fiduciary Net Position - Fiduciary Funds	50
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	51
Statement of Net Position - Discretely Presented Component Units.....	52
Statement of Activities - Discretely Presented Component Units	53
Notes to the Basic Financial Statements	55
Required Supplementary Information (Unaudited):	
Los Angeles County Employees Retirement Association:	
Schedule of Net Pension Liability and Related Ratios - Last Ten Fiscal Years	151
Schedule of County’s Contributions - Last Ten Fiscal Years.....	151
Schedule of Funding Progress - Other Postemployment Benefits	153

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017
 TABLE OF CONTENTS

	Page
Combining and Individual Fund Statements and Schedules:	
Major Governmental Fund - General Fund -	
Schedule of Expenditures - Budget and Actual on Budgetary Basis	155
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds - Summary	157
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Summary	158
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue.....	160
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Special Revenue	164
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual on Budgetary Basis - Nonmajor Governmental Funds - Special	
Revenue:	
Totals	167
Road.....	168
Other Streets, Highways, Roads, and Bridges.....	169
Street Lighting Districts	170
Garbage Disposal Districts	171
Sewer Maintenance Districts	172
Health Services Measure B	173
Health and Sanitation	174
Other Public Protection.....	175
Public Assistance.....	176
Recreation	177
Courthouse Temporary Construction	178
Criminal Justice Temporary Construction.....	179
Registrar Recorder Improvement	180
Other Special Revenue	181
Combining Balance Sheet - Nonmajor Governmental Funds - Debt Service	182
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Debt Service	183
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual on Budgetary Basis - Nonmajor Governmental Funds - Debt	
Service - Regional Park and Open Space District.....	184
Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects.....	185
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Capital Projects	186
Combining Balance Sheet - Nonmajor Governmental Funds - Permanent Funds	187
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Nonmajor Governmental Funds - Permanent Funds	188

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017
 TABLE OF CONTENTS

	Page
Internal Service Funds:	
Combining Statement of Net Position - Internal Service Funds	189
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	190
Combining Statement of Cash Flows - Internal Service Funds	191
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Pension and Other Postemployment Benefit Trust Funds	193
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Pension and Other Postemployment Benefit Trust Funds	194
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Investment Trust Funds.....	195
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Investment Trust Funds.....	196
Statement of Changes in Assets and Liabilities - Fiduciary Funds - Agency Funds	197
 III. STATISTICAL SECTION (Not covered by Independent Auditor's Report):	
Statistical Section - Contents	199
 Schedules of Financial Trends Information:	
Net Position by Category - Last Ten Fiscal Years	201
Changes in Net Position - Last Ten Fiscal Years	202
Fund Balances, Governmental Funds - Last Ten Fiscal Years	204
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	206
Bar Chart-Governmental Funds Expenditures and Revenues - Last Ten Fiscal Years	207
 Schedules of Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	208
Property Tax Rates - Direct and Overlapping Rates for Tax Area #4 - Last Ten Fiscal Years.....	209
Principal Property Taxpayers - Current Year and Nine Years Ago	210
Property Tax Levies and Collections - Last Ten Fiscal Years	211

COUNTY OF LOS ANGELES, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017
TABLE OF CONTENTS

	Page
Schedules of Debt Capacity Information:	
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	212
Ratio of Net General Bonded Debt - Last Ten Fiscal Years	213
Estimated Direct and Overlapping Bonded Debt	214
Computation of Legal Debt Margin - Last Ten Fiscal Years	216
Pledged-Revenue Coverage - Last Ten Fiscal Years	217
Schedules of Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	218
Ten Largest Industries – Current Year and Nine Years Ago	219
Schedules of Operating Information:	
Full-Time Equivalent County Employees by Function/Program - Last Ten Fiscal Years	220
Operating Indicators by Function/Program - Last Ten Fiscal Years	221
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	222



JOHN NAIMO
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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LOS ANGELES, CALIFORNIA 90012-3873
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December 15, 2017

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

In accordance with Section 25253 of the Government Code of California, I hereby submit the Comprehensive Annual Financial Report (CAFR) of the County of Los Angeles for the year ended June 30, 2017. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles (GAAP) prescribed for governmental entities, and provides a comprehensive overview of the County's financial operations and financial position. The accuracy, completeness, and fairness of the presentation of all information in this report are the responsibility of the County.

The Independent Auditor's Report is presented at the front of the financial section of this report. Management's Discussion and Analysis (MD&A), immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The report includes financial data for all County funds. Additionally, the following entities are considered part of the County for purposes of meeting the reporting entity requirements prescribed by the Governmental Accounting Standards Board:

Fire Protection District	Waterworks Districts
Flood Control District	Los Angeles County Capital Asset Leasing Corporation
Garbage Disposal Districts	Various Joint Powers Authorities
Improvement Districts	Los Angeles County Employees Retirement Association
Regional Park and Open Space District	Los Angeles County Securitization Corporation
Sewer Maintenance Districts	Community Development Commission
Street Lighting Districts	First 5 LA

These entities are component units of the County and are included in the County's basic financial statements because the County Board of Supervisors is financially accountable for them. All component units are blended into the basic financial statements, except for the Los Angeles County Employees Retirement Association, which is reported as a fiduciary component unit, and the Community Development Commission (CDC) and First 5 LA, which are discretely presented. Note 1 to the basic financial statements contains additional information regarding the relationship between the County and these entities.

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

LOS ANGELES COUNTY AND ITS SERVICES

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

Los Angeles County was a general law county until 1913 when it became a charter county, as a result of local election. The County is governed by a five-member Board of Supervisors (Board) who are elected by district to serve alternating four-year terms. The Assessor, District Attorney, and Sheriff are also elected officials while all other departments are headed by appointed officials. On March 5, 2002, County voters approved two charter amendments providing for term limits for members of the Board. The affected officials are limited to three consecutive terms, a total of 12 years, commencing December 2002. On December 5, 2016, two members of the Board reached their term limits and two newly elected Board members assumed office.

On July 7, 2015, the Board approved recommendations to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance and to establish a new governance structure. Under the new governance structure, all non-elected department heads report directly to the Board. County departments continue to report to the Chief Executive Officer (CEO) for day-to-day operations, as well as for administrative and budget matters. The CEO acts as the Board's agent to manage Countywide policy objectives and departmental performance management. The new governance structure was designed to streamline the County bureaucracy by improving communications with County departments,

facilitating effective decision making, and enhancing responsiveness to the Board's policy objectives.

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

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

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

ECONOMIC OVERVIEW

With an estimated 2016 Gross Domestic Product of \$629.3 billion, Los Angeles County's economy is larger than that of 44 states and all but 19 countries. The County serves as the central trade district for the western United States and the gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced moderate growth in 2016, with estimated increases of 6.8% in personal income and 5.5% in total taxable sales. The economic recovery is expected to continue, with several sectors of the local economy experiencing growth.

The County's unemployment rate fell to 5.1% in 2016, which reflects the ongoing improvement in the job market and the lowest rate of the post-recession period. The positive developments in the job market are expected to continue the downward trend in the unemployment rate. Employment prospects are also strengthened by voter approval of ballot measures in November 2016 authorizing capital asset acquisition and improvements. Among the voter-approved items was County Measure A, which provides parcel tax funding for clean parks and beaches. Voters also approved a new Countywide transit improvement sales tax that is projected to generate \$120 million per year for the Los Angeles County Metropolitan Transportation Authority to finance new transportation infrastructure projects.

The County enjoys a diverse industrial base, as private sector employment is well-represented in wholesale and retail trade, health care, manufacturing, and leisure and hospitality. The two major seaports in the County, located in the cities of Los Angeles and

Long Beach, encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and on a combined basis rank ninth largest among the world's port facilities. The County's technology sector, known as "Silicon Beach," has become a large and growing source of highly compensated jobs and this sector employed an estimated 230,900 workers in 2016.

INTERNAL AND BUDGETARY CONTROLS

The County has developed a system of internal accounting controls designed to provide reasonable, but not absolute, assurance to safeguard assets against loss from unauthorized use. It also provides reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the costs of a system of internal accounting controls should not outweigh related benefits. Also, the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the County's system of internal accounting controls adequately safeguards assets and also provides reasonable assurance of proper recording of financial transactions.

In accordance with the provisions of Section 29000-29144 of the Government Code, commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 of each fiscal year. Except for capital assets, expenditures are controlled at the following object levels for all budget units: salaries and employee benefits, services and supplies, other charges, and other financing uses. Amounts are budgeted and controlled for capital assets at the following sub-object levels: land, buildings and improvements, infrastructure, and equipment.

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

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

In addition to these procedural controls, the Auditor-Controller's (A-C) Audit Division performs periodic internal control, operational, and management audits of various County departments. On an annual basis, an audit plan is recommended by the A-C and approved by the County's Audit Committee, an oversight group appointed by the Board of Supervisors. These audits help to ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. The A-C's Countywide Contract Monitoring Division reviews various social service contract providers to enhance accountability and performance effectiveness. A fraud hotline provides County employees and citizens with a way to anonymously report perceived fraudulent activities by County employees, vendors, contractors, inspectors, etc.

Allegations reported to the hotline are evaluated and investigated, as appropriate, by the Office of County Investigations within the A-C.

BUDGET OUTLOOK AND MAJOR INITIATIVES

The Fiscal Year (FY) 2017-18 Budget reflects the County's ongoing determination to confront the needs of its most vulnerable residents, while improving the quality of life in communities across the region. The Board has established key priorities, including homelessness, child protection, and the continuing integration of the County's healthcare agencies. Economic factors are stable, with continued growth in the labor market, steadily advancing housing values, and consumer spending remaining a strength of the local economy.

NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are significant program initiatives that were funded or augmented by the FY 2017-18 Budget process:

- Voter-approved County Measure H provides a dedicated funding source from sales tax revenues to provide homeless services and housing assistance throughout the County. Measure H became effective on October 1, 2017, and \$266 million was appropriated to fund strategic initiatives, which include homeless prevention, income and employment opportunities, case management services, and subsidized housing.
- The Whole Person Care Los Angeles program is a multi-year initiative to provide coordinated services for individuals who are experiencing homelessness, involvement with the judicial system, serious mental illness, severe and/or persistent substance use disorders, or medical issues. The County's funding source for this initiative is the Medi-Cal 2020 federal waiver. New appropriations of \$105 million were approved to fund the costs of the participating County departments, which include Health Services, Public Health, Mental Health, Sheriff, and Probation.
- New funding of \$45 million, primarily from federal and State sources, provides for 220 children social workers to reduce caseloads and to implement a mentoring initiative for new case-carrying social workers. The spending plan also provides funding for 107 support staff to assist social workers in their role to keep children safe.
- Augmented funding for Mental Evaluation Teams (MET), which combines specialized resources from the Sheriff's Department and Department of Mental Health to respond to public safety requests involving persons with mental illness. The additional MET resources include 46 positions, which will increase the total number of teams to 23 and allow for the full implementation of a call triage and response desk. Funding for MET consists of the General Fund (State Realignment revenues) and the Mental Health Services Act Fund.

CAPITAL ASSET AND DEFERRED MAINTENANCE INITIATIVES

The County continues to plan for, and fund, high priority capital asset projects that address health, public safety, recreation, and infrastructure needs. Many capital asset initiatives are multi-year in nature and the FY 2017-18 Budget provides ongoing funding of \$758.7 million for initiatives in progress as well as new projects. During FY 2016-17, there were 30 projects completed, including the first phase of the Rancho Los Amigos National Rehabilitation Center Renovation Project, the Quartz Hill Library Project, and the Camp Kilpatrick Replacement Camp Project.

The County also continues to refurbish and construct new facilities to promote the effective delivery of services to the public. With the passage of County Measure H and the Whole Person Care Los Angeles program, the development of facilities to serve the homeless and other vulnerable individuals is a key program priority. Similarly, based on the approval of County Measure A, the construction and refurbishment of parks will likewise be a strategic priority.

The County continues to invest resources to eliminate its backlog of deferred maintenance to meet performance requirements and expectations for its facilities. The FY 2017-18 Budget dedicates \$225.1 million for high-priority repairs, maintenance and accessibility modification needs at County facilities, including juvenile halls, animal shelters, beaches, and parks.

During FY 2016-17, building condition assessments were completed for approximately half of the County's inventory of owned properties and an estimated \$394.2 million of near-term deferred maintenance needs were identified and documented. The current estimate for replacing major building systems that have outlived their useful lives is \$4.2 billion. This amount will grow as the County continues to assess the remaining properties, which are predominately Sheriff and Health Services facilities. The County has adopted a Strategic Asset Management Plan and is taking steps to extend the life of its capital assets and to identify funding sources that are aligned with future needs.

STRATEGIC PLANNING INITIATIVES

On November 15, 2016, the Board of Supervisors approved the County of Los Angeles FY 2016-2021 Strategic Plan, *Creating Connections: People, Communities, and Government*. The approved plan includes an updated vision, mission, and values, with three new goals, 10 strategies and objectives with a focus on Board priorities and initiatives.

The strategic plan's underlying goals are summarized as follows:

Make Investments that Transform Lives by increasing our focus on prevention initiatives; enhancing our delivery of comprehensive interventions; and reforming service delivery within our justice systems.

Foster Vibrant and Resilient Communities by driving economic and workforce development in the County; supporting the wellness in our communities; and making environmental sustainability our daily reality.

Realize Tomorrow's Government Today by pursuing development of our workforce; embracing digital government for the benefit of our customers and communities; pursuing operational effectiveness, fiscal responsibility, and accountability; and engaging our customers, communities, and partners.

LONG-TERM FINANCIAL PLANNING

The Board has adopted policies, which guide the County's Chief Executive Officer in financial planning and recommending budget proposals. Key policy elements include:

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

Board policy also established a "Reserve for Rainy Day" (Reserve) account within the County's General Fund. It is intended to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10% of ongoing locally generated revenue. Transfers, at a minimum of ten percent (10%) of excess fund balance, less Board approved carryover balances, shall be set aside in the Rainy Day Fund and/or the Other Postemployment Benefits (OPEB) Trust Fund each year until the 10% cap is met. When the reserve cap of 10% is exceeded, the excess balance should be deposited into the OPEB Trust Fund in order to fund retiree health obligations. The objective is to avoid ongoing commitments with funding that may not be sustainable in an economic downturn.

For the year ended June 30, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "Fund Balance Reporting and Governmental Fund Type Definitions." The County's policies for use of the Reserve are not within the GASB 54 definition of a stabilization arrangement. Therefore, the Reserve is classified as General Fund unassigned fund balance in the GAAP financial statements. As of June 30, 2017, the Reserve balance was \$409.3 million and it was not used as a financing source for purposes of balancing the FY 2017-18 County Budget. On September 26, 2017, the Board added \$39 million to the County's Reserve for Rainy Day, bringing the total balance to \$448.3 million.

OTHER INFORMATION

INDEPENDENT AUDIT

The basic financial statements have been audited by Macias Gini & O'Connell LLP (MGO). In accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), MGO is also in the process of completing an annual financial and compliance audit of federal funds received by the County in FY 2016-17. The County's single audit for FY 2015-16 has been completed.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Los Angeles for its Comprehensive Annual Financial Report for the past thirty-five fiscal years.

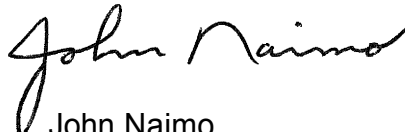
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both GAAP and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Sincerely,



John Naimo
Auditor-Controller



Government Finance Officers Association

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

Presented to

**County of Los Angeles
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2017

BOARD OF SUPERVISORS

Mark Ridley-Thomas, Chairman
Second District

Hilda L. Solis
First District

Janice Hahn
Fourth District

Sheila Kuehl
Third District

Kathryn Barger
Fifth District

Lori Glasgow
Executive Officer
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Jeffrey Prang
Assessor

Jackie Lacey
District Attorney

Jim McDonnell
Sheriff

Sachi A. Hamai
Chief Executive Officer

Joseph Kelly
Treasurer and Tax Collector

John Naimo
Auditor-Controller

Mary C. Wickham
County Counsel

COUNTY OF LOS ANGELES

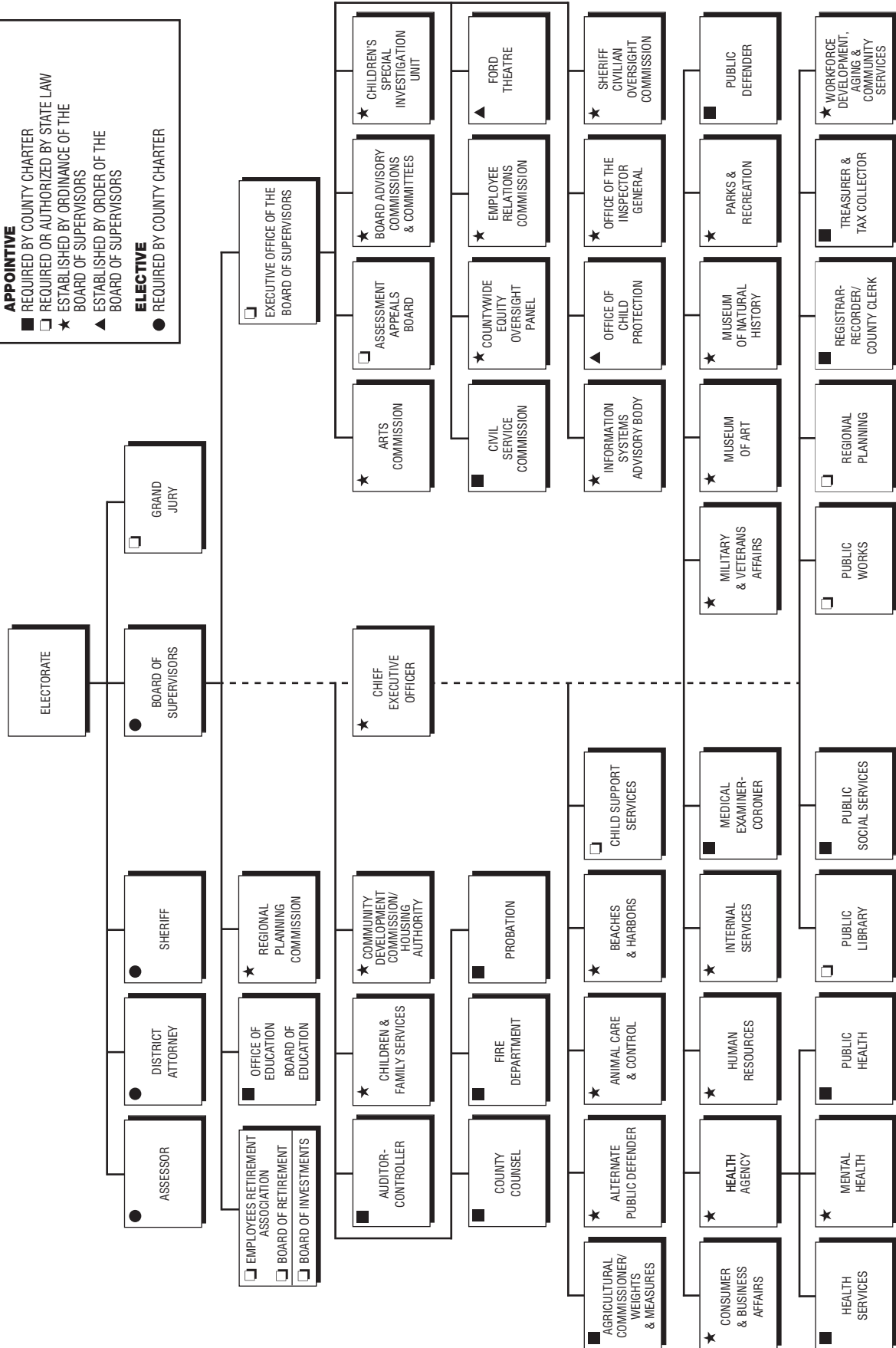
LEGEND

APPOINTIVE

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

ELECTIVE

- ▲ ESTABLISHED BY ORDER OF THE BOARD OF SUPERVISORS
- REQUIRED BY COUNTY CHARTER







Independent Auditor’s Report

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2017, 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), the 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	70%	72%	16%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CDC, First 5 LA, and LACERA is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2017, 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, Regional Park and Open Space District Fund, and Mental Health Services Act Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 schedule of funding progress – other postemployment benefits on pages 151 through 153 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Macias Gini & O'Connell LLP

Los Angeles, California
December 15, 2017

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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 negative \$1.138 billion. Net position is classified into three categories and the unrestricted component is negative \$22.112 billion.

During the current year, the County's net position decreased by a total of \$636 million. Net position related to governmental activities decreased by \$755 million, while net position related to business-type activities increased by \$119 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$3.651 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$212 million, restricted fund balance of \$70 million, committed fund balance of \$430 million, assigned fund balance of \$495 million, and \$2.444 billion of unassigned fund balance.

The County's capital asset balances were \$19.586 billion at year-end and increased by \$346 million during the year.

During the current year, the County's total long-term debt decreased by \$91 million. Newly issued and accreted long-term debt of \$260 million were less than the long-term debt maturities of \$351 million.

Overview of the Basic Financial Statements

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

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

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

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

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 pension and Other Postemployment Benefits (OPEB) expenses have been accrued but not yet paid.

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

- **Governmental Activities** - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities, which include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and interest on long-term debt.
- **Business-type Activities** - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, and the Aviation Funds represent the County's business activities.
- **Discretely Presented Component Units** - Component units are separate entities for which the County is financially accountable. The Community Development Commission and First 5 LA are displayed as discretely presented in the financial statements.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

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 are classified as "business-type activities" in the government-wide financial statements. The County's Internal Service Funds are also reported within the proprietary fund section. The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds) and it is displayed with the other major enterprise funds.
- **Fiduciary Funds** - These funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the County's programs. The Pension and Other Postemployment Benefit Trust Funds, the Investment Trust Funds, and Agency Funds are reported in this fund category, using the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

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, the 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1.138 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2017 and 2016 (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 10,670,204	\$ 9,733,525	\$ 2,523,199	\$ 1,838,199	\$ 13,193,403	\$ 11,571,724
Capital assets	<u>16,427,686</u>	<u>16,194,139</u>	<u>3,157,869</u>	<u>3,045,644</u>	<u>19,585,555</u>	<u>19,239,783</u>
Total assets	<u>27,097,890</u>	<u>25,927,664</u>	<u>5,681,068</u>	<u>4,883,843</u>	<u>32,778,958</u>	<u>30,811,507</u>
Deferred outflows of resources	<u>3,139,442</u>	<u>1,240,744</u>	<u>539,905</u>	<u>206,764</u>	<u>3,679,347</u>	<u>1,447,508</u>
Current and other liabilities	2,781,663	2,252,076	476,147	452,338	3,257,810	2,704,414
Long-term liabilities	<u>26,753,872</u>	<u>22,932,611</u>	<u>6,532,381</u>	<u>5,497,786</u>	<u>33,286,253</u>	<u>28,430,397</u>
Total liabilities	<u>29,535,535</u>	<u>25,184,687</u>	<u>7,008,528</u>	<u>5,950,124</u>	<u>36,544,063</u>	<u>31,134,811</u>
Deferred inflows of resources	<u>873,620</u>	<u>1,440,671</u>	<u>178,415</u>	<u>224,935</u>	<u>1,052,035</u>	<u>1,625,606</u>
Net position:						
Net investment in capital assets	15,165,318	14,982,488	2,305,050	2,269,835	17,470,368	17,252,323
Restricted	3,391,358	3,320,163	112,775	92,699	3,504,133	3,412,862
Unrestricted (deficit)	<u>(18,728,499)</u>	<u>(17,719,601)</u>	<u>(3,383,795)</u>	<u>(3,446,986)</u>	<u>(22,112,294)</u>	<u>(21,166,587)</u>
Total net position	<u>\$ (171,823)</u>	<u>\$ 583,050</u>	<u>\$ (965,970)</u>	<u>\$ (1,084,452)</u>	<u>\$ (1,137,793)</u>	<u>\$ (501,402)</u>

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$937 million for governmental activities and by \$685 million for business-type activities. For governmental activities, there was an increase of \$1.111 billion in pooled cash and investments, largely due to the improved cash position of the County's General Fund, which grew by \$968 million over the prior year. For business-type activities, current and other assets increased by \$685 million, as hospital accounts receivable were higher in the current year by \$440 million.

Deferred Outflows of Resources

In the current year, deferred outflows of resources were \$3.139 billion and \$540 million for governmental and business-type activities, respectively. These amounts were almost all pension related and changes from the prior year are due to the changes in the total pension liability and in the pension plan's fiduciary net position that must be recognized as pension expense in future years. These amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 68 and 71. Employer contributions subsequent to the measurement date of the net pension liability (June 30, 2016) are also required to be recorded as deferred outflows. The total pension related deferred outflows increased by \$2.234 billion primarily because the actual pension plan investment earnings were less than the projected earnings used in the actuarial valuation.

Liabilities

Current and other liabilities increased by \$530 million for governmental activities. The largest component of this increase is \$456 million for advances payable, largely due to higher advances for health, mental health, public protection and social services programs. In addition, accounts payable were higher by \$55 million primarily due to increases in amounts owed for the Managed Care Rate Supplement intergovernmental transfer payments. For business-type activities, a net increase of \$24 million in current and other liabilities was largely associated with increases in accounts payable for the hospitals.

Long-term liabilities increased by \$3.821 billion for governmental activities and by \$1.035 billion for business-type activities. Net pension liabilities increased in the current year by \$2.449 billion and \$375 million for governmental and business-type activities, respectively. Liabilities for other postemployment benefits (OPEB) increased for both governmental and business-type activities by \$1.169 billion and \$249 million, respectively. For business-type activities, amounts owed by the County's hospitals to third party payors was higher by \$377 million as discussed in Note 14. Liabilities were also higher for workers' compensation and compensated absences. Specific disclosures related to pension liabilities, OPEB and other changes in long-term liabilities are discussed and referenced in Notes 8, 9, and 11 to the basic financial statements, respectively.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Deferred Inflows of Resources

In the current year, deferred inflows of resources were \$874 million and \$178 million for governmental and business-type activities, respectively. These amounts were almost all pension related and changes from the prior year are due to the changes in the total pension liability and in the pension plan's fiduciary net position that must be recognized as pension expense in future years. These amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 68 and 71. The total pension related deferred inflows decreased by \$581 million primarily because the actual pension plan investment earnings recognized in the prior year were greater than the projected earnings used in the actuarial valuation. In the current year, the investment earnings were less than projected, and the difference is now being recognized as a deferred outflow. Pension matters are discussed in more detail in Note 8 to the basic financial statements.

For service concession arrangements, there were also \$90 million of deferred inflows of resources recognized in the current year, which represents an increase of \$8 million from the prior year. This amount represents the present value of installment payments associated 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, \$17.470 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 \$3.504 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Unrestricted Net Position (Deficit)

The County's total unrestricted net position is negative \$22.112 billion. Both governmental and business-type activities reported deficits in this category of \$18.728 billion and \$3.384 billion, respectively. OPEB related liabilities of \$14.527 billion continued to be the most significant factor associated with the reported deficits, along with pension liabilities totaling \$10.273 billion.

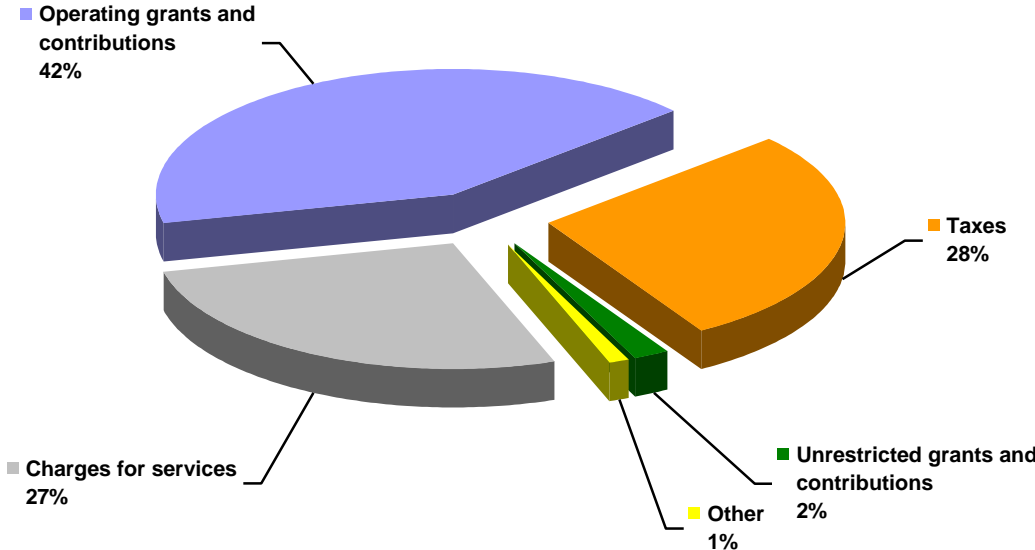
The following table details and identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2017 and 2016
(in thousands)

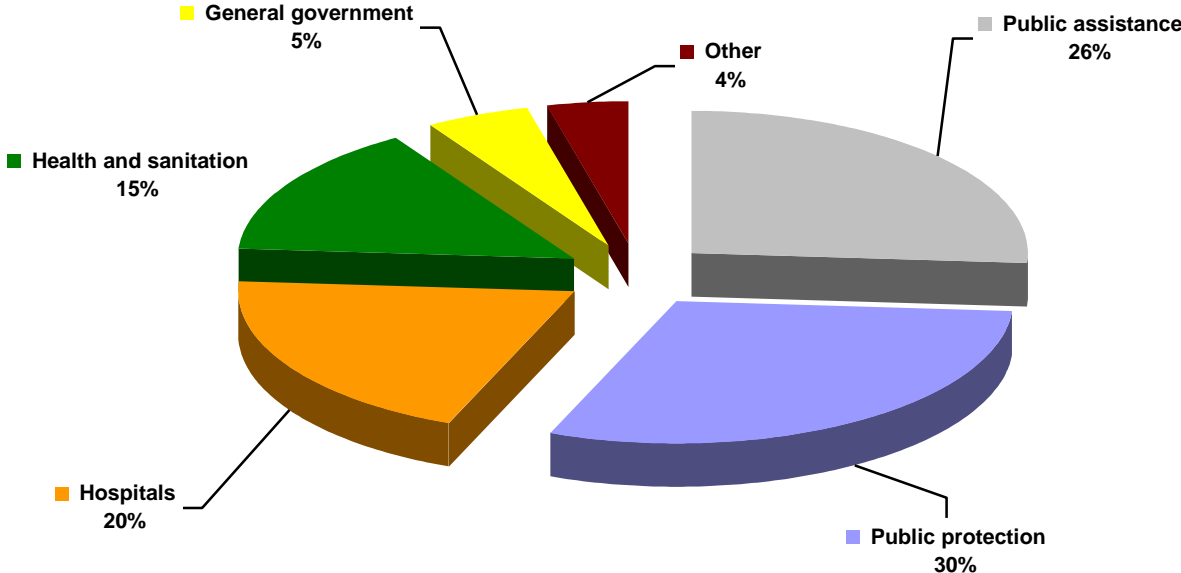
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 2,779,483	\$ 2,608,084	\$ 3,959,188	\$ 3,245,260	\$ 6,738,671	\$ 5,853,344
Operating grants and contributions	9,795,607	9,296,996	457,686	315,070	10,253,293	9,612,066
Capital grants and contributions	64,055	24,860	1,195	5,582	65,250	30,442
General revenues:						
Taxes	6,826,908	6,415,494	5,676	5,309	6,832,584	6,420,803
Unrestricted grants and contributions	428,435	374,264			428,435	374,264
Investment earnings	53,363	122,763	898	1,463	54,261	124,226
Miscellaneous	178,922	141,146	122	61	179,044	141,207
Total revenues	<u>20,126,773</u>	<u>18,983,607</u>	<u>4,424,765</u>	<u>3,572,745</u>	<u>24,551,538</u>	<u>22,556,352</u>
Expenses:						
General government	1,354,561	1,235,949			1,354,561	1,235,949
Public protection	7,532,191	7,098,459			7,532,191	7,098,459
Public ways and facilities	397,231	375,295			397,231	375,295
Health and sanitation	3,868,785	3,417,720			3,868,785	3,417,720
Public assistance	6,441,552	6,191,975			6,441,552	6,191,975
Education	127,901	141,195			127,901	141,195
Recreation and cultural services	276,625	388,284			276,625	388,284
Interest on long-term debt	104,899	93,022			104,899	93,022
Hospitals			4,990,891	4,309,615	4,990,891	4,309,615
Waterworks			90,517	86,463	90,517	86,463
Aviation			2,776	5,661	2,776	5,661
Total expenses	<u>20,103,745</u>	<u>18,941,899</u>	<u>5,084,184</u>	<u>4,401,739</u>	<u>25,187,929</u>	<u>23,343,638</u>
Excess (deficiency) before transfers	23,028	41,708	(659,419)	(828,994)	(636,391)	(787,286)
Transfers	(777,901)	(581,699)	777,901	581,699		
Changes in net position	(754,873)	(539,991)	118,482	(247,295)	(636,391)	(787,286)
Net position - beginning	<u>583,050</u>	<u>1,123,041</u>	<u>(1,084,452)</u>	<u>(837,157)</u>	<u>(501,402)</u>	<u>285,884</u>
Net position - ending	<u>\$ (171,823)</u>	<u>\$ 583,050</u>	<u>\$ (965,970)</u>	<u>\$ (1,084,452)</u>	<u>\$ (1,137,793)</u>	<u>\$ (501,402)</u>

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

REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017



EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017



**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental Activities

Revenues from governmental activities increased by \$1.143 billion (6.0%) 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 \$499 million. For health and sanitation programs, there was net revenue growth of \$377 million. New revenues of \$273 million were associated with the Whole Person Care Los Angeles program. State and federal funding for mental health programs grew by \$33 million. Revenues for public assistance programs grew by \$83 million as there were higher levels of administrative and program costs which are primarily funded from federal and State reimbursement. Pursuant to Assembly Bill 85 (AB85), the County is subject to State withholding of revenues known as "1991 County Health Realignment Funds." 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. For the current year, there was a net increase of \$115 million from State Health Realignment revenues for health services.
- Taxes, the County's largest general revenue source, were \$411 million higher than the prior year and were mostly attributable to increased property taxes, which grew by \$397 million. The County's assessed property tax roll grew by 5.6% 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 \$273 million and increased by \$34 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 \$213 million, an increase of \$46 million compared to the prior year.

Expenses related to governmental activities increased by \$1.162 billion (6.1%) during the current year. There were significant cost increases for salaries and wages, which grew by \$334 million. There were general salary increases of 3% during the current year, which became effective for most employees at staggered effective dates throughout the fiscal year. Expenses were also higher for non-salary costs associated with health services, public health and mental health, as costs for contracted services and intergovernmental transfer payments increased by \$244 million. Depreciation expense was \$516 million in the current year, an increase of \$104 million from the prior year amount of \$412 million. Pension costs for governmental activities were \$1.120 billion, or \$633 million higher than the prior year amount of \$487 million. Note 8 to the basic financial statements contains additional information related to pension costs.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Business-type Activities

Revenues from business-type activities for the current year were \$4.425 billion, an increase of \$852 million (23.8%) from the previous year. The most significant increase was in charges for services and operating grants and contributions for the County's hospitals, where revenue grew by \$716 million and \$143 million, respectively. 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. In its second year, \$1.378 billion was recognized for the Medi-Cal Demonstration Project, which provides federal funding to the County for health-care programs that shift the focus from hospital-based and inpatient care to outpatient, primary, and preventative care. In addition, the County's hospitals recognized \$770 million of federal funds under the Affordable Care Act for the Hospital Presumptive Eligibility program.

Expenses related to business-type activities increased from the previous year by a net total of \$682 million (15.5%), and were associated entirely with the County's hospitals. Specifically, intergovernmental transfer expenses that are required in order to be eligible for various hospital revenue sources were higher by \$526 million. Costs for salaries and employee benefits were also higher in the current year by \$188 million and attributable to similar factors previously mentioned for the governmental activities. For all Hospital facilities, the average patient census during the current year was 1,149 patients per day, which was slightly lower than the 1,171 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 \$7.460 billion, an increase of \$393 million in comparison with the prior year. Of the total fund balances, \$226 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$3.533 billion is classified as restricted, \$549 million as committed, and \$708 million as assigned. The remaining balance of \$2.444 billion is classified as unassigned and is entirely associated with the General Fund.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental Funds-Continued

Revenues from all governmental funds for the current year were \$20.065 billion, an increase of \$1.142 billion (6.0%) from the previous year. Expenditures for all governmental funds in the current year were \$18.930 billion, an increase of \$534 million (2.9%) from the previous year. In addition, other financing uses exceeded other financing sources by \$741 million as compared to \$219 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 \$267 million (7.9%). At the end of the current fiscal year, the General Fund's total fund balance was \$3.651 billion. Of this amount, \$212 million is classified as nonspendable, \$70 million as restricted, \$430 million as committed, \$495 million as assigned and the remaining \$2.444 billion is classified as unassigned.

General Fund revenues during the current year were \$17.082 billion, an increase of \$892 million (5.5%) from the previous year. General Fund expenditures during the current year were \$16.573 billion, an increase of \$710 million (4.5%) from the previous year. Other financing sources/uses-net was negative \$242 million in the current year as compared to negative \$132 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$330 million and property taxes comprised \$232 million of this increase. Residual property tax revenues, which are associated with redevelopment dissolution, were \$185 million in the current year, or \$41 million higher than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were \$30 million higher in the current year.
- Intergovernmental revenues increased by \$438 million overall, and were primarily associated with State and federal revenue increases of \$258 and \$154 million, respectively. State and federal revenue growth were attributable to higher levels of reimbursable program and administrative costs for public assistance, children and family services, health, and mental health programs. There was a net revenue increase of \$115 million from the State Health Realignment for health services.
- Charges for services increased by a total of \$149 million. There was a \$105 million increase in revenues associated with health services administration activities from the State Medi-Cal Demonstration Project Global Payment Program, Health Way LA program, and services rendered to the County hospitals. The Registrar-Recorder provides election services to various cities and revenues increased by \$25 million due to the November 2016 Presidential and March 2017 elections. There was also an \$8 million increase in revenues for services provided by the Department of Public Health, primarily for services for environmental inspection fees and Children's Medical Services.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental Funds-Continued

- General fund expenditures increased by a total of \$710 million, or 4.5%. Within this total, current expenditures increased by \$709 million, and debt service and capital outlay expenditures increased by \$1 million. The most significant increase in current expenditures was reflected in the health and sanitation program, where expenditures grew by \$299 million, and this was primarily due to an increase of \$246 million for managed care and health services administration intergovernmental transfer expenditures. There were also increased costs of \$79 million for medical services in the County jails, which were transferred to the County's Department of Health Services. Public assistance expenditures were higher by \$142 million, of which \$123 million was for salary and benefit increases and \$21 million was for increased spending on the affordable housing program. Public protection programs were higher by \$127 million, of which \$102 million pertained to salaries and employee benefits, largely due to negotiated salary increases. General government spending increased by \$120 million and was associated with \$44 million in salary and benefit increases, an increase of \$46 million was related to costs associated with capital improvements, and \$28 million associated with additional election costs.

The Fire Protection District reported a year-end fund balance of \$206 million, which represented a decrease of \$16 million from the previous year. Revenues increased by \$52 million, of which \$37 million was related to property taxes and primarily associated with growth in assessed property values and \$11 million was for charges for services. Expenditures were also higher by \$49 million, nearly all of which was related to equipment purchases.

The Flood Control District reported a year-end fund balance of \$469 million, which was \$46 million higher than the previous year. Current year revenues were higher by \$30 million while expenditures were higher by \$25 million.

The Public Library Fund reported a year-end fund balance of \$74 million, which was \$9 million higher than the previous year. Revenue growth of \$4 million was primarily from higher property taxes and expenditures were lower by \$2 million.

The Regional Park and Open Space District reported a year-end fund balance of \$278 million, which was \$35 million lower than the previous year. Current year revenues were lower by \$11 million and were associated with decreased charges for services, while expenditures were higher by \$7 million.

The Mental Health Services Act (MHSA) Special Revenue fund, formerly classified as a nonmajor governmental fund, is being reported as a major fund in the current year. The MHSA Special Revenue Fund reported a year-end fund balance of \$1.051 billion, which was \$189 million higher than the previous year. Current year revenues were higher by \$111 million, primarily from an increase in State revenues, while transfers out were higher by \$63 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$101 million for Rancho Los Amigos National Rehabilitation Center to \$158 million for the LAC+USC Medical Center. The total subsidy amount was \$539 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 \$370 million. During the current year, the County's hospital operations experienced higher levels of patient care revenues and operating expenses in comparison to the prior year as previously discussed.

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 (\$122 million), Harbor-UCLA Medical Center (\$50 million), and Olive-View UCLA Medical Center (\$36 million). The total current year amount of \$208 million in Measure B transfers was nearly the same as the prior year amount of \$209 million.

Waterworks Funds reported year-end net position of \$801 million, which was \$9 million lower than the previous year. Current year operating revenues were lower by \$3 million while operating expenses were higher by \$4 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 \$158 million in the General Fund's available (unassigned) fund balance from the previous year.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	Increase (Decrease) From Original <u>Budget</u>	Final Budget <u>Amount</u>	Actual <u>Amount</u>	Variance- Positive (Negative) <u></u>
Taxes	\$ 76,424	\$ 5,335,399	\$ 5,337,375	\$ 1,976
Intergovernmental revenues	165,229	10,156,636	9,342,484	(814,152)
Charges for services	118,082	1,869,174	1,803,063	(66,111)
All other revenues	10,639	590,018	604,650	14,632
Other sources and transfers in	<u>(948)</u>	<u>778,929</u>	<u>432,530</u>	<u>(346,399)</u>
Total	<u>\$ 369,426</u>	<u>\$ 18,730,156</u>	<u>\$ 17,520,102</u>	<u>\$ (1,210,054)</u>

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$369 million. The most significant changes occurred in the following areas:

- Estimated intergovernmental revenues increased by \$165 million. There was \$279 million to augment federal funds budgeted for the Whole Person Care (WPC) Los Angeles program pursuant to the Medi-Cal 2020 Federal Waiver program in the health department. State Health Realignment estimated revenues were reduced by \$117 million. Net additions of \$37 million were made to budgeted intergovernmental revenues associated with redevelopment dissolution successor agencies. There was also an increase of \$27 million from federal and State funds for the children and family social services programs. Budgeted State revenues for capital projects were increased by \$15 million to reflect additional grant funding. There were other net increases to budgeted intergovernmental revenues of \$8 million.
- The budget for tax revenues increased by \$76 million. Of this increase, \$71 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 charges for services increased by \$118 million. Of this increase, \$92 million was associated with revenue received for the General Fund's health services administration activities related to the WPC Medi-Cal 2020 Federal Waiver program and \$21 million for services associated with the November 2016 Presidential Election and March 2017 Special Election. There were other net additions to budgeted charges for services of \$5 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$17.520 billion. This amount was \$1.210 billion, or 6.5%, 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 \$814 million lower than the amount budgeted. Approximately \$352 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. Budgeted intergovernmental revenues of \$186 million were not realized for various capital improvements, disaster recovery programs and emergency preparedness projects, as these initiatives were not completed prior to year-end. Mental health programs accounted for approximately \$121 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The Sheriff's and Probation Departments under-realized revenues of \$69 million due to lower than expected reimbursement of salaries and services and supplies associated with federal programs. Public health related programs experienced budgeted revenue shortfalls of \$58 million, most of which was associated with federal grants and offset by a comparable amount of cost savings. The Office of Diversion and Re-entry budget under-realized \$30 million related to reimbursable expenditures for housing subsidies. The remaining difference of \$2 million was related to a variety of other programs.

- The actual amount of "other sources and transfers in" was \$346 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 \$233 million lower than budgeted. In addition, "transfers in" totaling \$79 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Probation Department programs funded by the Other Public Protection Special Revenue Funds were \$17 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of \$17 million.

- Actual charges for services were \$66 million lower than the amount budgeted. The primary variance was associated with public health programs related to substance abuse prevention control and children's medical services, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues by \$66 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Budgetary Summary - Expenditures/Other Financing Uses

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

<u>Category</u>	Increase (Decrease) From Original <u>Budget</u>	Final Budget <u>Amount</u>	Actual <u>Amount</u>	Variance- <u>Positive</u>
General government	\$ (137,313)	\$ 2,048,658	\$ 1,163,269	\$ 885,389
Public protection	54,772	5,875,482	5,582,394	293,088
Health and sanitation	122,202	4,074,572	3,704,197	370,375
Public assistance	34,349	6,746,980	6,103,048	643,932
All other expenditures	111,332	1,224,099	445,381	778,718
Transfers out	12,209	445,670	425,878	19,792
Contingencies	43,232	70,607		70,607
Fund balance changes-net	<u>128,643</u>	<u>68,910</u>	<u>(61,869)</u>	<u>130,779</u>
Total	<u>\$ 369,426</u>	<u>\$ 20,554,978</u>	<u>\$ 17,362,298</u>	<u>\$ 3,192,680</u>

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$369 million. The most significant changes occurred in the following areas:

- General government appropriations decreased by \$137 million. Provisional appropriations decreased by \$155 million and were transferred to other functional categories to fund capital projects, jail facilities and libraries of \$107 million; increase in public protection programs of \$31 million; to fund financial and cash flow assistance to the Los Angeles Regional Interoperability Communication System Joint Powers Authority of \$8 million; and other various programs of \$9 million. This was offset by an increase of appropriations to the Registrar-Recorder to fully fund costs of the November 2016 Presidential and 2017 March Special elections of \$16 million and \$2 million for other general governmental programs.
- Net fund balance budgetary changes of \$129 million had the effect of reducing the available (unassigned) fund balance component. At the end of the year, the restricted fund balance increased by \$40 million for utility users' taxes that were not expended and remained restricted for programs in unincorporated areas. Committed fund balance of \$28 million was increased for reserve for rainy day funds and \$31 million for Board Budget Policies and Priorities. The remaining variance of \$30 million was attributable to various other fund balance accounts.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Changes from Amounts Originally Budgeted-Continued

- Health and sanitation appropriations were increased by \$122 million. An increase of \$148 million was to fund the intergovernmental transfers expenditures for the WPC and Medicaid Coverage Expansion programs. This was offset by a \$28 million decrease in appropriation for the transitional costs for medical services in the County's jails which was transferred from the Sheriff's department to the Department of Health Services. The remaining variance of \$2 million was related to other health and sanitation programs.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$3.193 billion lower (15.5%) than the final total budget of \$20.555 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

- The general government function reported actual expenditures that were \$885 million less than the amount budgeted. Of this amount, \$665 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. Salaries and employee benefits savings of \$74 million were due to hiring delays and vacancies. The County's utility budget had budgetary savings of \$27 million due to continued implementation of the Countywide energy efficiency programs. The remaining \$119 million was spread across County departments comprising general government and was mostly related to savings in the areas of services and supplies.
- The category referred to as "all other expenditures" reflected actual spending of \$779 million less than the budgeted amount. Of this variance, \$758 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.
- Actual public assistance expenditures were \$644 million lower than the final budget. Salaries and employee benefits savings of \$101 million were due to hiring delays and vacancies. Social service and children and family vendor and assistance payments were lower than budget by \$456 million. Administrative costs in these areas were due to lower than anticipated costs for professional, contracted, and information technology services and delays in hiring. There were also direct program savings associated with lower than anticipated caseloads. There were \$74 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of \$13 million was related to other public assistance programs.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

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

- Overall expenditures for the health and sanitation category were \$370 million less than the budgeted amount. Salaries and employee benefits savings of \$74 million were due to hiring delays and vacancies. In addition, appropriations related to mental health services exceeded actual expenditures by \$276 million, primarily due to lower than anticipated costs for contracted services. The remaining variance of \$20 million was due to lower than expected services and supplies and contracted costs related to other health and sanitation programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2017 were \$19.586 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 \$346 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	\$ 7,547,098	\$ 7,531,873	\$ 15,225
Buildings and improvements	5,544,109	5,208,076	336,033
Infrastructure	4,536,386	4,669,187	(132,801)
Equipment	559,203	547,396	11,807
Software	431,623	418,427	13,196
Capital assets, in progress	967,136	864,824	102,312
Total	<u>\$ 19,585,555</u>	<u>\$ 19,239,783</u>	<u>\$ 345,772</u>

The most significant increase in capital assets was in buildings and improvements, which grew by \$336 million. Major capital projects included the Zev Yaroslavsky Family Support Center, totaling \$137 million, the Rancho Los Amigos National Rehabilitation Center Wellness Center, totaling \$12 million, and the Stoneview Nature Center Project, totaling \$11 million, which were completed in the current year. In addition, various refurbishment projects and projects reclassified from construction-in-progress to buildings and improvements contributed to the increase.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

In addition, the County's major capital asset initiatives during the current year continued to focus on new facilities and major improvements. There was significant construction-in-progress at Rancho Los Amigos National Rehabilitation Center, as \$97 million was capitalized for various projects, including the seismic retrofit and new outpatient facilities projects. There was also \$11 million of newly capitalized construction-in-progress costs for the Martin Luther King, Jr. New Parking Structure Project and \$91 million of capitalized costs for various refurbishment construction-in-progress projects. Furthermore, the Department of Public Social Services' Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) Replacement System (LRS) Phase II was completed at the end of the current year and \$72 million was reclassified from software-in-progress to completed software. During the current year, the LEADER legacy system was removed as a software asset and was replaced with LRS. As of June 30, 2017, there were \$112 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, decreased by \$91 million, as newly issued debt and accretions of \$260 million were less than the debt maturities of \$351 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 Obligations Notes (LRON) of \$195 million were issued for governmental and business-type activities in the amounts of \$35 million and \$160 million, respectively. For governmental activities, debt was issued to finance a new animal care facility, fire station, and museum of art building. For business-type activities, debt was issued to finance hospital improvements.
- New debt of \$63 million was issued to finance the acquisition of equipment for governmental and business-type activities in the amounts of \$45 million and \$18 million, respectively. Equipment debt totaling \$70 million was redeemed during the year in accordance with maturity schedules.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$800 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2017. The General Fund also relied upon periodic borrowing from available agency funds.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

Bond Ratings

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

	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
General Obligation Bonds	Aa1	AA+	AA-
Facilities	Aa3	AA	AA-
Equipment/Non-Essential Leases	Aa2	AA	AA-
Operating/Non-Essential Leases	Aa2	AA	AA-
Short-Term	MIG1	SP-1+	F1+
Regional Park and Open Space District Bonds	Aa1	AA	AAA

During the current year, the County's bond ratings were upgraded by Moody's assigned ratings for General Obligation Bonds, Facilities, Equipment/Non-Essential Leases, and Operating/Non-Essential Leases from the previous year. A bond rating for the Flood Control District Revenue Bonds is no longer being reported since the bonds were fully redeemed.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2017-18 Budget on June 26, 2017. The Budget was adopted based on estimated fund balances that would be available at the end of 2016-17. The Board updated the Budget on September 26, 2017 to reflect final 2016-17 fund balances and other pertinent financial information. For the County's General Fund, the 2017-18 Budget utilized \$1.982 billion of fund balance, which exceeded the previously estimated fund balance of \$1.480 billion. Of the additional fund balance of \$502 million, \$250 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$252 million was used to fund \$56 million for Information Technology improvement projects, \$49 million of capital improvement projects, \$39 million to augment the County's "Rainy Day Reserve," \$18 million for Homeless and Affordable Housing programs, \$10 million to address stormwater and urban runoff regulatory and compliance requirements, and various other program initiatives of \$80 million.

The County's 2017-18 Budget anticipates the uncertainty of budget proposals from both the federal and State governments that could create significant short and long-term budget challenges for the County. The County is cautiously optimistic that growth will be positive, as assessed property values and unemployment levels continue to trend favorably. The budget addresses homeless and housing programs, child welfare services, the Medi-Cal 2020 healthcare programs, the mental health issues in the County jail system, unfunded liabilities for retiree healthcare benefits, housing, and addressing outdated technology systems, significant deferred maintenance, and capital improvement needs.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2017**

The County's budget outlook, while favorable, continues to be influenced by the fiscal condition and outlook of the State of California. In this regard, the State Legislative Analyst's Office (LAO) reports a positive short-term outlook, foreseeing State budget stability through the end of FY 2018-19 along with adequate reserves. The State is increasingly prepared to weather a moderate recession, assuming no significant changes are made to State policies and programs. For the longer term, the State's outlook is subject to considerable uncertainty, as the State's budget depends on many volatile and unpredictable conditions, including decisions by the federal government or State executive branch and revenue growth.

The County receives substantial federal revenues and operates many programs which are subject to federal rules and regulations. Federal assistance is especially critical to the County's ability to operate its four County hospitals and health care network. The County is carefully monitoring federal policy developments to determine the future impacts, if any, on its ability to administer federal programs and deliver County services that rely upon federal funding.

On March 7, 2017, the voters of Los Angeles County successfully passed a ballot measure (Measure H) to combat homelessness and established a quarter-cent countywide sales tax for a period of ten years. Measure H is estimated to generate \$266 million in revenue during the nine months in which it is effective in FY 2017-18, and approximately \$355 million in the following fiscal year.

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 90012-3873.

BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
JUNE 30, 2017 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 6,311,686	104,088	\$ 6,415,774	\$ 487,887
Other	1,760,873	28,270	1,789,143	
Total pooled cash and investments	8,072,559	132,358	8,204,917	487,887
Other investments (Note 5)	43,757		43,757	268,021
Taxes receivable	226,547	797	227,344	
Accounts receivable - net (Note 14)		2,157,723	2,157,723	23,148
Interest receivable	35,054	489	35,543	563
Other receivables	2,100,294	220,855	2,321,149	42,228
Internal balances (Note 15)	113,945	(113,945)		
Inventories	68,989	23,299	92,288	14,078
Restricted assets (Note 5)	9,059	101,623	110,682	
Capital assets: (Notes 6 and 10)				
Capital assets, not being depreciated	8,053,187	461,047	8,514,234	96,320
Capital assets, net of accumulated depreciation	8,374,499	2,696,822	11,071,321	89,894
Total capital assets	16,427,686	3,157,869	19,585,555	186,214
TOTAL ASSETS	27,097,890	5,681,068	32,778,958	1,022,139
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	3,139,442	539,905	3,679,347	21,134
LIABILITIES				
Accounts payable	655,405	348,807	1,004,212	39,226
Accrued payroll	455,858	95,576	551,434	
Other payables	108,156	12,172	120,328	7,120
Accrued interest payable	18,494	19,135	37,629	
Advances payable	1,543,750	457	1,544,207	309
Long-term liabilities: (Note 11)				
Due within one year	811,252	773,568	1,584,820	6,006
Due in more than one year	25,942,620	5,758,813	31,701,433	82,903
TOTAL LIABILITIES	29,535,535	7,008,528	36,544,063	135,564
DEFERRED INFLOWS OF RESOURCES (Note 20)	873,620	178,415	1,052,035	8,888
NET POSITION				
Net investment in capital assets	15,165,318	2,305,050	17,470,368	142,941
Restricted for:				
Capital projects	49,526		49,526	
Debt service	293,331	17,956	311,287	295
Permanent funds - nonspendable	2,165		2,165	
Permanent funds - spendable	134		134	
General government	212,281		212,281	
Public protection	969,384		969,384	
Public ways and facilities	345,755	94,819	440,574	
Health and sanitation	1,228,755		1,228,755	
Recreation	282,460		282,460	
Community development				272,439
First 5 LA				422,015
Other	7,567		7,567	
Unrestricted (deficit)	(18,728,499)	(3,383,795)	(22,112,294)	61,131
TOTAL NET POSITION (DEFICIT) (Note 3)	\$ (171,823)	(965,970)	\$ (1,137,793)	\$ 898,821

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, 2017 (in thousands)

FUNCTIONS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,354,561	556,361	46,852	36,365
Public protection	7,532,191	1,311,858	1,543,758	21,257
Public ways and facilities	397,231	26,597	170,712	482
Health and sanitation	3,868,785	715,414	2,711,866	56
Public assistance	6,441,552	11,379	5,320,135	
Education	127,901	3,188	84	
Recreation and cultural services	276,625	154,686	2,200	5,895
Interest on long-term debt	104,899			
Total governmental activities	<u>20,103,745</u>	<u>2,779,483</u>	<u>9,795,607</u>	<u>64,055</u>
Business-type activities:				
Hospitals	4,990,891	3,877,494	457,582	
Waterworks	90,517	75,599	84	56
Aviation	2,776	6,095	20	1,139
Total business-type activities	<u>5,084,184</u>	<u>3,959,188</u>	<u>457,686</u>	<u>1,195</u>
Total primary government	<u>\$ 25,187,929</u>	<u>6,738,671</u>	<u>10,253,293</u>	<u>65,250</u>
DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 585,138</u>	<u>27,365</u>	<u>498,649</u>	<u>4,147</u>

GENERAL REVENUES:

Taxes:

Property taxes

Utility users taxes

Voter approved taxes

Documentary transfer taxes

Other taxes

Sales and use taxes, levied by the State

Grants and contributions not restricted to special programs

Investment income

Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION (DEFICIT), JULY 1, 2016, AS RESTATED

(Note 2)

NET POSITION (DEFICIT), JUNE 30, 2017

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
\$ (714,983)		\$ (714,983)		PRIMARY GOVERNMENT:
(4,655,318)		(4,655,318)		Governmental activities:
(199,440)		(199,440)		General government
(441,449)		(441,449)		Public protection
(1,110,038)		(1,110,038)		Public ways and facilities
(124,629)		(124,629)		Health and sanitation
(113,844)		(113,844)		Public assistance
(104,899)		(104,899)		Education
(7,464,600)		(7,464,600)		Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
	(655,815)	(655,815)		Business-type activities:
	(14,778)	(14,778)		Hospitals
	4,478	4,478		Waterworks
	(666,115)	(666,115)		Aviation
(7,464,600)	(666,115)	(8,130,715)		Total business-type activities
				Total primary government
			\$ (54,977)	DISCRETELY PRESENTED COMPONENT UNITS
6,165,847	5,676	6,171,523		GENERAL REVENUES:
49,572		49,572		Taxes:
364,700		364,700		Property taxes
95,022		95,022		Utility users taxes
37,779		37,779		Voter approved taxes
113,988		113,988		Documentary transfer taxes
				Other taxes
428,435		428,435		Sales and use taxes, levied by the State
53,363	898	54,261	2,210	Grants and contributions not restricted to special programs
178,922	122	179,044	5,954	Investment income
(777,901)	777,901			Miscellaneous
6,709,727	784,597	7,494,324	8,164	TRANSFERS - NET
(754,873)	118,482	(636,391)	(46,813)	Total general revenues and transfers
583,050	(1,084,452)	(501,402)	945,634	CHANGE IN NET POSITION
\$ (171,823)	(965,970)	\$ (1,137,793)	\$ 898,821	NET POSITION (DEFICIT), JULY 1, 2016, AS RESTATED (Note 2)
				NET POSITION (DEFICIT), JUNE 30, 2017

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
ASSETS					
Pooled cash and investments: (Notes 1 and 5)					
Operating	\$ 2,479,833	191,412	511,344	76,537	286,471
Other	1,669,779	16,771	5,007	1,922	947
Total pooled cash and investments	4,149,612	208,183	516,351	78,459	287,418
Other investments (Notes 4 and 5)	4,483			117	
Taxes receivable	159,429	38,587	11,228	5,932	681
Interest receivable	23,292	510	1,551	251	970
Other receivables	1,907,645	39,387	3,584	1,607	4,466
Due from other funds (Note 15)	308,556	3,843	23,461	656	38
Advances to other funds (Note 15)	167,179		6,474		
Inventories	48,824	11,131	1	561	
TOTAL ASSETS	6,769,020	301,641	562,650	87,583	293,573
DEFERRED OUTFLOWS OF RESOURCES (Note 20)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,769,020	301,641	562,650	87,583	293,573
LIABILITIES					
Accounts payable	\$ 600,827	6,725	3,330	1,361	1,442
Accrued payroll	392,096	41,265		3,998	
Other payables	102,289	2,752		547	
Due to other funds (Note 15)	126,140	18,169	28,106	3,154	9,671
Advances payable	1,433,485		54,152		
Third party payor (Notes 11 and 14)	42,051				
TOTAL LIABILITIES	2,696,888	68,911	85,588	9,060	11,113
DEFERRED INFLOWS OF RESOURCES (Note 20)	421,159	26,792	7,863	4,299	4,068
FUND BALANCES (Note 21)					
Nonspendable	212,281	11,131	1	561	
Restricted	70,157	194,807	469,099	15,553	278,392
Committed	429,440				
Assigned	494,783		99	58,110	
Unassigned	2,444,312				
TOTAL FUND BALANCES	3,650,973	205,938	469,199	74,224	278,392
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,769,020	301,641	562,650	87,583	293,573

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				ASSETS
				Pooled cash and investments: (Notes 1 and 5)
\$ 1,111,844	1,599,664		\$ 6,257,105	Operating
1,451	58,512		1,754,389	Other
<u>1,113,295</u>	<u>1,658,176</u>		<u>8,011,494</u>	Total pooled cash and investments
	78,052	(38,895)	43,757	Other investments (Notes 4 and 5)
	10,690		226,547	Taxes receivable
3,462	4,687		34,723	Interest receivable
	43,588		2,000,277	Other receivables
6,465	35,151		378,170	Due from other funds (Note 15)
	11,414		185,067	Advances to other funds (Note 15)
	1		60,518	Inventories
<u>1,123,222</u>	<u>1,841,759</u>	<u>(38,895)</u>	<u>10,940,553</u>	TOTAL ASSETS
	228,142		228,142	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
<u>\$ 1,123,222</u>	<u>2,069,901</u>	<u>(38,895)</u>	<u>\$ 11,168,695</u>	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
				LIABILITIES
\$	33,152		\$ 646,837	Accounts payable
	80		437,439	Accrued payroll
			105,588	Other payables
72,230	203,569		461,039	Due to other funds (Note 15)
	55,805		1,543,442	Advances payable
	246		42,297	Third party payor (Notes 11 and 14)
<u>72,230</u>	<u>292,852</u>		<u>3,236,642</u>	TOTAL LIABILITIES
	8,110		472,291	DEFERRED INFLOWS OF RESOURCES (Note 20)
				FUND BALANCES (Note 21)
	2,166		226,140	Nonspendable
1,050,992	1,492,710	(38,895)	3,532,815	Restricted
	119,251		548,691	Committed
	154,812		707,804	Assigned
			2,444,312	Unassigned
<u>1,050,992</u>	<u>1,768,939</u>	<u>(38,895)</u>	<u>7,459,762</u>	TOTAL FUND BALANCES
<u>\$ 1,123,222</u>	<u>2,069,901</u>	<u>(38,895)</u>	<u>\$ 11,168,695</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017 (in thousands)

Fund balances - total governmental funds (page 29)		\$ 7,459,762
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	\$ 7,362,462	
Construction-in-progress	690,725	
Buildings and improvements - net	3,636,653	
Equipment - net	317,744	
Intangible software - net	407,743	
Infrastructure - net	<u>3,878,859</u>	16,294,186
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	\$ 17,360	
Deferred outflows from pension contributions	1,063,930	
Deferred outflows from changes in proportionate share of contributions	95,923	
Deferred outflows from net difference between projected and actual investment earnings on pension plan investments	1,847,036	
Deferred inflows from service concession arrangements	(90,076)	
Deferred inflows from net difference between projected and actual economic experience	(735,044)	
Deferred inflows from changes in proportionate share of contributions	<u>(15,181)</u>	2,183,948
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	\$ 158,259	
Deferred inflows from long-term receivables	<u>85,890</u>	244,149
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	\$ 562	
Accrued interest on long-term receivables	<u>103</u>	665
Installment receivables from service concession arrangements.		90,076
Accrued interest payable is not recognized in governmental funds.		(18,337)
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	\$ (1,354,873)	
Unamortized premiums on bonds and notes	(83,846)	
Accreted interest on bonds and notes	(158,759)	
Capital lease obligations	(151,941)	
Accrued compensated absences	(1,406,670)	
Workers' compensation	(2,256,349)	
Litigation and self-insurance	(212,540)	
Pollution remediation obligations	(22,081)	
Net pension liability	(8,512,689)	
OPEB obligation	(11,565,053)	
Third party payor liability	<u>(19,207)</u>	(25,744,008)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.		<u>(682,264)</u>
Net position of governmental activities (page 25)		<u>\$ (171,823)</u>

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



COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	\$ 5,333,532	812,898	139,246	87,715	
Licenses, permits and franchises	59,197	18,238	1,167		
Fines, forfeitures and penalties	183,400	2,747	951	436	567
Revenue from use of money and property:					
Investment income (loss) (Note 5)	40,244	(41)	1,687	259	1,068
Rents and concessions (Note 10)	115,382	100	14,805	14	
Royalties	252		548		
Intergovernmental revenues:					
Federal	3,673,996	5,691			
State	5,638,232	15,256	5,771	506	
Other	64,987	3,956	1,745	252	
Charges for services	1,800,657	212,751	129,155	2,139	14,837
Miscellaneous	172,055	2,957	263	1,125	
TOTAL REVENUES	17,081,934	1,074,553	295,338	92,446	16,472
EXPENDITURES					
Current:					
General government	1,159,100				
Public protection	5,546,279	1,086,143	233,359		
Public ways and facilities					
Health and sanitation	3,460,315				
Public assistance	6,034,942				
Education				130,022	
Recreation and cultural services	341,272				51,502
Debt service:					
Principal	7,718	20		6	
Interest and other charges	23,361	2		33	
Capital outlay	63	183		158	
TOTAL EXPENDITURES	16,573,050	1,086,348	233,359	130,219	51,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	508,884	(11,795)	61,979	(37,773)	(35,030)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 15)	437,318	9,669	2,229	47,912	
Transfers out (Note 15)	(680,922)	(14,135)	(18,213)	(1,457)	
Issuance of debt (Note 11)					
Capital leases (Note 10)	63	183		158	
Sales of capital assets	1,388	263	80	6	
TOTAL OTHER FINANCING SOURCES (USES)	(242,153)	(4,020)	(15,904)	46,619	
NET CHANGE IN FUND BALANCES	266,731	(15,815)	46,075	8,846	(35,030)
FUND BALANCES, JULY 1, 2016, AS RESTATED (Note 2)	3,384,242	221,753	423,124	65,378	313,422
FUND BALANCES, JUNE 30, 2017	\$ 3,650,973	205,938	469,199	74,224	278,392

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				REVENUES
\$	362,646		\$ 6,736,037	Taxes
	19,952		98,554	Licenses, permits and franchises
	54,736		242,837	Fines, forfeitures and penalties
				Revenue from use of money and property:
3,925	12,214	(2,313)	57,043	Investment income (loss) (Note 5)
	27,289		157,590	Rents and concessions (Note 10)
	1		801	Royalties
				Intergovernmental revenues:
	32,866		3,712,553	Federal
521,464	209,596		6,390,825	State
	15,341		86,281	Other
	166,678		2,326,217	Charges for service
	79,817		256,217	Miscellaneous
<u>525,389</u>	<u>981,136</u>	<u>(2,313)</u>	<u>20,064,955</u>	TOTAL REVENUES
				EXPENDITURES
				Current:
	16,768		1,175,868	General government
	68,959		6,934,740	Public protection
	361,137		361,137	Public ways and facilities
2,862	172,688		3,635,865	Health and sanitation
	8,010		6,042,952	Public assistance
	34		130,056	Education
	8,790		401,564	Recreation and cultural services
				Debt service:
	118,632	(11,715)	114,661	Principal
	92,191	(2,313)	113,274	Interest and other charges
	19,593		19,997	Capital outlay
<u>2,862</u>	<u>866,802</u>	<u>(14,028)</u>	<u>18,930,114</u>	TOTAL EXPENDITURES
<u>522,527</u>	<u>114,334</u>	<u>11,715</u>	<u>1,134,841</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
	165,653		662,781	Transfers in (Note 15)
(333,825)	(393,266)		(1,441,818)	Transfers out (Note 15)
	34,642		34,642	Issuance of debt (Note 11)
			404	Capital leases (Note 10)
	912		2,649	Sales of capital assets
<u>(333,825)</u>	<u>(192,059)</u>		<u>(741,342)</u>	TOTAL OTHER FINANCING SOURCES (USES)
188,702	(77,725)	11,715	393,499	NET CHANGE IN FUND BALANCES
862,290	1,846,664	(50,610)	7,066,263	FUND BALANCES, JULY 1, 2016, AS RESTATED (Note 2)
<u>\$ 1,050,992</u>	<u>1,768,939</u>	<u>(38,895)</u>	<u>\$ 7,459,762</u>	FUND BALANCES, JUNE 30, 2017

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, 2017 (in thousands)

Net change in fund balances - total governmental funds (page 33)		\$ 393,499
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	\$ 693,502	
Less - current year depreciation expense	<u>(480,741)</u>	212,761
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.		(3,607)
Contribution of capital assets is not recognized in the governmental funds.		26,364
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.		(1,951)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		3,847
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	\$ (98)	
Change in unamortized premiums	<u>1,245</u>	1,147
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(35,046)
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	\$ 45,530	
Notes, loans, and lease revenue obligation notes	49,672	
Assessment bonds	11,715	
Other long-term notes, loans and capital leases	<u>7,744</u>	114,661
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	\$ (177,026)	
Change in litigation and self-insurance	(9,386)	
Change in pollution remediation obligations	(5,086)	
Change in accrued compensated absences	(80,223)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	(14,571)	
Change in OPEB obligation	(1,124,264)	
Change in third party payor liability	(19,207)	
Change in accrued interest payable	4,773	
Change in accretion of bonds and notes	8,424	
Change in accretion of tobacco settlement bonds	(3,178)	
Transfer of capital assets from governmental fund to enterprise fund	<u>(35)</u>	(1,419,779)
The portion of internal service funds that is reported with governmental activities.		(46,769)
Change in net position of governmental activities (page 27)		<u>\$ (754,873)</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 5,258,975	5,335,399	5,337,375	1,976
Licenses, permits and franchises	56,870	56,870	59,197	2,327
Fines, forfeitures and penalties	205,256	205,256	183,400	(21,856)
Revenue from use of money and property:				
Investment income	37,759	38,331	79,792	41,461
Rents and concessions	122,043	124,043	115,382	(8,661)
Royalties	570	570	252	(318)
Intergovernmental revenues:				
Federal	4,036,855	4,244,268	3,685,987	(558,281)
State	5,923,091	5,835,415	5,600,943	(234,472)
Other	31,461	76,953	55,554	(21,399)
Charges for services	1,751,092	1,869,174	1,803,063	(66,111)
Miscellaneous	156,881	164,948	166,627	1,679
TOTAL REVENUES	17,580,853	17,951,227	17,087,572	(863,655)
EXPENDITURES				
Current:				
General government	2,185,971	2,048,658	1,163,269	885,389
Public protection	5,820,710	5,875,482	5,582,394	293,088
Health and sanitation	3,952,370	4,074,572	3,704,197	370,375
Public assistance	6,712,631	6,746,980	6,103,048	643,932
Recreation and cultural services	354,540	360,127	339,790	20,337
Debt service-				
Interest	6,458	6,458	6,458	
Capital outlay	751,769	857,514	99,133	758,381
TOTAL EXPENDITURES	19,784,449	19,969,791	16,998,289	2,971,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,203,596)	(2,018,564)	89,283	2,107,847
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	354	354	1,388	1,034
Transfers in	779,523	778,575	431,142	(347,433)
Transfers out	(433,461)	(445,670)	(425,878)	19,792
Appropriations for contingencies	(27,375)	(70,607)		70,607
Changes in fund balance	59,733	(68,910)	61,869	130,779
OTHER FINANCING SOURCES (USES) - NET	378,774	193,742	68,521	(125,221)
NET CHANGE IN FUND BALANCE	(1,824,822)	(1,824,822)	157,804	1,982,626
FUND BALANCE, JULY 1, 2016 (NOTE 16)	1,824,822	1,824,822	1,824,822	
FUND BALANCE, JUNE 30, 2017 (NOTE 16)	\$		1,982,626	1,982,626

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, 2017 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 812,304	814,724	812,973	(1,751)
Licenses, permits and franchises	13,630	14,937	18,238	3,301
Fines, forfeitures and penalties	2,899	2,899	2,747	(152)
Revenue from use of money and property:				
Investment income	700	938	1,350	412
Rents and concessions	81	81	100	19
Intergovernmental revenues:				
Federal	17,875	17,875	5,691	(12,184)
State	18,501	18,536	15,256	(3,280)
Other		2,127	3,956	1,829
Charges for services	206,817	211,993	212,751	758
Miscellaneous	2,883	3,241	2,957	(284)
TOTAL REVENUES	1,075,690	1,087,351	1,076,019	(11,332)
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	912,396	950,898	945,408	5,490
Services and supplies	183,631	159,092	143,996	15,096
Other charges	10,693	8,993	4,884	4,109
Capital assets	30,145	31,215	24,733	6,482
TOTAL EXPENDITURES	1,136,865	1,150,198	1,119,021	31,177
DEFICIENCY OF REVENUES OVER EXPENDITURES	(61,175)	(62,847)	(43,002)	19,845
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	297	297	263	(34)
Transfers in	10,155	11,105	9,669	(1,436)
Transfers out	(12,714)	(12,614)	(12,114)	500
Appropriation for contingencies		622		(622)
Changes in fund balance	42,269	42,269	45,785	3,516
OTHER FINANCING SOURCES (USES) - NET	40,007	41,679	43,603	1,924
NET CHANGE IN FUND BALANCE	(21,168)	(21,168)	601	21,769
FUND BALANCE, JULY 1, 2016 (NOTE 16)	21,168	21,168	21,168	
FUND BALANCE, JUNE 30, 2017 (NOTE 16)	\$		21,769	21,769

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, 2017 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 133,443	138,742	139,265	523
Licenses, permits and franchises	865	865	1,167	302
Fines, forfeitures and penalties	1,130	1,130	951	(179)
Revenue from use of money and property:				
Investment income	2,884	2,884	5,299	2,415
Rents and concessions	7,464	7,464	14,805	7,341
Royalties	1,000	1,000	548	(452)
Intergovernmental revenues:				
State	1,158	1,158	5,771	4,613
Other	11,088	11,088	1,745	(9,343)
Charges for services	112,715	112,715	129,034	16,319
Miscellaneous	303	303	263	(40)
TOTAL REVENUES	272,050	277,349	298,848	21,499
EXPENDITURES				
Current-Public protection:				
Services and supplies	222,885	223,625	218,036	5,589
Other charges	19,636	19,636	19,428	208
Capital assets	171	171	106	65
Capital outlay	53,953	53,953	9,875	44,078
TOTAL EXPENDITURES	296,645	297,385	247,445	49,940
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,595)	(20,036)	51,403	71,439
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	50	50	2,309	2,259
Transfers out	(8,972)	(8,232)	(5,318)	2,914
Appropriations for contingencies		(5,299)		5,299
Changes in fund balance	(3,861)	(3,861)	3,274	7,135
OTHER FINANCING SOURCES (USES) - NET	(12,783)	(17,342)	265	17,607
NET CHANGE IN FUND BALANCE	(37,378)	(37,378)	51,668	89,046
FUND BALANCE, JULY 1, 2016 (NOTE 16)	37,378	37,378	37,378	
FUND BALANCE, JUNE 30, 2017 (NOTE 16)	\$		89,046	89,046

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, 2017 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 84,952	84,952	87,750	2,798
Fines, forfeitures and penalties			436	436
Revenue from use of money and property:				
Investment income	437	437	793	356
Rents and concessions	15	15	14	(1)
Intergovernmental revenues:				
Federal	75	75		(75)
State	540	540	506	(34)
Other	165	165	252	87
Charges for services	3,194	3,194	2,139	(1,055)
Miscellaneous	973	1,815	1,125	(690)
TOTAL REVENUES	90,351	91,193	93,015	1,822
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	102,221	102,221	86,901	15,320
Services and supplies	79,456	80,299	46,826	33,473
Other charges	952	952	841	111
Capital assets	2,204	2,474	617	1,857
TOTAL EXPENDITURES	184,833	185,946	135,185	50,761
DEFICIENCY OF REVENUES OVER EXPENDITURES	(94,482)	(94,753)	(42,170)	52,583
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	6	(7)
Transfers in	54,271	54,542	47,912	(6,630)
Transfers out	(648)	(648)	(648)	
Changes in fund balance	(3,574)	(3,574)	(1,532)	2,042
OTHER FINANCING SOURCES (USES) - NET	50,062	50,333	45,738	(4,595)
NET CHANGE IN FUND BALANCE	(44,420)	(44,420)	3,568	47,988
FUND BALANCE, JULY 1, 2016 (NOTE 16)	44,420	44,420	44,420	
FUND BALANCE, JUNE 30, 2017 (NOTE 16)	\$		47,988	47,988

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, 2017 (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	\$ 264	264	567	303
Revenue from use of money and property- Investment income	833	833	3,238	2,405
Charges for services	28,100	28,100	28,748	648
TOTAL REVENUES	29,197	29,197	32,553	3,356
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	9,694	9,694	8,380	1,314
Other charges	210,253	210,253	47,882	162,371
TOTAL EXPENDITURES	219,947	219,947	56,262	163,685
DEFICIENCY OF REVENUES OVER EXPENDITURES	(190,750)	(190,750)	(23,709)	167,041
OTHER FINANCING SOURCES (USES)				
Transfers in	33,438	33,438	32,920	(518)
Transfers out	(47,662)	(47,662)	(46,982)	680
Changes in fund balance	1,599	1,599	2,842	1,243
OTHER FINANCING SOURCES (USES) - NET	(12,625)	(12,625)	(11,220)	1,405
NET CHANGE IN FUND BALANCE	(203,375)	(203,375)	(34,929)	168,446
FUND BALANCE, JULY 1, 2016 (NOTE 16)	203,537	203,537	203,537	
FUND BALANCE, JUNE 30, 2017 (NOTE 16)	\$ 162	162	168,608	168,446

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

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
MENTAL HEALTH SERVICES ACT
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	MENTAL HEALTH SERVICES ACT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	\$ 4,471	4,471	11,602	7,131
Intergovernmental revenues-				
State	503,949	503,949	521,464	17,515
TOTAL REVENUES	508,420	508,420	533,066	24,646
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	26,336	26,336	908	25,428
EXCESS OF REVENUES OVER EXPENDITURES	482,084	482,084	532,158	50,074
OTHER FINANCING USES				
Transfers out	(565,736)	(565,936)	(333,825)	232,111
Appropriations for contingencies	(87,894)	(87,894)		87,894
Changes in fund balance	(245,898)	(245,698)	(245,690)	8
TOTAL OTHER FINANCING USES	(899,528)	(899,528)	(579,515)	320,013
NET CHANGE IN FUND BALANCE	(417,444)	(417,444)	(47,357)	370,087
FUND BALANCE, JULY 1, 2016	417,444	417,444	417,444	
FUND BALANCE, JUNE 30, 2017	\$		370,087	370,087

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, 2017 (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	\$ 1,272	729	1,642	345
Other	7,973	5,104	10,917	2,186
Total pooled cash and investments	<u>9,245</u>	<u>5,833</u>	<u>12,559</u>	<u>2,531</u>
Taxes receivable				
Accounts receivable - net (Note 14)	644,817	438,521	867,311	196,303
Interest receivable	65	39	34	5
Other receivables	16,865	15,303	27,353	4,914
Due from other funds (Note 15)	57,062	39,207	109,333	146,224
Advances to other funds (Note 15)				
Inventories	8,237	4,265	9,012	1,785
Total current assets	<u>736,291</u>	<u>503,168</u>	<u>1,025,602</u>	<u>351,762</u>
Noncurrent assets:				
Restricted assets (Note 5)	63,021	29,673	4,972	433
Other receivables (Note 14 and 15)	54,784	28,260	66,363	7,013
Capital assets: (Notes 6 and 10)				
Land and easements	3,276	16,426	18,183	217
Buildings and improvements	932,622	363,618	1,090,642	200,848
Equipment	100,909	77,008	115,175	26,118
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	29,180			203,800
Less accumulated depreciation	(294,118)	(180,355)	(372,716)	(133,935)
Total capital assets - net	<u>788,790</u>	<u>291,056</u>	<u>871,988</u>	<u>302,664</u>
Total noncurrent assets	<u>906,595</u>	<u>348,989</u>	<u>943,323</u>	<u>310,110</u>
TOTAL ASSETS	<u>1,642,886</u>	<u>852,157</u>	<u>1,968,925</u>	<u>661,872</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	<u>164,639</u>	<u>105,477</u>	<u>222,071</u>	<u>47,718</u>
LIABILITIES				
Current liabilities:				
Accounts payable	117,769	53,923	128,658	44,718
Accrued payroll	30,008	18,363	39,732	7,473
Other payables	4,631	2,239	4,002	1,255
Accrued interest payable	14,276	4,798		
Due to other funds (Note 15)	91,947	68,010	114,749	22,624
Advances from other funds (Note 15)	16,122	32,323	58,804	57,182
Advances payable			415	18
Current portion of long-term liabilities (Note 11)	270,956	118,316	226,335	150,282
Total current liabilities	<u>545,709</u>	<u>297,972</u>	<u>572,695</u>	<u>283,552</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	64,559	37,096	83,040	15,629
Bonds and notes (Note 11)	518,879	200,034		
Premiums on bonds and notes payable (Note 11)	17,172	14,103		
Workers' compensation (Notes 11 and 18)	91,212	33,055	136,740	27,353
Litigation and self-insurance (Notes 11 and 18)	20,897	1,492	41,486	101
Net pension liability (Notes 8 and 11)	427,499	286,906	594,999	132,160
OPEB obligation (Notes 9 and 11)	703,222	473,203	1,061,257	218,824
Third party payor (Notes 11 and 14)	158,850	71,001	262,797	48,683
Total noncurrent liabilities	<u>2,002,290</u>	<u>1,116,890</u>	<u>2,180,319</u>	<u>442,750</u>
TOTAL LIABILITIES	<u>2,547,999</u>	<u>1,414,862</u>	<u>2,753,014</u>	<u>726,302</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>59,694</u>	<u>32,544</u>	<u>72,486</u>	<u>13,691</u>
NET POSITION				
Net investment in capital assets	273,790	101,985	871,988	173,100
Restricted:				
Debt service	3,296	9,634	4,972	
Public ways and facilities				
Unrestricted (deficit)	(1,077,254)	(601,391)	(1,511,464)	(203,503)
TOTAL NET POSITION (DEFICIT) (Note 3)	<u>\$ (800,168)</u>	<u>(489,772)</u>	<u>(634,504)</u>	<u>(30,403)</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds
\$ 89,971	9,170	\$ 103,129	\$ 55,540
<u>1,918</u>	<u>162</u>	<u>28,260</u>	<u>6,494</u>
91,889	9,332	131,389	62,034
797		797	
9,903	868	2,157,723	
286	29	458	259
		64,435	9,276
1,598		353,424	68,009
1,364		1,364	
		23,299	8,471
<u>105,837</u>	<u>10,229</u>	<u>2,732,889</u>	<u>148,049</u>
		98,099	12,583
		156,420	
11,842	134,692	184,636	
119,091	42,227	2,749,048	
1,077	1,565	321,852	340,011
1,322		58,922	
1,203,799	55,044	1,258,843	
34,548	8,883	276,411	
<u>(657,548)</u>	<u>(67,024)</u>	<u>(1,705,696)</u>	<u>(192,658)</u>
<u>714,131</u>	<u>175,387</u>	<u>3,144,016</u>	<u>147,353</u>
<u>714,131</u>	<u>175,387</u>	<u>3,398,535</u>	<u>159,936</u>
<u>819,968</u>	<u>185,616</u>	<u>6,131,424</u>	<u>307,985</u>
		539,905	115,193
3,224	10	348,302	9,073
		95,576	18,419
	45	12,172	2,568
		19,074	218
6,120	881	304,331	34,233
		164,431	22,000
24		457	205
<u>1,836</u>	<u>98</u>	<u>767,823</u>	<u>29,858</u>
<u>11,204</u>	<u>1,034</u>	<u>1,712,166</u>	<u>116,574</u>
		200,324	53,217
7,503	1,715	728,131	26,085
		31,275	
		288,360	47,377
		63,976	
		1,441,564	318,418
		2,456,506	505,703
		541,331	
<u>7,503</u>	<u>1,715</u>	<u>5,751,467</u>	<u>950,800</u>
<u>18,707</u>	<u>2,749</u>	<u>7,463,633</u>	<u>1,067,374</u>
		178,415	33,319
706,442	173,574	2,300,879	112,777
		17,902	186
94,819		94,819	
	9,293	(3,384,319)	(790,478)
<u>\$ 801,261</u>	<u>182,867</u>	<u>(970,719)</u>	<u>\$ (677,515)</u>
		4,749	
		<u>\$ (965,970)</u>	

ASSETS

Current assets:

Pooled cash and investments: (Notes 1 and 5)

Operating

Other

Total pooled cash and investments

Taxes receivable

Accounts receivable - net (Note 14)

Interest receivable

Other receivables

Due from other funds (Note 15)

Advances to other funds (Note 15)

Inventories

Total current assets

Noncurrent assets:

Restricted assets (Note 5)

Other receivables (Note 14 and 15)

Capital assets: (Notes 6 and 10)

Land and easements

Buildings and improvements

Equipment

Intangible - software

Infrastructure

Construction in progress

Less accumulated depreciation

Total capital assets - net

Total noncurrent assets

TOTAL ASSETS

DEFERRED OUTFLOWS OF RESOURCES (Note 20)

LIABILITIES

Current liabilities:

Accounts payable

Accrued payroll

Other payables

Accrued interest payable

Due to other funds (Note 15)

Advances from other funds (Note 15)

Advances payable

Current portion of long-term liabilities (Note 11)

Total current liabilities

Noncurrent liabilities:

Accrued compensated absences (Note 11)

Bonds and notes (Note 11)

Premiums on bonds and notes payable (Note 11)

Workers' compensation (Notes 11 and 18)

Litigation and self-insurance (Notes 11 and 18)

Net pension liability (Notes 8 and 11)

OPEB obligation (Notes 9 and 11)

Third party payor (Notes 11 and 14)

Total noncurrent liabilities

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES (Note 20)

NET POSITION

Net investment in capital assets

Restricted:

Debt service

Public ways and facilities

Unrestricted (deficit)

TOTAL NET POSITION (DEFICIT) (Note 3)

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

NET POSITION (DEFICIT) 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, 2017 (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)	\$ 1,168,466	715,018	1,693,046	300,964
Rentals				
Charges for services				
Other (Note 14)	164,389	78,670	119,114	95,409
TOTAL OPERATING REVENUES	1,332,855	793,688	1,812,160	396,373
OPERATING EXPENSES:				
Salaries and employee benefits	760,817	467,988	1,026,754	193,595
Services and supplies	145,746	78,323	228,673	32,571
Other professional services	195,378	125,588	356,585	45,909
Depreciation and amortization (Note 6)	33,211	22,257	29,911	5,084
Medical malpractice		2,524	5,374	437
Rent	8,697	3,330	4,795	62
TOTAL OPERATING EXPENSES	1,143,849	700,010	1,652,092	277,658
OPERATING INCOME (LOSS)	189,006	93,678	160,068	118,715
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income (loss)	279	62	72	9
Interest expense	(34,813)	(11,876)	(1,444)	
Intergovernmental transfers expense (Note 14)	(384,544)	(188,190)	(470,345)	(127,900)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(419,078)	(200,004)	(471,717)	(127,891)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(230,072)	(106,326)	(311,649)	(9,176)
Capital contributions			35	
Transfers in (Note 15)	204,618	164,035	280,637	181,531
Transfers out (Note 15)	(34,683)	(9,257)	(5,775)	(1,459)
CHANGE IN NET POSITION	(60,137)	48,452	(36,752)	170,896
NET POSITION (DEFICIT), JULY 1, 2016	(740,031)	(538,224)	(597,752)	(201,299)
NET POSITION (DEFICIT), JUNE 30, 2017	\$ (800,168)	(489,772)	(634,504)	(30,403)

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	
\$		\$ 3,877,494	\$	
	5,758	5,758	34,013	OPERATING REVENUES:
75,599	337	75,936	508,195	Net patient service revenues (Note 14)
86	36	457,704		Rentals
75,685	6,131	4,416,892	542,208	Charges for services
				Other (Note 14)
				TOTAL OPERATING REVENUES
		2,449,154	465,185	OPERATING EXPENSES:
63,932		549,245	43,785	Salaries and employee benefits
2,467	426	726,353	35,870	Services and supplies
23,936	2,350	116,749	43,101	Other professional services
		8,335		Depreciation and amortization (Note 6)
		16,884		Medical malpractice
				Rent
90,335	2,776	3,866,720	587,941	TOTAL OPERATING EXPENSES
(14,650)	3,355	550,172	(45,733)	OPERATING INCOME (LOSS)
				NONOPERATING REVENUES (EXPENSES):
5,676		5,676		Taxes
364	32	818	(172)	Investment income (loss)
(182)		(48,315)	(125)	Interest expense
		(1,170,979)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
64	4	68		State
	16	16		Federal
20		20		Other
5,942	52	(1,212,696)	(297)	TOTAL NONOPERATING REVENUES (EXPENSES)
(8,708)	3,407	(662,524)	(46,030)	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
56	1,139	1,230		Capital contributions
553		831,374	9,133	Transfers in (Note 15)
(845)		(52,019)	(9,451)	Transfers out (Note 15)
(8,944)	4,546	118,061	(46,348)	CHANGE IN NET POSITION
810,205	178,321		(631,167)	NET POSITION (DEFICIT), JULY 1, 2016
\$ 801,261	182,867		\$ (677,515)	NET POSITION (DEFICIT), JUNE 30, 2017
		421		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ 118,482		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, 2017 (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	\$ 1,181,152	641,867	1,703,925	230,769
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	164,389	78,670	119,114	95,409
Cash received for services provided to other funds	23,481	24,570	32,606	439
Cash paid for salaries and employee benefits	(676,140)	(411,353)	(907,529)	(171,103)
Cash (paid) returned for services and supplies	24,735	19,830	(16,060)	9,860
Other operating expenses	(210,794)	(128,844)	(359,429)	(46,061)
Cash paid for services from other funds	(183,088)	(68,172)	(163,156)	(40,349)
Net cash provided by operating activities	323,735	156,568	409,471	78,964
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received/returned from other funds	691,805	358,388	984,589	242,219
Cash advances paid/returned to other funds	(723,903)	(430,933)	(1,072,166)	(278,781)
Interest paid on advances	(681)	(860)	(1,444)	(844)
Intergovernmental transfers	(384,544)	(188,190)	(470,345)	(127,900)
Intergovernmental receipts				
Transfers in	195,591	154,714	187,636	172,116
Transfers out	(34,683)	(9,257)	(15,731)	(1,459)
Net cash provided by (required for) noncapital financing activities	(256,415)	(116,138)	(387,461)	5,351
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	29,731			129,997
Interest (paid) returned on capital borrowing	(34,998)	(11,366)		844
Principal payments on bonds and notes	(22,301)	(4,099)		(125,542)
Acquisition and construction of capital assets	(59,892)	(34,413)	(22,903)	(103,872)
Net cash required for capital and related financing activities	(87,460)	(49,878)	(22,903)	(98,573)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	306	67	62	7
Net increase (decrease) in cash and cash equivalents	(19,834)	(9,381)	(831)	(14,251)
Cash and cash equivalents, July 1, 2016	92,100	44,887	18,362	17,215
Cash and cash equivalents, June 30, 2017	\$ 72,266	35,506	17,531	2,964

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	
\$		\$ 3,757,713	\$	
	5,758	5,758		7
78,422	2,967	81,389		34,155
86	36	457,704		64,013
		81,096		453,552
		(2,166,125)		(414,644)
(63,696)	99	(25,232)		(48,818)
(2,467)	(426)	(748,021)		(35,870)
		(454,765)		
12,345	8,434	989,517		52,395
(1)		2,277,000		(18)
(25)		(2,505,808)		
		(3,829)		
		(1,170,979)		
84	20	104		
553		710,610		9,133
(845)		(61,975)		(9,451)
(234)	20	(754,877)		(336)
5,632		5,632		
	1,139	1,139		
		159,728		62,480
(182)		(45,702)		(426)
(367)	(95)	(152,404)		(80,265)
(7,521)	(6,200)	(234,801)		(36,587)
(2,438)	(5,156)	(266,408)		(54,798)
289	21	752		(222)
9,962	3,319	(31,016)		(2,961)
81,927	6,013	260,504		77,578
\$ 91,889	9,332	\$ 229,488	\$	74,617

CASH FLOWS FROM OPERATING ACTIVITIES

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

Net cash provided by operating activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

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

Net cash provided by (required for) noncapital financing activities

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from taxes
Capital contributions
Proceeds from bonds and notes
Interest (paid) returned on capital borrowing
Principal payments on bonds and notes
Acquisition and construction of capital assets

Net cash required for capital and related financing activities

CASH FLOWS FROM INVESTING ACTIVITIES

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

Cash and cash equivalents, July 1, 2016

Cash and cash equivalents, June 30, 2017

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017 (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)	\$ 189,006	93,678	160,068	118,715
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	33,211	22,257	29,911	5,084
(Increase) decrease in:				
Accounts receivable - net	(131,576)	(120,069)	(188,212)	48
Other receivables	(20,972)	3,981	(14,357)	(3,014)
Due from other funds	11,056	20,825	112,682	(83,995)
Inventories	(615)	839	(169)	(405)
Increase (decrease) in:				
Accounts payable	5,374	3,558	(547)	10,973
Accrued payroll	1,983	1,261	1,636	191
Other payables	130	73	118	33
Accrued compensated absences	3,895	2,858	3,689	512
Due to other funds	(17,366)	25,584	50,173	(8,486)
Workers' compensation	8,997	4,101	10,967	2,447
Litigation and self-insurance	(7,632)	2,141	2,285	347
Net pension liability and related changes in deferred outflows and inflows of resources	(2,224)	(612)	(1,852)	(129)
OPEB obligation	73,208	48,768	108,168	19,072
Third party payor	177,260	47,325	134,911	17,571
TOTAL ADJUSTMENTS	134,729	62,890	249,403	(39,751)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 323,735	156,568	409,471	78,964
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Contributions of capital assets	\$		35	
TOTAL	\$		35	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 9,245	5,833	12,559	2,531
Restricted assets	63,021	29,673	4,972	433
TOTAL	\$ 72,266	35,506	17,531	2,964

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		
\$ (14,650)	3,355	\$ 550,172	\$ (45,733)		RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:
					Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
23,936	2,350	116,749	43,101		Depreciation and amortization
					(Increase) decrease in:
2,069	2,580	(435,160)			Accounts receivable - net
1		(34,361)	(1,697)		Other receivables
753	50	61,371	11,058		Due from other funds
		(350)	470		Inventories
					Increase (decrease) in:
99	2	19,459	115		Accounts payable
		5,071	970		Accrued payroll
		354	125		Other payables
		10,954	2,578		Accrued compensated absences
137	97	50,139	(5,618)		Due to other funds
		26,512	3,021		Workers' compensation
		(2,859)			Litigation and self-insurance
		(4,817)	(350)		Net pension liability and related changes in deferred outflows and inflows of resources
		249,216	44,355		OPEB obligation
		377,067			Third party payor
<u>26,995</u>	<u>5,079</u>	<u>439,345</u>	<u>98,128</u>		TOTAL ADJUSTMENTS
<u>\$ 12,345</u>	<u>8,434</u>	<u>\$ 989,517</u>	<u>\$ 52,395</u>		NET CASH PROVIDED BY OPERATING ACTIVITIES
					NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-
\$ 56		\$ 91	\$		Contributions of capital assets
<u>\$ 56</u>		<u>\$ 91</u>	<u>\$</u>		TOTAL
					RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
\$ 91,889	9,332	\$ 131,389	\$ 62,034		Pooled cash and investments
		98,099	12,583		Restricted assets
<u>\$ 91,889</u>	<u>9,332</u>	<u>\$ 229,488</u>	<u>\$ 74,617</u>		TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	\$ 86,874	\$ 19,154,906	\$ 1,751,529
Other investments: (Note 5)		128,466	300
Short-term investments	1,597,771		
Equity	26,078,663		
Fixed income	14,180,511		
Private equity	5,050,442		
Real estate	6,139,832		
Hedge funds	1,437,925		
Cash collateral on loaned securities	922,584		
Taxes receivable			203,443
Interest receivable	106,444	51,080	115,482
Other receivables	964,899		
TOTAL ASSETS	56,565,945	19,334,452	2,070,754
LIABILITIES			
Accounts payable	2,078,439		
Other payables (Note 5)	1,000,972		
Due to other governments			2,070,754
TOTAL LIABILITIES	3,079,411		2,070,754
NET POSITION			
Net position restricted for pension benefits and other purposes	\$ 53,486,534	\$ 19,334,452	\$

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, 2017 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS
ADDITIONS		
Contributions:		
Pension and OPEB trust contributions:		
Employer	\$ 1,976,740	\$
Member	571,079	
Contributions to investment trust funds		46,175,102
Total contributions	<u>2,547,819</u>	<u>46,175,102</u>
Investment earnings:		
Investment income	2,724,560	13,306
Net increase in the fair value of investments	3,643,561	
Securities lending income (Note 5)	11,597	
Total investment earnings	<u>6,379,718</u>	<u>13,306</u>
Less - Investment expenses:		
Expense from investing activities	150,736	
Expense from securities lending activities (Note 5)	5,177	
Total net investment expense	<u>155,913</u>	
Net investment earnings	<u>6,223,805</u>	<u>13,306</u>
Miscellaneous	<u>6,372</u>	
TOTAL ADDITIONS	<u>8,777,996</u>	<u>46,188,408</u>
DEDUCTIONS		
Administrative expenses:		
Salaries and employee benefits	51,023	
Services and supplies	16,181	
Total administrative expenses	<u>67,204</u>	
Benefit payments	3,607,062	
Distributions from investment trust funds		44,393,970
Miscellaneous	<u>24,640</u>	
TOTAL DEDUCTIONS	<u>3,698,906</u>	<u>44,393,970</u>
CHANGE IN NET POSITION	<u>5,079,090</u>	<u>1,794,438</u>
NET POSITION, JULY 1, 2016	<u>48,407,444</u>	<u>17,540,014</u>
NET POSITION, JUNE 30, 2017	<u><u>\$ 53,486,534</u></u>	<u><u>\$ 19,334,452</u></u>

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2017 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments			
Operating (Notes 1 and 5)	\$ 76,834	411,053	\$ 487,887
Other investments (Note 5)	268,021		268,021
Accounts receivable - net	23,148		23,148
Interest receivable		563	563
Other receivables	12,082	30,146	42,228
Inventories	14,078		14,078
Capital assets: (Notes 6 and 10)			
Capital assets, not being depreciated	94,281	2,039	96,320
Capital assets, net of accumulated depreciation	80,623	9,271	89,894
Total capital assets	<u>174,904</u>	<u>11,310</u>	<u>186,214</u>
TOTAL ASSETS	<u>569,067</u>	<u>453,072</u>	<u>1,022,139</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>21,134</u>		<u>21,134</u>
LIABILITIES			
Accounts payable	20,089	19,137	39,226
Other payables	7,104	16	7,120
Advances payable	309		309
Long-term liabilities: (Note 11)			
Due within one year	5,908	98	6,006
Due in more than one year	82,408	495	82,903
TOTAL LIABILITIES	<u>115,818</u>	<u>19,746</u>	<u>135,564</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,888</u>		<u>8,888</u>
NET POSITION			
Net investment in capital assets	131,630	11,311	142,941
Restricted for:			
Debt service	295		295
Community development	272,439		272,439
First 5 LA		422,015	422,015
Unrestricted	61,131		61,131
TOTAL NET POSITION	<u>\$ 465,495</u>	<u>433,326</u>	<u>\$ 898,821</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	\$ (455,260)	(129,878)	\$ (585,138)
Program revenues:			
Charges for services	27,365		27,365
Operating grants and contributions	409,651	88,998	498,649
Capital grants and contributions	4,147		4,147
Net program (expenses) revenues	(14,097)	(40,880)	(54,977)
GENERAL REVENUES:			
Investment income	1,232	978	2,210
Miscellaneous	5,832	122	5,954
Total general revenues	7,064	1,100	8,164
CHANGE IN NET POSITION	(7,033)	(39,780)	(46,813)
NET POSITION, JULY 1, 2016, AS RESTATED (Note 2)	472,528	473,106	945,634
NET POSITION, JUNE 30, 2017	\$ 465,495	433,326	\$ 898,821

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



COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 blended, fiduciary 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 fiduciary component unit is reported under Fiduciary Funds in the basic financial statements. 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	Waterworks Districts
Flood Control District	Los Angeles County Capital Asset Leasing Corporation (a Non Profit Corporation) (NPC)
Garbage Disposal Districts	Various Joint Powers Authorities (JPAs)
Improvement Districts	Los Angeles County Securitization Corporation (LACSC)
Regional Park and Open Space District	
Sewer Maintenance Districts	
Street Lighting Districts	

The various districts are included primarily because the Board is also their governing board and the County has operational responsibilities for the districts. 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.

The Los Angeles County Capital Asset Leasing Corporation (LACCAL) is organized as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in LACCAL's articles of incorporation or bylaws, and the component unit is included in the financial reporting entity.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fiduciary Component Unit

The County pension plan is administered by the Los Angeles County Employees Retirement Association (LACERA), which was established under the County Employees' Retirement Law of 1937 (CERL). LACERA is a cost-sharing, multi-employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. LACERA also administers a cost-sharing, multi-employer OPEB or Retiree Healthcare Program on behalf of the County. LACERA is reported in the Pension and Other Postemployment Benefit 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. 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.

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 within the Discretely Presented Component Units column of the government-wide financial statements. CDC issues a separate financial report that can be obtained at <http://www.lacdc.org/about-cdc/financial-reports> or 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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 within 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, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," 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 blended and discretely presented component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for services provided among funds (other than internal service funds). These statements distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements-Continued

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

Net position is classified into the following three components: 1) net investment in capital assets; 2) restricted and 3) unrestricted. Net position is reported as restricted when it has external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2017, the restricted net position balances were \$3.391 billion and \$112.78 million for governmental activities and business-type activities, respectively. For governmental activities, \$654.40 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.

In accordance with GAAP, the County reports on each major fund. By definition, the general fund is always considered a major fund. Funds other than the general fund must be reported as major funds if they meet both the ten percent and five percent criterion, defined respectively, 1) an individual fund reports at least ten percent of any of the following: a) total fund assets and deferred outflows of resources, b) total fund liabilities and deferred inflows of resources, c) total fund revenues, or d) total fund expenditures/expenses; 2) an individual fund reports at least five percent of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the ten percent criterion. In addition, a fund may be reported as major if it is believed to be of particular importance to financial statement users.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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.

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.

Mental Health Services Act Fund

The Mental Health Services Act Fund is used to account for the Mental Health Services Act (MHSA) to support the County's mental health delivery system for children, transition age youth, adults, older adults, and families. Revenues are derived primarily by the passage of State Proposition 63 in November 2004. Proposition 63 generates mental health revenue through a one percent income surcharge on individuals with State taxable incomes over \$1.0 million. Total assets of the MHSA significantly increased and this Fund has been reclassified as a major fund for FY 2016-2017.

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). 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Fiduciary Fund Types-Continued

Investment Trust Funds

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

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

Agency Funds

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

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. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data-Continued

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 \$30.344 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, 2017. 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.

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

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII A of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total FY 2016-2017 assessed valuation of the County of Los Angeles approximated \$1.354 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 12,968 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

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

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the "Redevelopment Dissolution Act" was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes," are distributed as property tax revenue to the appropriate local government agencies, including the County. Oversight Boards have been established for each of the 71 successor agencies within the County. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2017, the County's share of residual property tax revenues was \$213.46 million, of which \$184.92 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."

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Pooled Cash and Investments-Continued

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, 2017, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB 34.

Other Investments

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. Certain buildings and equipment are being leased under capital leases as defined in GASB 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." 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 governmental 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.

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 subject to the threshold in the affected asset category. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 funds 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.

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 25 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 of sick leave 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).

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 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, 2015 rolled forward to June 30, 2016

Measurement Date (MD) - June 30, 2016

Measurement Period (MP) - July 1, 2015 to June 30, 2016

Long-term Debt

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

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

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

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

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

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

The Board of Supervisors establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

2. NEW PRONOUNCEMENTS

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

GASB 74	Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans	Requires that notes to the financial statements of all defined benefit OPEB plans that are administered through trusts that meet the specified criteria include descriptive information, such as the types of OPEB provided, the classes of plan members covered, and the composition of the OPEB plan's board. All defined benefit OPEB plans are also required to present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes the annual money-weighted rate of return on OPEB plan investments for each year. The required supplementary information should also present the sources of changes in the net OPEB liability, and information about the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll. Refer to note 9.
GASB 77	Tax Abatement Disclosures	Requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The County's FY 2016-2017 total tax abatement was immaterial. While GASB 77 is not applicable for the current period, the County will apply the statement in the future, as needed.
GASB 78	Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans	Amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This statement did not have an impact on the financial statements.
GASB 80	Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14	Amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement required restatement of beginning net position for CDC, reported as a Discretely Presented Component Unit.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

2. NEW PRONOUNCEMENTS-Continued

GASB 82	Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73	Amends Statements 67 and 68 to require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This statement had an impact on the financial statements. Refer to note 8 and the required supplementary information.
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Restatement of Net Position and Fund Balances

Due to the implementation of GASB 80, CDC, a discretely presented component unit, was required to add a new blended component unit to their statements, which resulted in a restatement of net position. The adjustment to the beginning net position is presented below (in thousands):

	July 1, 2016, as previously reported	Net Position Effect of GASB 80	Net Position July 1, 2016, as restated
Government-wide-			
Discretely Presented Component Units	\$ 945,544	\$ 90	\$ 945,634
Discretely Presented Component Units-			
CDC	472,438	90	472,528

The MHSA fund met the criteria to be reported as a major fund as of June 30, 2017 and was reclassified from the nonmajor governmental funds statements to the major governmental funds statements, resulting in a restatement of fund balances for these statements. The adjustment to the beginning fund balance is presented below (in thousands):

	July 1, 2016, as previously reported	Fund Balance Effect of New Major Fund	Net Position July 1, 2016, as restated
Government-wide:			
Major Governmental Funds-			
MHSA	\$	\$ 862,290	\$ 862,290
Nonmajor Governmental Funds	2,708,954	(862,290)	1,846,664

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

3. DEFICIT NET POSITION

The following funds had a net deficit at June 30, 2017 (in thousands):

	Accumulated Deficit
Government-wide:	
Governmental Activities	\$ 171,823
Business-type Activities	965,970
Enterprise Funds:	
Harbor-UCLA Medical Center	800,168
Olive View-UCLA Medical Center	489,772
LAC+USC Medical Center	634,504
Rancho Los Amigos National Rehab Center	30,403
Internal Service Fund-	
Public Works	694,537

The government-wide governmental and business-type activities, enterprise and internal service funds' deficits result primarily from the recognition of certain liabilities including accrued compensated absences, net pension liability, 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 "Various 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 FY 2004-2005 and the remaining 1997 bonds were fully refunded in FY 2007-2008. The transactions between the two component units have been accounted for as follows:

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

4. ELIMINATIONS-Continued

Fund Financial Statements

At June 30, 2017, the governmental funds financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$38,895,000 that has been recorded in the nonmajor governmental funds. The governmental funds financial statements do not reflect a liability for the related bonds payable (\$38,895,000), as this obligation is not currently due. Accordingly, the value of the asset represents restricted fund balance in the nonmajor governmental funds.

In order to reflect the economic substance of the transaction described above, an eliminations column has been established in the governmental funds 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 (\$38,895,000) and investment income and interest expense (\$2,313,000 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 \$38,895,000, 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, 2017 (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 8,011,494	43,757			\$ 8,055,251
Proprietary Funds	193,423		98,956	11,726	304,105
Fiduciary Funds (excluding Pension and OPEB)	20,906,435	128,766			21,035,201
Pension and OPEB Trust Funds	86,874	55,407,728			55,494,602
Discretely Presented Component Units	487,887	268,021			755,908
Total	<u>\$ 29,686,113</u>	<u>55,848,272</u>	<u>98,956</u>	<u>11,726</u>	<u>\$ 85,645,067</u>

A summary of cash and investments (by type) as of June 30, 2017 is as follows (in thousands):

Cash:	Cash and investments are reported as follows:	
County		
Imprest Cash	\$ 2,431	Governmental Funds \$ 8,055,251
Cash in Vault	211	Proprietary Funds 304,105
Cash in Bank	217,467	Investment Trust Funds 19,283,372
Deposits in Transit	8,975	Agency Funds 1,751,829
CDC	10,835	Pension and OPEB
Total Cash	<u>239,919</u>	Trust Funds (LACERA) 55,494,602
		Discretely presented component unit:
		- First 5 411,053
		- CDC 344,855
		Total Cash and Investments <u>\$ 85,645,067</u>
Investments:		
In Treasury Pool	29,555,987	
In Specific Purpose Investment (SPI)	132,947	
In Other Specific Investments	300	
Held by Outside Trustees	51,000	
In LACERA	55,407,728	
In Discretely Presented Component Unit - CDC	257,186	
Total Investments	<u>85,405,148</u>	
Total Cash and Investments	<u>\$ 85,645,067</u>	

County Treasurer Cash

As of June 30, 2017, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$217.47 million, \$8.98 million were deposits in transit, plus \$0.21 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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

County Treasurer Cash-Continued

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 California Department of Business Oversight (DBO). DBO confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2017.

County Investment Pool

California Government Code Sections 53601, 53635 and 53534 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, bankers' acceptances, commercial paper rated A-1 by Standard & Poor's Global Rating Services (S&P) or P-1 by Moody's Investors Service (Moody's), and F-1 by Fitch, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission (SEC), the State of California's Local Agency Investment Fund (LAIF), interest rate swaps, and supranational institutions. 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 County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2017, to support the value of shares in the Pool.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-six percent (86%) 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 \$128,466,000. The Pool is not registered as an investment company with the SEC. 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 and are valued on a monthly basis. The Treasurer categorizes its fair value measurements within the fair value hierarchy established by GAAP. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

Matrix Pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investment in an external government investment pool is not subject to reporting within the level hierarchy.

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, 2017, the total amount invested by all California local governments and special districts in LAIF was \$22.813 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2017 had a balance of \$77.559 billion. The PMIA is not SEC registered, but is required to 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 \$2.244 billion at June 30, 2017. Collectively, these represent 2.89% of the PMIA balance of \$77.559 billion. The SPI holdings in the LAIF investment pool as of June 30, 2017, were \$42.67 million, which were valued using a fair value factor provided by LAIF.

The County treasurer has the following recurring fair value measurements as of June 30, 2017 (in thousands):

Pool	Fair Value	Fair Value Measurement Using			External Government Investment Pools
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Commercial Paper	\$ 7,582,027	\$	\$ 7,582,027	\$	\$
Corporate and Deposit Notes	50,122		50,122		
Los Angeles County Securities	4,923			4,923	
Negotiable Certificates of Deposit	3,499,893		3,499,893		
U.S. Agency Securities	16,906,177		16,906,177		
U.S. Treasury Securities:					
U.S. Treasury Notes	319,508		319,508		
U.S. Treasury Bills	1,193,337		1,193,337		
Total Investments	<u>\$ 29,555,987</u>	<u>\$</u>	<u>\$ 29,551,064</u>	<u>\$ 4,923</u>	<u>\$</u>
<u>SPI</u>					
Local Agency Investment Fund	\$ 42,672	\$	\$	\$	\$ 42,672
Los Angeles County Securities	4,483			4,483	
Negotiable Certificates of Deposit	50,104		50,104		
U.S. Agency Securities	35,688		35,688		
Total Investments	<u>\$ 132,947</u>	<u>\$</u>	<u>\$ 85,792</u>	<u>\$ 4,483</u>	<u>\$ 42,672</u>
<u>Other Specific Investments</u>					
U.S. Treasury Bills	\$ 300	\$	\$ 300	\$	\$
Total Investments	<u>\$ 300</u>	<u>\$</u>	<u>\$ 300</u>	<u>\$</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

Authorized Investment Type	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U. S. Treasury Notes, Bills and Bonds	5 years	None (1)	None	None	None	None	None	None
U.S. Agency Securities	5 years	None (1)	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years (2)	None	10%*	None	10%*	None	None (2)
Asset-Back Securities	5 years	5 years	20%	20%	None	\$750 million*	AA	AA (3)
Bankers' Acceptances	180 days	180 days	40%	40%	30%	\$750 million*	None	P-1*
Certificates of Deposit (4)	5 years	3 years*	30%	30%	None	\$750 million*	None	P-1/A*
Commercial Paper	270 days	270 days	40%	40%	10%	\$1.5 billion*	A-1/P-1	A-1/P-1
Corporate and Medium-Term Notes (5)	5 years	3 years*	30%	30%	None	\$750 million*	A	A-1/P-1/A
LAIF	N/A	N/A	None	\$65 million (6)	None	None	None	None
Money Market Mutual Funds	N/A	N/A	20%	15%*	10%	10%	AAA	AAA
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
Forwards, Futures, and Options	N/A	N/A	None	\$100 million*	None	\$50 million*	None	A*
Interest Rate Swaps	N/A	90 days*	None	None	None	None	None	A*
Securities Lending Agreements	92 days	92 days	20%	20% (7)	None	None	None	None
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. All Asset-Backed securities must be rated at least "AA" and the issuer's corporate debt rating must be at least "A".
4. Euro Certificates of Deposit are further restricted to a maximum maturity of one year and a maximum percentage of portfolio of 10%.
5. 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.
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 may be withdrawn 30-calendar days from the day of deposit and each subsequent 30-day period.
7. 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.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2017 is as follows (in thousands):

Pool	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Commercial Paper	\$ 7,582,027	\$ 7,582,633	0.95% - 1.32%	07/03/17 - 10/17/17	0.07
Corporate and Deposit Notes	50,122	49,949	1.45% - 2.00%	01/12/18 - 01/24/20	1.56
Los Angeles County Securities	4,923	5,000	1.57%	06/30/19	2.00
Negotiable Certificates of Deposit	3,499,893	3,500,006	0.94% - 1.60%	07/03/17 - 01/19/18	0.14
U.S. Agency Securities	16,906,177	17,078,340	0.55% - 4.65%	08/21/17 - 05/27/22	3.05
U.S. Treasury Securities:					
U.S. Treasury Notes	319,508	322,900	0.75% - 1.25%	02/15/18 - 10/31/21	2.84
U.S. Treasury Bills	1,193,337	1,194,231	0.56% - 1.14%	09/14/17 - 05/24/18	0.51
Total	<u>\$ 29,555,987</u>	<u>\$ 29,733,059</u>			1.83

The unrealized loss on investments held in the Pool was \$177,072,000 as of June 30, 2017. This amount takes into account all changes in fair value 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, 2017 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2017.

Specific Purpose Investments and Other Specific Investments

A summary of investments held by the SPI and Other Specific Investments at June 30, 2017 is as follows (in thousands):

SPI	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Local Agency Investment Fund	\$ 42,672	\$ 42,717			0.53
Los Angeles County Securities	4,483	4,275	5.00%	12/02/27	10.43
Negotiable Certificates of Deposit	50,104	50,000	1.53% - 1.77%	12/28/17 - 06/24/19	1.24
U.S. Agency Securities	35,688	37,275	0.82% - 3.13%	12/12/17 - 09/13/41	20.96
Total	<u>\$ 132,947</u>	<u>\$ 134,267</u>			5.74

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 300	\$ 301	1.05%	11/30/17	0.42

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 five years, with the exception of U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities, which 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.

42.10% of the Pool's \$29.556 billion in investments at June 30, 2017, mature in six months or less. Of the remainder, 52.14% have a maturity of more than one year. At June 30, 2017, the weighted average maturity in years for the Pool was 1.83.

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 invested in floating rate notes to 10% of the Pool portfolio. The Investment Policy prohibits the purchase of inverse floating rate notes and hybrid or complex structured investments and for the year ended June 30, 2017, there were none.

At June 30, 2017, the Pool contained floating rate notes at fair value of \$305.06 million (1.03% 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 no variable rate notes in the SPI and Other Specific Investments.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 Rancho Palos Verdes Redevelopment Agency Tax Allocation Bond (Bond), Bond Anticipation Notes (BANs) and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The Bond and the BANs were held in the Treasurer's vault and are recorded in the Los Angeles County Securities line item. The LAIF investments were managed by the State of California and the County is considered a pool participant.

Credit Risk and Concentration of Credit Risk

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

The Investment Policy establishes acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's), and F-1 (Fitch) while an issuer of long-term debt shall be rated no less than an "A." All investments purchased during the year ended June 30, 2017 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, and U.S. Treasury bills, bonds and notes). 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, 2017, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

The Pool and SPI had the following U.S. Agency and commercial paper securities in a single issuer that represent 5% or more of total investments at June 30, 2017 (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Farm Credit Bank	\$ 4,832,919	16.35%	\$ 7,014	5.28%
Federal Home Loan Bank	3,584,941	12.13%	20,749	15.61%
Federal National Mortgage Association	3,753,311	12.70%		
Federal Home Loan Mortgage Corporation	4,735,006	16.02%		
Rabobank Nederland NY CD			25,077	18.86%
Wells Fargo Bank, NA CD			25,026	18.82%

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, 2017:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	Not Rated	Not Rated	25.66%
Corporate and Deposit Notes	AA-	A1	AA	0.08%
	AA-	Aa3	A	0.08%
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.02%
Negotiable Certificates of Deposits	Not Rated	P-1	Not Rated	0.17%
	Not Rated	Not Rated	Not Rated	11.67%
U.S. Agency Securities	AA+	Aaa	AAA	40.14%
	AA+	Aaa	F1+	0.08%
	AA+	Aaa	Not Rated	11.72%
	AA+	Not Rated	AAA	1.33%
	Not Rated	Aaa	AAA	0.36%
	AA+	Not Rated	Not Rated	0.25%
	Not Rated	Aaa	Not Rated	0.08%
	Not Rated	Not Rated	Not Rated	3.24%
U.S. Treasury Securities:				
U.S. Treasury Notes	Not Rated	Aaa	AAA	1.08%
U.S. Treasury Bills	Not Rated	Not Rated	F1+	3.70%
	Not Rated	Not Rated	Not Rated	0.34%
				<u>100.00%</u>
<u>SPI</u>				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	32.10%
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	3.37%
Negotiable Certificates of Deposits	Not Rated	Not Rated	Not Rated	37.69%
U.S Agency Securities	AA+	Aaa	AAA	11.14%
	AA+	Aaa	Not Rated	15.70%
				<u>100.00%</u>
<u>Other Specific Investments</u>				
U.S. Treasury Bills	Not Rated	Not Rated	F1+	100.00%
				<u>100.00%</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the Los Angeles County Pool did not enter into any securities lending transactions.

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.

The NPC and JPAs' cash is 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. There were no deposits held by outside trustees as of June 30, 2017. A total of \$167.34 million of investments held by outside trustees are invested in the County's investment pool. In addition, the outside trustees invested \$51.00 million outside of the County's investment pool.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

Cash and Investments - Held by Outside Trustees-Continued

The following is a summary of deposits and investments held by outside trustees as of June 30, 2017 (in thousands):

	Amortized Cost	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
Money market mutual funds	\$51,000	\$51,000	0.01%-0.99%	07/01/17	0.00

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2017:

Other Investments	S&P	Moody's	Fitch	% of Portfolio
Money Market Mutual Funds	Not Rated	Not Rated	Not Rated	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, 2017 (certain terms have been modified to conform with the County's CAFR presentation). The custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency 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, Note I and the fair value measurement disclosures are included in Note P of the LACERA's audited financial statements.

Deposits-Custodial Credit Risk

Pension and OPEB Trust Funds investments are reported at fair value at June 30, 2017, (in thousands) and are as follows:

	Fair Value
Cash collateral on loaned securities	\$ 922,584
Short-term investments	1,597,771
Domestic and international equity	26,078,663
Fixed income	14,180,511
Real estate*	6,139,832
Private equity	5,050,442
Hedge funds	1,437,925
Total	<u>\$ 55,407,728</u>

* Refer to Note J of LACERA's Report on Audited Financial Statements for year ended June 30, 2017, for additional discussion on special purpose entities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Deposits-Custodial Credit Risk-Continued

The Pension and OPEB Trust Funds also had deposits with the Los Angeles County Pool at June 30, 2017 totaling \$86,874,000. 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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and that the investment will default on its payments or lose value. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Domestic High-Yield Fixed Income Portfolios-Continued

The following is a schedule of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities for the pension plan. Whole loan mortgages included in the Pension Plan portfolio of \$36 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2017
(In Thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate Debt/Credit Securities	Pooled Funds	Non U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	\$ 2,229,347	\$ 2,297,738	\$ 876	\$ 324,134	\$	\$ 234	\$ 244,342	\$ 5,096,671	36%
Aa			29,547	226,205	315,536	1,073	61,115	633,476	4%
A			8,907	944,815		40,495	291,383	1,285,600	9%
Baa		2,533	21,681	1,514,842	14,883	5,679	365,703	1,925,321	14%
Ba				561,566		19,718	238,352	819,636	6%
B			88	631,948	30,962	12,889	383,030	1,058,917	8%
Caa			4,344	230,454		772	121,249	356,819	3%
Ca				40,075			9,942	50,017	0%
C			1,129	270			329	1,728	0%
Not Rated		15,163	4,583	393,395	2,152,036	16,743	279,916	2,861,836	20%
<hr/>									
Total Investment in Fixed Income Securities - Pension Plan	\$ 2,229,347	\$ 2,315,434	\$ 71,155	\$ 4,867,704	\$ 2,513,417	\$ 97,603	\$ 1,995,361	\$ 14,090,021	100%

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2017
(In Thousands)

Quality Ratings	U.S. Treasuries	Corporate Debt/Credit Securities	Total	Percentage of Portfolio
Aaa	\$ 9,001	\$ 8,028	\$ 17,029	32%
Aa		7,268	7,268	13%
A		30,026	30,026	55%
<hr/>				
Total Investment in Fixed Income Securities - OPEB Trust	\$ 9,001	\$ 45,322	\$ 54,323	100%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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.

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, 2017, LACERA did not hold any investments in any one issuer that would represent 5 percent or more of Pension Plan Fiduciary Net Position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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.

The Duration in Fixed Income Securities - Pension Plan schedule presents the duration by investment type. Whole loan mortgages included in the Pension Plan portfolio of \$36 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2017
(In Thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
U.S. Treasury, U.S. Government Agency and Municipal Instruments:		
U.S. Treasury	\$ 2,229,347	7.74
U.S. Government Agency	2,315,434	2.89
Municipal / Revenue Bonds	71,155	7.92
Subtotal U.S. Treasury, U.S. Government Agency and Municipal Instruments	4,615,936	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	387,503	0.73
Commercial Mortgage-Backed Securities	373,618	2.92
Corporate and Other Credit	4,100,817	4.20
Fixed Income Swaps	5,766	N/A
Pooled Investments	2,513,417	N/A
Subtotal Corporate Bonds and Credit Securities	7,381,121	
Non-U.S. Fixed Income	97,603	5.07
Private Placement Fixed Income	1,995,361	3.61
Subtotal Non-U.S. and Private Placement Securities	2,092,964	
Total Fixed Income Securities - Pension Plan	\$ 14,090,021	

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2017
(In Thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
U.S. Treasury Instruments:		
U.S. Treasury	\$ 9,001	0.59
Subtotal U.S. Treasury Instruments	9,001	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	5,755	0.19
Corporate and Other Credit	39,567	0.49
Subtotal Corporate Bonds and Credit Securities	45,322	
Total Fixed Income Securities - OPEB Trust	\$ 54,323	

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

Foreign Currency Risk

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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Holdings at Fair Value - Pension Plan
As of June 30, 2017
(In Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
AFRICA							
CFA Franc (W. African)	\$ 1,151	\$	\$	\$	\$	\$	\$ 1,151
Ghana New Cedi	1,914						1,914
GSC	26						26
Kenyan Shilling	3,024						3,024
Moroccan Dirham	3,086						3,086
Nigerian Naira	10,639						10,639
South African Rand	212,212		772				212,984
Tunisian Dinar	1,409						1,409
AMERICAS							
Argentine Peso	204					(5,253)	(5,049)
Bermudan Dollar	9,354						9,354
Brazilian Real	166,376		40				166,416
Canadian Dollar	899,858	581	360			(14,912)	885,887
Chilean Peso	22,608						22,608
Colombian Peso	9,196						9,196
Mexican Peso	109,196	40,436	1,783			(60)	151,355
Peruvian New Sol	15,769						15,769
Uruguayan Peso		1,139					1,139
ASIA							
Australian Dollar	576,788		3,731				580,519
Chinese Renminbi	65,469						65,469
Hong Kong Dollar	980,759		9,976			685	991,420
Indian Rupee	316,121						316,121
Indonesian Rupiah	57,956		19				57,975
Japanese Yen	2,049,184	1,350	1,976			21,625	2,074,135
Malaysian Ringgit	56,348		112				56,460
New Taiwan Dollar	302,870		1,565				304,435
New Zealand Dollar	20,153	234	355			(626)	20,116
Pakistan Rupee	2,874						2,874
Philippine Peso	26,606						26,606
Singapore Dollar	164,277		5,104			(790)	168,591
South Korean Won	469,837		38				469,875
Thai Baht	84,470		10				84,480
Vietnamese Dong	23,553						23,553
EUROPE							
British Pound Sterling	1,729,802	11,224	4,924	2,020	22,057	(16,314)	1,753,713
Czech Republic Koruna	2,208						2,208
Danish Krone	189,600	892	37			(3,050)	187,479
Euro	2,860,597	36,109	13,170	180,545	262,137	(52,238)	3,300,320
Hungarian Forint	9,252						9,252
Norwegian Krone	68,322		90			(482)	67,930
Polish Zloty	33,480						33,480
Romanian New Leu	5,945						5,945
Russian Ruble	95,323	5,638	402				101,363
Swedish Krona	321,249					(6,805)	314,444
Swiss Franc	720,515		33			(9,267)	711,281
MIDDLE EAST							
Egyptian Pound	4,543						4,543
Israeli New Shekel	62,533		18			(678)	61,873
Lebanese Pound	1,062						1,062
Qatari Rial	10,605		31				10,636
Turkish Lira	70,687		2				70,689
UAE Dirham	11,511						11,511
Total Holdings Subject to Foreign Currency Risk - Pension Plan	\$ 12,860,521	\$ 97,603	\$ 44,548	\$ 182,565	\$ 284,194	\$ (88,165)	\$ 13,381,266

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Holdings at Fair Value - OPEB Trust
As of June 30, 2017
(In Thousands)

Currency	Equity
AFRICA	
South African Rand	\$ 4,374
AMERICAS	
Brazilian Real	4,314
Canadian Dollar	19,198
Chilean Peso	790
Colombian Peso	304
Mexican Peso	2,491
Peruvian New Sol	243
ASIA	
Australian Dollar	13,974
Chinese RNB	18,348
Hong Kong Dollar	6,805
Indian Rupee	6,501
Indonesian Rupiah	1,701
Japanese Yen	49,454
Malaysian Ringgit	1,701
New Taiwan Dollar	9,052
New Zealand Dollar	608
Pakistan Rupee	182
Philippine Peso	790
Singapore Dollar	2,734
South Korean Won	10,693
Thai Baht	1,458
EUROPE	
British Pound Sterling	36,028
Czech Republic Koruna	122
Danish Krone	3,645
Euro	63,549
Hungarian Forint	182
Norwegian Krone	1,519
Polish Zloty	911
Russian Ruble	1,944
Swedish Krona	6,683
Swiss Franc	16,221
MIDDLE EAST	
Egyptian Pound	122
Israeli New Shekel	1,640
Qatari Rial	486
Turkish Lira	790
UAE Dirham	486
<hr/>	
Total Holdings Subject to Foreign Currency Risk - OPEB Trust	<hr/> \$ 290,043 <hr/>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 with maturities that do not generally match the duration of securities on loan. 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, 2017, 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, 2017.

As of June 30, 2017, the fair value of securities on loan was \$1.352 billion, with a value of cash collateral received of \$922.58 million and non-cash collateral of \$495.46 million. Securities lending assets and liabilities of \$922.58 million are recorded in the Pension and OPEB Trust Funds. LACERA's income, net of expenses from securities lending, was \$6.42 million for the year ended June 30, 2017.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2017
(In Thousands)

<u>Securities on Loan</u>	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received
U.S. Equities	\$ 297,066	\$ 303,905	\$
U.S. Fixed Income	974,874	599,557	428,428
Non-U.S. Equities	80,056	19,122	67,028
Total	<u>\$ 1,351,996</u>	<u>\$ 922,584</u>	<u>\$ 495,456</u>

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

Futures are financial agreements to buy or sell an underlying asset at a specified future date and price. Futures are standardized instruments traded on organized exchanges, and they are marked-to-market daily. The futures exchange reduces counterparty credit risk by acting as a central counterparty. It does this by collecting a daily margin payment from one trade participant and crediting it to the other, based on price changes in the underlying asset.

Currency Forwards

Similar to futures agreements, forwards represent an agreement to buy or sell an underlying asset at a specified future date and price. However, forwards are non-standardized agreements tailored to each specific transaction. Payment for the transaction is generally delayed until the settlement or expiration date. Forward contracts are privately negotiated and do not trade on a centralized exchange; therefore, they are considered "over the counter" instruments. Currency forward contracts are used to manage currency exposure, to implement the passive currency hedge, and to facilitate the settlement of international security purchases and sales.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Currency Forwards-Continued

Currency Forwards Analysis
As of June 30, 2017
(In Thousands)

Currency Forward Contracts

Currency Name	Options	Net Receivables	Net Payables	Swaps	Total Exposure
Australian Dollar	\$ 19	\$ 1,883	\$ (7,135)	\$	\$ (5,233)
British Pound Sterling	172	10,263	(26,577)	(401)	(16,543)
Canadian Dollar		1,578	(16,490)		(14,912)
Danish Krone		411	(3,460)		(3,049)
Euro	262	13,459	(65,697)	(443)	(52,419)
Hong Kong Dollar		(12)	698		686
Israeli New Shekel		183	(861)		(678)
Japanese Yen		(3,695)	25,320	638	22,263
Mexican Peso		96	(156)	(182)	(242)
New Zealand Dollar	(120)	31	(657)		(746)
Norwegian Krone		66	(548)		(482)
Singapore Dollar		7	(797)		(790)
Swedish Krona		2,130	(8,934)		(6,804)
Swiss Franc		1,536	(10,803)		(9,267)
Total	\$ 333	\$ 27,936	\$ (116,097)	\$ (388)	\$ (88,216)

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.

Investment Derivatives

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, 2017, classified by type.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Investment Derivatives-Continued

Investment Derivatives
As of June 30, 2017
(In Thousands)

Derivative Type	Net Increase/ (Decrease) in Fair Value For the Year Ended June 30, 2017	Fair Value at June 30, 2017	Notional Value (Dollars)	Notional Shares (Units)
Commodity Futures Long	\$ (28,672)	\$	\$	339,359
Commodity Futures Short	241			(44,579)
Credit Default Swaps Bought	(2,225)	(6,916)	80,357	
Credit Default Swaps Written	1,659	1,900	76,486	
Equity Options Bought	(1,131)	124		71
Fixed Income Futures Long	(12,938)			762,545
Fixed Income Futures Short	12,104			(534,113)
Fixed Income Options Bought	(1,754)	1,490		103,625
Fixed Income Options Written	3,079	(1,088)		(491,241)
Foreign Currency Options Bought	(760)	378		199,331
Foreign Currency Options Written	272	(494)		(58,795)
Futures Options Bought	(7,922)	2,318		10,517
Futures Options Written	7,641	(1,346)		(9,612)
FX Forwards	92,137	(88,164)	8,501,246	
Index Futures Long	(45)			
Pay Fixed Interest Rate Swaps	44,630	2,512	849,472	
Receive Fixed Interest Rate Swaps	(1,325)	(550)	52,951	
Rights	1,003	275	1,130	
Total Return Swaps Bond	(5,813)	(216)	42,935	
Total Return Swaps Equity	(18,295)	6,992	(416,628)	
Warrants	39	39	31,412	
Total	\$ 81,925	\$ (82,746)	\$ 9,219,361	277,108

All investment derivative positions are included as part of Investments at Fair Value in the statement of fiduciary net position. All changes in fair value are reported as part of the Net Increase/(Decrease) in the fair value of investments in the statement of changes in fiduciary net position.

Investments information was provided either by investment managers or LACERA's custodian bank, State Street Bank and Trust.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 have unrealized gains 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. Collateral provided by the counterparty reduces LACERA's counterparty credit risk exposure.

The schedule below displays the fair value of investment derivatives 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, 2017
(In Thousands)

<u>Counterparty Name</u>	<u>Total Fair Value</u>	<u>S&P Rating</u>	<u>Fitch Rating</u>	<u>Moody's Rating</u>
Bank of America N.A.	\$ 22	A+	A+	A1
Barclays	51	A-	A	A1
Barclays Bank PLC	353	A-	A	A1
Barclays De Zoete Wedd	10	A-	A	A1
BNP Paribas SA	474	A	A+	A1
Citibank N.A.	2,293	A+	A+	A1
Credit Suisse FOB CME	3,147	A	A	A1
Credit Suisse FOB ICE	237	A	A	A1
Credit Suisse FOB LCH	2,785	A	A	A1
Credit Suisse International	6,745	A	A	A1
Credit Suisse Securities (USA) LLC	234	A	A	A1
Deutsche Bank AG	6,998	A-	A-	Baa2
Goldman Sachs Bank USA	38	BBB+	A	A3
Goldman Sachs CME	2,168	BBB+	A	A3
Goldman Sachs International	12,720	A+	A	A1
JP Morgan Chase Bank	802	A+	AA-	Aa3
JP Morgan Securities INC	1,888	A-	A+	A3
Macquarie Bank Limited	1,229	A	A	A2
Merrill Lynch Capital Services	128	BBB+	A	Baa1
Merrill Lynch International	596	BBB+	A	Baa1
Morgan Stanley and Co. International PLC	98	BBB+	A	A3

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investments Portfolio-Continued

Counterparty Credit Risk-Continued

Royal Bank of Scotland PLC	8,463	BBB+	BBB+	A3
Societe Generale	769	A	A	A2
Standard Chartered Bank	57	A	A+	A1
State Street Bank and Trust Company	79	AA-	AA	Aa3
UBS AG	156	A+	A+	A1
UBS AG London	13,735	A+	A+	A1
Westpac Banking Corporation	10,764	AA-	AA-	Aa3
Total	<u>\$ 77,039</u>			

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. These investments are disclosed in the following table (in thousands):

Interest Rate Risk Analysis

As of June 30, 2017

(In Thousands)

Investment Type	Notional Value	Investment Maturities (in years)					No Maturity
		Fair Value	Less Than 1	1 - 5	6 - 10	More than 10	
Credit Default Swaps Bought	\$ 80,357	\$ (6,916)	\$	\$(6,916)	\$	\$	\$
Credit Default Swaps Written	76,486	1,900	31	1,844	30	(5)	
Fixed Income Futures Long	762,545						
Fixed Income Futures Short	(534,113)						
Fixed Income Options Bought	103,625	1,490	585	905			
Fixed Income Options Written	(491,241)	(1,088)	(382)	(690)		(16)	
Pay Fixed Interest Rate Swaps	849,472	2,512		1,656	3,953	(3,097)	
Receive Fixed Interest Rate Swaps	52,951	(550)	(25)	(340)	(101)	(84)	
Total Return Swaps Bond	42,935	(216)	(216)				
Total Return Swaps Equity	(416,628)	6,992	7,065	(150)			77
Total	<u>\$ 526,389</u>	<u>\$ 4,124</u>	<u>\$ 7,058</u>	<u>\$(3,691)</u>	<u>\$ 3,882</u>	<u>\$(3,202)</u>	<u>\$ 77</u>

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 four hedge fund portfolios. The hedge fund of fund managers identify, select, implement, and monitor these investment strategies in the portfolios consistent with LACERA's stated objectives, constraints, and Investment Policy.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds-Continued

In September 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.

In April 2015, LACERA began investing in a third portfolio, managed in a diversified strategy by Goldman Sachs Asset Management (GSAM). Within this portfolio, LACERA directly invests in underlying fund vehicles, while GSAM maintains discretion over fund selection and overall portfolio development.

In January 2016, LACERA began investing in a fourth portfolio, also focused on opportunistic credit strategies and managed by Grosvenor Capital Management (GCM).

The three hedge fund portfolios managed by GCM 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. GCM serves as General Partner and owns a 0.01 percent stake in each partnership.

Each underlying fund investment in the entire hedge fund program is in an entity legally structured to limit liability for each investor to the capital invested with that investor.

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, 2017 was \$1.44 billion.

Fair Value

For the fiscal year ended June 30, 2016, LACERA adopted GASB Statement No. 7 (GASB 72), Fair Value Measurement and Application. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements and disclosures. LACERA categorizes its fair value measurements within the fair value hierarchy established by GAAP in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Certain investments held by LACERA are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with the requirements of GAAP.

Equity and Fixed Income Securities

Equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets issued by pricing vendors for these securities. Debt and equity securities, classified in Level 2 of the fair value hierarchy, are valued using prices determined by matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities, classified in Level 3 are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by LACERA's custodian bank.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Fund, Private Equity, and Real Estate Funds

Investments in hedge fund, private equity, and real estate funds are valued at estimated fair value, as determined in good faith by the General Partner (GP) in accordance with fair value principles in accordance with GAAP. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are reported as a practical expedient by LACERA.

Real Estate Investments

Investments in real estate are valued at estimated fair value, as determined in good faith by the Investment Manager. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the Investment Manager. Properties are subject to independent third party appraisals every three years.

Investments and Derivatives Measured at Fair Value - Pension Plan

As of June 30, 2017

(In Thousands)

Investments by Fair Value Level	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	\$ 387,503		\$ 387,503	
Commercial Mortgage-Backed Securities	373,618		373,618	
Corporate and Other Credit	4,100,816	19	4,095,607	5,190
Municipal/Revenue Bonds	71,155		71,155	
Non-U.S. Fixed Income	97,603		97,603	
Pooled Investments	37	37		
Private Placement Fixed Income	1,995,362	924	1,989,137	5,301
U.S. Government Agency	2,315,433		2,315,076	357
U.S. Treasury	2,229,347		2,229,347	
Whole Loan Mortgages	36,167			36,167
Total Fixed Income Securities	11,607,041	980	11,559,046	47,015
Equity Securities				
Non-U.S. Equity	1,844,424	1,844,009		415
Pooled Investments	261,997	261,997		
U.S. Equity	3,266,281	3,261,231	3,827	1,223
Total Equity Securities	5,372,702	5,367,237	3,827	1,638
Real Estate	5,296,802			5,296,802
Collateral from Securities Lending	922,584		922,584	
Total Investments by Fair Value Level	\$ 23,199,129	\$ 5,368,217	\$ 12,485,457	\$ 5,345,455

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Real Estate Investments-Continued

Investments by Fair Value Level	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments Measured at NAV				
Fixed Income	\$ 2,513,380			
Equity	20,098,859			
Hedge Funds	1,437,925			
Private Equity	5,050,442			
Real Estate	843,030			
Total Investments Measured at NAV	<u>29,943,636</u>			
Total Investments	<u>\$ 53,142,765</u>			
Derivatives				
Foreign Exchange Contracts	\$ (88,164)	\$	\$ (88,164)	\$
Foreign Fixed Income Derivatives	255		255	
U.S. Equity Derivatives	(490)	(308)	(182)	
U.S. Fixed Income Derivatives	5,511	1,358	4,153	
Total Derivatives	<u>\$ (82,888)</u>	<u>\$ 1,050</u>	<u>\$ (83,938)</u>	<u>\$</u>

Investments Measured at the Net Asset Value
As of June 30, 2017
(In Thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds ⁽¹⁾	\$ 2,513,380	\$	Daily, Monthly or Not Eligible	1-30 days or NA
Commingled Equity Funds ⁽²⁾	20,098,859	28,809	Daily, Monthly or Not Eligible	1-30 days or NA
Hedge Funds				
Commodities ⁽³⁾	16,056		Monthly	30 days
Credit ⁽⁴⁾	584,766		Monthly, Quarterly, Semi-Annual; Self-Liquidating	45-180 days
Equity Long / Short ⁽⁵⁾	243,054		Monthly, Quarterly, Annual	20-90 days
Event Driven ⁽⁶⁾	71,690		Quarterly, Annual	45-90 days
Macro and Tactical Trading ⁽⁷⁾	231,003		Monthly, Quarterly	5-93 days
Multi-Strategy ⁽⁸⁾	51,636		Monthly, Quarterly, Self-Liquidating	60-90 days
Relative Value ⁽⁹⁾	172,034		Monthly, Quarterly	15-90 days
Other ⁽¹⁰⁾	67,686		Daily or Not Eligible	N/A
Private Equity ⁽¹¹⁾	5,050,442	3,969,408	Not Eligible	N/A
Real Estate ⁽¹¹⁾	843,030	139,047	Not Eligible	N/A
Total Investments Measured at the NAV	<u>\$29,943,636</u>			

(1) *Commingled Fixed Income Funds* 14 fixed income funds are considered commingled in nature. They are valued at the net asset value (NAV) of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; two of the funds representing 7% of Commingled Fixed Income assets have liquidity available at the end of the fund terms which range from 3 to 7 years.

(2) *Commingled Equity Funds* 15 equity funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; three of the funds representing 3% of Commingled Equity assets have liquidity available subject to lock up periods that limit or prohibit redemptions for the next three to four years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Real Estate Investments-Continued

- (3) *Commodities Hedge Funds* Consisting of 2 funds, this strategy invests across the global commodity markets based on an analysis of factors, including supply and demand, legislative and environmental policies, trends in growth rates and resource consumption, global monetary and trade policy, geopolitical events and technical factors. These investments are valued at NAV per share. When considering liquidity terms, 100% of assets in this strategy category are available within 12 months.
Credit Hedge Funds Consisting of 32 funds, this strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit. These investments are valued at NAV per share. When considering liquidity terms, approximately 49% of assets in this strategy category are available within 12 months. Twelve funds in this category are self-liquidating funds that have an agreed upon investment duration. By the end of each fund's stated timeframe, distributions are expected to be made to investors.
- (4) *Equity Long / Short Hedge Funds* Consisting of 18 funds, this strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors. These investments are valued at NAV per share. When considering liquidity terms, 100% of assets in this strategy category are available within 12 months.
- (5) *Event Driven Hedge Funds* Consisting of 5 funds, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at NAV per share. When considering liquidity terms, approximately 93% of assets in this strategy category are available within 12 months. One fund in this category is self-liquidating and not all of its capital is expected to be received within the next 12 months.
- (6) *Macro and Tactical Trading Hedge Funds* Consisting of 16 funds, this strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, inter-country relations, and economic and technical analysis. These investments are valued at NAV per share. When considering liquidity terms, 100% of assets in this strategy category are available within 12 months.
- (7) *Multi-Strategy Hedge Funds* The three funds that make up this group aim to pursue varying strategies in order to diversify risks and reduce volatility. These investments are valued at NAV per share. When considering liquidity terms, approximately 52% of assets in this strategy category are available within 12 months. One fund in this category is self-liquidating.
- (8) *Relative Value Hedge Funds* Consisting of 11 funds, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing and/or selling these instruments. These investments are valued at NAV per share. When considering liquidity terms, approximately 98% of assets in this strategy category are available within 12 months.
- (9) *Other* This category contains three funds where all liquid capital has been redeemed and remainder balances represent designated or illiquid investments that will be distributed over time. In addition to these funds, cash held by managers and accrued expenses in the fund of funds vehicles were also included and consisted of approximately 99% of the total.
- (10) *Private Equity and Real Estate Funds* LACERA's Private Equity portfolio consists of 245 funds, investing primarily in Buyout Funds, with some exposure to Venture Capital, Special Situations, and Non-U.S. Funds. The Real Estate portfolio, comprised of 22 funds, invests in both U.S. and Non-U.S. commercial real estate. The fair values of these funds has been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years.

Investments Measured at Fair Value - OPEB Trust

As of June 30, 2017

(In Thousands)

Investments by Fair Value Level	Total	Quoted prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	\$ 5,755		\$ 5,755	
Corporate and Other Credit	39,567		39,567	
U.S. Treasury	9,001		9,001	
Total Fixed Income Securities	<u>54,323</u>		<u>54,323</u>	
Equity Securities				
Pooled Investments	607,593	607,593		
Total Equity Securities	<u>607,593</u>	<u>607,593</u>		
Total Investments by Fair Value Level	<u>\$ 661,916</u>	<u>\$ 607,593</u>	<u>\$ 54,323</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 2,406,891	9,655	(19)	\$ 2,416,527
Easements	4,940,402	10,862	(5,329)	4,945,935
Software in progress	60,075	55,753	(93,822)	22,006
Construction in progress-buildings and improvements	336,142	196,027	(202,410)	329,759
Construction in progress-infrastructure	309,641	103,902	(74,583)	338,960
Subtotal	<u>8,053,151</u>	<u>376,199</u>	<u>(376,163)</u>	<u>8,053,187</u>
Capital assets, being depreciated:				
Buildings and improvements	5,103,121	504,196	(2,775)	5,604,542
Equipment	1,554,173	122,437	(65,988)	1,610,622
Software	846,888	97,011	(328,294)	615,605
Infrastructure	7,832,258	68,505	(26,332)	7,874,431
Subtotal	<u>15,336,440</u>	<u>792,149</u>	<u>(423,389)</u>	<u>15,705,200</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (1,782,389)	(186,521)	1,021	\$ (1,967,889)
Equipment	(1,114,333)	(109,655)	64,610	(1,159,378)
Software	(456,468)	(60,826)	309,432	(207,862)
Infrastructure	(3,842,262)	(159,185)	5,875	(3,995,572)
Subtotal	<u>(7,195,452)</u>	<u>(516,187)</u>	<u>380,938</u>	<u>(7,330,701)</u>
Total capital assets, being depreciated, net	<u>8,140,988</u>	<u>275,962</u>	<u>(42,451)</u>	<u>8,374,499</u>
Governmental activities capital assets, net	<u>\$ 16,194,139</u>	<u>652,161</u>	<u>(418,614)</u>	<u>\$ 16,427,686</u>
<u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 153,058			\$ 153,058
Easements	31,522	56		31,578
Construction in progress-buildings and improvements	123,111	122,238	(12,369)	232,980
Construction in progress-infrastructure	35,855	9,392	(1,816)	43,431
Subtotal	<u>343,546</u>	<u>131,686</u>	<u>(14,185)</u>	<u>461,047</u>
Capital assets, being depreciated:				
Buildings and improvements	2,661,548	87,500		2,749,048
Equipment	330,976	30,639	(6,821)	354,794
Software	58,922			58,922
Infrastructure	1,257,027	1,816		1,258,843
Subtotal	<u>4,308,473</u>	<u>119,955</u>	<u>(6,821)</u>	<u>4,421,607</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

6. CAPITAL ASSETS-Continued

Business-type Activities-Continued

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Less accumulated depreciation for:				
Buildings and improvements	\$ (774,204)	(67,388)		\$ (841,592)
Equipment	(223,420)	(29,408)	5,993	(246,835)
Software	(30,915)	(4,127)		(35,042)
Infrastructure	(577,836)	(23,480)		(601,316)
Subtotal	<u>(1,606,375)</u>	<u>(124,403)</u>	<u>5,993</u>	<u>(1,724,785)</u>
Total capital assets, being depreciated, net	<u>2,702,098</u>	<u>(4,448)</u>	<u>(828)</u>	<u>2,696,822</u>
Business-type activities capital assets, net	<u>\$ 3,045,644</u>	<u>127,238</u>	<u>(15,013)</u>	<u>\$ 3,157,869</u>
Total capital assets, net	<u>\$ 19,239,783</u>	<u>779,399</u>	<u>(433,627)</u>	<u>\$ 19,585,555</u>

Depreciation Expense

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

Governmental activities:		
General government		\$ 40,703
Public protection		176,830
Public ways and facilities		90,613
Health and sanitation		45,703
Public assistance		31,670
Education		7,266
Recreation and cultural services		87,955
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		35,447
Total depreciation expense, governmental activities		<u>\$ 516,187</u>
Business-type activities:		
Hospitals		\$ 90,463
Waterworks		23,936
Aviation		2,350
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		7,654
Total depreciation expense, business-type activities		<u>\$ 124,403</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units

CDC

Capital assets activity for the CDC component unit for the year ended June 30, 2017, was as follows (in thousands):

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 92,611			\$ 92,611
Construction in progress-buildings and improvements	3,621	1,448	(3,399)	1,670
Subtotal	<u>96,232</u>	<u>1,448</u>	<u>(3,399)</u>	<u>94,281</u>
Capital assets, being depreciated:				
Buildings and improvements	224,678	3,802	3,147	231,627
Equipment	9,332	349	(599)	9,082
Subtotal	<u>234,010</u>	<u>4,151</u>	<u>2,548</u>	<u>240,709</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (147,903)	(4,566)		\$ (152,469)
Equipment	(7,213)	(1,089)	685	(7,617)
Subtotal	<u>(155,116)</u>	<u>(5,655)</u>	<u>685</u>	<u>(160,086)</u>
Total capital assets being depreciated, net	<u>78,894</u>	<u>(1,504)</u>	<u>3,233</u>	<u>80,623</u>
CDC capital assets, net	<u>\$ 175,126</u>	<u>(56)</u>	<u>(166)</u>	<u>\$ 174,904</u>

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2017, was as follows (in thousands):

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated-				
Land	\$ 2,039			\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,739	27		2,766
Subtotal	<u>14,815</u>	<u>27</u>		<u>14,842</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (2,678)	(243)		\$ (2,921)
Equipment	(2,583)	(67)		(2,650)
Subtotal	<u>(5,261)</u>	<u>(310)</u>		<u>(5,571)</u>
Total capital assets being depreciated, net	<u>9,554</u>	<u>(283)</u>		<u>9,271</u>
First 5 LA capital assets, net	<u>\$ 11,593</u>	<u>(283)</u>		<u>\$ 11,310</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

7. SERVICE CONCESSION ARRANGEMENTS (SCA)

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

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

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, 2017, the present value of the installment payments under contract is estimated to be \$90.08 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rates of 5.12% and 3.55% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from 4 months to 22 years as of June 30, 2017. The FY 2016-2017 total monthly installment payments are approximately \$681,000. 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 acquisition value of the golf courses, including buildings and land, is reported at \$23.60 million as of June 30, 2017.

8. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the County Employees' Retirement Law of 1937 (CERL). 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

8. PENSION PLAN-Continued

Plan Description-Continued

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

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 2016-2017:

July 1, 2016 - June 30, 2017	A	B	C	D	E	G
General Members	24.11%	15.94%	15.32%	16.19%	17.49%	16.07%
Safety Members	32.25%	25.94%	21.93%			

The rates were determined by the actuarial valuation performed as of June 30, 2015. Some of the assumptions used in the actuarial valuation performed as of June 30, 2016 were updated, including lowering the investment rate of return from 7.50% to 7.25%. The LACERA Board of Investments adopted the recognition of the increase in the calculated employer contribution rates due to the new assumptions over a three year period. As a result, the employer contribution rates used in fiscal year 2017-2018 will increase from 1.48% to 2.20% over the rates used in 2016-2017 and may increase again during the following two fiscal years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 fiscal year 2016-2017, 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 \$1.301 billion.

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

At June 30, 2017, the County reported a liability of \$10.273 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, 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, 2016, the County's proportionate share was 96.17%, which was an increase of 0.09% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1.310 billion which is reported as \$1.120 billion for governmental activities and \$190.33 million for business-type activities. 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, 2017, 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	\$	\$ 2,258,100
Change in experience	898,630	
Change in proportion and differences between County contributions and proportionate share of contributions	63,329	103,176
Contributions made subsequent to measurement date		1,300,711
Total	\$ 961,959	\$ 3,661,987

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. Investment gains or losses are recognized in pension expense over a five year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, which is 8 years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

	<u>Deferred Outflows/(Inflows) of Resources</u>
Year Ending June 30:	
2018	\$ 146,782
2019	146,784
2020	869,816
2021	558,829
2022	(133,969)
Thereafter	(188,925)

Deferred outflows of \$1.301 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

Actuarial Assumptions

Valuation Timing	June 30, 2015, rolled forward to June 30, 2016
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, 2015 actuarial valuation for details. It can be found at www.LACERA.com .
Experience Study	Covers the three year period ended June 30, 2013.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Rate of Return (Geometric)</u>
Global Equity	41.40%	8.20%
Fixed Income	27.80%	5.10%
Real Estate	11.00%	7.10%
Private Equity	10.00%	9.40%
Commodities	2.80%	4.10%
Hedge Funds	5.00%	5.60%
Other Opportunities	0.00%	7.00%
Cash	2.00%	2.30%
TOTAL	100.00%	7.50%

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 (in thousands):

	1% Decrease (6.63%)	Discount Rate (7.63%)	1% Increase (8.63%)
Net Pension Liability	\$17,454,587	\$10,272,671	\$ 4,266,892

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

8. PENSION PLAN-Continued

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2016 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

The County offers to its employees three deferred compensation plans created in accordance with Sections 401 and 457 of the Internal Revenue Code. One or more of these plans are available to substantially all employees and allow participants to defer a portion of their current income until future years.

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The Plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2017, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2017, were \$226.27 million.

The Savings Plan is a Section 401(k) defined contribution plan covering eligible full-time permanent employees of the County not covered by collective bargaining agreements and who desire to participate in the Plan. Employees eligible for voluntary participation in this plan are also eligible for participation in the Deferred Compensation and Thrift Plan. The plan is funded by employer and employee contributions. As of June 30, 2017, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2017, were \$60.04 million.

The Pension Savings Plan is a Section 457 defined contribution plan covering part-time, temporary and seasonal County employees who are not eligible to participate in the retirement programs provided through the LACERA. The Plan was established in lieu of employee coverage under Social Security. Participation in the plan is mandatory and employees must contribute a minimum of 4.5% of their eligible earnings and the County makes a contribution equal to 3% of compensation. Participants may contribute additional amounts beyond the required 4.5%. Total employer contributions for the year ended June 30, 2017, were \$7.82 million.

The plans are administered through a third-party administrator. The assets of the plans are held in trust by Wells Fargo Bank, N.A. and invested at the direction of the participants. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

LACERA administers a cost-sharing, multi-employer 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.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

OPEB Trust

Pursuant to the California Government Code, the County established an irrevocable 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 Board entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. During FY 2016-2017, the County made contributions of \$528.91 million on a pay-as-you-go basis. Included in this amount was \$56.20 million for Medicare Part B reimbursements and \$7.40 million in death benefits. Additionally, \$44.50 million was paid by member participants. The County also made payments of \$38.58 million for long-term disability benefits. During FY 2016-2017, the County also contributed \$61.14 million in excess of the pay-as-you-go amounts. As of June 30, 2017, the net position of the OPEB Trust Fund was \$742.88 million.

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

Annual OPEB Cost and Net OPEB Obligation

The County's Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The OPEB cost and OPEB obligation were determined by the OPEB health care actuarial valuation as of July 1, 2016, and the OPEB long-term disability actuarial valuation as of July 1, 2015. 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)	\$ 1,885,600	\$ 89,253	\$ 1,974,853
Interest on Net OPEB obligation	575,321	12,169	587,490
Adjustment to ARC	(504,674)	(11,199)	(515,873)
Annual OPEB cost (expense)	1,956,247	90,223	2,046,470
Less: Contributions made	590,053	38,582	628,635
Increase in Net OPEB obligation	1,366,194	51,641	1,417,835
Net OPEB obligation, July 1, 2016	12,784,915	324,512	13,109,427
Net OPEB obligation, June 30, 2017	<u>\$ 14,151,109</u>	<u>\$ 376,153</u>	<u>\$ 14,527,262</u>

Retiree Health Care Trend Information (in thousands)

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 2,097,128	21.46%	\$ 11,263,053
June 30, 2016	2,102,048	27.60%	12,784,915
June 30, 2017	1,956,247	30.16%	14,151,109

LTD Trend Information (in thousands)

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 80,125	49.82%	\$ 271,752
June 30, 2016	90,066	41.42%	324,512
June 30, 2017	90,223	42.76%	376,153

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date for OPEB health care benefits, the funded ratio was 2.23%. The actuarial value of assets was \$552.90 million. The actuarial accrued liability (AAL) was \$24.792 billion, resulting in an unfunded AAL of \$24.239 billion. The covered payroll was \$6.966 billion and the ratio of the unfunded AAL to the covered payroll was 347.98%. Covered payroll represents the pensionable payroll of employees that are provided pensions through the pension plan.

As of July 1, 2015, 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 \$1.090 billion, resulting in an unfunded AAL of \$1.090 billion. The covered payroll was \$6.949 billion and the ratio of the unfunded AAL to the covered payroll was 15.69%.

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 of OPEB health care benefits assumed an annual investment rate of return of 4.50%, a projected general wage increase of 3.25% per annum, and an annual inflation rate of 2.75%. The valuation of OPEB long-term disability 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 increases in salary due to promotions and longevity do not affect the amount of the OPEB program benefits. The valuation for OPEB health care 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Actuarial Methods and Assumptions-Continued

The healthcare cost trend initial and ultimate rates, based on the July 1, 2016, OPEB actuarial valuation, are as follows:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	4.40%	4.40%
LACERA Medical Over 65	4.60%	4.40%
Part B Premiums	6.80%	4.35%
Dental (all)	2.00%	3.70%

For the year ended June 30, 2017, LACERA implemented GASB 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." Implementation of GASB 74 required changes and additions in the Notes to the Basic Financial Statements, Required Supplementary Information (RSI), and Other Supplementary Information in LACERA's financial report. Significant changes include more extensive note disclosures and new RSI schedules related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments.

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, 2017 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 89,169
2019	77,154
2020	57,717
2021	40,360
2022	27,430
2023-2027	75,722
2028-2032	51,605
2033-2037	18,734
2038-2042	14,278
2043-2047	14,278
2048-2052	3,570
Total	<u>\$ 470,017</u>

Rent expenses related to operating leases were \$96,136,000 for the year ended June 30, 2017.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

10. LEASES-Continued

Capital Lease Obligations

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of future minimum lease payments as of June 30, 2017 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 23,059
2019	22,967
2020	22,830
2021	22,579
2022	22,221
2023-2027	96,461
2028-2032	80,967
2033-2037	43,165
2038-2042	1,431
Total	<u>335,680</u>
Less: Amount representing interest	<u>183,739</u>
Present value of future minimum lease payments	<u>\$ 151,941</u>

The following is a schedule of property under capital leases by major classes at June 30, 2017 (in thousands):

	<u>Governmental Activities</u>
Land	\$ 18,695
Buildings and improvements	139,555
Equipment	58,097
Accumulated depreciation	(58,937)
Total	<u>\$ 157,410</u>

Future rent revenues to be received from noncancelable subleases are \$930,000 as of June 30, 2017.

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, asset development projects and Whiteman Airport. 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. Whiteman Airport lease is for hanger space. The asset development leases cover remaining periods ranging generally from 5 to 81 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 18 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 51 years and are accounted for in the General Fund. The airport lease covers a remaining period of 15 years and is accounted for in the Aviation Enterprise Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

10. LEASES-Continued

Leases of County-Owned Property-Continued

The land carrying value of the asset development project ground leases and the Marina del Rey Project area leases is \$616,835,000. The carrying value of the capital assets associated with the regional park and Whiteman Airport operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2017 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2018	\$ 42,533	\$ 182
2019	42,072	187
2020	43,399	192
2021	43,315	197
2022	43,113	201
Thereafter	1,566,964	2,055
Total	<u>\$ 1,781,396</u>	<u>\$ 3,014</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2017 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Minimum rentals	\$ 42,440	\$ 174
Contingent rentals	20,237	
Total	<u>\$ 62,677</u>	<u>\$ 174</u>

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

11. LONG-TERM OBLIGATIONS

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

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

	Original Par Amount of Debt	Balance June 30, 2017
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.00% to 5.25%	\$ 275,535	\$ 41,718
NPC Bonds, 2.00% to 5.00%	48,740	30,107
Public Buildings Bonds and Notes, 0.32% to 7.62%	1,075,096	1,102,737
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 5.25% to 6.65%	319,827	404,296
NPC Bond Anticipation Notes, 1.57%	3,557	3,557
Marina del Rey Loans, 4.50% to 4.70%	23,500	14,085
Lease Revenue Obligation Notes, 0.85% to 0.97%	34,642	34,642
Total	<u>\$ 1,780,897</u>	<u>\$ 1,631,142</u>

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

	Original Par Amount of Debt	Balance June 30, 2017
NPC Bonds, 2.00% to 5.00%	\$ 18,540	\$ 11,648
Public Buildings Bonds and Notes, 0.32% to 7.62%	774,228	767,034
NPC Bond Anticipation Notes, 1.57%	1,443	1,443
Lease Revenue Obligation Notes, 0.85% to 0.97%	159,728	159,728
Waterworks District Loans, 2.28%	8,869	7,689
Aviation Loan, 2.95%	2,000	1,813
Total	<u>\$ 964,808</u>	<u>\$ 949,355</u>

Assessment Bonds

The Regional Park and Open Space District (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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

Assessment Bonds-Continued

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 \$41,978,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were \$14,028,000 and \$28,899,000, respectively.

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 12,320	\$ 1,692
2019	12,955	1,039
2020	13,620	352
Subtotal	<u>38,895</u>	<u>\$ 3,083</u>
Add: Unamortized bond premiums	<u>2,823</u>	
Total assessment bonds	<u>\$ 41,718</u>	

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established 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 2016-2017, LACCAL, an Internal Service Fund, issued lease revenue bonds of \$37,480,000 primarily to retire BANs of \$70,000,000. The difference was paid with lease revenue collected. The allocation of debt between governmental activities and business-type activities was \$26,986,000 and \$10,494,000, respectively.

Principal and interest requirements on Certificates of Participation (COPs) and Bonds (NPC bonds, 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):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds-Continued

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 43,544	\$ 66,791	\$ 21,862	\$ 45,595
2019	40,057	66,076	20,980	44,717
2020	34,892	65,375	19,430	43,783
2021	39,571	56,608	18,728	42,815
2022	50,020	46,521	19,340	41,779
2023-2027	174,862	201,612	110,903	189,984
2028-2032	180,960	152,268	141,290	149,123
2033-2037	174,232	100,504	180,043	96,822
2038-2042	182,198	46,555	194,917	32,372
2043-2047	87,765	8,137	19,185	460
Subtotal	1,008,101	<u>\$ 810,447</u>	746,678	<u>\$ 687,450</u>
Add: Accretions	43,720			
Unamortized bond premiums	81,023		32,004	
Total certificates of participation and bonds	<u>\$ 1,132,844</u>		<u>\$ 778,682</u>	

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 2017 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

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

<u>Year Ending</u> <u>June 30</u>	Governmental Activities	
	Principal	Interest
2018	\$	\$ 19,592
2019		19,592
2020		19,593
2021		19,593
2022	29,710	17,136
2023-2027		85,680
2028-2032	46,370	72,585
2033-2037	62,196	64,767
2038-2042	53,157	42,665
2043-2047	97,824	21,564
Subtotal	289,257	\$ 382,767
Add: Accretions	115,039	
Total tobacco settlement asset-backed bonds	\$ 404,296	

Notes, Loans, and Lease Revenue Obligation Notes

Notes and Loans

BANs are issued by the 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 2016-2017, LACCAL, an Internal Service Fund, issued additional BANs in the amount of \$17,957,000 as reflected in governmental activities and \$7,043,000 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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Notes and Loans-Continued

principal and interest payments of the loans are expected to require less than 46.73% of the annual surcharge revenues. During FY 2016-2017, the County did not obtain any additional loans. As of June 30, 2017, 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. During FY 2016-2017, the County did not obtain any additional airport development loans.

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 two irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON, and one revolving credit facility with an additional bank supporting the issuance of direct placement revolving notes. This program is secured by sixteen 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 12, 2019. The County has the option to extend the LOCs and the revolving credit for an additional one-year period or to some other term mutually agreed to with the participating banks.

The aggregate maximum principal amount of the two LOCs is \$300,000,000, which consists of \$100,000,000 of Series A (Bank of the West), and \$200,000,000 of Series B (U.S. Bank). The maximum principal amount of the Series C (Wells Fargo) direct placement revolving credit facility is \$200,000,000. 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 0.35% of the maximum principal amount of the LOC. For Series B, the letter of credit fee is equal to 0.43% of the maximum principal amount of the LOC. The commitment fee for the Series C revolving notes issued through the Wells Fargo credit facility is equal to 0.30% of the maximum principal amount. As of June 30, 2017, \$194,370,000 of LRON issued under the program were outstanding, including \$13,100,000 of Series A, \$181,270,000 of Series B, and \$0 of Series C.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes-Continued

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are 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 2016-2017, the County redeemed \$18,530,000 and reissued \$31,142,000 for governmental activities and reissued \$131,428,000 for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional \$31,800,000 of new County LRON, which is reported as \$3,500,000 for governmental activities and \$28,300,000 for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2017 is \$194,370,000, which is reported as \$34,642,000 for governmental activities and \$159,728,000 for business-type activities. The average interest rate on LRON issued in FY 2016-2017 was 0.67%.

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 June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 35,553	\$ 634	\$ 160,012	\$ 141
2019	4,509	593	1,923	220
2020	995	550	491	208
2021	1,039	505	503	196
2022	1,086	458	516	184
2023-2027	6,210	1,513	2,774	725
2028-2032	2,892	197	3,129	369
2033-2037			1,325	46
Total notes, loans, and LRON	<u>\$ 52,284</u>	<u>\$ 4,450</u>	<u>\$ 170,673</u>	<u>\$ 2,089</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

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

<u>Debt Type</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Assessment bonds	\$ 38,895	\$ 3,083	\$	\$
Certificates of participation and bonds	1,008,101	810,447	746,678	687,450
Tobacco settlement asset-backed bonds	289,257	382,767		
Notes, loans, and LRON	52,284	4,450	170,673	2,089
Subtotal	1,388,537	<u>\$ 1,200,747</u>	917,351	<u>\$ 689,539</u>
Add: Accretions	158,759			
Unamortized premiums on bonds payable	83,846		32,004	
Total bonds and notes	<u>\$ 1,631,142</u>		<u>\$ 949,355</u>	

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

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and the related debt service payments for the defeased bonds are not reflected in the County's statement of net position. At June 30, 2017, there were no outstanding bonds and certificates of participation considered defeased.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2017 (in thousands):

	Balance July 1, 2016	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2017	Due Within One Year
Governmental activities:					
Bonds and notes payable	\$ 1,471,906	79,585	162,954	\$ 1,388,537	\$ 91,417
Add: Unamortized premium on bonds payable	85,091		1,245	83,846	1,688
Total bonds and notes payable	<u>1,556,997</u>	<u>79,585</u>	<u>164,199</u>	<u>1,472,383</u>	<u>93,105</u>
Interest accretion on capital appreciation bonds payable	164,005	3,178	8,424	158,759	12,801
Other long-term liabilities:					
Capital lease obligations (Note 10)	158,410	404	6,873	151,941	6,502
Accrued compensated absences	1,380,265	185,107	102,306	1,463,066	89,843
Workers' compensation (Note 18)	2,129,688	566,513	386,466	2,309,735	405,714
Litigation and self-insurance (Note 18)	203,154	74,950	65,564	212,540	157,696
Pollution remediation obligation (Note 19)	16,995	7,245	2,159	22,081	3,294
Net pension liability (Note 8)	6,381,654	2,449,453		8,831,107	
OPEB obligation (Note 9)	10,902,137	1,168,619		12,070,756	
Third party payor	39,306	77,854	55,656	61,504	42,297
Total governmental activities	<u>\$22,932,611</u>	<u>4,612,908</u>	<u>791,647</u>	<u>\$ 26,753,872</u>	<u>\$ 811,252</u>
Business-type activities:					
Bonds and notes payable	\$ 917,589	177,265	177,503	\$ 917,351	\$ 181,874
Add: Unamortized premium on bonds payable	32,905		901	32,004	729
Total bonds and notes payable	<u>950,494</u>	<u>177,265</u>	<u>178,404</u>	<u>949,355</u>	<u>182,603</u>
Other long-term liabilities:					
Accrued compensated absences	202,709	26,012	15,058	213,663	13,339
Workers' compensation (Note 18)	303,306	62,510	35,998	329,818	41,458
Litigation and self-insurance (Note 18)	91,838	7,446	10,305	88,979	25,003
Net pension liability (Note 8)	1,066,720	374,844		1,441,564	
OPEB obligation (Note 9)	2,207,290	249,216		2,456,506	
Third party payor (Note 14)	675,429	377,067		1,052,496	511,165
Total business-type activities	<u>\$ 5,497,786</u>	<u>1,274,360</u>	<u>239,765</u>	<u>\$ 6,532,381</u>	<u>\$ 773,568</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 2016-2017, thereby decreasing liabilities for Bonds and Notes by \$5,246,000 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, 2017, was as follows (in thousands):

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Maturities</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 19,444	672	2,581	\$ 17,535	\$ 3,382
Compensated absences	869	1,046	1,059	856	770
Capital lease obligations	611	32	614	29	6
Claims payable	4,369	1,980	2,112	4,237	424
Net pension liability	7,918	8,049		15,967	
OPEB obligation	15		4	11	
Total governmental activities	<u>\$ 33,226</u>	<u>11,779</u>	<u>6,370</u>	<u>\$ 38,635</u>	<u>\$ 4,582</u>
Business-type activities:					
Bonds and notes payable	\$ 37,457	183	635	\$ 37,005	\$ 665
Compensated absences	718	961	945	734	661
Net pension liability	5,946	5,996		11,942	
Total business-type activities	<u>\$ 44,121</u>	<u>7,140</u>	<u>1,580</u>	<u>\$ 49,681</u>	<u>\$ 1,326</u>
Total long-term obligations	<u>\$ 77,347</u>	<u>18,919</u>	<u>7,950</u>	<u>\$ 88,316</u>	<u>\$ 5,908</u>

12. SHORT-TERM DEBT

On July 1, 2016, the County issued \$800,000,000 of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.67%. 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 2016. The notes matured and were redeemed on June 30, 2017.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2017, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$33,107,000 and limited obligation improvement bonds totaling \$3,530,000. 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, 2017, the amount of industrial development and other conduit bonds outstanding was \$69,060,000.

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, 2017, the amount of redevelopment refunding bonds outstanding was \$717,846,000.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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: Medi-Cal 2020

On December 30, 2015, the federal Centers for Medicaid and Medicare Services (CMS) approved the special terms and conditions (STCs) for Medi-Cal 2020 - a five-year renewal of California's Section 1115(a) Medi-Cal Demonstration Project, which provides California with new federal funding through programs with an intent to shift focus away from hospital-based and inpatient care, towards outpatient, primary, and preventative care. Medi-Cal 2020 covers the period January 1, 2016 to December 31, 2020.

Revenues for the public hospitals under Medi-Cal 2020 are comprised of:

- 1) Global Payment Program
- 2) Public Hospitals Redesign and Incentives in Medi-Cal
- 3) Whole Person Care

Global Payment Program

The Global Payment Program (GPP) is a payment reform program that aims to change the way county-owned and operated Public Hospital Systems (PHS) in California are compensated for providing care to the remaining uninsured. The program encourages a shift away from cost-based, hospital-centric models of care, through financial incentives to provide cost-effective primary and specialty care.

The GPP funds are comprised of Disproportional Share Hospital (DSH) funds that otherwise would have been allotted to a PHS, and Safety Net Uncompensated Care Pool (SNCP). DSH is a federal program to support safety-net hospital caring for a disproportionate share of low-income patients. SNCP was established under California's 2005 waiver to support services provided to uninsured patients. The GPP lifts restrictions that have historically impeded providing services for the remaining uninsured in the most appropriate setting for each patient, and now includes non-traditional methods of care delivery that have not been covered under either program.

The shift from volume to value is done through a value-based point methodology, which takes into account both the value of care to the patient, and the recognition of costs to the health care system.

Each participating PHS has an opportunity to earn a global budget for care to the remaining uninsured, and must meet service thresholds to receive full funding. Points are assigned to services in the following categories:

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project: Medi-Cal 2020-Continued

Global Payment Program-Continued

- Traditional Outpatient (e.g., primary or specialty care visit, dental, ER/urgent care, mental health visit)
- Non-Traditional Outpatient (e.g., health coaching, care navigation, community wellness encounters)
- Technology-Based Outpatient (e.g., nurse advice line, email consultation, provider-to-provider eConsult for specialty care)
- Inpatient and Facility Stays (e.g., trauma care, ICU stays, recuperative care, respite care, sober center stays, skilled nursing facility stays).

The County provides funding for the State of California’s (State's) share of the program by “using Intergovernmental Transfers (IGTs)” to draw down federal matching funds.

The estimated GPP revenues and related IGTs recorded in FY 2016-2017, in thousands, were as follows:

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA	\$ 294,714	\$ 186,310
Olive View-UCLA	119,930	74,866
LAC+USC	502,550	289,122
Rancho	87,150	75,685
Total	<u>\$ 1,004,344</u>	<u>\$ 625,983</u>

The General Fund received \$78.40 million for GPP, which were recorded as “Charges for Services” revenue on the governmental funds statement.

Public Hospital Redesign and Incentives in Medi-Cal

The Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program is the successor to the 2010 Bridge to Reform waiver’s Delivery System Reform Incentive Program (DSRIP), a pay-for-performance program that improves care delivery to prepare California’s PHS for an influx of newly covered patients through the implementation of the Affordable Care Act (ACA).

PRIME directs PHS, district, and municipal hospitals to use evidence-based quality improvement methods to achieve ambitious, year-over-year performance targets. All federal funding for this program is contingent on meeting these targets.

Efforts within PRIME include (1) increasing the capability to furnish patient-centered, data driven, team-based care, (2) improving the capacity to provide point-of-care services, complex care management and population health management, (3) improving population and health outcomes, (4) high quality care that integrates physical and behavioral health services in the most appropriate setting and (5) moving towards value-based payments. The estimated revenues below, in thousands, were recorded as “other operating revenues” in FY 2016-2017:

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project: Medi-Cal 2020-Continued

Public Hospital Redesign and Incentives in Medi-Cal-Continued

	PRIME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA	\$ 139,747	\$ 91,327
Olive View-UCLA	66,726	36,229
LAC+USC	74,652	59,371
Rancho	92,102	25,927
Total	<u>\$ 373,227</u>	<u>\$ 212,854</u>

The General Fund received \$52.48 million for PRIME, and were recorded as "Intergovernmental Revenue Federal" on the governmental funds statement.

Whole Person Care

Whole Person Care (WPC) pilot program focuses on coordination of health, behavioral health, and social services in a patient-centered manner with the goals of improved beneficiary health and well-being through more efficient and effective use of resources.

WPC program is on a calendar year basis, starting with 2016. The General Fund received \$142.51 million for WPC revenues, which were recorded as "Intergovernmental Revenue Federal" on the governmental funds statements. In addition, the General Fund recorded \$71.23 million of WPC IGT expenditures, which were recorded as health and sanitation expenditures on the governmental funds statement.

Medi-Cal Demonstration Project: Bridge to Reform

Bridge to Reform was approved in November 2010 by CMS, pursuant to Section 1115(a) of the Social Security Act. This waiver affected many aspects of Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State drew down federal matching funds. Bridge to Reform covered the period November 1, 2010 to October 31, 2015, with a temporary extension to December 31, 2015.

The estimated Bridge to Reform revenues for DSH and SNCP included amounts collected and accrued for FY 2016-2017 as adjusted for over/under-realization of revenues for FYs 2006-2007 through 2014-2015.

The County also provided funding for the State's share of the DSH program by using IGTs to draw down federal matching funds. The IGTs made during FY 2016-2017 were for services provided in FYs 2013-2014. The amounts reported below, in thousands, also include IGTs returned by the State for overpayment.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project: Bridge to Reform-Continued

	Program Revenues		Intergovernmental Transfers Expense
	DSH	SNCP	
Harbor-UCLA	\$ (12,415)	\$ 3,439	\$ 904
Olive View-UCLA	2,376	1,230	(4,376)
LAC+USC	25,958	7,245	(4,158)
Rancho	(2,706)	1,245	(2,871)
Total	<u>\$ 13,213</u>	<u>\$ 13,159</u>	<u>\$ (10,501)</u>

Managed Care for Seniors and Persons with Disabilities

Under the Medi-Cal Demonstration Project, in an effort to provide more coordinated care and contain costs, Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) are required to enroll in managed care plans, rather than using a fee for service system. In FY 2016-2017, an estimated \$320.66 million of SPD 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 \$147.59 million in FY 2016-2017.

The General Fund received \$0.60 million for SPD, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Affordable Care Act

On January 1, 2014, when the federal health care reform of the Patient Protection went into effect, 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 Medicaid Coverage Expansion (MCE), also known as the Optional Medicaid Expansion 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 Federal Poverty Level. The Federal Medical Assistance Percentage (FMAP) for the MCE Program is 100% from July 1, 2016 through December 31, 2016, and 95% effective January 1, 2017.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Affordable Care Act-Continued

Medicaid Coverage Expansion-Continued

During FYs 2015-2016 and 2016-2017, LA Care Health Plan (LA Care), one of the health plans which subcontracts with the County to provide services for their Medi-Cal managed care members, continued to pay the County managed care capitation payments based on the FY 2014-2015 contract rates. The two organizations worked together to determine the new rates and the negotiated rates have been finalized in October 2017 but the agreements have not yet been executed. For the MCE capitated lives, the official MCE rates decreased for these two fiscal years. The County will pay back LA Care in FY 2017-2018 approximately \$494.33 million (\$228.96 million and \$265.37 million for the respective two fiscal years), which was reflected as third party payor liability due within one year. Refer to Third Party Payor Liability section of this Note below for additional information.

In FY 2016-2017, the total estimated MCE revenues and related estimated IGTs, including prior year over/under-realization were as follows (in thousands):

	Program Revenues	Intergovernmental Transfers Expense
MCE	\$ 601,505	\$ 16,297
MCRS - MCE	168,068	4,230
Total	\$ 769,573	\$ 20,527

The General Fund received \$0.49 million for MCE, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Other Medi-Cal Programs

Medi-Cal Fee-For-Service

The Medi-Cal Demonstration Project restructured the financing method by which the State draws down federal matching funds for the inpatient hospital fee-for service (FFS) to cost-based reimbursement. The nonfederal share of the Medi-Cal FFS are provided by the hospitals primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financing participation, currently provided at a 50% match. For FY 2016-2017, an estimated \$344.99 million of Medi-Cal FFS revenues were recorded as part of net patient service revenue.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Physician State Plan Amendment

The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. 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.

Revenues of \$28.02 million were recognized and recorded as part of net patient service revenue during FY 2016-2017 and included adjustments for the over/under-realization of revenues associated with FY 2006-2007 and FYs 2013-2014 through 2016-2017.

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburses 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, outpatient centers and Ambulatory Care Network health centers (excluding clinics that provide predominately public health services). CBRC revenues in FY 2016-2017 were \$261.66 million. As of June 30, 2017, the County estimated that approximately \$156.42 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. Refer to Third Party Payor Liability section of this Note for additional information.

The General Fund received \$0.45 million for CBRC, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Medi-Cal Cost Report Settlements

In FY 2016-2017, the County recognized favorable audit settlements of \$40.73 million for FY 2014-2015. The County's various level appeals to the Office of Administrative Appeals of certain audit adjustments have been favorably resolved resulting in \$17.48 million of final settlement revenues.

The State auditors are in the process of auditing the FY 2012-2013 and FY 2015-2016 CBRC cost reports and audit reports and settlements are expected by January 2018.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplements

The State is obtaining CMS' approval to continue the Medi-Cal Managed Care Rate Supplements (MCRS) paid to LA Care and Health Net Health Plans for FYs 2015-2016 and 2016-2017. The supplements are funded by IGTs made by the County. The County does not receive the supplemental payments directly from the State; rather, the State contracts with LA Care and Health Net, which then subcontract for services with various provider networks.

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

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2016-2017, including prior year over/under realization, were as follows (in thousands):

	MCRS Revenues	Intergovernmental Transfers Expense
LA Care	\$ 253,834	\$ 145,866
Health Net	47,936	28,657
Total	\$ 301,770	\$ 174,523

Revenues from the various Medi-Cal programs represent approximately 83% of the hospitals' patient care revenue for the year ended June 30, 2017.

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of \$1.052 billion (see Note 11) as of June 30, 2017, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are \$511.17 million. Due to a decrease in MCE rates for FYs 2015-2016 and 2016-2017, the County will pay back LA Care in FY 2017-2018 approximately \$494.33 million (\$228.96 million and \$265.37 million for the respective two fiscal years). In addition, it is estimated that the County's Hospitals will pay \$16.84 million in additional CBRC unallowable costs in FY 2017-2018. The noncurrent liabilities for third party payors are \$541.33 million. The primary programs associated with third party payors liabilities include DSH (\$240.27 million), Medi-Cal Inpatient (\$83.29 million), SNCP (\$54.95 million), GPP (\$53.98 million), Medicare (\$30.43 million), and SPD (\$27.29 million).

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2017 (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	\$ 3,281,948	\$ 1,988,695	\$ 4,706,662	\$ 788,053	\$ 10,765,358
Less: Allowance for uncollectible amounts	2,637,131	1,550,174	3,839,351	591,750	8,618,406
Accounts receivable - net	<u>\$ 644,817</u>	<u>\$ 438,521</u>	<u>\$ 867,311</u>	<u>\$ 196,303</u>	<u>\$ 2,146,952</u>

Charity Care

Charity care includes those uncollectible amounts, for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through the Department's Ability-to-Pay program, through other collection efforts by the Department, by the Treasurer and Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter. The total amount of such charity care provided by the hospitals for the year ended June 30, 2017 is as follows (in thousands):

Estimated cost of charity care	\$ 578,382
Charity care at established rates	1,141,571
Charges forgone	1,123,754

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 for FYs 2014-2015 and beyond. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected.

In FY 2016-2017, the State withheld \$5.61 million from the County's Health Realignment funds. This amount withheld is expected to be reconciled against actual revenues and expenses for FY 2016-2017 within two years. 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.

In FY 2015-2016, the State withheld \$100.73 million from the County's Health Realignment funds. However, based on updated revenues realized for FY 2015-2016 services in FY 2016-2017, the projected redirection amount is \$291.41 million. As a result, the "Intergovernmental Revenue State" revenue has been reduced by \$190.68 million in the County's General Fund in FY 2016-2017.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Realignment-Continued

In FY 2014-2015, the State withheld \$238.23 million from County's Health Realignment funds. However, based on updated revenues realized for FY 2014-2015 services in FY 2016-2017, the County determined that an additional \$127.28 million will most likely be returned to the State. As a result, the "Intergovernmental Revenue State" revenue has been reduced by \$127.28 million in the County's General Fund in FY 2016-2017.

In FY 2013-2014, the State withheld \$87.50 million from County's Health Realignment funds. However, pursuant to Section 17612.3(d) of the Welfare and Institutions Code, the State Department of Health Care Services (DHCS) completed its reconciliation in July 2016 of the FY 2013-2014 final redirection and determined that the redirection amount for the County of Los Angeles is zero and all \$87.50 million was returned to the County. The General Fund received the returned funds which were recorded as "Intergovernmental Revenues State" on the governmental fund statement.

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 (MLK-LA), to operate a new hospital at the MLK-MACC site. The 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.

To assist with the opening of the MLK Hospital, the County provided MLK-LA with \$50.00 million of coordination start-up funds, \$39.10 million of grant funding, and \$82.00 million of long-term loan funding, which includes a 30-year loan in the amount of \$50.00 million, a 10-year revolving line of credit in the amount of \$20.00 million, and a 2-year loan in the amount of \$12.00 million. On January 5, 2016, the Board of Supervisors approved an additional short-term revolving loan in the amount of \$40.00 million to assist MLK-LA with post-hospital opening expenses. All the loans have been repaid in full, with the exception of the 30-year loan, which has a current outstanding balance of \$48.20 million. In addition, the DHS has committed to make ongoing annual payments of \$18.00 million for indigent care support, and \$50.00 million of intergovernmental transfers for the benefit of the MLK Hospital.

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, 2017.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	\$ 17,705
	Flood Control District	3,774
	Public Library	3,153
	Regional Park and Open Space District	9,671
	Mental Health Services Act	72,230
	Nonmajor Governmental Funds	58,478
	Harbor-UCLA Medical Center	52,641
	Olive View-UCLA Medical Center	30,778
	LAC+USC Medical Center	44,574
	Rancho Los Amigos Nat'l Rehab Center	9,051
	Waterworks Enterprise Funds	876
	Nonmajor Aviation Funds	11
	Internal Service Funds	5,614
	<u>308,556</u>	
Fire Protection District	General Fund	3,205
	Nonmajor Governmental Funds	638
		<u>3,843</u>
Flood Control District	General Fund	3,138
	Nonmajor Governmental Funds	6,967
	Waterworks Enterprise Funds	1,177
	Nonmajor Aviation Funds	169
	Internal Service Funds	12,010
	<u>23,461</u>	
Public Library	General Fund	619
	Fire Protection District	3
	Nonmajor Governmental Funds	34
	<u>656</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Regional Park and Open Space District	General Fund	\$ 38
Mental Health Services Act	General Fund	6,465
Nonmajor Governmental Funds	General Fund	9,233
	Fire Protection District	15
	Flood Control District	38
	Public Library	1
	Nonmajor Governmental Funds	10,661
	Internal Service Funds	15,203
		<u>35,151</u>
Harbor-UCLA Medical Center	General Fund	19,969
	Fire Protection District	46
	Nonmajor Governmental Funds	23,130
	Olive View-UCLA Medical Center	195
	LAC+USC Medical Center	1,887
	Rancho Los Amigos Nat'l Rehab Center	11,835
		<u>57,062</u>
Olive View-UCLA Medical Center	General Fund	24,634
	Fire Protection District	97
	Nonmajor Governmental Funds	14,205
	Harbor-UCLA Medical Center	42
	LAC+USC Medical Center	10
	Rancho Los Amigos Nat'l Rehab Center	219
		<u>39,207</u>
LAC+USC Medical Center	General Fund	37,319
	Fire Protection District	74
	Nonmajor Governmental Funds	66,926
	Harbor-UCLA Medical Center	2,036
	Olive View-UCLA Medical Center	1,531
	Rancho Los Amigos Nat'l Rehab Center	1,443
	Internal Service Funds	4
		<u>109,333</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	\$ 5,983
	Fire Protection District	37
	Harbor-UCLA Medical Center	36,541
	Olive View-UCLA Medical Center	35,506
	LAC+USC Medical Center	68,157
		<u>146,224</u>
Waterworks Enterprise Funds	General Fund	71
	Fire Protection District	125
	Internal Service Funds	1,402
		<u>1,598</u>
Internal Service Funds	General Fund	15,466
	Fire Protection District	67
	Flood Control District	24,294
	Nonmajor Governmental Funds	22,530
	Harbor-UCLA Medical Center	687
	LAC+USC Medical Center	121
	Rancho Los Amigos Nat'l Rehab Center	76
	Waterworks Enterprise Funds	4,067
Nonmajor Aviation Funds	701	
		<u>68,009</u>
Total Interfund Receivables/Payables		<u>\$ 799,603</u>

Interfund Transfers

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2017 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	\$ 1,076
	Public Library	45,024
	Nonmajor Governmental Funds	95,188
	Harbor-UCLA Medical Center	152,263
	Olive View-UCLA Medical Center	128,270
	LAC+USC Medical Center	158,241
	Rancho Los Amigos Nat'l Rehab Center	100,721
	Internal Service Funds	139
		<u>680,922</u>
Fire Protection District	General Fund	2,270
	Nonmajor Governmental Funds	11,865
		<u>14,135</u>
Flood Control District	Nonmajor Governmental Funds	12,895
	Internal Service Funds	5,318
		<u>18,213</u>
Public Library	General Fund	148
	Nonmajor Governmental Funds	1,309
		<u>1,457</u>
Mental Health Services Act	General Fund	<u>333,825</u>
Nonmajor Governmental Funds	General Fund	101,075
	Fire Protection District	8,593
	Public Library	2,888
	Nonmajor Governmental Funds	22,313
	Harbor-UCLA Medical Center	52,355
	Olive View-UCLA Medical Center	35,765
	LAC+USC Medical Center	122,396
	Rancho Los Amigos Nat'l Rehab Center	44,974
Internal Service Funds	2,907	
		<u>393,266</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	4,961
	Rancho Los Amigos Nat'l Rehab Center	29,722
		<u>34,683</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	\$ 3,143
	Rancho Los Amigos Nat'l Rehab Center	6,114
		<u>9,257</u>
LAC+USC Medical Center	Nonmajor Governmental Funds	<u>5,775</u>
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	<u>1,459</u>
Waterworks Enterprise Funds	Nonmajor Governmental Funds	76
	Internal Service Funds	769
		<u>845</u>
Internal Service Funds	Flood Control District	2,229
	Nonmajor Governmental Funds	6,669
	Waterworks Enterprise Funds	553
		<u>9,451</u>
Total Interfund Transfers		<u>\$ 1,503,288</u>

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term and long-term advances to assist the Hospital Funds in meeting their cash flow requirements. The County estimates that a portion of Hospital revenue is not collectible within one year and has identified long-term receivables in each Hospital Enterprise Fund. To assist the Hospital Funds in meeting their cash flow requirements, the General Fund provided a \$110.20 million long-term advance and classified a corresponding amount of fund balance as nonspendable balance.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2017 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
General Fund	Harbor-UCLA Medical Center	\$	\$ 16,122	\$ 16,122
	Olive View-UCLA Medical Center	4,063	28,260	32,323
	LAC+USC Medical Center		58,804	58,804
	Rancho Los Amigos Nat'l Rehab Center	50,169	7,013	57,182
	Internal Service Funds	2,748		2,748
		<u>56,980</u>	<u>110,199</u>	<u>167,179</u>
Flood Control District	Internal Service Funds	<u>6,474</u>		<u>6,474</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>11,414</u>		<u>11,414</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,364</u>		<u>1,364</u>
Total Interfund Advances		<u>\$ 76,232</u>	<u>\$ 110,199</u>	<u>\$186,431</u>

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

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

The amounts presented for the governmental funds 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

- 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 are being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, under the caption, “Tobacco Settlement Asset-Backed Bonds.”
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.
- In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2017.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Mental Health Services Act
Fund balance - budgetary basis	\$ 1,982,626	\$ 21,769	\$ 89,046	\$ 47,988	\$ 168,608	\$ 370,087
Budgetary fund balances	1,615,971	191,111	384,774	26,921	111,173	687,517
Subtotal	<u>3,598,597</u>	<u>212,880</u>	<u>473,820</u>	<u>74,909</u>	<u>279,781</u>	<u>1,057,604</u>
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	177,805	1,483	2,776	737		
Accrual of compensated absences	78,639					
Unamortized balance of sale of tobacco settlement revenue	(228,142)					
Change in revenue accruals	(133,216)	(17,481)	(7,397)	(2,894)	(1,389)	(6,612)
Change in OPEB	157,290	9,056		1,472		
Subtotal	<u>52,376</u>	<u>(6,942)</u>	<u>(4,621)</u>	<u>(685)</u>	<u>(1,389)</u>	<u>(6,612)</u>
Fund balance - GAAP basis	<u>\$ 3,650,973</u>	<u>\$ 205,938</u>	<u>\$ 469,199</u>	<u>\$ 74,224</u>	<u>\$ 278,392</u>	<u>\$ 1,050,992</u>

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2017, there were contractual commitments of approximately \$7.27 million for various general government construction projects and approximately \$104.54 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2017, LACERA had outstanding capital commitments to various investment managers, approximating \$4.500 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
General Fund	\$	\$	\$ 462,464	\$ 462,464
Fire Protection District	67,227			67,227
Flood Control District	43,011			43,011
Public Library			10,791	10,791
Regional Park and Open Space District	101,038			101,038
Mental Health Services Act	3,721			3,721
Nonmajor Governmental Funds	83,898	2,885	9,932	96,715
Total Encumbrances	<u>\$ 298,895</u>	<u>\$ 2,885</u>	<u>\$ 483,187</u>	<u>\$ 784,967</u>

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as property, aviation, employee fidelity, boiler and machinery, cyber, catastrophic workers’ compensation, art objects, volunteers, special events, public official bonds, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been settlements related to these programs that exceeded self-insured retention in the last three years. Losses did not exceed coverage in FY 2014-2015, FY 2015-2016 or FY 2016-2017.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation, medical malpractice, law enforcement, natural disasters, inverse condemnation, non-tort and tort liability. 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 recovery/subrogation of approximately 10% of the total liability expenditures. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

18. RISK MANAGEMENT-Continued

As indicated in the following table, the County's workers' compensation balance as of June 30, 2017 was approximately \$2.640 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2017. Approximately \$67,804,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2017, the County's best estimate of these liabilities is \$2.941 billion. Changes in the reported liability since July 1, 2015 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year- End
<u>2015-2016</u>				
Workers' Compensation	\$ 2,167,899	\$ 672,439	\$ (407,344)	\$ 2,432,994
Other	266,853	97,924	(69,785)	294,992
Total	<u>\$ 2,434,752</u>	<u>\$ 770,363</u>	<u>\$ (477,129)</u>	<u>\$ 2,727,986</u>
<u>2016-2017</u>				
Workers' Compensation	\$ 2,432,994	\$ 629,023	\$ (422,464)	\$ 2,639,553
Other	294,992	82,396	(75,869)	301,519
Total	<u>\$ 2,727,986</u>	<u>\$ 711,419</u>	<u>\$ (498,333)</u>	<u>\$ 2,941,072</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$204.83 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

19. POLLUTION REMEDIATION

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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

19. POLLUTION REMEDIATION-Continued

As of June 30, 2017, the County's estimated pollution remediation obligation totaled \$22,081,000. 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 and the proprietary funds statement of net position as of June 30, 2017 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
Statement of Net Position (in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Unamortized losses on refunding of debt	\$ 17,360		\$ 17,360
Pensions	3,122,082	539,905	3,661,987
Total government-wide deferred outflows of resources	<u>\$ 3,139,442</u>	<u>539,905</u>	<u>\$ 3,679,347</u>
Deferred inflows of resources:			
Service concession arrangements	\$ 90,076		\$ 90,076
Pensions	783,544	178,415	961,959
Total government-wide deferred inflows of resources	<u>\$ 873,620</u>	<u>178,415</u>	<u>\$ 1,052,035</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Funds
Statement of Net Position (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total	ISF Funds
Deferred outflows of resources- Pensions	<u>\$ 164,639</u>	<u>105,477</u>	<u>222,071</u>	<u>47,718</u>	<u>\$ 539,905</u>	<u>\$ 115,193</u>
Deferred inflows of resources- Pensions	<u>\$ 59,694</u>	<u>32,544</u>	<u>72,486</u>	<u>13,691</u>	<u>\$ 178,415</u>	<u>\$ 33,319</u>

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2017 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 Funds
Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources - Tobacco settlement revenues	<u>\$</u>					<u>228,142</u>	<u>\$ 228,142</u>
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 228,142						\$ 228,142
Property tax revenues	108,044	25,977	7,763	4,299	4,068	8,108	158,259
Other long-term receivables	84,973	815	100			2	85,890
Total governmental funds deferred inflows of resources	<u>\$ 421,159</u>	<u>26,792</u>	<u>7,863</u>	<u>4,299</u>	<u>4,068</u>	<u>8,110</u>	<u>\$ 472,291</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 (in thousands) are as follows:

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Government Funds
Fund Balances:							
Nonspendable:							
Inventories	\$ 48,824	11,131	1	561			1
Long-term receivables	163,457						
Permanent fund principal							2,165
Total Nonspendable	<u>212,281</u>	<u>11,131</u>	<u>1</u>	<u>561</u>			<u>2,166</u>
Restricted for:							
Purpose of fund		194,807	469,099	15,553	278,392	1,050,992	1,020,597
Purpose of utility user tax	60,581						
Grand Avenue project	4,600						
Sheriff Pitchess landfill	2,976						
La Alameda project	2,000						
Capital projects							84,663
Debt service							387,316
Endowments and annuities							134
Total Restricted	<u>70,157</u>	<u>194,807</u>	<u>469,099</u>	<u>15,553</u>	<u>278,392</u>	<u>1,050,992</u>	<u>1,492,710</u>
Committed to:							
Purpose of fund							42,531
Capital projects and extraordinary maintenance	100,190						76,720
Health services-tobacco settlement	44,180						
Budget uncertainties	100,483						
Low to moderate income housing							
Assessor tax system	2,907						
Health services operations	16,000						
Interoperable and countywide communication	7,005						
Services to unincorporated areas	11,877						
Financial system	9,121						
Department of children and family services	8,840						
Health services future financial requirements	6,513						
Affordable Housing	5,558						
Public works-permit tracking system	5,402						

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

21. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Government Funds
TTC remittance processing and mailroom equipment	\$ 8,400						
Information technology enhancements	66,863						
Live scan	2,000						
Board budget policies and priorities	33,548						
TTC unsecured property tax system	463						
Sheriff unincorporated patrol	90						
Total Committed	429,440						119,251
Assigned to:							
Purpose of fund			99	58,110			111,658
Future purchases	493,352						
Capital projects							43,154
Imprest cash	1,431						
Total Assigned	494,783		99	58,110			154,812
Unassigned	2,444,312						
Total Fund Balances	\$3,650,973	205,938	469,199	74,224	278,392	1,050,992	1,768,939

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 10.00% of on-going locally generated revenue. Transfers, at a minimum of ten percent (10.00%) of excess fund balance, less Board approved carryovers, will be set aside in the Rainy Day Fund and/or OPEB trust fund each year until the 10.00% cap is met. Excess fund balance is defined as the difference between the actual year-end fund balance amount as determined by the Auditor-Controller, less the estimated fund balance amount included in the Adopted Budget. Board approved carryover is defined as unspent funding that was previously approved by the Board for critical programs and/or uncompleted projects.

When the Reserve cap of 10.00% is reached, the annual 10.00% of excess fund balance amount should be deposited into the OPEB trust fund to be made available for unfunded retiree health obligations. 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 \$409,309,000 is reported as unassigned fund balance in the General Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 3, 2017, the County issued \$800,000,000 in 2017-2018 TRANS, which will mature on June 29, 2018. The TRANS are collateralized by taxes and other revenues attributable to the 2017-2018 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 0.90%.

Lease Revenue Obligation Notes

On October 2, 2017, the Los Angeles County Capital Asset Leasing Corporation issued an additional \$30,000,000 in Lease Revenue Obligation Notes (LRON) with an initial weighted average interest rate of 0.94%. The proceeds are being used to fund capital requirements of various capital projects. The LRON are supported and secured by two separate series of letters of credit, a revolving credit agreement, and pledged County properties.

LACCAL Lease Revenue Bond Anticipation Notes

On October 16, 2017, the LACCAL issued a \$10,000,000 Bond Anticipation Note with an initial interest rate of 1.752%. The rates are adjustable on January 2 and July 1 of each year. The note was purchased by the Los Angeles County Treasury Pool and is due on June 30, 2020. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of Net Pension Liability and Related Ratios
Last 10 Fiscal Years¹
(Dollar amounts in thousands)

	06/30/2016	06/30/2015	06/30/2014
Pension Plan's fiduciary net position as percentage of total pension liability	81.749%	86.296%	86.804%
County's proportionate share of the collective net pension liability	\$ 10,272,671	\$ 7,448,374	\$ 6,957,082
County's proportion as percentage of the collective net pension liability	96.170%	96.081%	95.897%
Covered payroll	\$ 6,986,004	\$ 6,948,738	\$ 6,672,228
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	147.046%	107.190%	104.269%

Schedule of County's Contributions
Last 10 Fiscal Years¹
(Dollar amounts in thousands)

	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 1,300,711	\$ 1,389,628	\$ 1,437,555
Less: Contributions in relation to the ADC	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 7,320,575	\$ 6,986,004 ²	\$ 6,948,738
Contributions as a percentage of total covered payroll	17.768%	19.892%	20.688%

- (1) Historical information is required only for measurement periods for which GASB 68 and 71 is applicable. Eventually, 10 years of data will be shown.
- (2) The amount previously reported for June 30, 2016, \$7,279,091, included the covered payroll for County and Superior Court employees. The amount shown above, \$6,986,004, represents the covered payroll only for County employees.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
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, 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	1.77%	6,672,228	401.73%
July 1, 2016	552,900	24,791,900	24,239,000	2.23%	6,965,700	347.98%

Long-Term Disability

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%
July 1, 2015	0	1,090,408	1,090,408	0%	6,948,738	15.69%

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



COUNTY OF LOS ANGELES
MAJOR GOVERNMENTAL FUND
GENERAL FUND

The General Fund is the general operating fund of the County. It is used to account for and report all financial resources not accounted for and reported in another fund. Revenues are derived from Taxes; Licenses, permits and franchises; Fines, forfeitures and penalties; Revenue from use of money and property; Intergovernmental revenues; Charges for services and Miscellaneous. Expenditures are expended for functions of General government; Public protection; Public ways and facilities; Health and sanitation; Public assistance; Education; Recreation and cultural services; Debt service and Capital outlay.

COUNTY OF LOS ANGELES
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 972,352	987,924	914,286	73,638
Services and supplies	1,693,401	1,529,679	744,111	785,568
Other charges	176,646	189,449	157,203	32,246
Capital assets	19,091	19,467	10,678	8,789
Intrafund transfers	(675,519)	(677,861)	(663,009)	(14,852)
TOTAL GENERAL GOVERNMENT	2,185,971	2,048,658	1,163,269	885,389
PUBLIC PROTECTION:				
Salaries and employee benefits	4,399,163	4,465,925	4,400,671	65,254
Services and supplies	1,090,251	1,108,333	900,078	208,255
Other charges	381,297	380,449	359,788	20,661
Capital assets	45,006	29,430	22,832	6,598
Intrafund transfers	(95,007)	(108,655)	(100,975)	(7,680)
TOTAL PUBLIC PROTECTION	5,820,710	5,875,482	5,582,394	293,088
HEALTH AND SANITATION:				
Salaries and employee benefits	1,448,666	1,441,802	1,368,300	73,502
Services and supplies	2,477,798	2,485,330	2,177,244	308,086
Other charges	224,156	379,077	369,683	9,394
Capital assets	29,998	28,065	26,789	1,276
Intrafund transfers	(228,248)	(259,702)	(237,819)	(21,883)
TOTAL HEALTH AND SANITATION	3,952,370	4,074,572	3,704,197	370,375
PUBLIC ASSISTANCE:				
Salaries and employee benefits	2,320,391	2,320,305	2,218,915	101,390
Services and supplies	1,420,313	1,444,444	1,182,063	262,381
Other charges	3,026,943	3,037,234	2,751,388	285,846
Capital assets	6,648	6,661	5,079	1,582
Intrafund transfers	(61,664)	(61,664)	(54,397)	(7,267)
TOTAL PUBLIC ASSISTANCE	6,712,631	6,746,980	6,103,048	643,932
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	165,963	164,462	163,285	1,177
Services and supplies	168,841	173,607	159,354	14,253
Other charges	21,598	24,038	19,786	4,252
Capital assets	1,576	2,649	1,950	699
Intrafund transfers	(3,438)	(4,629)	(4,585)	(44)
TOTAL RECREATION AND CULTURAL SERVICES	354,540	360,127	339,790	20,337
DEBT SERVICE-				
Interest	6,458	6,458	6,458	
CAPITAL OUTLAY	751,769	857,514	99,133	758,381
TOTAL GENERAL FUND	\$ 19,784,449	19,969,791	16,998,289	2,971,502



NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Road Fund is used to account for the maintenance and construction of streets, roads, highways, and bridges. Revenue consists primarily of the County's share of State highway users taxes as supplemented by federal funds, vehicle code fines and charges for services provided to cities.

The Other Streets, Highways, Roads and Bridges Funds: Article 3-Bikeway, Off-Street Parking, Proposition C Local Return, Proposition C Local Return Capital Reserve, Special Road Districts, Construction Fee Districts, Transit Operations, Paratransit Operations, and Measure R Local Return are used to account for transportation and road related services or functions. Revenues are derived from local sales tax revenue, parking meter receipts, Districts' share of the countywide tax levy, State and other intergovernmental revenues and service charges to parking lots.

The Street Lighting Districts Funds are used to account for the installation and maintenance of street lighting systems. Revenues are derived primarily from the countywide tax levy and benefit assessments.

The Garbage Disposal Districts Funds are used to account for the provisions of the Health and Safety Code to provide garbage and refuse collection and disposal services within the boundaries of each District. Revenues are mostly from charges for services and property taxes.

The Sewer Maintenance Districts Funds are used to account for the Health and Safety Code for the administration, maintenance, operation and repair of sanitary sewers, appurtenances, pumping plants, sewer treatment plants and related services. These Districts are financed through sewer service charges.

The Health Services Measure B Fund is used to account for a countywide system of Trauma Centers and Emergency Medical Services, for bioterrorism preparedness and response, and for related administrative costs. Revenues are derived primarily from a voter approved special tax.

The Health and Sanitation Funds: Hospital Services, Physician Services, Statham Alcohol, Alcohol and Drug Problem, Proposition 36, Driving Under the Influence, AIDS Education, Air Quality Improvement, Bicycle Safety Helmet, Hazardous Waste Enforcement, Mission Canyon Closure, Solid Waste Management Funds, Cancer Patient Welfare, and EMS Vehicle Replacement are used to account for the cost of emergency services for the indigent, County alcoholism programs and services, AIDS education, air quality improvements, bicycle safety, hazardous waste enforcement, solid waste management, cancer patient services, and replacement of vehicles. Revenues are from patient collections, court fines, State-assessed vehicle fees, penalties assessed for hazardous waste violations, and sanitation services.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Other Public Protection Funds: Jail Store, Inmate Welfare, Narcotic Enforcement, Vehicle Theft Prevention, Countywide Warrant System, Sheriff's Processing Fees, Training and Automation, Automated Fingerprint Identification System, DNA Identification Fund, District Attorney Asset Forfeiture, Fire Department Developer Fees, Forest Mitigation, Information Systems Advisory Body, Drug Abuse Gang Diversion, Jury Operations Improvement, Dependency Court Facilities, Small Claims Advisor Program, and Fire Department Helicopter Accumulative Capital Outlay are used to account for certain services and supplies to inmates, to supplement the cost of various law enforcement, prosecutorial investigation, fire protection activities, and to finance vehicle and helicopter replacement, facilities improvement, equipment maintenance and automated systems. Child Seat Restraint Loaner is used to account for the operation of a child restraint low-cost purchase and loan program. Fish and Game is used to account for the preservation and propagation of fish and wildlife. Revenues are derived from sale of minor supplies, fines related to controlled substance convictions, benefit assessments, forfeiture of assets used in connection with transportation or possession of a controlled substance, court fines and revenues and local fish and game fines. Probation Community Corrections Performance Incentives is used to account for the improvement of public safety outcomes at the community level utilizing evidence-based services geared towards maintaining offenders within the community. Revenues are derived principally from State revenues. The Consumer Protection Settlement Fund is used to account for the County's consumer protection, enforcement, and education programs. Revenues are derived from settlements from businesses that engage in unfair businesses practices.

The Public Assistance Funds: Child Abuse/Neglect Prevention Program, Alternate Dispute Resolution Program, Alcohol and Drug Abuse Education Program, Domestic Violence Program, and Linkages Support Program are used to account for a variety of public assistance services. The programs are financed from special fees collected for birth certificates, marriage licenses, confidential marriage certificates, and court fines for driving under the influence of alcohol or drugs, and disabled parking violation assessments.

The Recreation Funds: Golf Course, Park Improvement, Recreation and Development, Tesoro Adobe Park, San Gabriel Canyon, and Ford Theater are used to account for the maintenance and improvements to County parks and golf courses, public recreation areas, and Ford Theater. Civic Art Special fund is used to account for civic art projects. The Cable TV Franchise fund is used to account for cable-related activities. The Off-Highway Vehicle fund is used to account for the development, construction, operation, and maintenance of off-highway vehicle recreation facilities. Revenues are derived from a percentage of golf course green fees, vehicle entrance fees collected from the regional parks, and percentage of the design and construction costs.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Courthouse Temporary Construction Fund is used to temporarily account for monies ultimately to be used for various courthouse construction projects. Revenues are derived principally from surcharges included in fines for criminal convictions.

The Criminal Justice Temporary Construction Fund is used to temporarily account for monies ultimately to be used for the improvement of criminal justice facilities and automated information systems. Revenues are derived principally from surcharges on criminal fines.

The Registrar-Recorder Improvement Funds: Modernization and Improvement, Micrographics, Social Security Truncation, Vitals and Health Statistics, and Multi-County e-Recording Project funds are used to account for the improvement of Registrar-Recorder automated information systems. Revenues are derived principally from recording and filing fees.

The Other Special Revenue Funds: Information Technology Infrastructure and the Accumulative Capital Outlay (ACO) are used to account for the replacement of motor vehicles, printing, information technology, and communications equipment. Asset Development Implementation fund is used to account for short to intermediate financing for County asset development activities. Productivity Investment is used to account for the start-up and incidental costs associated with productivity improvement projects. Civic Center Employee parking is used to account for providing parking services and alternative means of transportation for County employees. Public Library Developer Fees are used to account for the acquisition of land, construct library facilities, and purchase equipment and library materials. Various funds are used to account for resources that are legally restricted and the principal and earnings may be used for purposes that support general government and education.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR DEBT SERVICE FUNDS

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Flood Control District Debt Service Funds receive their funds from a voted indebtedness tax levy as a transfer from the Flood Control District Fund. The Flood Control District additionally receives operating transfers from the Flood Control District Special Revenue Fund. The Regional Park and Open Space District receives long-term debt proceeds and also receives voter-approved benefit assessments in the form of charges for services. Joint Powers Authorities-Public Works Financing Authority and Public Buildings receive their funds primarily from the General Fund in the form of operating transfers. The Los Angeles County Securitization Corporation receives funding primarily from the collection of the County's future tobacco settlement payments and from long-term debt proceeds secured by the County's Tobacco Assets.

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

Disney Parking Project
2010 Multiple Capital Projects I - Series A
2010 Multiple Capital Projects I - Series B
2012 Disney Concert Hall Parking Garage Project Refunding
2012 Multiple Capital Projects II - Series 2012
2015 Multiple Capital Projects - Series A
Lease Revenue Refunding Bonds, 2015 Series B
Lease Revenue Refunding Bonds, 2015 Series C
Lease Revenue Bonds, 2016 Series D
Lease Revenue Obligation Notes

Los Angeles County Securitization Corporation

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS

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

Accumulative Capital Outlay Funds are used to account for specific capital projects in accordance with Government Code Section 53731.

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

Public Buildings projects are used to account for capital projects financed by bonds, lease revenue obligation notes and operating transfers.

Gap Loan Fund is used to account for the County's proceeds from sale of "Gap Loan" receivables that are restricted for capital spending purposes.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR PERMANENT FUNDS

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

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 JUNE 30, 2017 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 1,311,640	80,984	204,725	2,315	\$ 1,599,664
Other	58,212	14	283	3	58,512
Total pooled cash and investments	<u>1,369,852</u>	<u>80,998</u>	<u>205,008</u>	<u>2,318</u>	<u>1,658,176</u>
Other investments		78,052			78,052
Taxes receivable	10,690				10,690
Interest receivable	3,946	124	610	7	4,687
Other receivables	43,470		118		43,588
Due from other funds	31,163		3,988		35,151
Advances to other funds	11,414				11,414
Inventories	1				1
TOTAL ASSETS	<u>1,470,536</u>	<u>159,174</u>	<u>209,724</u>	<u>2,325</u>	<u>1,841,759</u>
DEFERRED OUTFLOWS OF RESOURCES		<u>228,142</u>			<u>228,142</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,470,536</u>	<u>387,316</u>	<u>209,724</u>	<u>2,325</u>	<u>\$ 2,069,901</u>
LIABILITIES					
Accounts payable	\$ 32,650		502		\$ 33,152
Accrued payroll	80				80
Due to other funds	198,921		4,622	26	203,569
Advances payable	55,742		63		55,805
Third party payor	246				246
TOTAL LIABILITIES	<u>287,639</u>		<u>5,187</u>	<u>26</u>	<u>292,852</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,110</u>				<u>8,110</u>
FUND BALANCES					
Nonspendable	1			2,165	2,166
Restricted	1,020,597	387,316	84,663	134	1,492,710
Committed	42,531		76,720		119,251
Assigned	111,658		43,154		154,812
TOTAL FUND BALANCES	<u>1,174,787</u>	<u>387,316</u>	<u>204,537</u>	<u>2,299</u>	<u>1,768,939</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,470,536</u>	<u>387,316</u>	<u>209,724</u>	<u>2,325</u>	<u>\$ 2,069,901</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 362,646				\$ 362,646
Licenses, permits and franchises	19,952				19,952
Fines, forfeitures and penalties	54,736				54,736
Revenue from use of money and property:					
Investment income	4,762	2,810	4,641	1	12,214
Rents and concessions	27,289				27,289
Royalties	1				1
Intergovernmental revenues:					
Federal	32,866				32,866
State	209,519		77		209,596
Other	15,341				15,341
Charges for services	145,661	14,062	6,955		166,678
Miscellaneous	53,511	22,543	3,763		79,817
TOTAL REVENUES	926,284	39,415	15,436	1	981,136
EXPENDITURES					
Current:					
General government	16,723			45	16,768
Public protection	68,959				68,959
Public ways and facilities	361,137				361,137
Health and sanitation	172,688				172,688
Public assistance	8,010				8,010
Education	34				34
Recreation and cultural services	8,790				8,790
Debt service:					
Principal		118,632			118,632
Interest and other charges		92,191			92,191
Capital outlay			19,593		19,593
TOTAL EXPENDITURES	636,341	210,823	19,593	45	866,802
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	289,943	(171,408)	(4,157)	(44)	114,334
OTHER FINANCING SOURCES (USES)					
Transfers in	19,234	120,271	26,148		165,653
Transfers out	(316,469)	(13,619)	(63,178)		(393,266)
Issuance of debt		34,142	500		34,642
Sales of capital assets	912				912
TOTAL OTHER FINANCING SOURCES (USES)	(296,323)	140,794	(36,530)		(192,059)
NET CHANGE IN FUND BALANCES	(6,380)	(30,614)	(40,687)	(44)	(77,725)
FUND BALANCES, JULY 1, 2016, AS RESTATED	1,181,167	417,930	245,224	2,343	1,846,664
FUND BALANCES, JUNE 30, 2017	\$ 1,174,787	387,316	204,537	2,299	\$ 1,768,939



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2017 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
ASSETS						
Pooled cash and investments:						
Operating	\$ 116,041	152,359	84,208	47,701	40,643	140,483
Other	31,520	9,633	627	534	832	5,297
Total pooled cash and investments	<u>147,561</u>	<u>161,992</u>	<u>84,835</u>	<u>48,235</u>	<u>41,475</u>	<u>145,780</u>
Taxes receivable		327	1,268	955	653	7,461
Interest receivable	631	465	253	147	116	387
Other receivables	13,719	9,249	6	1,108	883	
Due from other funds	16,585	729	3,202		1,812	
Advances to other funds	8,342	952	165		1,253	
Inventories	1					
TOTAL ASSETS	<u>\$ 186,839</u>	<u>173,714</u>	<u>89,729</u>	<u>50,445</u>	<u>46,192</u>	<u>153,628</u>
LIABILITIES						
Accounts payable	\$ 6,990	6,074	1,377	185	149	3,203
Accrued payroll						
Due to other funds	19,179	6,488	3,740	1,003	7,249	111,663
Advances payable	45,237	9,270				
Third party payor	246					
TOTAL LIABILITIES	<u>71,652</u>	<u>21,832</u>	<u>5,117</u>	<u>1,188</u>	<u>7,398</u>	<u>114,866</u>
DEFERRED INFLOWS OF RESOURCES		<u>220</u>	<u>845</u>	<u>1,436</u>	<u>950</u>	<u>4,616</u>
FUND BALANCES						
Nonspendable	1					
Restricted	115,186	151,662	83,767	47,821	37,844	34,146
Committed						
Assigned						
TOTAL FUND BALANCES	<u>115,187</u>	<u>151,662</u>	<u>83,767</u>	<u>47,821</u>	<u>37,844</u>	<u>34,146</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 186,839</u>	<u>173,714</u>	<u>89,729</u>	<u>50,445</u>	<u>46,192</u>	<u>153,628</u>

Health and Sanitation	Other Public Protection	Public Assistance	Recreation	
				ASSETS
\$ 47,825	457,986	6,941	28,157	Pooled cash and investments:
2,099	3,455	557	297	Operating
49,924	461,441	7,498	28,454	Other
26				Total pooled cash and investments
147	1,324	3	64	Taxes receivable
15,903	1,429	417	514	Interest receivable
826	578		341	Other receivables
702				Due from other funds
				Advances to other funds
				Inventories
\$ 67,528	464,772	7,918	29,373	TOTAL ASSETS
				LIABILITIES
\$ 11,037	2,382	686	424	Accounts payable
				Accrued payroll
3,689	33,088	681	891	Due to other funds
1,235				Advances payable
				Third party payor
15,961	35,470	1,367	1,315	TOTAL LIABILITIES
43				DEFERRED INFLOWS OF RESOURCES
				FUND BALANCES
50,907	388,391	6,551	3,110	Nonspendable
	34,795			Restricted
617	6,116		24,948	Committed
51,524	429,302	6,551	28,058	Assigned
				TOTAL FUND BALANCES
\$ 67,528	464,772	7,918	29,373	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET - Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2017 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 13,603	68,849	19,399	87,445	\$ 1,311,640
Other	958	1,136	644	623	58,212
Total pooled cash and investments	<u>14,561</u>	<u>69,985</u>	<u>20,043</u>	<u>88,068</u>	<u>1,369,852</u>
Taxes receivable					10,690
Interest receivable	59	213		137	3,946
Other receivables			239	3	43,470
Due from other funds	4,796	115	553	1,626	31,163
Advances to other funds					11,414
Inventories					1
TOTAL ASSETS	<u>\$ 19,416</u>	<u>70,313</u>	<u>20,835</u>	<u>89,834</u>	<u>\$ 1,470,536</u>
LIABILITIES					
Accounts payable	\$			143	\$ 32,650
Accrued payroll				80	80
Due to other funds		7,757	2,050	1,443	198,921
Advances payable					55,742
Third party payor					246
TOTAL LIABILITIES		<u>7,757</u>	<u>2,050</u>	<u>1,666</u>	<u>287,639</u>
DEFERRED INFLOWS OF RESOURCES					<u>8,110</u>
FUND BALANCES					
Nonspendable					1
Restricted	19,416	62,556	18,785	455	1,020,597
Committed				7,736	42,531
Assigned				79,977	111,658
TOTAL FUND BALANCES	<u>19,416</u>	<u>62,556</u>	<u>18,785</u>	<u>88,168</u>	<u>1,174,787</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 19,416</u>	<u>70,313</u>	<u>20,835</u>	<u>89,834</u>	<u>\$ 1,470,536</u>



COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
REVENUES						
Taxes	\$ 4,281	55,439	23,075	6,137		273,714
Licenses, permits and franchises	5,411					
Fines, forfeitures and penalties		22	93	302	182	973
Revenue from use of money and property:						
Investment income	1,213	690	259	146	104	194
Rents and concessions	74	158				
Royalties						
Intergovernmental revenues:						
Federal	26,261	6,605				
State	138,775	88	137	36	4	
Other		13,338	344	4	35	
Charges for services	13,606	3,262	3,209	19,929	37,447	336
Miscellaneous	102	10	1		7	
TOTAL REVENUES	189,723	79,612	27,118	26,554	37,779	275,217
EXPENDITURES						
Current:						
General government						
Public protection						
Public ways and facilities	262,107	79,111	19,919			
Health and sanitation				22,508	30,880	73,881
Public assistance						
Education						
Recreation and cultural services						
TOTAL EXPENDITURES	262,107	79,111	19,919	22,508	30,880	73,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(72,384)	501	7,199	4,046	6,899	201,336
OTHER FINANCING SOURCES (USES)						
Transfers in	6,118				786	
Transfers out	(1,591)	(44)	(8)		(952)	(221,548)
Sales of capital assets	34	620			17	
TOTAL OTHER FINANCING SOURCES (USES)	4,561	576	(8)		(149)	(221,548)
NET CHANGE IN FUND BALANCES	(67,823)	1,077	7,191	4,046	6,750	(20,212)
FUND BALANCES, JULY 1, 2016, AS RESTATED	183,010	150,585	76,576	43,775	31,094	54,358
FUND BALANCES, JUNE 30, 2017	\$ 115,187	151,662	83,767	47,821	37,844	34,146

	Health and Sanitation	Other Public Protection	Public Assistance	Recreation	
					REVENUES
\$					Taxes
	9,914		1,507	20	Licenses, permits and franchises
	19,571	6,335	2,245		Fines, forfeitures and penalties
					Revenue from use of money and property:
	232	1,286	1	118	Investment income
	17	19,193		1,476	Rents and concessions
					Royalties
					Intergovernmental revenues:
					Federal
	1,194	69,154		131	State
	1,620				Other
	24,636	14,309	5,295	5,893	Charges for services
	4	50,111	73	2,970	Miscellaneous
	<u>57,188</u>	<u>160,388</u>	<u>9,121</u>	<u>10,608</u>	TOTAL REVENUES
					EXPENDITURES
					Current:
		51,001			General government
					Public protection
					Public ways and facilities
	45,419				Health and sanitation
			8,010		Public assistance
					Education
				8,790	Recreation and cultural services
	<u>45,419</u>	<u>51,001</u>	<u>8,010</u>	<u>8,790</u>	TOTAL EXPENDITURES
	<u>11,769</u>	<u>109,387</u>	<u>1,111</u>	<u>1,818</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
					OTHER FINANCING SOURCES (USES)
		10		669	Transfers in
	(2,660)	(55,552)	(1,180)	(595)	Transfers out
		36			Sales of capital assets
	<u>(2,660)</u>	<u>(55,506)</u>	<u>(1,180)</u>	<u>74</u>	TOTAL OTHER FINANCING SOURCES (USES)
	<u>9,109</u>	<u>53,881</u>	<u>(69)</u>	<u>1,892</u>	NET CHANGE IN FUND BALANCES
	<u>42,415</u>	<u>375,421</u>	<u>6,620</u>	<u>26,166</u>	FUND BALANCES, JULY 1, 2016, AS RESTATED
\$	<u><u>51,524</u></u>	<u><u>429,302</u></u>	<u><u>6,551</u></u>	<u><u>28,058</u></u>	FUND BALANCES, JUNE 30, 2017

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar Recorder Improvement	Other Special Revenue	Total
REVENUES					
Taxes	\$				\$ 362,646
Licenses, permits and franchises				3,100	19,952
Fines, forfeitures and penalties	11,770	13,243			54,736
Revenue from use of money and property:					
Investment income	116	241		162	4,762
Rents and concessions				6,371	27,289
Royalties				1	1
Intergovernmental revenues:					
Federal					32,866
State					209,519
Other					15,341
Charges for services			14,408	3,331	145,661
Miscellaneous				233	53,511
TOTAL REVENUES	11,886	13,484	14,408	13,198	926,284
EXPENDITURES					
Current:					
General government				16,723	16,723
Public protection	963	16,995			68,959
Public ways and facilities					361,137
Health and sanitation					172,688
Public assistance					8,010
Education				34	34
Recreation and cultural services					8,790
TOTAL EXPENDITURES	963	16,995		16,757	636,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,923	(3,511)	14,408	(3,559)	289,943
OTHER FINANCING SOURCES (USES)					
Transfers in		2,844		8,807	19,234
Transfers out	(13,868)	(913)	(14,843)	(2,715)	(316,469)
Sales of capital assets				205	912
TOTAL OTHER FINANCING SOURCES (USES)	(13,868)	1,931	(14,843)	6,297	(296,323)
NET CHANGE IN FUND BALANCES	(2,945)	(1,580)	(435)	2,738	(6,380)
FUND BALANCES, JULY 1, 2016, AS RESTATED	22,361	64,136	19,220	85,430	1,181,167
FUND BALANCES, JUNE 30, 2017	\$ 19,416	62,556	18,785	88,168	\$ 1,174,787

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 361,036	361,688	362,320	632
Licenses, permits and franchises	16,469	16,469	19,952	3,483
Fines, forfeitures and penalties	57,012	57,012	54,737	(2,275)
Revenue from use of money and property:				
Investment income	6,494	7,230	13,705	6,475
Rents and concessions	26,920	26,920	27,289	369
Royalties	5	5	1	(4)
Intergovernmental revenues:				
Federal	36,607	36,607	32,866	(3,741)
State	214,083	214,083	209,519	(4,564)
Other	29,101	29,101	15,341	(13,760)
Charges for services	147,686	148,582	145,554	(3,028)
Miscellaneous	21,038	21,038	53,512	32,474
TOTAL REVENUES	916,451	918,735	934,796	16,061
EXPENDITURES				
Current:				
General government	29,832	29,371	13,579	15,792
Public protection	328,692	320,517	82,992	237,525
Public ways and facilities	497,069	500,373	371,332	129,041
Health and sanitation	258,776	253,262	187,614	65,648
Public assistance	10,508	10,508	8,454	2,054
Education	6,258	6,258	36	6,222
Recreation and cultural services	25,783	25,792	8,879	16,913
TOTAL EXPENDITURES	1,156,918	1,146,081	672,886	473,195
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(240,467)	(227,346)	261,910	489,256
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	292	292	912	620
Transfers in	14,675	14,919	19,497	4,578
Transfers out	(411,861)	(424,103)	(305,707)	118,396
Appropriations for contingencies	(203,553)	(204,676)	1	204,677
Changes in fund balances	(10,578)	(10,578)	3,882	14,460
OTHER FINANCING SOURCES (USES) - NET	(611,025)	(624,146)	(281,415)	342,731
NET CHANGE IN FUND BALANCE	(851,492)	(851,492)	(19,505)	831,987
FUND BALANCE, JULY 1, 2016, AS RESTATED	851,492	851,492	851,492	
FUND BALANCE, JUNE 30, 2017	\$		831,987	831,987

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 4,117	4,280	4,281	1
Licenses, permits and franchises	4,642	4,642	5,411	769
Revenue from use of money and property:				
Investment income	1,535	1,561	2,386	825
Rents and concessions	88	88	74	(14)
Intergovernmental revenues:				
Federal	35,316	35,316	26,261	(9,055)
State	154,827	154,827	138,775	(16,052)
Other	3,097	3,097		(3,097)
Charges for services	17,657	18,461	13,606	(4,855)
Miscellaneous	324	324	102	(222)
TOTAL REVENUES	221,603	222,596	190,896	(31,700)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	255,456	261,060	257,034	4,026
Other charges	13,850	11,350	5,810	5,540
Capital assets	2,280	2,280	1,647	633
Capital Outlay	20,041	20,241	7,691	12,550
TOTAL EXPENDITURES	291,627	294,931	272,182	22,749
DEFICIENCY OF REVENUES OVER EXPENDITURES	(70,024)	(72,335)	(81,286)	(8,951)
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			34	34
Transfers in	862	862	6,118	5,256
Transfers out	(7,413)	(4,913)	(1,591)	3,322
Appropriations for contingencies		(189)		189
Changes in fund balance	2,773	2,773	8,177	5,404
OTHER FINANCING SOURCES (USES) - NET	(3,778)	(1,467)	12,738	14,205
NET CHANGE IN FUND BALANCE	(73,802)	(73,802)	(68,548)	5,254
FUND BALANCE, JULY 1, 2016	73,802	73,802	73,802	
FUND BALANCE, JUNE 30, 2017	\$		5,254	5,254

Continued....

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 54,679	54,679	55,436	757
Fines, forfeitures and penalties	30	30	22	(8)
Revenue from use of money and property:				
Investment income	1,100	1,100	1,771	671
Rents and concessions	184	184	158	(26)
Intergovernmental revenues:				
Federal	1,291	1,291	6,605	5,314
State	42	42	88	46
Other	23,206	23,206	13,338	(9,868)
Charges for services	19,612	19,612	3,262	(16,350)
Miscellaneous			10	10
TOTAL REVENUES	100,144	100,144	80,690	(19,454)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	128,779	128,774	61,714	67,060
Other charges	2,214	2,219	2,214	5
Capital assets	5,072	5,072	1,718	3,354
Capital Outlay	29,987	29,987	13,444	16,543
TOTAL EXPENDITURES	166,052	166,052	79,090	86,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,908)	(65,908)	1,600	67,508
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			620	620
Transfers in	141	141		(141)
Transfers out	(124)	(124)	(44)	80
Appropriations for contingencies	(19,816)	(19,816)		19,816
Changes in fund balance	1,447	1,447	7,237	5,790
OTHER FINANCING SOURCES (USES) - NET	(18,352)	(18,352)	7,813	26,165
NET CHANGE IN FUND BALANCE	(84,260)	(84,260)	9,413	93,673
FUND BALANCE, JULY 1, 2016	84,260	84,260	84,260	
FUND BALANCE, JUNE 30, 2017	\$		93,673	93,673

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 23,247	23,247	23,069	(178)
Fines, forfeitures and penalties	122	122	93	(29)
Revenue from use of money and property-				
Investment income	437	437	849	412
Intergovernmental revenues:				
State	140	140	137	(3)
Other	462	462	344	(118)
Charges for services	3,220	3,220	3,209	(11)
Miscellaneous			1	1
TOTAL REVENUES	27,628	27,628	27,702	74
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	39,375	39,375	20,060	19,315
Other charges	5	5		5
Capital assets	10	10		10
TOTAL EXPENDITURES	39,390	39,390	20,060	19,330
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,762)	(11,762)	7,642	19,404
OTHER FINANCING SOURCES (USES)				
Transfers in	3,486	3,486	3,107	(379)
Transfers out	(3,507)	(3,507)	(3,115)	392
Appropriations for contingencies	(601)	(601)		601
Changes in fund balance	(9,888)	(9,888)	(9,878)	10
OTHER FINANCING SOURCES (USES) - NET	(10,510)	(10,510)	(9,886)	624
NET CHANGE IN FUND BALANCE	(22,272)	(22,272)	(2,244)	20,028
FUND BALANCE, JULY 1, 2016	22,272	22,272	22,272	
FUND BALANCE, JUNE 30, 2017	\$		20,028	20,028

Continued...

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,085	6,085	6,136	51
Fines, forfeitures and penalties	390	390	302	(88)
Revenue from use of money and property-				
Investment income	285	285	482	197
Intergovernmental revenues:				
State	37	37	36	(1)
Other			4	4
Charges for services	19,916	19,916	19,893	(23)
TOTAL REVENUES	26,713	26,713	26,853	140
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	30,917	30,917	22,577	8,340
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,204)	(4,204)	4,276	8,480
OTHER FINANCING USES				
Appropriations for contingencies	(846)	(846)		846
Changes in fund balance	(6,064)	(6,064)	(6,038)	26
TOTAL OTHER FINANCING USES	(6,910)	(6,910)	(6,038)	872
NET CHANGE IN FUND BALANCE	(11,114)	(11,114)	(1,762)	9,352
FUND BALANCE, JULY 1, 2016	11,114	11,114	11,114	
FUND BALANCE, JUNE 30, 2017	\$		9,352	9,352

Continued...

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 301	301	182	(119)
Revenue from use of money and property-				
Investment income	179	179	386	207
Intergovernmental revenues:				
State			4	4
Other	38	38	35	(3)
Charges for services	36,681	36,681	37,378	697
Miscellaneous			7	7
TOTAL REVENUES	37,199	37,199	37,992	793
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	58,361	58,361	30,770	27,591
Other charges	1,000	1,000	466	534
Capital assets	182	182	72	110
Capital Outlay	2,000	2,000		2,000
TOTAL EXPENDITURES	61,543	61,543	31,308	30,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,344)	(24,344)	6,684	31,028
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			17	17
Transfers in			786	786
Transfers out	(572)	(572)	(952)	(380)
Appropriations for contingencies	(3,195)	(3,195)		3,195
Changes in fund balance	54	54	322	268
OTHER FINANCING SOURCES (USES) - NET	(3,713)	(3,713)	173	3,886
NET CHANGE IN FUND BALANCE	(28,057)	(28,057)	6,857	34,914
FUND BALANCE, JULY 1, 2016	28,057	28,057	28,057	
FUND BALANCE, JUNE 30, 2017	\$		34,914	34,914

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 272,908	273,397	273,398	1
Fines, forfeitures and penalties			973	973
Revenue from use of money and property-				
Investment income	500	1,210	1,215	5
Charges for services			336	336
Miscellaneous	200	200		(200)
TOTAL REVENUES	273,608	274,807	275,922	1,115
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	31,172	31,172	20,812	10,360
Other charges	72,155	66,427	66,010	417
TOTAL EXPENDITURES	103,327	97,599	86,822	10,777
EXCESS OF REVENUES OVER EXPENDITURES	170,281	177,208	189,100	11,892
OTHER FINANCING SOURCES (USES)				
Transfers out	(221,274)	(227,002)	(221,548)	5,454
Appropriations for contingencies		(1,199)		1,199
Changes in fund balance			1,361	1,361
OTHER FINANCING SOURCES (USES) - NET	(221,274)	(228,201)	(220,187)	8,014
NET CHANGE IN FUND BALANCE	(50,993)	(50,993)	(31,087)	19,906
FUND BALANCE, JULY 1, 2016	50,993	50,993	50,993	
FUND BALANCE, JUNE 30, 2017	\$		19,906	19,906

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 7,328	7,328	9,914	2,586
Fines, forfeitures and penalties	17,360	17,360	19,571	2,211
Revenue from use of money and property:				
Investment income	282	282	553	271
Rents and concessions	16	16	17	1
Intergovernmental revenues:				
State	757	757	1,194	437
Other	2,298	2,298	1,620	(678)
Charges for services	19,634	19,634	24,634	5,000
Miscellaneous			4	4
TOTAL REVENUES	47,675	47,675	57,507	9,832
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	61,839	62,034	45,984	16,050
Capital assets	1,150	1,169	923	246
TOTAL EXPENDITURES	62,989	63,203	46,907	16,296
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,314)	(15,528)	10,600	26,128
OTHER FINANCING USES				
Transfers out	(4,747)	(4,783)	(2,660)	2,123
Appropriations for contingencies	(6,017)	(5,767)		5,767
Changes in fund balance	(2,096)	(2,096)	(1,198)	898
TOTAL OTHER FINANCING USES	(12,860)	(12,646)	(3,858)	8,788
NET CHANGE IN FUND BALANCE	(28,174)	(28,174)	6,742	34,916
FUND BALANCE, JULY 1, 2016	28,174	28,174	28,174	
FUND BALANCE, JUNE 30, 2017	\$		34,916	34,916

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 8,561	8,561	6,335	(2,226)
Revenue from use of money and property:				
Investment income	1,262	1,262	4,406	3,144
Rents and concessions	18,704	18,704	19,193	489
Intergovernmental revenues-				
State	58,140	58,140	69,154	11,014
Charges for services	10,163	10,255	14,309	4,054
Miscellaneous	16,060	16,060	50,111	34,051
TOTAL REVENUES	112,890	112,982	163,508	50,526
EXPENDITURES				
Current-Public protection:				
Services and supplies	209,672	201,497	46,881	154,616
Other charges	10	10	10	
Capital assets	30,262	30,262	7,119	23,143
TOTAL EXPENDITURES	239,944	231,769	54,010	177,759
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(127,054)	(118,787)	109,498	228,285
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	28	28	36	8
Transfers in	10	10	10	
Transfers out	(76,712)	(84,994)	(55,551)	29,443
Appropriations for contingencies	(146,859)	(146,844)		146,844
Changes in fund balance	1,528	1,528	2,176	648
OTHER FINANCING SOURCES (USES) - NET	(222,005)	(230,272)	(53,329)	176,943
NET CHANGE IN FUND BALANCE	(349,059)	(349,059)	56,169	405,228
FUND BALANCE, JULY 1, 2016	349,059	349,059	349,059	
FUND BALANCE, JUNE 30, 2017	\$		405,228	405,228

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 1,378	1,378	1,507	129
Fines, forfeitures and penalties	2,248	2,248	2,245	(3)
Revenue from use of money and property-				
Investment income	5	5	6	1
Charges for services	2,397	2,397	5,295	2,898
Miscellaneous	1,900	1,900	74	(1,826)
TOTAL REVENUES	7,928	7,928	9,127	1,199
EXPENDITURES				
Current-Public assistance-				
Services and supplies	10,508	10,508	8,454	2,054
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,580)	(2,580)	673	3,253
OTHER FINANCING USES				
Transfers out	(1,451)	(1,451)	(1,180)	271
Appropriations for contingencies	(1,580)	(1,580)		1,580
Changes in fund balance	(213)	(213)	(127)	86
TOTAL OTHER FINANCING USES	(3,244)	(3,244)	(1,307)	1,937
NET CHANGE IN FUND BALANCE	(5,824)	(5,824)	(634)	5,190
FUND BALANCE, JULY 1, 2016	5,824	5,824	5,824	
FUND BALANCE, JUNE 30, 2017	\$		5,190	5,190

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 21	21	20	(1)
Revenue from use of money and property:				
Investment income	22	22	251	229
Rents and concessions	2,028	2,028	1,476	(552)
Intergovernmental revenues-				
State	140	140	131	(9)
Charges for services	4,574	4,574	5,893	1,319
Miscellaneous	2,541	2,541	2,970	429
TOTAL REVENUES	9,326	9,326	10,741	1,415
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	25,683	25,692	8,879	16,813
Capital assets	100	100		100
TOTAL EXPENDITURES	25,783	25,792	8,879	16,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,457)	(16,466)	1,862	18,328
OTHER FINANCING SOURCES (USES)				
Transfers in	414	658	669	11
Transfers out	(865)	(1,100)	(595)	505
Appropriations for contingencies	(2)	(2)		2
Changes in fund balance	1,881	1,881	1,320	(561)
OTHER FINANCING SOURCES (USES) - NET	1,428	1,437	1,394	(43)
NET CHANGE IN FUND BALANCE	(15,029)	(15,029)	3,256	18,285
FUND BALANCE, JULY 1, 2016	15,029	15,029	15,029	
FUND BALANCE, JUNE 30, 2017	\$		18,285	18,285

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 13,000	13,000	11,771	(1,229)
Revenue from use of money and property- Investment income	250	250	216	(34)
TOTAL REVENUES	13,250	13,250	11,987	(1,263)
EXPENDITURES				
Current-Public protection:				
Services and supplies	15,839	15,837	963	14,874
Other charges	19,752	19,754	13,868	5,886
TOTAL EXPENDITURES	35,591	35,591	14,831	20,760
DEFICIENCY OF REVENUES OVER EXPENDITURES	(22,341)	(22,341)	(2,844)	19,497
NET CHANGE IN FUND BALANCE	(22,341)	(22,341)	(2,844)	19,497
FUND BALANCE, JULY 1, 2016	22,341	22,341	22,341	
FUND BALANCE, JUNE 30, 2017	\$		19,497	19,497

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 15,000	15,000	13,243	(1,757)
Revenue from use of money and property- Investment income	450	450	723	273
TOTAL REVENUES	15,450	15,450	13,966	(1,484)
EXPENDITURES				
Current-Public protection:				
Services and supplies	52,286	47,140	8,134	39,006
Other charges	871	6,017	6,017	
TOTAL EXPENDITURES	53,157	53,157	14,151	39,006
DEFICIENCY OF REVENUES OVER EXPENDITURES	(37,707)	(37,707)	(185)	37,522
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,946)	(25,946)	(913)	25,033
Changes in fund balance			410	410
OTHER FINANCING SOURCES (USES) - NET	(25,946)	(25,946)	(503)	25,443
NET CHANGE IN FUND BALANCE	(63,653)	(63,653)	(688)	62,965
FUND BALANCE, JULY 1, 2016	63,653	63,653	63,653	
FUND BALANCE, JUNE 30, 2017	\$		62,965	62,965

Continued...

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	REGISTRAR RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 12,766	12,766	14,408	1,642
OTHER FINANCING SOURCES (USES)				
Transfers out	(16,859)	(16,859)	(14,843)	2,016
Appropriations for contingencies	(15,124)	(15,124)	1	15,125
OTHER FINANCING SOURCES (USES) - NET	(31,983)	(31,983)	(14,842)	17,141
NET CHANGE IN FUND BALANCE	(19,217)	(19,217)	(434)	18,783
FUND BALANCE, JULY 1, 2016	19,217	19,217	19,217	
FUND BALANCE, JUNE 30, 2017	\$		18,783	18,783

Continued...

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 3,100	3,100	3,100	
Revenue from use of money and property:				
Investment income	187	187	461	274
Rents and concessions	5,900	5,900	6,371	471
Royalties	5	5	1	(4)
Charges for services	1,066	1,066	3,331	2,265
Miscellaneous	13	13	233	220
TOTAL REVENUES	10,271	10,271	13,497	3,226
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	6,500	6,500	6,215	285
Services and supplies	22,074	21,631	6,687	14,944
Capital assets	1,258	1,240	677	563
Total general government	29,832	29,371	13,579	15,792
Education-				
Services and supplies	6,258	6,258	36	6,222
TOTAL EXPENDITURES	36,090	35,629	13,615	22,014
DEFICIENCY OF REVENUES OVER EXPENDITURES	(25,819)	(25,358)	(118)	25,240
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	264	264	205	(59)
Transfers in	9,762	9,762	8,807	(955)
Transfers out	(52,391)	(52,852)	(2,715)	50,137
Appropriations for contingencies	(9,513)	(9,513)		9,513
Changes in fund balance			120	120
OTHER FINANCING SOURCES (USES) - NET	(51,878)	(52,339)	6,417	58,756
NET CHANGE IN FUND BALANCE	(77,697)	(77,697)	6,299	83,996
FUND BALANCE, JULY 1, 2016	77,697	77,697	77,697	
FUND BALANCE, JUNE 30, 2017	\$		83,996	83,996

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2017 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
ASSETS						
Pooled cash and investments:						
Operating	\$	27,259		53,725		\$ 80,984
Other		14				14
Total pooled cash and investments		27,273		53,725		80,998
Other investments			38,895	905	38,252	78,052
Interest receivable		35		89		124
TOTAL ASSETS		27,308	38,895	54,719	38,252	159,174
DEFERRED OUTFLOWS OF RESOURCES					228,142	228,142
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	27,308	38,895	54,719	266,394	\$ 387,316
FUND BALANCES - RESTRICTED	\$	27,308	38,895	54,719	266,394	\$ 387,316
TOTAL LIABILITIES AND FUND BALANCES	\$	27,308	38,895	54,719	266,394	\$ 387,316

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Flood Control District	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
REVENUES						
Revenue from use of money and property-						
Investment income	\$	156	2,313	205	136	\$ 2,810
Charges for services		14,062				14,062
Miscellaneous					22,543	22,543
TOTAL REVENUES		14,218	2,313	205	22,679	39,415
EXPENDITURES - Debt service						
Principal	12,630	11,715	11,715	79,582	2,990	118,632
Interest and other charges	265	2,313	2,313	67,514	19,786	92,191
TOTAL EXPENDITURES	12,895	14,028	14,028	147,096	22,776	210,823
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,895)	190	(11,715)	(146,891)	(97)	(171,408)
OTHER FINANCING SOURCES (USES)						
Transfers in	12,895			107,376		120,271
Transfers out				(9,100)	(4,519)	(13,619)
Issuance of debt				34,142		34,142
TOTAL OTHER FINANCING SOURCES (USES)	12,895			132,418	(4,519)	140,794
NET CHANGE IN FUND BALANCES		190	(11,715)	(14,473)	(4,616)	(30,614)
FUND BALANCES, JULY 1, 2016		27,118	50,610	69,192	271,010	417,930
FUND BALANCES, JUNE 30, 2017	\$	27,308	38,895	54,719	266,394	\$ 387,316

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	\$ 107	107	250	143
EXPENDITURES				
Debt service:				
Principal	11,715	11,715	11,715	
Interest	2,365	2,365	2,313	52
TOTAL EXPENDITURES	14,080	14,080	14,028	52
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,973)	(13,973)	(13,778)	195
OTHER FINANCING SOURCES (USES)				
Transfers in	14,224	14,224	14,062	(162)
Changes in fund balance	(14,273)	(14,273)	(14,272)	1
OTHER FINANCING SOURCES (USES) - NET	(49)	(49)	(210)	(161)
NET CHANGE IN FUND BALANCE	(14,022)	(14,022)	(13,988)	34
FUND BALANCE, JULY 1, 2016	14,022	14,022	14,022	
FUND BALANCE, JUNE 30, 2017	\$		34	34

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2017 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 117,393	12	35,559	51,761	\$ 204,725
Other	211		2	70	283
Total pooled cash and investments	<u>117,604</u>	<u>12</u>	<u>35,561</u>	<u>51,831</u>	<u>205,008</u>
Interest receivable	354		91	165	610
Other receivables	118				118
Due from other funds	3,988				3,988
TOTAL ASSETS	<u>\$ 122,064</u>	<u>12</u>	<u>35,652</u>	<u>51,996</u>	<u>\$ 209,724</u>
LIABILITIES					
Accounts payable	\$ 502				\$ 502
Due to other funds	1,637		515	2,470	4,622
Advances payable	63				63
TOTAL LIABILITIES	<u>2,202</u>		<u>515</u>	<u>2,470</u>	<u>5,187</u>
FUND BALANCES					
Restricted			35,137	49,526	84,663
Committed	76,720				76,720
Assigned	43,142	12			43,154
TOTAL FUND BALANCES	<u>119,862</u>	<u>12</u>	<u>35,137</u>	<u>49,526</u>	<u>204,537</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 122,064</u>	<u>12</u>	<u>35,652</u>	<u>51,996</u>	<u>\$ 209,724</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES					
Revenue from use of money and property-					
Investment income	\$ 3,715		724	202	\$ 4,641
Intergovernmental revenues-					
State	77				77
Charges for services	6,955				6,955
Miscellaneous	3,763				3,763
TOTAL REVENUES	14,510		724	202	15,436
EXPENDITURES - Capital outlay	13,638		5,955		19,593
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	872		(5,231)	202	(4,157)
OTHER FINANCING SOURCES (USES)					
Transfers in	20,971		5,177		26,148
Transfers out	(4,377)		(54,798)	(4,003)	(63,178)
Issuance of debt			500		500
TOTAL OTHER FINANCING SOURCES (USES)	16,594		(49,121)	(4,003)	(36,530)
NET CHANGE IN FUND BALANCES	17,466		(54,352)	(3,801)	(40,687)
FUND BALANCES, JULY 1, 2016	102,396	12	89,489	53,327	245,224
FUND BALANCES, JUNE 30, 2017	\$ 119,862	12	35,137	49,526	\$ 204,537

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2017 (in thousands)

	Annuities	Endowments	Total
ASSETS			
Pooled cash and investments:			
Operating	\$ 484	1,831	\$ 2,315
Other	1	2	3
Total pooled cash and investments	<u>485</u>	<u>1,833</u>	<u>2,318</u>
Interest receivable	2	5	7
TOTAL ASSETS	<u><u>\$ 487</u></u>	<u><u>1,838</u></u>	<u><u>\$ 2,325</u></u>
LIABILITIES			
Due to other funds	\$	26	\$ 26
FUND BALANCES			
Nonspendable	410	1,755	2,165
Restricted for annuities and endowments	77	57	134
TOTAL FUND BALANCES	<u>487</u>	<u>1,812</u>	<u>2,299</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 487</u></u>	<u><u>1,838</u></u>	<u><u>\$ 2,325</u></u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES			
Revenue from use of money and property-			
Investment income	\$ 1		\$ 1
EXPENDITURES - General government	<u>23</u>	<u>22</u>	<u>45</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(22)</u>	<u>(22)</u>	<u>(44)</u>
NET CHANGE IN FUND BALANCES	(22)	(22)	(44)
FUND BALANCES, JULY 1, 2016	<u>509</u>	<u>1,834</u>	<u>2,343</u>
FUND BALANCES, JUNE 30, 2017	<u>\$ 487</u>	<u>1,812</u>	<u>\$ 2,299</u>

INTERNAL SERVICE FUNDS

COUNTY OF LOS ANGELES
INTERNAL SERVICE FUNDS

The Public Works Fund is used to account for the cost of services provided by the Department of Public Works to the Road Fund, Flood Control District, County Engineer and various other special districts and agencies. Costs are recovered through billings for services.

The Equipment Acquisition Fund is used to account for the operations of the Los Angeles County Capital Asset Leasing Corporation. County departments are charged for equipment items acquired on their behalf. The charges represent recovery of equipment depreciation expense and bond interest expense.

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2017 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 52,176	3,364	\$ 55,540
Other	6,463	31	6,494
Total pooled cash and investments	<u>58,639</u>	<u>3,395</u>	<u>62,034</u>
Interest receivable	156	103	259
Other receivables	9,276		9,276
Due from other funds	67,904	105	68,009
Inventories	8,471		8,471
Total current assets	<u>144,446</u>	<u>3,603</u>	<u>148,049</u>
Noncurrent assets:			
Restricted assets		12,583	12,583
Capital assets:			
Equipment	197,317	142,694	340,011
Less accumulated depreciation	(99,575)	(93,083)	(192,658)
Total capital assets - net	<u>97,742</u>	<u>49,611</u>	<u>147,353</u>
Total noncurrent assets	<u>97,742</u>	<u>62,194</u>	<u>159,936</u>
TOTAL ASSETS	<u>242,188</u>	<u>65,797</u>	<u>307,985</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>115,193</u>		<u>115,193</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,271	1,802	9,073
Accrued payroll	18,419		18,419
Other payables	2,568		2,568
Accrued interest payable		218	218
Due to other funds	34,233		34,233
Advances from other funds	22,000		22,000
Advances payable	205		205
Current portion of long-term liabilities	9,188	20,670	29,858
Total current liabilities	<u>93,884</u>	<u>22,690</u>	<u>116,574</u>
Noncurrent liabilities:			
Accrued compensated absences	53,217		53,217
Bonds and notes		26,085	26,085
Workers' compensation	47,377		47,377
Net pension liability	318,418		318,418
OPEB obligation	505,703		505,703
Total noncurrent liabilities	<u>924,715</u>	<u>26,085</u>	<u>950,800</u>
TOTAL LIABILITIES	<u>1,018,599</u>	<u>48,775</u>	<u>1,067,374</u>
DEFERRED INFLOWS OF RESOURCES	<u>33,319</u>		<u>33,319</u>
NET POSITION			
Net investment in capital assets	97,742	15,035	112,777
Restricted-			
Debt service		186	186
Unrestricted (deficit)	(792,279)	1,801	(790,478)
TOTAL NET POSITION (DEFICIT)	<u>\$ (694,537)</u>	<u>17,022</u>	<u>\$ (677,515)</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$ 7	34,006	\$ 34,013
Charges for services	508,195		508,195
TOTAL OPERATING REVENUES	508,202	34,006	542,208
OPERATING EXPENSES:			
Salaries and employee benefits	465,185		465,185
Services and supplies	43,773	12	43,785
Other professional services	35,870		35,870
Depreciation and amortization	12,631	30,470	43,101
TOTAL OPERATING EXPENSES	557,459	30,482	587,941
OPERATING INCOME (LOSS)	(49,257)	3,524	(45,733)
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	(370)	198	(172)
Interest expense		(125)	(125)
TOTAL NONOPERATING REVENUES (EXPENSES)	(370)	73	(297)
INCOME (LOSS) BEFORE TRANSFERS	(49,627)	3,597	(46,030)
Transfers in	9,133		9,133
Transfers out	(9,451)		(9,451)
CHANGE IN NET POSITION	(49,945)	3,597	(46,348)
TOTAL NET POSITION (DEFICIT), JULY 1, 2016	(644,592)	13,425	(631,167)
TOTAL NET POSITION (DEFICIT), JUNE 30, 2017	\$ (694,537)	17,022	\$ (677,515)

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rentals received	\$ 7		\$ 7
Rentals received from other funds		34,155	34,155
Cash received from charges for services	64,013		64,013
Cash received from charges for services to other funds	453,552		453,552
Cash paid for salaries and employee benefits	(414,644)		(414,644)
Cash paid for services and supplies	(48,806)	(12)	(48,818)
Other operating expenses	(35,870)		(35,870)
Net cash provided by operating activities	<u>18,252</u>	<u>34,143</u>	<u>52,395</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash advances returned to other funds	(18)		(18)
Transfers in	9,133		9,133
Transfers out	(9,451)		(9,451)
Net cash required for noncapital financing activities	<u>(336)</u>		<u>(336)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bonds and notes		62,480	62,480
Interest paid on capital borrowing		(426)	(426)
Principal payments on bonds and notes		(80,265)	(80,265)
Acquisition and construction of capital assets	(16,828)	(19,759)	(36,587)
Net cash required for capital and related financing activities	<u>(16,828)</u>	<u>(37,970)</u>	<u>(54,798)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (loss)	(370)	148	(222)
Net increase (decrease) in cash and cash equivalents	718	(3,679)	(2,961)
Cash and cash equivalents, July 1, 2016	57,921	19,657	77,578
Cash and cash equivalents, June 30, 2017	<u>\$ 58,639</u>	<u>15,978</u>	<u>\$ 74,617</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (49,257)	3,524	\$ (45,733)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	12,631	30,470	43,101
(Increase) decrease in:			
Other receivables	(1,697)		(1,697)
Due from other funds	10,909	149	11,058
Inventories	470		470
Increase (decrease) in:			
Accounts payable	115		115
Accrued payroll	970		970
Other payables	125		125
Accrued compensated absences	2,578		2,578
Due to other funds	(5,618)		(5,618)
Workers' compensation	3,021		3,021
Net pension liability and related changes in deferred outflows and inflows of resources	(350)		(350)
OPEB obligation	44,355		44,355
TOTAL ADJUSTMENTS	67,509	30,619	98,128
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 18,252	34,143	\$ 52,395
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 58,639	3,395	\$ 62,034
Restricted assets		12,583	12,583
TOTAL	\$ 58,639	15,978	\$ 74,617

FIDUCIARY FUNDS

COUNTY OF LOS ANGELES
FIDUCIARY FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

POOLED INVESTMENT TRUST FUND

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

SPECIFIC INVESTMENT TRUST FUND

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

AGENCY

Property Tax Funds

This group of funds is used to account for the monies received from property and other taxes, which must be held pending authority for distribution to the appropriate recipients.

Departmental Funds

This group of funds is used to account for cash and other assets and related liabilities where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 JUNE 30, 2017 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 86,874		\$ 86,874
Other investments:			
Short-term investments	1,514,279	83,492	1,597,771
Equity	25,471,070	607,593	26,078,663
Fixed income	14,126,188	54,323	14,180,511
Private equity	5,050,442		5,050,442
Real estate	6,139,832		6,139,832
Hedge funds	1,437,925		1,437,925
Cash collateral on loaned securities	922,584		922,584
Interest receivable	106,074	370	106,444
Other receivables	963,688	1,211	964,899
TOTAL ASSETS	55,818,956	746,989	56,565,945
LIABILITIES			
Accounts payable	2,074,419	4,020	2,078,439
Other payables	1,000,886	86	1,000,972
TOTAL LIABILITIES	3,075,305	4,106	3,079,411
NET POSITION			
Net position restricted for pension and other postemployment benefits	<u>\$ 52,743,651</u>	<u>742,883</u>	<u>\$ 53,486,534</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 1,331,359	645,381	\$ 1,976,740
Member	526,579	44,500	571,079
Total contributions	<u>1,857,938</u>	<u>689,881</u>	<u>2,547,819</u>
Investment earnings:			
Investment income	2,672,282	52,278	2,724,560
Net increase in the fair value of investments	3,600,948	42,613	3,643,561
Securities lending income	11,597		11,597
Total investment earnings	<u>6,284,827</u>	<u>94,891</u>	<u>6,379,718</u>
Less - Investment expenses:			
Expense from investing activities	150,350	386	150,736
Expense from securities lending activities	5,177		5,177
Total net investment expense	<u>155,527</u>	<u>386</u>	<u>155,913</u>
Net investment earnings	<u>6,129,300</u>	<u>94,505</u>	<u>6,223,805</u>
Miscellaneous	<u>6,370</u>	<u>2</u>	<u>6,372</u>
TOTAL ADDITIONS	<u><u>7,993,608</u></u>	<u><u>784,388</u></u>	<u><u>8,777,996</u></u>
DEDUCTIONS			
Administrative expenses:			
Salaries and employee benefits	51,023		51,023
Services and supplies	15,807	374	16,181
Total administrative expenses	<u>66,830</u>	<u>374</u>	<u>67,204</u>
Benefit payments	3,005,181	601,881	3,607,062
Miscellaneous	<u>24,640</u>		<u>24,640</u>
TOTAL DEDUCTIONS	<u><u>3,096,651</u></u>	<u><u>602,255</u></u>	<u><u>3,698,906</u></u>
CHANGE IN NET POSITION	<u>4,896,957</u>	<u>182,133</u>	<u>5,079,090</u>
NET POSITION, JULY 1, 2016	<u>47,846,694</u>	<u>560,750</u>	<u>48,407,444</u>
NET POSITION, JUNE 30, 2017	<u><u>\$ 52,743,651</u></u>	<u><u>742,883</u></u>	<u><u>\$ 53,486,534</u></u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 JUNE 30, 2017 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 19,154,906		\$ 19,154,906
Other investments		128,466	128,466
Interest receivable	50,463	617	51,080
TOTAL ASSETS	<u>19,205,369</u>	<u>129,083</u>	<u>19,334,452</u>
NET POSITION			
Net position restricted for pool participants and investment trust fund	<u>\$ 19,205,369</u>	<u>129,083</u>	<u>\$ 19,334,452</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ADDITIONS			
Contributions to investment trust funds	\$ 46,068,475	106,627	\$ 46,175,102
Investment income (loss)	13,657	(351)	13,306
TOTAL ADDITIONS	46,082,132	106,276	46,188,408
DEDUCTIONS			
Distributions from investment trust funds	44,331,668	62,302	44,393,970
CHANGE IN NET POSITION	1,750,464	43,974	1,794,438
NET POSITION, JULY 1, 2016	17,454,905	85,109	17,540,014
NET POSITION, JUNE 30, 2017	\$ 19,205,369	129,083	\$ 19,334,452

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017 (in thousands)

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>PROPERTY TAX FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 132,061	63,936,905	63,686,792	\$ 382,174
Interest receivable	199		199	
TOTAL ASSETS	\$ 132,260	63,936,905	63,686,991	\$ 382,174
LIABILITIES				
Due to other governments	\$ 132,260	63,936,905	63,686,991	\$ 382,174
TOTAL LIABILITIES	\$ 132,260	63,936,905	63,686,991	\$ 382,174
<u>DEPARTMENTAL FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,441,691	81,204,091	81,276,427	\$ 1,369,355
Other investments	301	18,270	18,271	300
Taxes receivable	212,622	514,765	523,944	203,443
Interest receivable	60,667	116,428	61,613	115,482
TOTAL ASSETS	\$ 1,715,281	81,853,554	81,880,255	\$ 1,688,580
LIABILITIES				
Due to other governments	\$ 1,715,281	81,853,554	81,880,255	\$ 1,688,580
TOTAL LIABILITIES	\$ 1,715,281	81,853,554	81,880,255	\$ 1,688,580
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,573,752	145,140,996	144,963,219	\$ 1,751,529
Other investments	301	18,270	18,271	300
Taxes receivable	212,622	514,765	523,944	203,443
Interest receivable	60,866	116,428	61,812	115,482
TOTAL ASSETS	\$ 1,847,541	145,790,459	145,567,246	\$ 2,070,754
LIABILITIES				
Due to other governments	\$ 1,847,541	145,790,459	145,567,246	\$ 2,070,754
TOTAL LIABILITIES	\$ 1,847,541	145,790,459	145,567,246	\$ 2,070,754



STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the County's overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS	201
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY	208
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	212
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	218
The schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION.....	220
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

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



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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
								(2)		
Governmental activities										
Net investment in capital assets (1)	\$ 13,913,070	14,081,048	14,271,861	14,484,468	14,593,171	14,654,785	14,789,236	14,846,719	14,982,488	15,165,318
Restricted	1,605,763	1,644,109	1,861,498	2,925,662	2,908,564	2,655,717	2,727,379	3,098,677	3,320,163	3,391,358
Unrestricted (deficit)	51,582	(972,862)	(2,133,744)	(4,247,364)	(6,127,737)	(6,919,526)	(8,199,840)	(16,822,355)	(17,719,601)	(18,728,499)
Subtotal governmental activities net position	15,570,415	14,752,295	13,999,615	13,162,766	11,373,998	10,390,976	9,316,775	1,123,041	583,050	(171,823)
Business-type activities										
Net investment in capital assets (1)	2,259,617	2,217,449	2,293,147	2,242,340	2,241,059	2,218,647	2,271,730	2,298,915	2,269,835	2,305,050
Restricted	307,985	192,427	163,820	122,216	104,997	68,169	76,908	84,672	92,699	112,775
Unrestricted (deficit)	(824,889)	(1,032,677)	(1,373,660)	(1,336,706)	(1,588,985)	(1,721,419)	(1,930,232)	(3,220,744)	(3,446,986)	(3,383,795)
Subtotal business-type activities net position	1,742,713	1,377,199	1,083,307	1,027,850	757,071	565,397	418,406	(837,157)	(1,084,452)	(965,970)
Primary government										
Net investment in capital assets (1)	16,172,687	16,298,497	16,565,008	16,726,808	16,834,230	16,873,432	17,060,966	17,145,634	17,252,323	17,470,368
Restricted	1,913,748	1,836,536	2,025,318	3,047,878	3,013,561	2,723,886	2,804,287	3,183,349	3,412,862	3,504,133
Unrestricted (deficit)	(773,307)	(2,005,539)	(3,507,404)	(5,584,070)	(7,716,722)	(8,640,945)	(10,130,072)	(20,043,099)	(21,166,587)	(22,112,294)
Total primary government net position	\$ 17,313,128	16,129,494	15,082,922	14,190,616	12,131,069	10,956,373	9,735,181	285,884	(501,402)	(1,137,793)

Notes:

(1) The County adopted GASB 63 in FY 2012-13. For FY 2007-08 through 2011-12, the amounts were reported as Invested in capital assets, net of related debt. Net assets were also renamed as net position.

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

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Expenses										
Governmental activities:										
General government	\$ 1,171,448	1,103,361	1,236,226	1,100,781	1,315,662	1,274,689	1,307,001	1,429,897	1,235,949	1,354,561
Public protection	5,799,593	6,125,158	6,163,910	6,081,466	6,608,319	6,309,193	6,682,960	6,638,192	7,098,459	7,532,191
Public ways and facilities	299,304	327,403	352,549	417,250	355,527	381,211	366,582	415,586	375,295	397,231
Health and sanitation	2,638,135	2,783,150	2,718,876	2,781,183	3,036,296	3,066,172	3,557,523	3,136,924	3,417,720	3,868,785
Public assistance	5,061,367	5,233,359	5,518,036	5,728,637	5,599,244	5,538,106	5,830,165	6,007,973	6,191,975	6,441,552
Education	112,035	109,910	101,397	104,159	112,497	119,680	119,037	107,336	141,195	127,901
Recreation and cultural services	290,669	331,726	319,000	311,422	310,369	316,372	278,459	365,755	388,284	276,625
Interest on long-term debt	191,551	165,782	139,824	134,429	110,541	105,491	97,777	99,400	93,022	104,899
Subtotal governmental activities expenses	15,564,102	16,179,879	16,549,818	16,659,327	17,448,455	17,110,914	18,239,504	18,201,063	18,941,899	20,103,745
Business-type activities:										
Hospitals	3,092,682	3,443,266	3,394,724	3,541,874	3,768,699	3,889,206	3,838,574	4,017,633	4,309,615	4,990,891
Waterworks	74,810	76,904	76,817	83,592	94,651	84,824	84,499	85,479	86,463	90,517
Aviation	4,182	5,073	4,743	4,658	5,022	5,332	6,402	6,675	5,661	2,776
Community Development Commission (1)	246,195	268,201	294,785	284,048	289,924					
Subtotal business-type activities expenses	3,417,869	3,793,444	3,771,069	3,914,172	4,158,296	3,979,362	3,929,475	4,109,787	4,401,739	5,084,184
Total primary government expenses	18,981,971	19,973,323	20,320,887	20,573,499	21,606,751	21,090,276	22,168,979	22,310,850	23,343,638	25,187,929
Program Revenues										
Governmental activities:										
Charges for services										
General government	445,948	634,153	432,084	451,082	455,062	473,047	488,685	469,598	514,167	556,361
Public protection	1,273,710	1,323,593	1,342,970	1,308,388	1,304,650	1,248,402	1,222,157	1,246,654	1,276,055	1,311,858
Health and sanitation	708,097	484,240	639,602	635,950	665,863	615,531	784,997	535,836	620,468	715,414
Recreation and cultural services	206,364	172,899	178,935	179,705	183,151	200,827	200,639	206,794	149,032	154,686
Other charges for services	104,433	79,844	92,226	82,462	103,799	51,735	55,027	46,125	48,362	41,164
Subtotal governmental activities charges for services	2,738,552	2,694,729	2,685,817	2,657,587	2,712,525	2,589,542	2,751,505	2,505,007	2,608,084	2,779,483
Operating grants and contributions	7,113,135	7,215,270	7,636,509	7,939,142	7,715,282	8,186,681	8,579,502	8,976,986	9,296,996	9,795,607
Capital grants and contributions	184,502	206,137	115,640	149,569	38,352	104,486	12,850	35,685	24,860	64,055
Total governmental activities program revenues	10,036,189	10,116,136	10,437,966	10,746,298	10,466,159	10,880,709	11,343,857	11,517,678	11,929,940	12,639,145
Business-type activities:										
Charges for services										
Hospitals	1,730,231	2,022,633	2,099,010	2,210,619	2,181,405	2,371,130	2,455,940	2,960,080	3,161,974	3,877,494
Other charges for services	76,516	73,311	70,853	72,429	81,239	75,762	78,625	77,746	83,286	81,694
Subtotal business-type activities charges for services	1,806,747	2,095,944	2,169,863	2,283,048	2,262,644	2,446,892	2,534,565	3,037,826	3,245,260	3,959,188
Operating grants and contributions	263,471	279,195	317,162	681,471	776,779	522,112	485,888	500,840	315,070	457,686
Capital grants and contributions	2,897	837	2,018	437	1,311	47	3,156	2,353	5,582	1,195
Total business-type activities program revenues	2,073,115	2,375,976	2,489,043	2,964,956	3,040,734	2,969,051	3,023,609	3,541,019	3,565,912	4,418,069
Total primary government program revenues	12,109,304	12,492,112	12,927,009	13,711,254	13,506,893	13,849,760	14,367,466	15,058,697	15,495,852	17,057,214

Notes:

(1) Due to the implementation of GASB 61, the Community Development Commission became a discretely presented component unit and is no longer part of the primary government in FY 2012-13.
 (2) The County adopted GASB 68 and 71 in FY 2014-15 and prior year amounts were not restated.

Continued...

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Net (expenses) / revenues:										
Governmental activities	(5,527,913)	(6,063,743)	(6,111,852)	(5,913,029)	(6,982,296)	(6,230,205)	(6,895,647)	(6,683,385)	(7,011,959)	(7,464,600)
Business-type activities	(1,344,754)	(1,417,468)	(1,282,026)	(949,216)	(1,117,562)	(1,010,311)	(905,866)	(568,768)	(835,827)	(666,115)
Total primary government net expenses	(6,872,667)	(7,481,211)	(7,393,878)	(6,862,245)	(8,099,858)	(7,240,516)	(7,801,513)	(7,252,153)	(7,847,786)	(8,130,715)
General Revenues and Transfers										
Governmental Activities:										
Taxes	5,034,399	5,192,566	5,061,595	5,046,783	5,192,668	5,570,043	5,840,175	6,161,188	6,415,494	6,826,908
Unrestricted grants and contributions	778,936	756,417	701,521	677,767	608,967	745,406	513,458	512,079	374,264	428,435
Investment income (loss)	324,132	197,705	105,878	80,746	82,271	(920)	64,354	74,220	122,763	53,363
Miscellaneous	229,810	142,075	132,856	129,963	134,827	150,957	134,611	181,119	141,146	178,922
Extraordinary items - Net position transferred to private-purpose trust fund				(6,282)						
Transfers (Net)	(1,152,946)	(1,011,862)	(895,250)	(859,079)	(818,923)	(913,686)	(731,152)	(603,762)	(581,699)	(777,901)
Subtotal governmental activities	5,214,331	5,276,901	5,106,600	5,076,180	5,193,528	5,551,800	5,821,446	6,324,844	6,471,968	6,709,727
Business-type activities:										
Taxes	4,405	4,453	4,415	4,265	4,382	4,347	4,681	4,919	5,309	5,676
Unrestricted grants and contributions	37	37	143	41	51	37	33			
Investment income (loss)	14,073	9,844	2,693	2,142	1,770	(171)	3,908	1,289	1,463	898
Miscellaneous	24,950	25,758	35,463	28,232	21,657	13,171	19,101	26,012	61	122
Transfers (Net)	1,152,946	1,011,862	895,250	859,079	818,923	913,686	731,152	603,762	581,699	777,901
Subtotal business-type activities	1,196,411	1,051,954	937,964	893,759	846,783	931,070	758,875	635,982	588,532	784,597
Total primary government	6,410,742	6,328,855	6,044,564	5,969,939	6,040,311	6,482,870	6,580,321	6,960,826	7,060,500	7,494,324
Changes in Net Position										
Government activities	(313,582)	(786,842)	(1,005,252)	(836,849)	(1,788,768)	(678,405)	(1,074,201)	(358,541)	(539,991)	(754,873)
Business-type activities	(148,343)	(365,514)	(344,062)	(55,457)	(270,779)	(79,241)	(146,991)	67,214	(247,295)	118,482
Total primary government	\$ (461,925)	(1,152,356)	(1,349,314)	(892,306)	(2,059,547)	(757,646)	(1,221,192)	(291,327)	(787,286)	(636,391)

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

	(1)	2007-08	2008-09	2009-10	2010-11	(3)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund												
Reserved for:												
Encumbrances	\$	532,752	368,798	373,511								
Inventories		43,906	46,486	44,279								
Assets unavailable for appropriation		20,808	124,567	366,638								
Total Reserved Balance		597,466	539,851	784,428								
Unreserved, designated for:												
Budget uncertainties		292,113										
Program expansion		302,763	464,395	305,831								
Health services		242,408	228,229	168,702								
Capital projects		315,355	278,955	144,366								
Unreserved, undesignated, reported in:												
General fund		1,624,335	1,655,388	1,592,484								
Total Unreserved Balance		2,776,974	2,626,967	2,211,383								
Nonspendable					259,127		259,597	253,836	272,007	272,384	324,555	212,281
Restricted					35,377		55,115	59,786	40,577	55,694	67,880	70,157
Committed							332,255	528,865	482,740	334,346	364,679	429,440
Assigned					763,038		405,285	376,181	538,078	491,954	446,579	494,783
Unassigned					1,664,901		1,589,699	1,660,982	1,769,406	2,035,445	2,180,549	2,444,312
Total General Fund		3,374,440	3,166,818	2,995,811	2,722,443		2,641,951	2,879,650	3,102,808	3,189,823	3,384,242	3,650,973
All Other Governmental Funds (2)												
Reserved for:												
Encumbrances		384,475	391,728	383,683								
Inventories		45,426	42,965	44,039								
Housing programs		1,167	1,618	2,026								
Debt service		447,088	447,866	448,391								
Endowments & annuities		3,455	3,019	2,826								
Assets unavailable for appropriation		53,218	16,152	15,484								
Total Reserved Balance		934,829	903,348	896,449								
Unreserved, designated for:												
Special revenue funds		572,711	641,311	731,996								
Special revenue funds		931,013	991,162	1,096,078								
Capital projects special funds		190,098	188,992	193,410								
Total Unreserved Balance		1,693,822	1,821,465	2,021,484								
Nonspendable					54,082		46,371	11,191	11,953	14,047	12,817	13,859
Restricted					3,173,112		3,181,643	2,920,249	2,856,062	3,240,873	3,362,644	3,462,658
Committed					111,363		125,838	123,956	115,116	112,034	109,538	119,251
Assigned					143,704		147,775	171,992	190,659	202,283	197,022	213,021
Total All Other Governmental Funds		2,628,651	2,724,813	2,917,933	3,482,261		3,501,627	3,227,388	3,173,790	3,569,237	3,682,021	3,808,789
Total Governmental Fund Balance	\$	6,003,091	5,891,631	5,913,744	6,204,704		6,143,578	6,107,038	6,276,598	6,759,060	7,066,263	7,459,762

Notes:

- (1) FY 2007-08 through 2009-10 have not been restated for the implementation of GASB 54.
- (2) "All Other Governmental Funds" consists of the following funds: Fire Protection District, Flood Control District, Flood Control District, Public Library, Regional Park and Open Space District, Mental Health Services Act and Nonmajor Governmental Funds.
- (3) The County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned. The governmental funds are reported in the new required format beginning FY 2010-11.

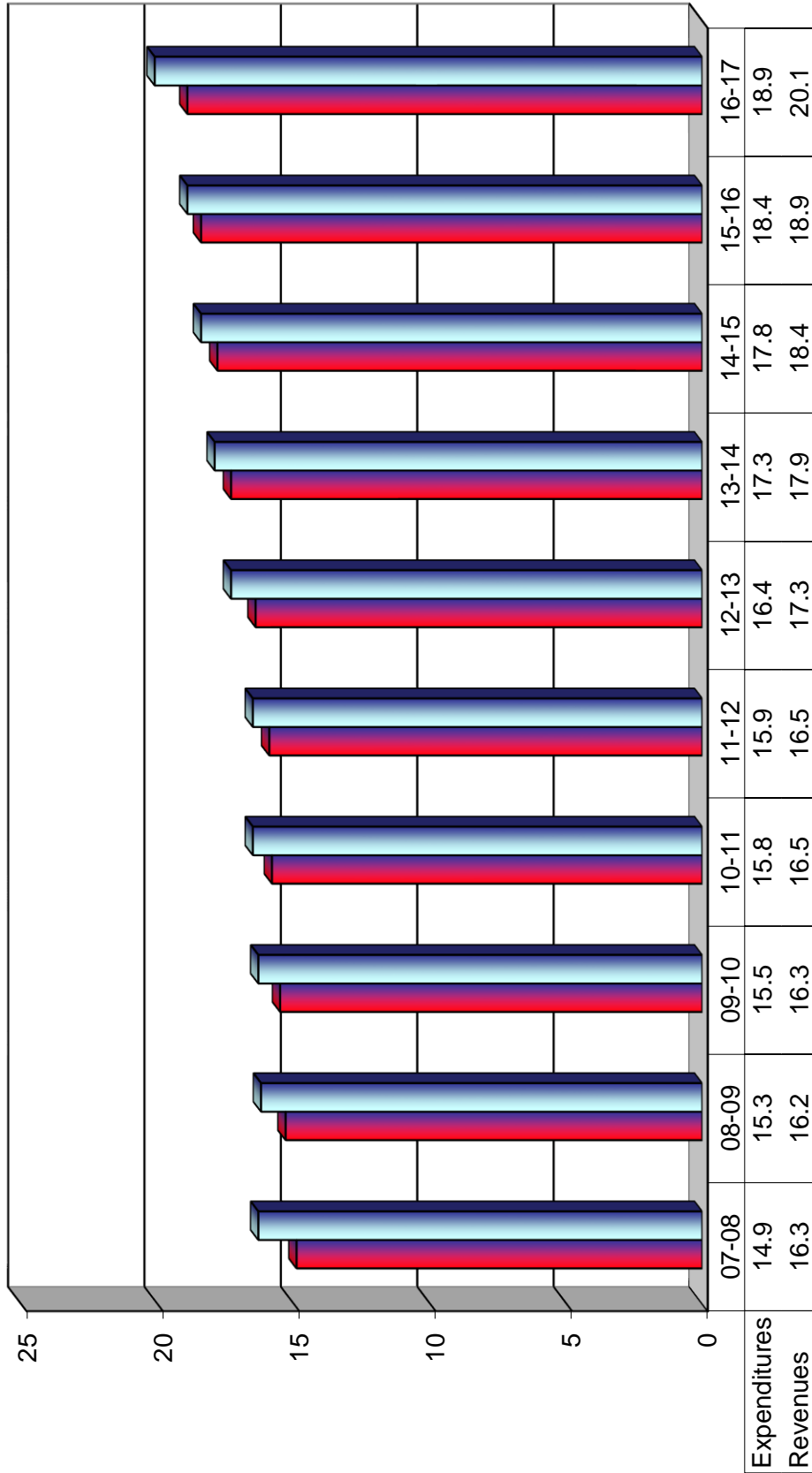


COUNTY OF LOS ANGELES
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)
 (modified accrual basis of accounting)

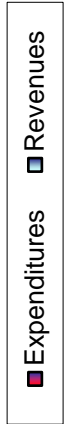
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues (by source)										
Taxes	\$ 4,823,493	5,081,939	4,960,714	4,955,254	5,104,498	5,486,739	5,772,589	6,078,449	6,350,290	6,736,037
Licenses, permits and franchises	79,511	80,823	69,440	80,278	83,252	91,833	91,160	92,079	93,069	98,554
Fines, forfeitures and penalties	341,135	364,047	353,432	341,143	300,310	302,310	284,318	279,246	251,321	242,837
Revenue from use of money and property:										
Investment income (loss)	323,071	196,575	105,618	80,584	81,947	(551)	64,097	73,966	122,423	57,043
Rents and concessions	78,370	90,881	94,101	111,659	114,178	118,224	124,664	133,208	134,627	157,590
Royalties	978	1,073	1,006	1,285	3,446	3,029	2,435	1,503	900	801
Intergovernmental revenues:										
Federal	3,149,752	3,272,856	3,582,396	3,480,705	3,234,009	3,205,637	3,259,773	3,412,218	3,540,477	3,712,553
State	4,621,964	4,446,417	4,544,074	4,981,043	4,970,871	5,456,853	5,700,379	6,012,662	6,002,364	6,390,825
Other	170,405	183,787	169,268	162,385	131,217	215,145	83,587	69,212	69,237	86,281
Charges for services	2,241,295	2,193,709	2,172,974	2,136,897	2,207,558	2,088,029	2,274,997	2,023,074	2,142,415	2,326,217
Miscellaneous	442,645	327,762	273,309	218,607	224,000	283,518	210,090	259,466	215,413	256,217
Total Revenues	16,272,619	16,239,869	16,326,332	16,549,840	16,455,286	17,250,766	17,868,089	18,435,083	18,922,536	20,064,955
Expenditures (by function)										
Current:										
General government	934,641	963,275	877,098	898,099	999,962	997,690	1,026,961	1,172,098	1,057,069	1,175,868
Public protection	5,328,923	5,561,576	5,600,679	5,516,837	5,649,097	5,842,286	6,030,388	6,353,892	6,737,132	6,934,740
Public ways and facilities	318,468	309,264	332,036	340,886	324,449	326,159	338,953	378,345	322,182	361,137
Health and sanitation	2,462,395	2,645,030	2,567,715	2,628,816	2,840,532	2,929,151	3,359,430	3,074,411	3,282,130	3,635,865
Public assistance	4,770,593	4,951,368	5,194,752	5,387,205	5,252,926	5,255,655	5,437,728	5,688,513	5,900,845	6,042,952
Education	105,684	115,315	107,963	110,550	109,159	115,750	121,237	123,723	132,397	130,056
Recreation and cultural services	272,028	302,988	300,199	302,924	299,663	319,863	346,690	357,458	376,270	401,564
Debt services:										
Principal (2)	239,916	200,175	196,941	218,856	186,951	123,581	350,393	463,680	393,501	114,661
Interest and other charges	259,254	220,467	246,461	269,895	110,998	101,089	99,038	97,877	133,261	113,274
Capital outlay	188,090	75,494	32,799	101,592	176,197	397,807	218,498	139,228	61,518	19,997
Total Expenditures	14,879,992	15,344,952	15,456,643	15,775,660	15,949,934	16,409,031	17,329,316	17,849,225	18,396,305	18,930,114
Excess of Revenues over Expenditures	1,392,627	894,917	869,689	774,180	505,352	841,735	538,773	585,858	526,231	1,134,841
Other Financing Sources (Uses)										
Transfers in	602,352	527,231	565,138	639,472	719,565	782,464	664,819	757,897	572,677	662,781
Transfers out	(1,752,685)	(1,540,633)	(1,454,259)	(1,510,310)	(1,542,578)	(1,696,268)	(1,404,311)	(1,353,746)	(1,151,110)	(1,441,818)
Issuance of debt	3,000		36,977	326,363	192,281	293,284	366,957	461,811	305,527	34,642
Refunding bonds issued	94,315				50,675				199,885	
Payment to refunded bonds escrow agent	(94,315)								(199,885)	
Bond premium proceeds						3,848		27,354	50,300	
Proceeds from capital leases	98,168	880	2,333	43,523	15,128	2,780	1,736	866	547	404
Sales of capital assets	4,099	6,145	2,235	17,732	4,733	1,365	1,586	2,422	3,031	2,649
Total other financing sources (uses)	(1,045,066)	(1,006,377)	(847,576)	(483,220)	(560,196)	(612,527)	(369,213)	(103,396)	(219,028)	(741,342)
Extraordinary item - Net assets transferred to private-purpose trust fund					(6,282)					
Net change in fund balances	\$ 347,561	(111,460)	22,113	290,960	(61,126)	229,208	169,560	482,462	307,203	393,499
Debt service as a percentage of noncapital expenditures (1)	3.44%	2.81%	2.91%	3.17%	1.92%	1.41%	2.69%	3.23%	2.93%	1.25%

Note:
 (1) The debt service percentage calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.
 (2) Includes principal amounts for capital leases, previously reported as a separate line item. Capital lease interest is included in Interest and other charges.
 Amount from GW to FB reconciliation for Capital Outlay \$ 356,061 349,363 234,040 366,201 457,331 432,727 631,200 454,502 416,575 693,502

**COUNTY of LOS ANGELES
Governmental Funds Expenditures and Revenues (UNAUDITED)
Last Ten Fiscal Years**



In Billions of Dollars



COUNTY OF LOS ANGELES
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) (1)
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(2) Secured	(3) Unsecured	(4) Unitary	(5) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2007 - 2008	\$ 990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.000000%
2008 - 2009	1,057,718,427	52,279,248	12,298,465	(41,418,999)	1,080,877,141	1.000000%
2009 - 2010	1,055,807,331	53,193,853	11,891,981	(45,881,461)	1,075,011,704	1.000000%
2010 - 2011	1,040,789,623	49,744,044	12,120,596	(47,184,173)	1,055,470,090	1.000000%
2011 - 2012	1,058,615,951	48,214,334	12,950,932	(49,248,993)	1,070,532,224	1.000000%
2012 - 2013	1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.000000%
2013 - 2014	1,134,707,829	49,662,548	13,989,870	(53,103,768)	1,145,256,479	1.000000%
2014 - 2015	1,197,665,178	50,777,030	14,325,069	(54,911,046)	1,207,856,231	1.000000%
2015 - 2016	1,270,136,487	52,284,478	15,846,612	(55,760,332)	1,282,507,245	1.000000%
2016 - 2017	1,337,673,405	54,868,734	17,308,742	(55,392,206)	1,354,458,675	1.000000%

Notes:

- (1) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (2) Secured property is generally real property, as defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (3) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (4) Unitary properties are railroads, utilities and pipelines crossing the County and are assessed by the State Board of Equalization and the County Assessor. Effective FY 2012-13, Unitary pipelines previously reported under Secured, are now reported under Unitary.
- (5) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (6) Effective FY 2012-13, Secured property does not include the Unitary pipelines assessed by the County Assessor.

Source:
 Auditor-Controller, County of Los Angeles Taxpayers' Guide

COUNTY OF LOS ANGELES
PROPERTY TAX RATES
DIRECT AND OVERLAPPING RATES FOR TAX AREA #4 (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Overlapping Rates (2) (3) (5)							Total Direct and Overlapping Rates
	County of Los Angeles Countywide Ad Valorem Tax (4)	Los Angeles County Detention Facilities (1)	Flood Control Districts (1)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District		
2007 - 2008	1.000000	.000000	.000000	.038051	.132136	.004500	1.174687	
2008 - 2009	1.000000	.000000	.000000	.038541	.146897	.004300	1.189738	
2009 - 2010	1.000000	.000000	.000000	.041220	.174921	.004300	1.220441	
2010 - 2011	1.000000	.000000	.000000	.038895	.227264	.003700	1.269859	
2011 - 2012	1.000000	.000000	.000000	.038666	.203483	.003700	1.245849	
2012 - 2013	1.000000	.000000	.000000	.037694	.224356	.003500	1.265550	
2013 - 2014	1.000000	.000000	.000000	.029754	.190980	.003500	1.224234	
2014 - 2015	1.000000	.000000	.000000	.028096	.187055	.003500	1.218651	
2015 - 2016	1.000000	.000000	.000000	.023030	.165464	.003500	1.191994	
2016 - 2017	1.000000	.000000	.000000	.021297	.167052	.003500	1.191849	

Notes:

- (1) The Secured Tax Rate and Ratios Report no longer includes the Detention Facilities & Flood Control Districts rates, as these bonds have matured.
- (2) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (3) The County is divided into 12,968 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.
- (4) Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
- (5) An exception to the 1% limit was provided by Proposition 46 which was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.

Source:

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

COUNTY OF LOS ANGELES
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
 CURRENT YEAR AND NINE YEARS AGO
 JUNE 30, 2017 AND JUNE 30, 2008 (in thousands)

Taxpayer	2017			2008		
	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 7,912,256	1	0.61%	\$ 3,895,446	1	0.41%
Douglas Emmett Residential	3,759,437	2	0.29%	2,513,636	3	0.26%
Maguire Properties	3,606,549	3	0.28%	2,595,736	2	0.27%
NBC / Universal Studios	2,533,890	4	0.19%			
Tesoro Corp	2,430,604	5	0.19%			
Essex Portfolio LP	2,367,291	6	0.18%			
Southern California Gas Co.	2,170,573	7	0.17%	1,369,116	9	0.14%
Tishman Speyer / Archstone Smith / ASN	2,056,949	8	0.16%			
Chevron USA Inc / Texaco / Unocal	1,888,241	9	0.14%	2,119,252	4	0.22%
AT&T / Pacific Bell Telephone Co.	1,817,584	10	0.14%	1,748,797	7	0.18%
BP West Coast Products				2,046,167	5	0.21%
Trizec LLC				1,775,789	6	0.18%
Exxon / Mobil Corp.				1,504,167	8	0.16%
Verizon California Inc.				1,337,346	10	0.14%
Total	\$ 30,543,374		2.35%	\$ 20,905,452		2.17%

Note:

(1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,299,589,941 as of June 30, 2017 is based on Secured \$1,337,673,405 plus Unitary \$17,308,742 less exemptions of \$55,392,206. Total assessed value, \$961,367,365 as of June 30, 2008 is based on Secured \$990,301,135 plus Unitary \$11,158,201 less exemptions of \$40,091,971. (in thousands)

Source:
 Los Angeles County Treasurer and Tax Collector

COUNTY OF LOS ANGELES
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Taxes Levied	Collections within the fiscal year of the levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007 - 2008	\$ 11,475,303	\$ 10,905,099	95.0%	\$ 570,204	\$ 11,475,303	100.0%
2008 - 2009	12,317,105	11,751,840	95.4%	565,265	12,317,105	100.0%
2009 - 2010	12,457,417	12,047,862	96.7%	409,555	12,457,417	100.0%
2010 - 2011	12,651,611	12,344,040	97.6%	307,571	12,651,611	100.0%
2011 - 2012	12,822,884	12,556,003	97.9%	257,566	12,813,569	99.9%
2012 - 2013	13,286,464	13,044,463	98.2%	203,916	13,248,379	99.7%
2013 - 2014	13,673,951	13,452,687	98.4%	173,180	13,625,867	99.6%
2014 - 2015	14,394,534	14,167,462	98.4%	146,173	14,313,635	99.4%
2015 - 2016	14,906,832	14,704,346	98.6%	117,266	14,821,612	99.4%
2016 - 2017	15,750,769	15,563,458	98.8%	(2)	15,563,458	98.8%

Note:

- (1) Reflects property taxes levied in prior years but collected in the current year.
- (2) No amounts are shown in FY 2016-17 because the property taxes levied will be collected in the following fiscal year.

Source:
Auditor-Controller-Accounting Division-Property Tax Section

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

Fiscal Year	Governmental Activities									
	General Obligation Bonds	Assessment Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Accrued Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Pension Bonds Payable	Capital Leases	
2007-08	\$	\$ 269,995	\$ 812,318	\$ 395,838	\$ 116,475	\$ 48,036	\$ (37,985)	\$ 668,539	\$ 173,369	
2008-09		246,875	726,236	413,252	138,476	44,121	(34,848)	485,092	157,794	
2009-10		222,660	670,242	414,651	160,642	40,195	(31,805)	256,717	148,073	
2010-11		197,285	912,191	513,462	172,237	36,314	(28,942)		181,260	
2011-12		170,725	863,211	563,381	172,662	32,259	(25,949)		190,746	
2012-13	(3)	142,870	810,740	597,536	172,142	32,107	(23,165)		183,056	
2013-14	(4)	113,615	770,872	681,090	170,583	27,908			174,121	
2014-15		82,880	852,579	647,817	167,904	51,085			166,320	
2015-16		50,610	1,031,590	389,706	164,005	85,091			158,410	
2016-17		38,895	1,008,101	341,541	158,759	83,846			151,941	

Business-Type Activities

Fiscal Year	Business-Type Activities									
	General Obligation Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Pension Bonds Payable	Capital Leases	Total Primary Government (1)	Per Personal Income (2)	Per Capita (2)	
2007-08	\$	\$ 114,750	\$ 215,554	\$ 7,368	\$ 232,285	\$ 273	\$ 3,016,919	0.73%	\$	
2008-09		95,715	219,580	6,549	168,542	143	2,667,613	0.68%	257	
2009-10		86,178	264,253	5,691	89,196		2,326,760	0.57%	223	
2010-11		539,072	162,212	4,791			2,689,928	0.64%	273	
2011-12		530,627	235,767	3,850			2,737,303	0.63%	276	
2012-13	(3)	819,374	59,824	36,027			2,830,511	0.63%	283	
2013-14		812,802	63,976	35,084			2,850,051	0.58%	283	
2014-15		787,537	62,719	34,186			2,853,027	0.55%	280	
2015-16		759,028	158,561	32,905			2,829,906	0.51%	276	
2016-17		746,678	170,673	32,004			2,732,438	0.46%	265	

Notes:

- (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements.
- (2) See the "Demographic and Economic Statistics" table for personal income and population.
- (3) The outstanding debt was restated as a result of Community Development Commission becoming a discretely presented component unit rather than a blended component unit due to the implementation of GASB 61 in FY 2012-13.
- (4) The unamortized loss on advance debt refund, which was previously reported under bonds payable, is now reported as deferred outflows of resources due to the implementation of GASB 65 in FY 2013-14.

Source:
Auditor-Controller, County of Los Angeles

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

Fiscal Year	Population (1)	Assessed Value (1)	General Bonded Debt (2)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
2007-08	10,364	\$ 1,009,911,291		0.000000	\$ 0.0000
2008-09	10,393	1,080,877,141		0.000000	0.0000
2009-10	10,441	1,075,011,704		0.000000	0.0000
2010-11	9,858	1,055,470,090		0.000000	0.0000
2011-12	9,912	1,070,532,224		0.000000	0.0000
2012-13	10,019	1,093,886,935		0.000000	0.0000
2013-14	10,069	1,145,256,479		0.000000	0.0000
2014-15	10,192	1,207,856,231		0.000000	0.0000
2015-16	10,240	1,282,507,245		0.000000	0.0000
2016-17	10,300	1,354,458,675		0.000000	0.0000

Notes:

- (1) See "Demographic & Economic Statistics" table for population and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
- (2) Long-term general bonded debt outstanding included Detention Facilities and Flood Control general obligation bonds. The Detention Facilities matured on June 1, 2007 and the Flood Control bonds matured on November 1, 2007.

Source:
 Los Angeles Economic Development Corporation Economic Forecast: [website:www.laedc.org](http://www.laedc.org)

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
JUNE 30, 2017

2016-17 Net Assessed Valuation	\$ 1,354,458,674,851
Redevelopment Incremental Valuation	184,829,276,228
Full Cash Value (2016-17)	<u>1,169,629,398,623</u> (1)
Population - (2017)	<u>10,300,000</u> (2)

	Percent Applicable	Debt June 30, 2017
DIRECT TAX AND ASSESSMENT DEBT:		
Los Angeles County Flood Control District	100	\$ 10,060,000
Subtotal Direct Tax and Assessment Debt		<u>\$ 10,060,000</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	48.417	\$ 36,266,754
Los Angeles Community College District	100	3,847,880,000
Other Community College Districts	Various (3)	3,169,512,568
Arcadia Unified School District	100	223,178,429
Beverly Hills Unified School District	100	405,289,478
Glendale Unified School District	100	271,029,986
Long Beach Unified School District	100	1,166,245,702
Los Angeles Unified School District	100	9,815,110,000
Pasadena Unified School District	100	383,590,000
Pomona Unified School District	100	289,748,077
Redondo Beach Unified School District	100	221,466,110
Santa Monica-Malibu Unified School District	100	383,670,710
Torrance Unified School District	100	474,354,455
Other Unified School Districts	Various (3)	3,422,460,515
High School and School Districts	Various (3)	1,871,214,261
City of Los Angeles	100	720,435,000
City of Industry	100	94,075,000
Other Cities	100	54,925,000
Community Facilities Districts	100	718,094,258
Los Angeles County Regional Park & Open Space Assessment District	100	38,895,000 (4)
1915 Act and Benefit Assessment Bonds - Estimate		76,384,244
Subtotal Overlapping Tax and Assessment Debt		<u>\$ 27,683,825,547</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 27,693,885,547</u>
DIRECT GENERAL FUND OBLIGATION DEBT:		
Los Angeles County General Fund Obligations	100	\$ 1,773,023,000 (5)
Subtotal Direct General Fund Obligation Debt		<u>\$ 1,773,023,000</u>
OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Los Angeles County Office of Education Certificates of Participation	100	\$ 7,204,988
Community College District Certificates of Participation	Various (6)	25,120,036
Baldwin Park Unified School District Certificates of Participation	100	28,775,000
Compton Unified School District Certificates of Participation	100	18,910,000
Los Angeles Unified School District Certificates of Participation	100	239,440,000
Paramount Unified School District Certificates of Participation	100	28,710,000
Other Unified School District Certificates of Participation	Various (6)	249,987,964

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
JUNE 30, 2017

High School and Elementary School District General Fund Obligations	Various (6)	120,170,186
City of Beverly Hills General Fund Obligations	100	136,835,000
City of Los Angeles General Fund and Judgment Obligations	100	1,560,752,898
City of Long Beach General Fund Obligations	100	158,310,000
City of Long Beach Pension Obligation Bonds	100	30,660,000
City of Pasadena General Fund Obligations	100	444,251,426
City of Pasadena Pension Obligation Bonds	100	119,460,000
Other Cities' General Fund Obligations	100	1,286,612,176
Los Angeles County Sanitation Districts Financing Authority	100	140,205,118
Subtotal Overlapping General Fund Obligation Debt		\$ 4,595,404,792
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,368,427,792
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(9,782,835)
Cities' supported bonds		(459,748,604)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 5,898,896,353
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		\$ 3,919,156,121
GROSS COMBINED TOTAL DEBT		\$ 37,981,469,460
NET COMBINED TOTAL DEBT		\$ 37,511,938,021
TOTAL GROSS DIRECT DEBT		\$ 1,783,083,000
TOTAL NET DIRECT DEBT		\$ 1,783,083,000
TOTAL GROSS OVERLAPPING DEBT		\$ 36,198,386,460
TOTAL NET OVERLAPPING DEBT		\$ 35,728,855,021
<u>RATIOS TO 2016-17 NET ASSESSED VALUATION</u>		
Total Overlapping Tax and Assessment Debt		2.04%
<u>RATIOS TO FULL CASH VALUE</u>		
Gross Combined Direct Debt (\$1,783,083,000)		0.15%
Net Combined Direct Debt (\$1,783,083,000)		0.15%
Gross Combined Total Debt		3.25%
Net Combined Total Debt		3.21%
<u>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</u>		
Total Overlapping Tax Increment Debt		2.12%

Notes:

- (1) This balance is reduced by homeowners exemptions of \$7,497,332,388.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance and the U.S. Census Bureau as of January 1 of each year.
- (3) All 100% or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
- (4) Excludes refunding issue to be sold.
- (5) Includes Assessment Bonds, Certificates of Participation, Notes, Loans and Other Debt, and Capital Leases.
- (6) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
- (7) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

Source:

California Municipal Statistics - for general information purposes only.

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

Fiscal Year	(1) Assessed Value	(2) Legal Debt Limit	Total Net Applicable Debt	(3) Legal Debt Margin	Legal Debt Margin / Debt Limit
2007 - 2008	\$ 1,009,911,291	\$ 12,623,891		\$ 12,623,891	100.00%
2008 - 2009	1,080,877,141	13,510,964		13,510,964	100.00%
2009 - 2010	1,075,011,704	13,437,646		13,437,646	100.00%
2010 - 2011	1,055,470,090	13,193,376		13,193,376	100.00%
2011 - 2012	1,070,532,224	13,381,653		13,381,653	100.00%
2012 - 2013	1,093,886,935	13,673,587		13,673,587	100.00%
2013 - 2014	1,145,256,479	14,315,706		14,315,706	100.00%
2014 - 2015	1,207,856,231	15,098,203		15,098,203	100.00%
2015 - 2016	1,282,507,245	16,031,341		16,031,341	100.00%
2016 - 2017	1,354,458,675	16,930,733		16,930,733	100.00%

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2017

Assessed valuation (net taxable)	1,354,458,675
Applicable percentage in computing capacity	1.25%
Total debt limit	\$ 16,930,733
Less: Total net applicable debt	
Legal debt margin, June 30, 2017	\$ 16,930,733

Notes:

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

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

Fiscal Year	Calabasas Landfill Bond Fees						Regional Park and Open Space Special Assessment Bond					
	Revenue Collected	Debt Service			Total Debt Service	Coverage	Special Assessment Collection	Debt Service			Total Debt Service	Coverage
		Principal	Interest	Principal				Interest	Principal	Interest		
2007-08	\$ 3,126,998	\$ 1,365,000	\$ 1,608,359	\$ 2,973,359	1.05	\$ 78,613,000	\$ 34,240,000	(2)	\$ 16,867,000	\$ 51,107,000	1.54	
2008-09	(5,243,834)	1,490,000	1,546,934	3,036,934	(1.73)	79,140,000	23,120,000		12,821,950	35,941,950	2.20	
2009-10	1,003,124	1,610,000	1,484,784	3,094,784	0.32	80,130,000	24,215,000		11,691,825	35,906,825	2.23	
2010-11	713,746	1,735,000	1,424,409	3,159,409	0.23	80,152,000	25,375,000		10,514,544	35,889,544	2.23	
2011-12	679,673	1,860,000	1,359,346	3,219,346	0.21	79,484,000	26,560,000		9,270,388	35,830,388	2.22	
2012-13	637,823	2,010,000	1,275,646	3,285,646	0.19	80,380,000	27,855,000		7,925,013	35,780,013	2.25	
2013-14	591,361	2,165,000	1,182,721	3,347,721	0.18	80,455,000	29,255,000		6,497,263	35,752,263	2.25	
2014-15	545,354	2,325,000	1,090,709	3,415,709	0.16	80,090,000	30,735,000		4,997,513	35,732,513	2.24	
2015-16	(1)					28,889,000	32,270,000		3,422,388	35,692,388	0.81	
2016-17						28,899,000	11,715,000		2,312,925	14,027,925	2.06	

Notes:

- (1) Disclosure for FY 2015-16 and thereafter is not necessary due to refunding of Calabasas Landfill Project Series 2005 on September 2, 2015 by the issuance of Lease Revenue Refunding Bonds, 2015 Series B.
- (2) Reflects additional redemptions related to the Regional Park and Open Space District Refunding Revenue Bonds Series 2007 A.

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

Year	Population County of Los Angeles *	Personal Income *	Per Capita Personal Income (1)	School Enrollment (2) **	Unemployment Rate *
2008	10,364	\$ 411,000,000	\$ 39,657	1,648	6.2%
2009	10,393	392,000,000	37,718	1,632	11.7%
2010	10,441	405,000,000	38,789	1,575	12.3%
2011	9,858	420,900,000	42,696	1,590	12.3%
2012	9,912	435,300,000	43,916	1,578	11.1%
2013	10,019	451,100,000	45,024	1,564	9.8%
2014	10,069	487,900,000	48,456	1,553	8.2%
2015	10,192	521,900,000	51,207	1,539	6.9%
2016	10,240 (3)	557,382,000 (3)	54,432	1,523	5.1% (3)
2017	10,300 (4)	587,755,000 (4)	57,064	1,511	5.0% (4)

Notes:

- (1) Amounts shown are in actual dollars (not thousands).
- (2) Public school enrollment.
- (3) Amount revised from prior year.
- (4) Amount is a projection as of February 2017.

Sources:

- * Los Angeles Economic Development Corporation Economic Forecast: website address: www.laedc.org.
- ** California Department of Education website address: www.cde.ca.gov.

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

Industry	June 30, 2017			June 30, 2008		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	821,400	1	16.86%	805,500	1	17.71%
Educational & Health Services	780,100	2	16.02%	637,500	2	14.01%
Professional & Business Services	614,400	3	12.61%	583,100	4	12.82%
Government	593,600	4	12.19%	613,500	3	13.49%
Leisure & Hospitality	524,700	5	10.77%	410,200	6	9.02%
Manufacturing	357,600	6	7.34%	444,000	5	9.76%
Information	230,000	7	4.72%	219,000	8	4.81%
Financial Activities	220,400	8	4.53%	234,500	7	5.15%
Other Services	159,400	9	3.27%	147,900	9	3.25%
Construction	143,200	10	2.94%	146,500	10	3.22%
Ten largest industries	4,444,800		91.25%	4,241,700		93.24%
All other industries	426,200		8.75%	307,400		6.76%
Total industries	4,871,000		100.00%	4,549,100		100.00%

Note:

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

Source:

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

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

Function / Program (1) and (2)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government	11,692	11,605	11,100	10,831	10,680	10,578	10,528	10,571	10,764	10,902
Public Protection (3)	41,560	42,583	36,378	35,428	35,433	33,702	33,556	33,537	33,664	33,694
Health and Sanitation	27,395	27,345	26,826	26,133	26,029	25,839	26,431	27,144	27,703	28,639
Public Assistance	20,867	20,940	20,665	20,280	20,043	19,963	20,346	20,808	21,376	21,913
Education	1,878	1,829	1,622	1,481	1,431	1,459	1,442	1,432	1,475	1,496
Recreation and Cultural Services	2,977	3,075	2,861	2,761	2,812	2,811	2,853	2,839	2,898	2,931
Total	106,369	107,377	99,452	96,914	96,428	94,352	95,156	96,331	97,880	99,575

Notes:

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

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

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

Function / Program (9)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government										
Assessor - Number of re-appraisable transfers processed	148,989	153,807	164,464	158,643	149,864	146,369	150,006	138,322	137,918	137,818
Auditor-Controller - Number of warrants issued monthly (1)	239,750	254,316	221,097	220,649	230,243	222,142	215,210	189,729	177,203	177,256
Registrar-Recorder - Number of registered voters	5,663,074	5,880,094	7,963,267	5,877,366	6,026,350	6,328,413	6,293,102	6,394,639	6,517,088	6,611,486
Public Protection										
Sheriff - Inmate population (10)	19,600	19,300	18,000	15,300	16,400	18,710	18,951	19,041	16,740	16,713
Sheriff - Crime rate total (2)	302.20	290.65	249.44	246.84	252.13	252.20	231.93	235.60	250.30	262.34
Probation - Juvenile halls/camps population (11)	4,000	2,800	2,600	2,385	2,354	2,004	1,635	1,438	1,270	1,193
Health and Sanitation										
Health Services - Average daily inpatient census (12)	1,317	1,293	1,313	1,321	1,263	1,234	1,213	1,212	1,171	1,149 **
Health Services - Outpatient visits (13)	2,631,000	2,710,000	2,817,000	2,811,000	2,970,000	3,161,000	3,339,000 *	2,793,000 *	3,013,000 *	3,197,000 **
Mental Health - Number of outpatient services to children and youth (3)	53,115	57,518	61,835	62,732	69,708	73,513	73,062	61,111	78,930	27,204
Public Assistance										
Children and Family Services - Child protective services caseloads	518,700	479,900	498,100	521,600	539,700	533,500	540,200	533,400	507,900 *	519,500 **
Children and Family Services - Adoption caseloads	23,500	24,300	24,800	24,500	23,900	23,800	23,700	22,700	22,500 *	22,400 **
Public Social Services - Average persons aided monthly thru CalWorks (4)	351,300	369,700	409,100	442,200	438,400	428,100	422,800	410,100	397,200 *	381,600 **
Public Social Services - Average number of indigents aided monthly	62,900	74,900	91,700	106,600	108,100	104,800	104,800	97,100	93,100 *	79,900 **
Community and Senior Services - Number of vulnerable adults served	27,671	27,828	28,779	30,654	33,187	36,788	37,779	38,558	42,341	44,692
Education										
Public Library - Number of items which circulate to the public (8)	15,000,000	10,926,000	6,817,165	6,795,552	6,788,216	6,048,903	5,839,322	4,930,145	4,799,808	4,743,720
Recreation and Culture										
Museum of Art - Total education program participants (5)	305,645	326,922	307,121	423,560	487,297	512,658	502,269	530,163	526,919	554,799
Museum of Natural History - Annual attendance (6)	874,725	873,230	858,297	933,588	1,162,231	1,012,661	1,140,844	1,131,507	1,291,131	1,284,602
Parks and Recreation - Total passive and active park users (7)	11,058,046	10,309,706	11,405,713	11,020,797	11,290,652	11,403,559	11,517,595	11,626,319	11,824,089	11,883,209

Notes:

- (1) Conversion of participants and vendors to electronic benefit transfer (EBT) and direct deposit in January 2009.
- (2) Represents number of offenses per 10,000 residents and refers to most serious crimes.
- (3) Data includes fee-for-service outpatient clients and costs. FY 2014-15 have lag times of data due to implementation of Integrated Behavioral Health Information System on October 16, 2015. FY 2016-17 reflects decline in statistic due to change in methodology. Specifically for FY 2016-17, the data refers only to children 11-15 years of age. However, for FY 2015-16 and prior years, the data refers to children 0-15 years of age.
- (4) CalWorks is California's program to administer the Federal Temporary Assistance for Needy Families blockgrant that provides temporary financial support and supportive services to eligible adults with children to enable them to transition from welfare to work and to achieve economic self-sufficiency.
- (5) In FY 2007-08 reflects spike for Broad Contemporary Art Museum (BCAM) activities.
- (6) Reflects admission to Exposition Park, George C. Page Museum and William S. Hart Museum. Projected increase in attendance based on opening of renovated galleries and new exhibits.
- (7) Information based on periodic/seasonal observation. Passive activities include walking, jogging, running, leisure and picnic activities.
- (8) New system implemented in FY 2006-07, along with the new methodology for accumulating data. Revised holdings based on substantial collection review and catalog updating. FY 2014-15 data went down due to weeding process.
- (9) Indicators are not available for the Public Ways and Facilities function.
- (10) The average length of stay that the inmates spend in jail in FY 2015-16 has decreased to 64 days as compared to an average of 66 days in FY 2014-15.
- (11) Beginning FY 2012-13 figures reflect three camps that are temporary closed.
- (12) DHS estimates the FY 2015-16 inpatient census to remain at a similar level as the FY 2014-15. DHS is making operational changes to transform into integrated health system that can address the challenges posed by the Affordable Care Act (ACA) implemented on January 1, 2014.
- (13) FY 2012-13 expansion capacity of Community Clinic approved by the Board.

* Figures have been revised from previous publications.
** FY 2016-17 data is an estimate.

Sources:
2017-2018 Recommended County Budget and Departments

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

Function / Program (1)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Public Protection										
Animal Shelters (4)	6	6	6	6	6	6	6	6	6	7
Public ways and facilities										
Mileage of maintained County roads	3,213	3,217	3,219	3,219	3,218	3,206	3,187	3,187	3,187	3,185
Miles of unincorporated County bikeways	141	145	145	148	148	162	171	182	175	179
Airports	5	5	5	5	5	5	5	5	5	5
Dams	15	14	14	14	14	15	14	14	14	14
Storm drains, in miles	2,800	2,972	3,010	3,070	3,100	3,200	3,331	3,348	3,357	3,380
Flood pump stations	45	45	45	45	48	48	48	48	48	48
Health and Sanitation										
Hospitals	4	4	4	4	4	4	4	4	4	4
Health centers	18	18	18	18	17	17	17	17	17	17
Education										
Libraries (5)	84	85	85	85	84	85	85	86	86	87
Bookmobiles	4	4	5	5	4	3	3	3	3	3
Recreation and Cultural services										
Museums (2)	4	4	4	5	5	5	5	5	5	5
Arboretums and Botanic Gardens	4	4	4	4	4	4	4	4	4	4
Golf courses (3)	19	19	19	19	19	19	19	20	20	20
Beaches	20	17	17	14	14	14	14	14	14	14
Boat Slips	4,796	4,832	4,800	4,700	4,700	4,700	4,700	4,700	4,614	4,602

Note:

- (1) No capital asset indicators are available for the General Government or Public Assistance functions.
- (2) April 2011, opening of La Plaza de Cultura y Artes Museum.
- (3) On May 12, 2015, the Board approved to occupy, operate and make improvements of Norwalk Golf Course.
- (4) July 20, 2016, opening of Palmdale Animal Care Center.
- (5) Los Padrinos Juvenile Hall Library was added in FY 2016-17.

Source:

2016-17 Recommended Budget book, Department of Public Works website, Sheriff's Department website and Department of Health Services website.