NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "MIG1"
Standard & Poor's: "SP-1+"
Fitch: "F1+"
(See "RATINGS" herein.)

In the opinion of Squire Patton Boggs (US) LLP (fomerly Squire Sanders (US) LLP), Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Notes is exempt from State of California personal income taxes. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$900,000,000
COUNTY OF LOS ANGELES
2014-15 Tax and Revenue Anticipation Notes
1.50% Priced to Yield 0.12%
CUSIP† No. 544657HR3

Dated: July 1, 2014 **Due: June 30, 2015**

The County of Los Angeles 2014-15 Tax and Revenue Anticipation Notes (the "Notes") will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the fixed rate per annum specified above and will be priced as set forth above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Notes are being issued to provide moneys to help meet Fiscal Year 2014-15 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 13, 2014 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. In accordance with California law, the Notes are general obligations of the County, payable only from unrestricted taxes, income, revenue, cash receipts and other moneys of the County attributable to the Fiscal Year 2014-15 and lawfully available for the payment of the Notes. The Notes and the interest thereon are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes. See "THE NOTES – Security for the Notes" herein.

The Notes are not subject to redemption prior to maturity.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Squire Patton Boggs (US) LLP (fomerly Squire Sanders (US) LLP), Los Angeles, California, Bond Counsel, and the approval of certain legal matters for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed upon for the County by County Counsel. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 1, 2014.

J.P. Morgan **Wells Fargo Securities**

Alamo Capital **KeyBanc Capital Markets Inc.** **Stifel**

Dated: June 4, 2014.

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES

2014-15 TAX AND REVENUE
ANTICIPATION NOTES

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the registered owners of the applicable Notes. Neither the County nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Notes or as included herein. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions.

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CALIFORNIA

OFFICIAL STATEMENT

$900,000,000
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INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the "County") of $900,000,000 in aggregate principal amount of 2014-15 Tax and Revenue Anticipation Notes (the "Notes") of the County. The Notes will be issued as fixed rate notes bearing interest at the rate and maturing on the date set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2014-15 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 13, 2014 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $900,000,000" (the "Resolution"). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. Pursuant to California law, the Notes and the interest thereon will be general obligations of the County payable from the unrestricted taxes, income, revenue, cash receipts and other moneys of the County attributable to the Fiscal Year 2014-15 and lawfully available therefor as specified in the Resolution and the Financing Certificate. See "THE NOTES – Security for the Notes." The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information with respect to the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program's inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to $1,850,000,000. The Resolution authorizes the County to issue and sell up to $900,000,000 aggregate principal amount of its 2014-15 Tax and Revenue Anticipation Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may undertake interfund borrowing to fund shortages in the General Fund. The County reserves the right to undertake such a borrowing under the Resolution. See "THE NOTES – Security for the Notes," "– Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program."

THE NOTES

General

The Notes will be issued in the aggregate principal amount of $900,000,000. The Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interests in the Notes purchased. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated July 1, 2014, and will mature on the date set forth on the cover page of this Official Statement. The Notes are not subject to redemption prior to their maturity.

The Notes will be issued in denominations of $5,000 and any integral multiple thereof ("Authorized Denominations") and will bear interest at the rate set forth on the cover page hereof. Interest on the Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Notes.

Authority for Issuance

The Notes are being issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Financing Certificate.

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2014-15 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The proceeds of the Notes may be invested in Permitted Investments, as set forth under "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE - Permitted Investments." The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *County Pooled Surplus Investments*."

Security for the Notes

The Notes will be issued under and pursuant to the Resolution and the Financing Certificate and will be ratably secured by a pledge of "Pledged Moneys" as follows:

(a) the first $315,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after December 20, 2014;

(b) the first $315,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after January 1, 2015; and

(c) (1) the first $270,000,000 of unrestricted taxes, income, revenue, cash receipts and other moneys attributable to the County's Fiscal Year 2014-15 to be received by the County on and after April 1, 2015 plus (2) an amount equal to the interest that will accrue on the Notes.

Pursuant to Section 53856 of the Act, the Notes and the interest thereon will be a lien and charge against and will be payable from such Pledged Moneys. In addition to Pledged Moneys, pursuant to Section 53857 of the Act, the Notes will be general obligations of the County, and to the extent not payable from Pledged Moneys, shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. See "THE NOTES – Available Sources of Payment." The County is not authorized to levy or collect any tax for the repayment of the Notes.

In accordance with the terms of the Resolution and the Financing Certificate, the County Auditor-Controller (the "Auditor-Controller") will deposit the Pledged Moneys with the Treasurer in the 2014-15 TRANs Repayment Fund (the "Repayment Fund"), which fund will be segregated from all other funds and accounts held by the Treasurer. Pledged Moneys for the payment of the Notes will be deposited into the Repayment Fund in the amounts and at the times described above. The Treasurer will hold such Pledged Moneys in trust for the benefit of Holders until the Notes are paid. The Resolution provides that such amounts may not be used for any other purpose and may be invested in Permitted Investments (herein defined). Interest on amounts in the Repayment Fund will be credited to the General Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments."

As more particularly described under the heading "THE NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow," the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the Notes) is paid from such revenues.

Available Sources of Payment for the Notes

The Notes, in accordance with State law, are general obligations of the County, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the County pledged for the payment thereof shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of the Notes. Pursuant to the Act, no obligations, including the Notes, may be issued thereunder if the principal of and interest on such obligations is in excess of 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys which will be available for the payment of such principal and interest. See “THE NOTES – Security for the Notes.”

The County estimates that the total unrestricted taxes, income, revenue, cash receipts and other moneys to be received by the County during Fiscal Year 2014-15 (the “Unrestricted Revenues”) to be available for payment of the principal of and interest on the Notes, including the Pledged Moneys, will be in excess of $7.2 billion, as indicated in the table below. Except for Pledged Moneys, the Unrestricted Revenues will be expended during the course of Fiscal Year 2014-15, and no assurance can be given that any moneys, other than the Pledged Moneys, will be available to pay the Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled “County of Los Angeles Projected Borrowable Resources – Fiscal Year 2014-15” on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2014-15. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County’s 2014-15 Budget, when adopted, the County’s actual revenues and expenditures, and actions by the State of California which could materially impact the County’s expenses and revenues.

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2014-15 (1)
(In Thousands)

SOURCES:	AMOUNT
Property Taxes	$4,347,098
Other Taxes	189,323
Homeowner’s Exemptions	19,735
Motor Vehicle (VLF) Realignment	279,262
Fines, Forfeitures and Penalties	215,034
Licenses, Permits and Franchises	57,950
Charges for Services	1,510,262
Investment and Rental Income	100,904
Other Revenue and Tobacco Settlement	504,357
Total:	$7,223,925
Less amount pledged for payment of the Notes:(2)	(913,463)
Net total in excess of Pledged Moneys:	$6,310,462

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2014-15. Information subject to change to reflect the impact of any revisions to the 2014-15 State Budget and other matters. See “THE NOTES – State of California Finances” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT”.

(2) Based on $900,000,000 aggregate principal amount of Notes, plus an amount equal to interest thereon.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2014-15 State Budget (the “2014-15 State Budget”) will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot reliably predict the ultimate impact of the 2014-15 State Budget on the County’s financial outlook. In the event the 2014-15 State Budget includes decreases in County revenues or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Governor's Proposed 2014-15 State Budget. On January 9, 2014, Governor Brown released the 2014-15 Proposed Budget (the "Fiscal Year 2014-15 Proposed State Budget"), which projects Fiscal Year 2014-15 general fund revenues and transfers of $104.5 billion, total expenditures of $106.79 billion and a year-end surplus of $1.92 billion, of which $955 million would be reserved for liquidation of encumbrances and $967 million would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 Proposed State Budget proposes to use the one-time revenues for targeted expenditures in education, higher education and health and human services, to make a deposit into the State's Rainy Day Fund and to provide for one-time investments in the State's infrastructure.

May Revision to the 2014-15 Proposed State Budget. On May 13, 2014, the Governor released his May Revision to the 2014-15 Proposed State Budget (the "May Revision"), which projects Fiscal Year 2014-15 revenues and transfers of $105.35 billion, total expenditures of $107.77 billion and a year-end surplus of $1.48 billion (inclusive of the projected $3.90 billion State General Fund balance as of June 30, 2014 which would be available for Fiscal Year 2014-15), of which $955 million would be reserved for the liquidation of encumbrances and $528 million would be deposited in a reserve for economic uncertainties. In addition, in Fiscal Year 2014-15, $1.604 billion would be deposited into the State's Budget Stabilization Account/Rainy Day Fund. The May Revision states that a number of major risks continue to threaten the State's fiscal stability, including the overhang of fiscal debts, growing long-term liabilities and continuing uncertainties regarding the costs of the federal Affordable Care Act. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT - 2014-15 Proposed State Budget" for additional information on the Proposed 2014-15 State Budget and the May Revision.

LAO Overview of the May Revision. On May 16, 2014, the Legislative Analyst's Office released an analysis of the May Revision entitled "The 2014-15 Budget: Overview of the May Revision" (the "LAO May Revision Overview"). The LAO May Revision Overview states that the Governor's budget plan takes a careful approach to State finances. The LAO May Revision Overview also states that the State's volatile tax revenue system, uncertainty about future stock and other asset prices, and the likelihood (based on historic trends) of another recession within a few years all emphasize the importance of building reserves and reducing State debt. The LAO May Revision Overview further states that under the Governor's approach, the State would improve its chances of managing the next significant State revenue downturn with less of the drastic budget cuts required during the last few recessions.

Impact of Fiscal Year 2014-15 State Budget on the County. Although the State budget proposals identified in the Governor's Proposed 2014-15 Budget and the May Revision thereto contains no significant funding reductions to County-administered programs, the May Revision continues to include proposals related to the re-allocation of 1991-92 Realignment Program (as described in Appendix A) funding as a result of Federal health care reform, which could have an impact on future County budgets. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information - 2014-15 Recommended Budget – Fiscal Year 2014-15 NCC Budget Changes" attached hereto.

Additional Information. The Governor may release additional details of the proposals or updates to the Governor's Proposed 2014-15 State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2014-15 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury (so called "interfund borrowing") pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called "intrafund borrowing"). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the $700,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2013-14 and due June 30, 2014), all notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a repayment fund therefor, separate from the General Fund, to repay the outstanding 2013-14 tax and revenue anticipation notes due on June 30, 2014. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consist primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these "monies in transit" and ultimately receives more than 30% of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2009-10 through 2013-14" and "County of Los Angeles Borrowable Resources – Fiscal Year 2013-14" for the County's historical and projected borrowable resources for purposes of Intrafund Borrowing.

The following tables set forth for fiscal years 2009-10 through 2013-14 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2009-10 THROUGH 2013-14
(In Thousands)[(1)]

	2009-10	2010-11	2011-12	2012-13	2013-14
July	$ 1,594,708	$ 1,438,648	$ 1,522,684	$ 1,346,913	$ 1,194,935
August	1,086,472	1,097,190	1,319,842	830,197	844,344
September	841,446	529,972	909,737	332,888	177,920
October	674,134	64,668	419,044	39,289	43,694
November	274,995	(90,485)	229,984	(267,888)	(16,816)
December	531,471	321,576	440,436	378,664	358,844
January	594,512	484,230	511,073	291,248	797,772
February	214,654	150,599	182,090	270,061	689,240
March	(169,894)	(228,785)	(272,434)	(302,319)	(6,076)
April	(90,175)	(128,164)	297,983	208,117	396,747
May	427,453	628,637	564,069	806,070	779,157[(2)]
June	727,013	568,002	821,252	892,775	710,284[(2)]

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment funds relating to the short-term notes. Certain monthly periods reflect negative cash balances, which are covered by borrowable resources available to the County. See “THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY.”

(2) Estimated.

BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2009-10 THROUGH 2013-14
(In Thousands)

	2009-10	2010-11	2011-12	2012-13	2013-14
July	$1,420,434	$1,283,246	$ 1,321,951	$ 1,525,334	$ 1,090,942
August	1,284,825	1,120,676	1,069,843	1,123,337	1,085,015
September	1,380,364	1,181,379	1,142,594	1,186,943	1,163,158
October	1,593,076	1,518,338	1,449,921	1,635,585	1,637,393
November	2,666,134	2,708,336	2,695,445	2,933,305	3,185,516
December	4,208,793	4,786,688	4,953,904	5,174,854	5,582,245
January	3,034,051	3,075,273	3,109,882	3,150,261	3,225,772
February	1,950,985	1,814,620	1,854,014	1,997,817	2,164,412
March	1,978,821	1,942,634	2,084,584	2,090,997	2,359,184
April	4,138,361	4,225,923	4,438,428	4,504,208	4,903,834
May	2,517,362	2,599,025	2,715,846	2,781,891	2,921,465(1)
June	1,333,070	1,318,666	1,740,788	1,127,721	1,455,025(1)

(1) Estimated.

The Auditor-Controller submits to the Board of Supervisors monthly reports that set forth summary cash flow and borrowable resources information, including actual cash flow amounts for the County's General Fund through the preceding month, projected cash flows for the County's General Fund through the end of the applicable fiscal year and monthly borrowable resources average daily balances. The monthly cash flow reports are available through the County's Investor Information website at http://ttc.lacounty.gov/Proptax/Investor.htm. Such information is not incorporated herein by this reference.

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2014-15 based on the 2014-15 Recommended Budget adopted by the Board of Supervisors on April 15, 2014 (the "2014-15 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2014-15 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2013-14. Although the County believes its Fiscal Year 2014-15 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 23 of 24 years, and has done so by an average of more than $500 million. For June 30, 2014, the County projects that its cash balance will be $449 million greater than the original May 2013 forecast of $261 million, ending the current fiscal year at a positive $710 million. There can be no assurances that actual results for Fiscal Year 2014-15 will not materially differ from the projections.

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2014-15 PROJECTION
(in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014
BEGINNING BALANCE	$ 710,284	$ 944,600	$ 614,117	$ 279,394	$ (135,072)
RECEIPTS					
Property Taxes	$ 44,491	$ 98,055	0	0	$ 46,166
Other Taxes	26,167	19,227	10,939	15,380	15,097
Licenses, Permits & Franchises	2,496	6,237	2,204	3,959	2,293
Fines, Forfeitures & Penalties	25,824	19,854	10,584	11,686	18,175
Investment and Rental Income	11,786	10,918	9,116	9,473	6,805
Motor Vehicle (VLF) Realignment	6,300	27,281	34,161	25,361	23,697
Sales Taxes - Proposition 172	62,630	57,362	49,420	59,062	63,579
Sales Taxes - 1991 Program Realignment	49,403	5,030	37,796	45,530	121,794
Other Intergovernmental Revenue	121,404	220,710	156,128	161,205	178,563
Charges for Current Services	107,263	154,570	62,550	160,963	108,444
Other Revenue & Tobacco Settlement	80,868	52,329	24,804	38,229	26,428
Transfers & Reimbursements	11,555	467	1,836	22,934	18,282
Hospital Loan Repayment*	87,929	158,656	213,830	261,400	170,930
Welfare Advances	281,937	277,362	352,608	469,019	318,299
Other Financing Sources/MHSA	27,204	13,212	30,474	15,929	30,185
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	900,000	0	0	0	0
Total Receipts	$ 1,847,257	$ 1,121,269	$ 996,450	$ 1,300,128	$ 1,148,738
DISBURSEMENTS					
Welfare Warrants	$ 194,399	$ 229,487	$ 227,741	$ 231,821	$ 222,085
Salaries	409,258	402,125	397,033	396,130	400,343
Employee Benefits	256,694	264,934	223,446	273,876	271,527
Vendor Payments	553,344	332,386	321,623	391,289	327,579
Loans to Hospitals*	0	89,148	155,285	341,065	109,063
Hospital Subsidy Payments	149,575	83,708	0	0	0
Transfer Payments	49,672	49,964	6,045	80,413	15,475
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,612,941	$ 1,451,751	$ 1,331,173	$ 1,714,594	$ 1,346,072
ENDING BALANCE	**$ 944,600**	**$ 614,117**	**$ 279,394**	**$ (135,072)**	**$ (332,406)**
Borrowable Resources (Avg. Balance)	$ 1,136,372	$ 1,101,223	$ 1,183,925	$ 1,650,616	$ 3,292,398
Total Cash Available	$ 2,080,972	$ 1,715,340	$ 1,463,319	$ 1,515,544	$ 2,959,992

* The net change in the outstanding Hospital Loan Balance is a decrease of $266.7 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement show n above.

December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	2014-15
$ (332,406)	$ (67,538)	$ 391,526	$ 361,963	$ (267,861)	$ (58,699)	$ 391,690	
$ 1,085,726	$ 1,033,235	$ 201,941	$ 12,321	$ 742,588	$ 955,282	$ 127,293	$ 4,347,098
10,737	11,650	33,462	8,507	16,629	8,927	12,599	189,323
3,525	2,348	9,022	5,251	9,959	5,309	5,346	57,950
10,757	10,680	26,412	16,054	17,558	33,155	14,295	215,034
6,602	10,424	8,412	6,796	6,788	6,901	6,882	100,904
18,919	26,357	24,214	24,613	25,775	25,064	17,519	279,262
53,558	52,952	75,958	50,329	46,420	57,976	49,769	679,014
42,476	41,475	63,300	39,371	38,018	51,975	47,787	583,956
178,936	195,301	203,477	176,425	152,916	259,024	193,897	2,197,985
132,981	189,367	100,085	100,872	145,179	105,575	142,414	1,510,262
24,532	37,189	36,948	29,991	93,208	32,251	27,579	504,357
43,363	3,475	9,465	8,533	7,727	9,023	20,154	156,815
31,300	292,010	108,934	31,300	363,222	95,927	297,369	2,112,807
418,717	379,666	366,238	313,354	358,066	365,823	387,374	4,288,462
30,579	38,430	45,916	26,937	36,400	33,800	34,793	363,858
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	900,000
$ 2,092,708	$ 2,324,560	$ 1,313,786	$ 850,654	$ 2,060,453	$ 2,046,012	$ 1,385,071	$ 18,487,087
$ 220,147	$ 226,253	$ 223,004	$ 230,281	$ 220,791	$ 233,857	$ 233,859	$ 2,693,724
410,579	431,076	424,291	422,747	421,304	422,089	414,580	4,951,556
256,320	287,708	280,837	303,623	243,373	291,858	223,503	3,177,698
456,681	375,296	309,696	377,939	359,353	382,935	344,698	4,532,818
160,126	151,839	103,116	140,988	256,303	196,893	142,214	1,846,041
0	0	0	0	0	0	0	233,283
8,988	78,322	2,405	4,900	80,168	67,992	3,575	447,920
315,000	315,000	0	0	270,000	0	0	900,000
0	0	0	0	0	0	0	0
$ 1,827,841	$ 1,865,495	$ 1,343,349	$ 1,480,478	$ 1,851,291	$ 1,595,624	$ 1,362,430	$ 18,783,040
$ (67,538)	**$ 391,526**	**$ 361,963**	**$ (267,861)**	**$ (58,699)**	**$ 391,690**	**$ 414,331**	
5,778,791	$ 3,333,695	$ 2,231,455	$ 2,433,215	$ 5,063,401	$ 3,014,527	$ 1,489,947	
$ 5,711,253	$ 3,725,221	$ 2,593,418	$ 2,165,354	$ 5,004,703	$ 3,406,217	$ 1,904,278	

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2014-15 Forecast
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014
PROPERTY TAX GROUP					
Tax Collector Trust Fund	$ 73,471	$ 41,582	$ 41,667	435,523	$ 1,473,570
Auditor Unapportioned Property Tax	236,859	93,236	130,449	186,035	816,634
Unsecured Property Tax	140,746	152,531	108,481	140,688	119,672
Miscellaneous Fees & Taxes	8,507	23,111	42,140	21,850	12,848
State Redemption Fund	29,564	43,029	46,074	64,496	53,433
Education Revenue Augmentation	5,163	25,861	14,695	0	3,607
State Reimbursement Fund	0	0	0	0	1,924
Sales Tax Replacement Fund	874	5,527	17,090	19,564	19,856
Vehicle License Fee Replacement Fund	5,319	33,639	104,031	119,094	120,864
Property Tax Rebate Fund	1,378	7,066	5,250	605	1,458
Utility User Tax Trust Fund	6,768	2,652	4,483	6,833	10,152
Subtotal	$ 508,648	$ 428,232	$ 514,361	$ 994,688	$ 2,634,017
VARIOUS TRUST GROUP					
Departmental Trust Fund	$ 453,037	$ 501,361	$ 486,764	479,212	$ 484,387
Payroll Revolving Fund	50,725	48,613	58,909	51,023	46,862
Asset Development Fund	42,236	42,080	42,101	42,217	42,319
Productivity Investment Fund	3,532	3,525	3,516	4,921	6,303
Motor Vehicle Capital Outlays	910	910	1,002	1,035	1,035
Civic Center Parking	103	(6)	174	140	82
Reporters Salary Fund	278	488	401	462	372
Cable TV Franchise Fund	12,426	11,304	11,719	11,856	11,771
Megaflex Long-Term Disability	17,291	17,178	16,999	16,809	16,637
Megaflex Long-Term Disability & Health	7,693	7,740	7,814	7,887	7,955
Megaflex Short-Term Disability	34,493	34,798	35,165	35,366	35,658
Subtotal	$ 622,724	$ 667,991	$ 664,564	$ 650,928	$ 653,381
HOSPITAL GROUP					
Harbor-UCLA Medical Center	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Olive View-UCLA Medical Center	1,000	1,000	1,000	1,000	1,000
LAC+USC Medical Center	1,000	1,000	1,000	1,000	1,000
MLK Ambulatory Care Center	1,000	1,000	1,000	1,000	1,000
Rancho Los Amigos Rehab Center	1,000	1,000	1,000	1,000	1,000
LAC+USC Medical Center Equipment	0	0	0	0	0
Subtotal	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
GRAND TOTAL	**$ 1,136,372**	**$ 1,101,223**	**$ 1,183,925**	**$ 1,650,616**	**$ 3,292,398**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
$ 3,688,544	$ 794,975	$ 466,290	$ 644,069	$ 2,450,098	$ 933,184	$ 171,422
783,696	1,051,205	785,488	629,797	1,046,260	656,934	573,095
63,910	56,179	53,592	51,164	48,468	90,115	122,095
10,072	10,088	9,316	9,057	8,646	9,198	8,868
32,633	26,896	30,993	23,012	29,942	32,997	24,065
367,087	350,553	106,564	93,927	350,661	0	1,557
10,072	18,160	1,227	1,227	2,349	27,875	10,724
21,745	39,766	2,693	16,641	24,737	119,600	0
132,368	306,914	128,139	205,972	249,411	547,062	3,582
(721)	419	1,408	1,071	(1,528)	(34,937)	(18,848)
17,302	22,765	7,511	10,625	9,832	37,594	11,403
$ 5,126,710	$ 2,677,921	$ 1,593,222	$ 1,686,562	$ 4,218,875	$ 2,419,621	$ 907,963
$ 460,742	$ 476,175	$ 456,370	$ 559,710	$ 668,625	$ 423,642	$ 419,434
63,231	51,228	53,760	58,033	46,438	59,703	49,577
42,374	42,391	42,423	42,816	42,983	39,257	39,331
6,266	6,194	5,848	5,632	5,465	7,447	7,116
1,028	971	958	958	929	2,349	2,350
68	253	239	73	319	46	391
524	451	461	393	419	487	1,009
12,262	12,314	12,078	12,597	12,617	8,895	9,287
16,440	16,363	16,310	16,152	15,922	19,674	19,597
8,037	8,109	8,123	8,192	8,267	4,852	4,933
36,109	36,325	36,663	37,097	37,542	23,553	23,959
$ 647,081	$ 650,774	$ 633,233	$ 741,653	$ 839,526	$ 589,905	$ 576,984
$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
0	0	0	0	0	0	0
$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
$ 5,778,791	**$ 3,333,695**	**$ 2,231,455**	**$ 2,433,215**	**$ 5,063,401**	**$ 3,014,526**	**$ 1,489,947**

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

The following is a summary of certain provisions of the Resolution and the Financing Certificate. This summary is not to be considered a full statement of the terms of the Resolution or the Financing Certificate and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Financing Certificate.

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Notes authorized to be issued under the Resolution by those who will own the Notes from time to time, the Resolution constitutes a contract between the County and the Holders of the Notes; and the pledge made in the Resolution and the Financing Certificate and the covenants and agreements contained in the Resolution and the Financing Certificate to be performed by and on behalf of the County will be for the equal benefit, protection and security of the Holders of any and all of the Notes, all of which will be of equal rank without preference, priority or distinction of any of the Notes over any other thereof.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to its Fiscal Year 2014-15 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes in that the County agrees to comply with the covenants contained in, and the instructions given pursuant to, the Tax Exemption Certificate (the "Tax Certificate") prepared for the County by Bond Counsel, as such Tax Certificate may be amended from time to time. The County further covenants that it will make all calculations relating to any rebate of excess investment earnings on the Note proceeds due to the United States Department of the Treasury in a reasonable and prudent fashion and will segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of the Treasury.

Notwithstanding any other provision of the Financing Certificate to the contrary, upon the County's failure to observe, or refusal to comply with, the foregoing tax covenants, the Holders of the Notes, and any adversely affected former Holders of the Notes, will be entitled to exercise any right or remedy provided to the Holders under the Financing Certificate.

Negotiability, Transfer and Exchange of the Notes

The Holders of the Notes evidenced by registered certificates may transfer or exchange such Notes upon the books maintained by the Note Registrar, in accordance with the Financing Certificate.

The County and the Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor the Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Permitted Investments

Moneys on deposit in the Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments, as defined in the Financing Certificate ("Permitted Investments"), as more fully described below:

(1) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association; (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's, a Standard & Poor's Financial Services LLC business ("S&P"), or Fitch Ratings ("Fitch") and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt, as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(4) The Los Angeles County Treasury Pool (the "County Treasury Pool").

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of "A-1," "P-1," or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other nationally recognized securities rating agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer under the Financing Certificate may not exceed $500,000,000.

(9) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

Notwithstanding anything within the definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the Notes, to the extent Pledged Moneys are invested in Permitted Investments described in paragraphs (3), (5), (7) or (9) above, such investments must be rated by S&P at the respective S&P ratings described therein.

Repayment Fund Held by the Treasurer

Under the Resolution and the Financing Certificate, the County shall transfer to the Treasurer for deposit in the Repayment Fund the Pledged Moneys as set forth in the Financing Certificate. The Pledged Moneys may be invested in Permitted Investments. The Pledged Moneys shall be used to pay the Notes and the interest thereon when the same shall become due and payable and may not be used for any other purpose; provided that earnings on amounts in the Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the Repayment Fund after repayment of all the Notes and the interest thereon shall be transferred by the Treasurer to any account in the General Fund of the County as the Treasurer or any designee may direct.

Supplemental Financing Certificate and Supplemental Resolution

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a "Supplemental Financing Certificate"), with the written consent of the Holders of at least a majority in principal amount of the Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any particular Notes remain Outstanding, the consent of the Holders of such Notes will not be required. No such supplement or amendment shall (i) permit a change in the terms of maturity of the principal of any Notes or of the interest rate thereon or a reduction in the principal amount thereof without the consent of all of the Holders of the affected Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under "THE NOTES - Security for the Notes," without the consent of all of the Holders of the affected Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a "Supplemental Resolution") may be adopted, or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add to the covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to supplement or amend the Resolution or the Financing Certificate as required to obtain a rating for the Notes, or any portion thereof, from any rating agency, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders or (vi) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

Events of Default

Any one or more of the following will constitute an "Event of Default" under the Resolution and the Financing Certificate:

(1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;

(2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in aggregate principal amount of the outstanding Notes; or

(3) the County shall file petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders of the Notes, and any adversely affected former Holders of the Notes, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder's rights to payment of principal of and interest on such Holder's Notes.

Payment of Unclaimed Moneys to County

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Notes that remain unclaimed for a period of one year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such Notes from legally available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the Notes) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date may be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of certain Unrestricted Revenues that are pledged and will be set aside to repay Notes and these funds will be held a segregated account to be established and maintained by the County for the benefit of the owners of the Notes. The amounts in such segregated account will be invested for a period of time in the County Treasury Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Bankruptcy Code, a court might hold that the owners of the Notes do not have a valid and prior lien on the such pledged amounts where such amounts are deposited in the County Treasury Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Notes unless the owners could "trace" the funds from the Repayment Fund that have been deposited in the County Treasury Pool. There can be no assurance that the Owners could successfully so "trace" the pledged amounts.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP (formerly Squire Sanders (US) LLP), Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Notes is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations ("Regulations") under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The County has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Under the Code and Regulations, if the County does not spend all of the proceeds of the Notes within six months after issuance (determined as provided in the Code and Regulations), the County must rebate to the federal government its arbitrage profits, if any, in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The County expects to spend all of the proceeds of the Notes within six months of issuance. If, however, it fails to do so, the County has covenanted to provide for and to set aside any required rebate payment from moneys attributable to Fiscal Year 2014-15. The California Constitution generally prohibits the County from incurring obligations payable from moneys other than moneys attributable to the fiscal year in which such obligations are incurred. Accordingly, if, after the end of the Fiscal Year 2014-15, it is determined that the County's calculations of expenditures of Note proceeds or of rebatable arbitrage profits, if any, were incorrect and that the moneys attributable to Fiscal Year 2014-15 that were set aside were insufficient to meet the recalculated rebate requirement, it is unclear whether the County could be compelled to pay the difference from the moneys attributable to the then current fiscal year. If the amount required to be rebated to the federal government as recalculated is not paid, then it may be determined that, retroactive to the issuance of the Notes, the interest on the Notes is not excluded from gross income for federal income tax purposes. Bond Counsel has assumed that the representations and covenants of the County in the Resolution and in the County's Tax Compliance Certificate concerning the investment and use of Note proceeds and the rebate to the federal government of certain earnings thereon, to the extent required, from legally available moneys, are true and correct and that the County will comply with such covenants (including the covenant that rebate payments due the federal government, if any, will be timely made).

A portion of the interest on the Notes earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at a price other than the price indicated on the cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government Notes, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Notes should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes are is subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Premium

Certain of the Notes ("Premium Notes") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes note premium. For federal income tax purposes, note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Note), compounded semiannually. No portion of that note premium is deductible by the owner of a Premium Note. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner's tax basis in the Premium Note is reduced by the amount of note premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering at the price for that Premium Note stated on the cover of this Official Statement who holds that Premium Note to maturity (or, in the case of a callable Premium Note, to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

Owners of Premium Notes should consult their own tax advisers as to the determination for federal income tax purposes of the amount of note premium properly accruable in any period with respect to the Premium Notes and as to other federal tax consequences and the treatment of note premium for purposes of state and local taxes on, or based on, income.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Squire Patton Boggs (US) LLP (formerly Squire Sanders (US) LLP), Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Notes in substantially the form appearing in APPENDIX C hereto.

Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed on for the County by County Counsel.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under the California Financial Code, the Notes are legal investments for commercial banks in the State, and under the California Government Code, the Notes are eligible to secure deposits of public moneys in the State.

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "MIG 1," "SP-1+" and "F1+" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

FINANCIAL ADVISOR

Public Resources Advisory Group, has served as Financial Advisor to the County in connection with the issuance of the Notes. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes, and an opinion of the County Counsel to that effect will be furnished at the time of issuance of the Notes.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. The aggregate amount of the uninsured liabilities of the County which may result from all suits and claims will not, in the opinion of the County Counsel, materially impair the County's ability to repay the Notes. Note 18 of "Notes to the Basic Financial Statements" included in APPENDIX B sets forth this liability as of June 30, 2013. See also APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

UNDERWRITING

The Notes are being purchased for reoffering by J.P. Morgan Securities LLC, as representative of itself and Wells Fargo Bank, N.A., Alamo Capital, KeyBanc Capital Markets Inc. and Stifel (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $912,079,354.08 (representing the principal amount of the Notes of $900,000,000.00, plus original issue premium of $12,366,000.00, less Underwriters' discount of $286,645.92). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

The following two sentences have been provided by J.P. Morgan Securities LLC, one of the Underwriters of the Notes: J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Notes, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Notes, at the original issue prices. Pursuant to the Dealer Agreement, CS&Co. will purchase Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Notes that CS&Co. sells.

The following two paragraphs have been provided by Wells Fargo Bank, National Association, one of the Underwriters of the Notes:

Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Notes, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Notes with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Notes. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various banking services for the County.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and trading activities may involve securities and instruments of entities that receive investment banking services from the Underwriters and their respective affiliates.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution, the Financing Certificate and the statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Appropriate County officials, acting in their official capacity, have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. An appropriate County official will execute a certificate to such effect upon delivery of the Notes. This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County.

CONTINUING DISCLOSURE

The County has agreed in a Disclosure Certificate to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. The notice events applicable to the Notes include: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (4) modifications to rights of Noteholders, if material and (5) rating changes.

The County has not failed to comply in all material respects with prior undertakings of the County under Rule 15c2-12 in the last five years. The County's underlying rating was upgraded by S&P from "A+" to "AA-" in October 2012 in connection with the issuance of its Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds ") and disclosed in the Official Statement for the Series 2012 Bonds. The County did not file an event notice for the rating changes assigned to the County's other General Fund obligations. In addition, the County did not file notices of certain rating changes on bonds insured by a financial guaranty insurance company. The County has since filed notices setting forth the current ratings on each of its obligations.

In addition, the County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Holder of a Note may obtain a copy of any such report, as available, from the County. Such reports are not incorporated by this reference.

Additional information regarding this Official Statement and copies of the Resolution and the Financing Certificate may be obtained by contacting:

GLENN BYERS
ASSISTANT TREASURER AND TAX COLLECTOR
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

COUNTY OF LOS ANGELES

CALIFORNIA

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,084 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of over 9.9 million in 2012, the County is the most populous of the 58 counties in California and has a larger population than 43 states.

As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes. The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

COUNTY GOVERNMENT

The County is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts to serve four-year terms. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving three consecutive terms commencing as of December 2002. In December 2014, the Supervisors for the First District and the Third District will reach their term limits. Their successors will be determined by voters in the November 2014 election.

On September 27, 2011, the Board of Supervisors adopted a Supervisorial District Boundary Plan based on the results of the 2010 census. The redistricting plan, which took effect on October 27, 2011, reduced the total variance in population among the five districts from 9.97% to 1.59% and moved approximately 277,600 residents to new supervisorial districts.

In March 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance, which was designed to improve the operational efficiency of County governance. This new governance structure delegates to the Chief Executive Office (the "CEO") additional responsibilities for the administration of the County, including the oversight, evaluation and recommendation for appointment and removal of specific Department Heads and County Officers. The five departments that continued to report directly to the Board of Supervisors were the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational direction. In May 2011, the Board of Supervisors further revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

COUNTY SERVICES

The vast majority of the County population resides in the 88 incorporated cities located within its boundaries. The County provides some municipal services to these cities on a contract basis under the Contract Services Plan. Established in 1954, this plan was designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the Contract Services Plan, the County will provide various municipal services to a city on a cost recovery basis at the same level of service as provided in unincorporated areas, or at any higher service level that a city may choose.

Over one million people live in the unincorporated areas of the County. For the residents of these areas, the County Board of Supervisors functions as their "City Council," and County departments provide all of their municipal services, including law enforcement, fire protection, land use and zoning, building and business permits, road maintenance, animal care and control, and public libraries. Beyond the unincorporated areas, the County provides a wide range of services to all citizens who live within its boundaries.

Many of the County's core service functions are required by the County Charter, County ordinances, or by State or Federal mandate. State and Federal mandated programs, primarily related to social services and health care, are required to be maintained at certain minimum levels of service, which can limit the County's flexibility in these areas.

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol prevention, and various other treatment programs. These services are provided at County facilities and through a network of contract providers.

While many of the patients receiving services at County facilities are indigent or covered by Medi-Cal (a State health insurance program), the County health care delivery system has been designed with the objective of providing quality health care services to the entire population. Through its affiliation with two medical schools and by operating its own school of nursing, the County Department of Health Services ("DHS") is a major provider of health care professionals throughout California.

Disaster Services

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 15 major dams, 131 debris basins, 86,500 catch basins, 42 sediment placement sites, and over 2,825 miles of storm drains and channels. County lifeguards monitor 31 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 19,000 inmates.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 4.1 million registered voters and maintains 5,000 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 7 major regional parks, 90 local and community regional parks and 19 golf courses. The County also maintains botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, providing County residents with a valuable educational resource.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 85% of the County workforce is represented by sixty (60) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which has twenty-four (24) collective bargaining units that represent the vast majority of County employees; the Coalition of County Unions ("CCU"), which includes twenty-three (23) collective bargaining units; and the Independent Unions (the "Independent Unions"), which encompass thirteen (13) collective bargaining units. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division negotiates sixty (60) individual collective bargaining agreements for wages and salaries and two (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

On June 25, 2013, the Board of Supervisors approved successor agreements to four Memoranda of Understanding ("MOUs") covering wages and work rules for the collective bargaining units representing Fire Fighters, Supervising Fire Fighters, Supervising Peace Officers and Supervising Beach Lifeguards. The four MOUs have a two-year term, with the MOUs for the Firefighters, Supervising Firefighters and the Supervising Beach Lifeguards expiring on on December 31, 2014, and the MOU for Supervising Peace Officers expiring on January 31, 2015. All four unions will receive a 6% cost of living adjustment over the term of the agreements.

On July 23, 2013, the Board of Supervisors approved successor agreements to two MOUs covering wages and work rules for the collective bargaining units representing Deputy Probation Officers and Peace Officers. The MOUs for both unions have two-year terms expiring on December 31, 2014 and January 31, 2015, respectively. Both unions will receive a 6% cost of living adjustment over the term of the agreements.

On November 12, 2013, the Board of Supervisors approved successor agreements to five MOUs covering wages and work rules for the collective bargaining units representing Interns & Residents, Health Investigative & Support Services, Criminalists, Coroner Investigators and Supervising Coroner Investigators. All five MOUs have a two-year term expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

On December 17, 2013, the Board of Supervisors approved successor agreements to eight MOUs covering wages and work rules for the collective bargaining units representing Appraisers, Supervising Appraisers, Operating Engineers, Automotive & Equipment Maintenance & Repairmen, Professional Engineers, Supervising Professional Engineers, Engineering Technicians and Supervising Engineering Technicians. The eight MOUs have two-year terms expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

On February 25, 2014, the Board of Supervisors approved successor agreements to twenty-four MOUs covering wages and work rules for all of SEIU Local 721 bargaining units. The MOUs all have two-year terms expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

The County has approved successor MOUs with all of its collective bargaining units, with the exception of the Guild for Professional Pharmacists (Unit #301). Negotiations are currently suspended, but neither party has yet to declare an impasse. Non-represented employees will also receive the 6% cost of living adjustment that was negotiated with SEIU, CCU and the Independent Unions.

On February 25, 2014, the Board of Supervisors also approved two additional MOUs covering fringe benefits for the collective bargaining units represented by SEIU Local 721, and the Coalition of County Unions. The fringe benefit agreements, which will expire on September 30, 2015, include a 7.2% increase in the County's contribution toward employee cafeteria-style benefit plans in 2014 and 2015 to offset the higher cost of health insurance premiums. The same benefit will be extended to non-represented personnel by reducing the cost of health insurance premiums for those employees participating in their respective cafeteria-style fringe benefit plans.

The new fringe benefit agreements included provisions to increase the aggregate matching contribution cap for represented employees participating in the County's deferred compensation savings plans. The County increased the Fiscal Year 2012-13 matching contribution cap of $112 million, which was in place since Fiscal Year 2008-09, to $121 million in Fiscal Year 2013-14; and $130 million in Fiscal Year 2014-15. In Fiscal Year 2015-16, there will be no maximum contribution cap, and represented employees will be eligible to receive a full County match for their deferred compensation plan savings over the entire fiscal year.

On February 25, 2014, the Board of Supervisors also approved a $500 cash bonus for all full-time permanent employees, payable in two equal installments via their cafeteria benefit plans on March 28, 2014 and July 30, 2014. Temporary and part-time employees will receive a similar cash bonus of $250, also payable in two equal installments.

RETIREMENT PROGRAM

General Information

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for the County of Los Angeles and four minor participating agencies. The four non-County agencies account for less than one percent (1%) of LACERA's membership. Through the Retirement Fund and various benefit plans, LACERA provides retirement benefits to all general and safety (sheriff, fire and lifeguard) members.

LACERA is governed by the Board of Retirement (the "Board of Retirement"), which is responsible for the administration of the Retirement Fund, the retiree healthcare program, and the review and processing of disability retirement applications. The Board of Retirement is comprised of four positions appointed by the Board of Supervisors, two positions elected by general LACERA members, two positions (one active and one alternate) elected by LACERA safety members and two positions (one active and one alternate) elected by retired LACERA members. The County Treasurer and Tax Collector is required by law to serve as an ex-officio member of the Board of Retirement.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification (*i.e.*, law enforcement officers, firefighters, foresters and lifeguard classifications are included as "safety" employees and all other occupational classifications are included as "general" employees). County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C & D), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through D) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2013 was 161,950, consisting of 73,951 active vested members, 17,594 non-vested active members, 58,086 retired members and 12,319 terminated vested (deferred) members. Of the 91,545 active members (vested and non-vested), 79,006 are general members in General Plans A through G, and 12,539 are safety members in Safety Plans A through C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of the Plan A benefits. The Plan A retirement benefits are considerably more generous than other plan options currently available to County employees.

As of June 30, 2013, approximately 65% of general members were enrolled in General Plan D, and over 99% of all safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

In an internal survey completed by the CEO in Fiscal Year 2010-11, it was determined that the benefit structures of other public retirement plans in California differ considerably from the County's two primary contribution-based plans (General Plan D and Safety Plan B). For example, the CEO found that six of the ten largest counties in the State, and nine of the ten largest cities in the State, provide their general employees with at least 2.0% annual increases, and no reduction in benefits for those employees who retire at age 55 or younger. By comparison, the County's General Plan D requires six additional years (at age 61) before a participant can retire without a reduction in annual benefits. In addition, seven of the ten largest counties, and seven of the ten largest cities, provide their public safety personnel with annual benefit increases of 3.0%, and no reduction in benefits for employees who retire at age 50 or younger. This compares to the County's Safety Plan B, which only allows for 2.0% annual increases up through the age of 50.

2012 State Pension Reform

On August 28, 2012, the Governor and the State Legislature reached agreement on a new law that will reform pensions for State and local government employees. AB 340, which was signed into law by the Governor on September 12, 2012, established the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA includes pension caps, equal sharing of pension costs, changes to retirement age, and three-year final compensation provisions. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

PEPRA applies to all State and local public retirement systems, including county and district retirement systems created pursuant to the County Employees Retirement Law of 1937, independent public retirement systems, and to individual retirement plans offered by public employers. PEPRA only exempts the University of California system and certain charter cities and counties whose pension plans are not governed by State law. Because the County's retirement system is governed by the County Employees Retirement Law of 1937, LACERA is required to comply with the provisions of PEPRA.

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. The total employer contribution rate for new employees hired January 1, 2013 and after is 15.61% for General Plan G and 20.98% for Public Safety Plan C. The new employer contribution rates are lower than the comparative rates of 19.82% for General Plan D participants and 24.95% for Public Safety Plan B participants. The basic benefit structure of Plan G using the PEPRA funding formula is "2.5% at 67" and provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. Overall, General Plan G and Safety Plan C is expected to result in a slight decrease to the total normal cost rate and an increase in the average member contribution rate, thus resulting in a decrease in the total employer contribution rate.

Contributions

Employers and members contribute to LACERA based on unisex rates recommended by the independent actuary (using the Entry Age Normal Cost Funding Method) and adopted by the Board of Investments of LACERA (the "Board of Investments") and the County's Board of Supervisors. Contributory plan members are required to contribute between 5% and 15% of their annual covered salary. Employers and participating agencies are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual pre-funded contributions at actuarially determined rates. The annual contribution rates are based on the results of investments and various other factors set forth in the actuarial valuations and investigations of experience, which are described below.

Investment Policy

The Board of Investments has exclusive control of all Retirement Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Investment Policy Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

Actuarial Valuation

The Retirement Law requires the County to contribute to the Retirement Fund on behalf of employees using rates determined by the plan's independent actuary, which is currently Milliman Consultants and Actuaries ("Milliman"). Such rates are required under the Retirement Law to be calculated at least once every three years. LACERA presently conducts annual valuations to assess changes in the Retirement Fund's portfolio.

In June 2002, the County and LACERA entered into the Retirement Benefits Enhancement Agreement (the "2002 Agreement") to enhance certain retirement benefits in response to changes to State programs enacted in 2001 and fringe benefit changes negotiated in 2000. However, unlike other local governments in California, the County did not agree to major increases in pension benefits as part of its 2002 Agreement. The 2002 Agreement, which expired in July 2010, provided for a 30-year rolling amortization period for any unfunded actuarial accrued liability ("UAAL"). UAAL is defined as the actuarial accrued liability minus the actuarial value of the assets of LACERA at a particular valuation date.

When measuring assets to determine the UAAL, the County has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, then the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss.

In December 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (the "2009 Funding Policy"), which amended the terms of the 2002 Agreement. The impact of the 2009 Funding Policy on the LACERA plans was reflected in the June 30, 2009 Actuarial Valuation prepared by Milliman (the "2009 Actuarial Valuation"). The two most significant changes in the 2009 Funding Policy are described as follows:

- <u>Asset Smoothing Period</u>: The smoothing period to account for asset gains and losses increased from three years to five years. This initially resulted in a higher Funded Ratio (as determined by dividing the valuation assets by the AAL) and a lower contribution rate than would have been calculated under the previous three-year smoothing period.

- <u>Amortization Period</u>: The UAAL is amortized over a closed thirty-year layered period, compared to an open thirty-year period under the 2002 Agreement. If LACERA achieves a Funded Ratio in excess of 100%, the surplus funding position will be amortized over a thirty-year open period.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth. Based on the Investigation of Experience for the three-year period ended June 30, 2010, (the "2010 Investigation of Experience"), Milliman recommended that the Board of Investments consider the adoption of some key changes to the economic assumptions related to inflation and investment returns, and some changes to the demographic assumptions.

In October 2011, based on the 2010 Investigation of Experience, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return will be 7.7%, 7.6% and 7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively.

In December 2013, Milliman released the 2013 Investigation of Experience for Retirement Benefit Assumptions (the "2013 Investigation of Experience"), The 2013 Investigation of

Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the June 30, 2013 Actuarial Valuation (the "2013 Actuarial Valuation"). The key changes to the actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.5% to 7.25%; reductions in the assumed rates for wage growth and price inflation from 3.75% and 3.25% to 3.5% and 3.0%, respectively; and a reduction in the mortality rate (increase in life expectancy) for all retirees. In December 2013, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions to be used in the 2013 Actuarial Valuation, with the exception of the assumed rate of return, which remained unchanged at 7.5%.

UAAL and Deferred Investment Returns

For the June 30, 2012 Actuarial Valuation (the "2012 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 0.3%, which corresponds to a $1.145 billion or 2.9% decrease in the market value of assets from June 30, 2011. The market rate of return in Fiscal Year 2011-12 was significantly lower than the 7.60% assumed rate of return. As a result of the five-year smoothing process for prior year gains and losses in market value, the actuarial value of Retirement Fund assets decreased by $154 million or 0.4% from $39.194 billion to $39.039 billion as of June 30, 2012. The 2012 Actuarial Valuation reported that the AAL increased by $2.211 billion to $50.809 billion, and the UAAL increased by $2.365 billion to $11.770 billion from June 30, 2011 to June 30, 2012.

The decrease in the actuarial value of Retirement Fund assets combined with the increase in actuarial liabilities resulted in a decrease in the Funded Ratio from 80.6% to 76.8% as of June 30, 2012. The 2012 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2013. The County's required contribution rate will increase from 17.54% to 19.82% of covered payroll in Fiscal Year 2013-14. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 7.89% to 10.09%, and an increase in the normal cost contribution rate from 9.65% to 9.73%.

The 2012 Actuarial Valuation did not include $1.586 billion of net deferred investment losses that will be recognized in future years. If the actual market value of Retirement Fund assets was used as the basis for valuation, the actuary estimates that the Funded Ratio would have been 73.7% as of June 30, 2012, and the required County contribution rate would be 21.19% for Fiscal Year 2013-14.

Based on new assumptions from the 2013 Investigation of Experience, the AAL and the UAAL from the 2012 Actuarial Valuation were increased from $50.809 billion and $11.770 billion to $51.321 billion and $12.281 billion, respectively. The adjustment to the actuarial liability numbers from the 2012 Actuarial Valuation resulted in a decrease in the Funded Ratio from 76.8% to 76.1% and provides the basis for calculating the change in the corresponding actuarial liability numbers in the 2013 Actuarial Valuation.

For the 2013 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 12.1%, which corresponds to a $3.467 billion or 9.1% increase in the market value of assets from June 30, 2012. The market rate of return in Fiscal Year 2012-13 compared favorably to the 7.50% assumed rate of return. As a result of the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $893 million or 2.3% from $39.039 billion to $39.932 billion as of June 30, 2013. The 2013 Actuarial Valuation reported that the AAL increased by $1.927 billion to $53.248 billion, and the UAAL increased by $1.034 billion to $13.315 billion from June 30, 2012 to June 30, 2013.

Despite the strong performance of the Retirement Fund relative to the assumed rate of return in Fiscal Year 2012-13, the Funded Ratio decreased from 76.1% to 75.0% as of June 30, 2013. The Funded Ratio has declined steadily since June 30, 2008 after it reached a cyclical high of 94.5%, prior to the economic downturn. The steady decline in the Funded Ratio over the last five years is primarily driven by continuous growth in the AAL and the partial recognition of significant actuarial investment losses in Fiscal Years 2008-09 and 2011-12 (especially in Fiscal Year 2008-09). The $10.428 billion of actuarial investment losses incurred in Fiscal Year 2008-09 have been fully accounted for in the valuation of the Retirement Fund as of June 30, 2013.

The 2013 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2014. The County's required contribution rate will increase from 19.82% to 21.34% of covered payroll in Fiscal Year 2014-15. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 10.09% to 11.90%, and a decrease in the normal cost contribution rate from 9.73% to 9.44%.

The 2013 Actuarial Valuation does not include $1.401 billion of net deferred investment gains that will be recognized in future years. If the actual market value of Retirement Fund assets was used as the basis for valuation, the actuary estimates that the Funded Ratio would have been 77.6% as of June 30, 2013, and the required County contribution rate would be 20.09% for Fiscal Year 2014-15.

In Fiscal Year 2013-14, LACERA is reporting a 12.5% return on Retirement Fund assets for the nine-month period ended March 31, 2014, which compares favorably to the actuarial assumed investment rate of return of 7.5%. The asset allocation percentages for the Retirement Fund as of March 31, 2014 were 25.8% domestic equity, 26.7% international equity, 22.4% fixed income, 9.9% real estate, 8.5% private equity, 2.8% commodities, 1.2% hedge funds and 2.6% cash.

A six-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio"), and a summary of investment returns for the prior six years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page A-11.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual required contribution to LACERA. In Fiscal Years 2011-12 and 2012-13, the County's total contributions to the Retirement Fund were $1.027 billion and $1.119 billion, respectively. In Fiscal Year 2013-14, the County's required contribution payments are estimated to increase by $144 million to $1.263 billion. In Fiscal Year 2014-15, the County is budgeting $1.415 billion to fund its retirement contributions to LACERA.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2015 is presented in Table 3 ("County Pension Related Payments") on page A-11.

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement

Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, however, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") was $470.71 million as of June 30, 2012. The County Contribution Credit Reserve has never been included in the actuarial valuation of Retirement Fund assets. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve to fund the establishment of an OPEB trust. As of June 30, 2013, the remaining balance in the County Contribution Credit Reserve was $21.891 million, all of which is attributable to the Los Angeles County Superior Court.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2013, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2013 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would increase from 21.34% to 21.89% for Fiscal Year 2014-15, and the Funded Ratio would decrease from 75.6% to 73.8% as of June 30, 2013. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $36.061 million in Fiscal Year 2014-15.

Pension Obligation Securities

In California, the obligation of the County to fund the UAAL by making actuarially required contributions is an obligation imposed by State Law. The County previously issued pension obligation bonds and certificates in 1994 and transferred the proceeds to LACERA to finance its then-existing UAAL. All of the outstanding pension obligation bonds and certificates related to the 1994 financing were repaid in full as of June 30, 2011.

New Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the existing pension accounting and reporting requirements for defined pension benefit plans such as LACERA, and employers such as the County.

GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of GASB Statement No. 25 and is focused on pension plan administrators such as LACERA. GASB 67 will be implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and will expand the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, replaces the requirements of GASB Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 will be implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 is not expected to materially affect the existing process for calculating the UAAL, it will require the County to recognize a net pension liability directly on the Statement of Net Position (government-wide balance sheet). The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay pension benefits. The new requirement to recognize a liability in the financial statements represents a significant and material change to the existing standards, which only require disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional requirements which will expand the existing pension-related note disclosures and supplementary information requirements.

The new GASB pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund the pension benefits.

Postemployment Health Care Benefits

LACERA administers a health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. Retirement Plan net assets are not held in trust for such postemployment benefits and LACERA's Board of Retirement reserves the right to amend or revise the medical plans and programs under the retiree health program at any time. County payments for postemployment benefits are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

In Fiscal Years 2011-12 and 2012-13, total payments from the County to LACERA for postemployment health care benefits were $424.0 million, and $441.1 million, respectively. In Fiscal Year 2013-14, the County is estimating $447.9 million in payments to LACERA for retiree health care. For Fiscal Year 2014-15, the County is budgeting $466.2 million in retiree health care payments to LACERA.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") has issued two statements that address other postemployment benefits ("OPEB"), which are defined to include many post-retirement benefits other than pension-related benefits. Health care and disability benefits are the most significant of these benefits provided by the County.

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB 43"), established financial reporting standards for OPEBs in a manner similar to those currently in effect for pension benefits. GASB 43 is focused on the entity that administers such benefits (which, in the case of the County, is LACERA) and requires an actuarial valuation to determine the funded status of accrued benefits. LACERA has complied with GASB 43 requirements for all annual reporting periods beginning with the fiscal year ended June 30, 2008.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"), establishes financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 is focused on the County's financial statements, and related note disclosures, and is intended to associate the costs of the OPEB with the periods in which employee services are rendered in exchange for the OPEB. Starting with the June 30, 2008 Comprehensive Annual Financial Report ("CAFR"), the County has implemented the requirements of GASB 45 in its financial reporting process.

The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. GASB 45 does not require the funding of any OPEB liability related to the implementation of this reporting standard.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete actuarial valuations of OPEB liabilities for the LACERA plans. In their OPEB valuations, Milliman has provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups. The OPEB valuations have used a 5% discount rate and the Projected Unit Credit actuarial cost method to determine the AAL and the County's annual required contribution to fund this OPEB liability, which is referred to in GASB 45 as the "ARC".

In accordance with the requirements of GASB 43, Milliman completed an OPEB actuarial valuation report as of July 1, 2010 (the "2010 OPEB Valuation"), which was issued in March 2011. In the 2010 OPEB Valuation, Milliman reported an AAL of $24.03 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $22.94 billion, which represents a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.86 billion, which represents approximately 29% of the County's payroll costs, and a 12% increase from the prior OPEB Valuation.

The 2010 OPEB Valuation continued to utilize the Projected Unit Credit actuarial cost method and a 5% discount rate. The economic and demographic assumptions used in the 2010 OPEB Valuation were derived from the retirement benefit assumptions used in the 2010 Actuarial Valuation and the results of the 2010 OPEB Investigation of Experience. The increase in the OPEB AAL from 2008 to 2010 was caused by several offsetting factors, which include changes to retirement benefit assumptions, cost increases due to the passage of time, demographic changes, lower than expected payroll growth, and claim cost experience gains, including lower than expected increases in health insurance premiums as of July 1, 2010 and July 1, 2011.

In May 2013, Milliman released the next OPEB actuarial valuation report ("the 2012 OPEB Valuation") as of July 1, 2012. In the 2012 OPEB Valuation, Milliman reported an AAL of $26.95 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $25.73 billion, which represents a 12.2% increase from the 2010 OPEB Valuation. The OPEB ARC as of July 1, 2012 is estimated to be $2.13 billion, which represents approximately 32% of the County's payroll costs and a 9.7% increase from the 2010 OPEB Valuation. The increase in the County's OPEB liability from 2010 to 2012 was the result of several offsetting factors, with the most significant factor being a reduction in the discount rate from 5% to 4.35%.

For the Fiscal Year ended June 30, 2013, the County reported an OPEB ARC of $2.162 billion, which represents a $174 million or 8.8% increase from June 30, 2012. The OPEB ARC was partially offset by $927.5 million in County payment contributions (including the $448.8 million transfer from the County Contribution Credit Reserve), which resulted in an increase in the net OPEB obligation of $1.235 billion in Fiscal Year 2012-13. The net OPEB obligation of $8.154 billion as of June 30, 2013 represents a 17.8% increase from the $6.919 billion obligation reported as of June 30, 2012. Excluding the transfer from the County Contribution Credit Reserve, the remaining "pay as you go" contribution of $478.7 million represents approximately 22% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2011-12.

In March 2014, Milliman released the 2013 Investigation of Experience for Other Postemployment Benefits Assumptions for the three-year period ended June 30, 2013 (the "2013 OPEB Investigation of Experience"). The actuarial assumptions derived from the 2013 OPEB Investigation of Experience will provide the basis for the next OPEB actuarial valuation report (the" 2014 OPEB Valuation") as of July 1, 2014.

Funding for Other Postemployment Benefits

The County is considering several funding options to reduce its OPEB AAL. In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust.

Beginning in January 2013, the County transferred $448.8 million from the County Contribution Credit Reserve to the OPEB Trust Fund over a three-month period ending in March 2013. Although the establishment of the OPEB Trust does not modify the County's retiree benefit programs, the County may consider applying general fund revenues to supplement deposits to the OPEB Trust in the future.

The County has reached a tentative agreement with CCU and SEIU to add a new tier of retiree healthcare benefits for employees who begin County service on or after July 1, 2014. Under the new agreement, the County will provide paid medical coverage at the retiree only premium level and not at the current level of full family coverage. The retiree will have the option to purchase coverage for dependents, but the County will only provide a financial subsidy to the retiree. In addition, Medicare-eligible retirees will be required to enroll in Medicare, with the County subsidy based on a Medicare supplement plan. The same vesting rights and years of service crediting formula of 40% after 10 years and 100% after 25 years will still apply to the new tier. The proposed agreement will not affect current retirees or current employees. The new retiree healthcare benefit tier is projected to save an estimated $840 million over the next 30 years and reduce the unfunded liability for retiree healthcare by 20.8%. The agreement will be presented to the Board of Retirement on May 22, 2014 for its consideration, and if approved, it will be presented to the Board of Supervisors for final approval.

On April 30, 2014, the California Supreme Court declined to consider an appeal by a retired City of San Diego employee regarding changes to retirement healthcare benefits. The Supreme Court's denial of the appeal effectively upholds an appellate court ruling affirming the city's ability to modify non-vested retiree healthcare benefits, and further establishes a difference between the treatment of retiree healthcare benefits and pension benefits under State law. Public pension benefits in California have much stronger legal protection, and reform options are generally limited to lowering benefit formulas for future employees only. In contrast, California municipalities can reduce OPEB benefits provided that State collective bargaining laws are followed and that benefits were not established as vested contractual rights. The Supreme Court action is expected to provide California public entities, including the County, with future budgetary flexibility to manage its substantial OPEB liability.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long-term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

The County has determined that the liability related to long-term disability benefits is an additional OPEB obligation, which is reported as a component of the OPEB ARC in the CAFR. Following completion of the original OPEB Valuation, the County engaged Buck Consultants to prepare actuarial valuations of the long-term disability portion of its DBP as of July 1, 2009 (the "2009 LTD Valuation") and July 1, 2011 (the "2011 LTD Valuation"). In the 2011 LTD Valuation, the AAL for the County's long-term DBP was $1.019 billion, which represents a 7.0% increase from the $951.8 million AAL reported in the 2009 LTD Valuation. In Fiscal Years 2011-12 and 2012-13, the County made total DBP payments of $36.7 million and $37.6 million, respectively. In Fiscal Year 2013-14, the County is estimating total DBP payments of $39.8 million. For Fiscal Year 2014-15, the County is budgeting $41.9 million for DBP payments. The annual "pay-as-you-go" DBP payments are accounted for as an offset to the County's OPEB obligation. Based on the 2011 LTD Valuation, the June 30, 2013 net OPEB obligation of $8.153 billion includes $189 million for long-term disability benefits.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending legal proceedings, as reported by the Office of the County Counsel. A further discussion of legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs ("ALADS") and the Los Angeles County Professional Peace Officers Association (the "PPOA"). In 2010, the County was able to successfully defeat the "class certification" in the PPOA lawsuit based on the recent decision from the Ninth Circuit in *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. Following the *Bamonte* decision, both ALADS and PPOA filed "class action grievances" under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such as preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, the number of claimants in the collective actions exceeded 3,000, and there is the potential that the number of claimants to the class grievances may include as many as 9,000 public safety personnel. The initial PPOA class action lawsuit settled for a total of $60,000. In August 2012, a Federal court granted the County's motion with regard to most of the plaintiffs' claims in the two remaining collective actions and granted the County's motion to decertify the collective classes, which resulted in the dismissal of all of the "opt-in" plaintiffs. Following the Federal court's ruling, the plaintiffs in the ALADS case dismissed that case in its entirety, leaving the remaining PPOA case with only three remaining plaintiffs and significantly reducing the County's liability exposure. The County filed a State court action challenging the proposed proceedings involving the class grievances. The State court granted the County's petition for writ of mandate, essentially precluding the cases from proceeding as class grievances. The balance of the State litigation is still in the early stages of the legal process.

Other Litigation

In March, 2008, a lawsuit entitled *Natural Resources Defense Council, Inc., et al. v. County of Los Angeles, et al.*, was filed against the County and the Los Angeles County Flood Control District (the "LACFCD") under the citizen suit provision of the Federal Clean Water Act. The case was bifurcated to first determine liability and then penalties and remedies. The County and the LACFCD were found to have violated water quality standards in Malibu, California. Part of the summary judgment granted to the County and LACFCD was appealed to the Ninth Circuit, which upheld the trial court's ruling with certain exceptions for violations at two watersheds. The Ninth Circuit denied the LACFCD's motion for reconsideration and in May 2014 a writ of certiorari was denied by the U.S. Supreme Court, which then remanded the case back to the Ninth Circuit. The Ninth Circuit then remanded the case back to the District Court for further proceedings, which are limited only to the determination of liability on one claim and to start the remedy phase for the two claims in which the County and the LACFCD were already found liable. Plaintiffs are seeking injunctive relief, civil penalties and attorney fees. Any monetary payments attributable to the County will be paid from the County General Fund, and from a separate fund for the portion of the settlement attributable to the LACFCD.

In January, 2014, the Board of Supervisors voted to add a Christian cross to the image of the San Gabriel Mission that is depicted on the County seal. The intent of the Board of Supervisors, as reflected in a motion to add the cross, was for the depiction of the San Gabriel mission on the County seal to be artistically and historically accurate. In February, 2014, the American Civil Liberties Union, on behalf of a number of plaintiffs, filed an action entitled *Davies v. County of Los Angeles* in federal court, challenging the Board's action. The lawsuit primarily asserts that the Board's action to add a Christian cross to the County seal violates the Establishment Clause of the United States and California Constitutions by violating the principle separating the church and state. No trial date has been set for this lawsuit.

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et. al.*, the school district alleged that the Auditor-Controller improperly calculated statutory pass through payments related to the Educational Revenue Augmentation Funds ("ERAF") that were due to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's Petition for Review was denied by the California Supreme Court. On remand in January 2012, the trial court issued a statement of decision regarding calculation of the statutory payments which reduced the County's exposure from the previously reported range of $24 to $38 million to approximately $17.9 million. On September 7, 2012, LAUSD appealed the trial court's ruling. On June 26, 2013, the Court of Appeal reversed the trial court ruling and sided with LAUSD, stating that the statutory payments due to LAUSD should have included a higher share of the ERAF revenue that was diverted by the Triple Flip and Vehicle License Fee Swap legislation. The California Supreme Court denied the County's petition for review. The Court of Appeal's decision has resulted in higher statutory pass through payments to school districts and lower pass through payments to the County. In response to the Court of Appeal's decision, the County has reserved $76.7 million for the expected resolution of this lawsuit.

In 2008, the City of Alhambra, along with 46 other plaintiff cities, filed a *Petition for Writ of Mandate* against the County alleging that the County and its Auditor-Controller deducted excessive administrative fees from the property tax allocations of the 88 incorporated cities within Los Angeles County. In June 2009, a judgment denying the writ was entered in favor of the County. The plaintiffs filed a notice of appeal in August 2009, and in July 2010, the Court of Appeal reversed the trial court ruling. In October 2010, the County's Petition for Review with the California Supreme Court was granted. In November 2012, the California Supreme Court upheld the appellate court's decision. The case has been remanded to the trial court to resolve outstanding issues regarding the applicable statute of limitations. The County's total liability exposure was estimated at approximately $40 million. The County settled with the Alhambra plaintiffs and two additional claimants for $35.4 million. The *Alhambra* case was dismissed on February 28, 2014, concluding the case. Still remaining as a result of the *Alhambra* Supreme Court decision, is the *Agoura Hills v. COLA* lawsuit involving nine cites. In addition, thirty cities have retained counsel or have potential claims for damages seeking return of the excessive administrative fees charged. The County is currently in settlement negotiations with the remaining cities. The potential remaining liability for the *Agoura Hills* lawsuit and related claims is between $22.8 million and $33.2 million.

On April 8, 2014, a class action lawsuit entitled *Guillory, et al. v. County of Los Angeles* was filed in the Los Angeles Superior Court alleging that the County's administration of its General Relief program has been contrary to both State and federal law. During a period of 18-months prior to the case filing, the County corrected the alleged deficiencies and negotiated a settlement to resolve liability arising from its past practices. The lawsuit was filed so the court may certify the class, approve the settlement and oversee its administration during the four-year term of the settlement. The settlement includes programmatic commitments, a settlement fund to be distributed to sub-class members in the amount of $7.9 million, and a fee award to class counsel in an amount not to exceed $400,000.

Two lawsuits were filed against the County in 2011 and another in 2013, related to allegations that each of the plaintiffs had been falsely convicted of murder and served over twenty years in prison. The Courts subsequently ordered new trials based on new evidence. In regard to the 2011 lawsuits, one case was re-tried and the plaintiff was acquitted, and in the other case, the District Attorney decided not to retry the plaintiff. In regard to the 2013 lawsuit, the District Attorney has not yet decided if the original case will be retried. The potential liability exposure to the County is estimated to be $15 million for all three lawsuits.

In 2013, Lancaster Hospital Corporation, doing business as Palmdale Regional Medical Center ("PRMC"), filed suit in Los Angeles Superior Court against the State of California, the County of Los Angeles' Community Health Plan, and two other managed care organizations, Care 1st and the LA Care. (*Lancaster Hospital Corporation, dba Palmdale Regional Medical Center v. Douglas, et al).* PRMC alleges that the amounts paid to it for providing emergency medical care, and the subsequent stabilization care provided to Medi-Cal managed care patients assigned to the various managed care health plans were insufficient. PRMC is seeking damages in excess of $10 million from all defendants. The County estimates its potential liability for this lawsuit to be significantly lower.

In 2011, the United States Department of Justice ("DOJ") commenced investigations into alleged discriminatory practices by the Los Angeles County Sheriff's Department, the Housing Authority of the County of Los Angeles, and the cities of Lancaster and Palmdale regarding Section 8 participants in the Antelope Valley area of the County. The DOJ found all four public agencies engaged in conduct that was intentionally discriminatory. The DOJ has proposed a consent decree which would impose an injunction prohibiting all agencies from future discrimination, it also includes a requirement that $12.28 million be deposited into a settlement fund to provide for compensation of an unknown number of affected persons. No litigation has yet been filed.

Los Angeles County, along with nineteen other California counties, has appealed a lower court decision concerning a 1999 statute that makes ancillary outpatient services provided to Medi-Cal eligible individuals between the ages of 21 and 65, who are patients of an Institution for Mental Disease a State-only Medi-Cal responsibility. The County estimates the cost of ancillary outpatient services to be approximately $16.6 million per year. If the County is not successful on appeal, the State may recoup this annual amount from the County from Fiscal Year 2008-09 to the present.

In February, 2014, Sutherland Health Care Solutions, a County contract provider that provides claim and billing services to the Department of Health Services was the victim of a commercial burglary in which a number of desktop computers were stolen. Both the County District Attorney's Office and the Torrance Police Department are continuing their collective efforts in investigating the crime. This crime has resulted in the breach of approximately 338,000 individual patient accounts. Four separate class action lawsuits have already been filed against the County and Sutherland Health Care Solutions: *A. Doe v. Sutherland Healthcare Solutions, et al., Harasim et al., v. County of Los Angeles, et al., Rogers, et al., v. Sutherland Healthcare Solutions, Inc. et al, and Kamon, et al, v. Sutherland Healthcare Solutions, Inc. et.al*. Under the State's California Medical Information Act, the plaintiff can assert both nominal and actual damages, as well as seek attorney fees. While the plaintiffs may also assert punitive damages, the County would not be subject to payment on such claims. Nominal damages and attorney fees could exceed $700 million. Should the State exercise regulatory damages and civil penalties, those amounts could be $2,500 for each violation. The litigation is in its initial phase, with many procedural and other issues still to be determined. The County expects to be indemnified by Sutherland Health Care Solutions to the fullest extent possible.

In September 2011, a lawsuit entitled City of Cerritos et. al., vs. State of California, et. al. was filed against the State and other defendants, including the County. The lawsuit challenges the constitutionality of the redevelopment dissolution legislation (ABX1 26). On January 27, 2012, the trial court denied the petitioners motion for a preliminary injunction. The petitioners have filed an appeal of the trial court's decision, and as of March 2013, this case had been fully briefed. An oral argument hearing date has not been set. If the petitioners were to prevail, the court could retroactively reinstate redevelopment agencies and require the County to return any residual property tax revenue that it received from the Redevelopment Property Tax Trust Fund. The County estimates the potential liability of this case to be $674.4 million, which is based on the distribution of the entire property tax residual since the redevelopment agency dissolution in 2011. The probability of the petitioners succeeding on the appeal is low, as all of the cases at the State level challenging the redevelopment agency dissolution have been unsuccessful. A detailed discussion of ABX1 26 and the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt Obligations.

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TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO
(in thousands)

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2008	$38,724,671	$39,662,361	$41,975,631	$2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%
06/30/2011	39,452,011	39,193,627	48,598,166	9,404,539	80.65%
06/30/2012	38,306,756	39,039,364	51,320,699	12,281,335	76.07%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2013.

TABLE 2: INVESTMENT RETURN ON RETIREMENT PLAN ASSETS
(in thousands)

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2007-08	$38,724,671	-1.5%	90.1%
2008-09	30,498,981	-18.3%	66.8%
2009-10	33,433,888	11.6%	69.9%
2010-11	39,452,011	20.4%	79.4%
2011-12	38,306,756	0.3%	73.7%
2012-13	41,773,519	12.1%	77.6%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2013.

TABLE 3: COUNTY PENSION AND OPEB PAYMENTS
(in thousands)

Fiscal Year	Pension Payment to LACERA	OPEB Payment to LACERA	Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2007-08	$827,789	$352,000	$381,603	$1,561,392	-
2008-09	$805,300	$365,424	$320,339	$1,491,063	-4.5%
2009-10	802,500	384,034	358,165	1,544,699	3.6%
2010-11	898,803	406,937	372,130	1,677,870	8.6%
2011-12	1,026,867	424,030	-	1,450,897	-13.5%
2012-13	1,118,514	441,062	-	1,559,576	7.5%
2013-14	1,263,381 *	447,929 *	-	1,711,310	9.7%
2014-15	1,414,762 *	466,166 *	-	1,880,928	9.9%

Source: Milliman Actuarial Valuations (of LACERA), Los Angeles County CAFRs and County of Los Angeles Chief Executive Office.
* Estimated

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd of each year. The CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the State budget, and other projected revenue and expenditure trends. Expanding on this forecast, the CEO prepares a target County budget for the ensuing fiscal year, and projected resources are tentatively allocated to the various County programs and services.

The CEO normally presents the Recommended County Budget to the Board of Supervisors in April. The Board of Supervisors is required to adopt a Recommended Budget no later than June 30th. If a Final County Budget is not adopted by June 30th, the appropriations approved in the Recommended Budget, with certain exceptions, become effective for the new fiscal year until the final budget is approved.

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors is required to adopt the Final County Budget by October 2nd of each year.

Throughout the remainder of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes are often subject to change which may affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of eight fund groups through which the County's resources are allocated and controlled. These groups include the General Fund and Hospital Enterprise Fund (which represents the General County Budget), Special Revenue Funds, Capital Project Special Funds, Special District, Other Enterprise, Internal Services, and Agency Funds.

The General County Budget accounts for approximately 77.8% of the 2014-15 Recommended Budget and appropriates funding for programs that are provided on a mostly county-wide basis *(e.g.*, health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis *(e.g.*, law enforcement, planning and engineering).

Special Revenue Funds represent approximately 9.9% of the 2014-15 Recommended Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, and specific automation projects.

Capital Project Special Funds account for approximately 1.4% of the 2014-15 Recommended Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 8.2% of the 2014-15 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.7% of the 2014-15 Recommended Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the "Full Cash Value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes required to pay debt service on voter-approved general obligation bonds. Full Cash Value is defined as "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

The Full Cash Value is subject to annual adjustment to reflect inflation at a rate not to exceed 2%, or a reduction as shown in the consumer price index (or comparable local data), or a decline in property value caused by damage, destruction or other factors. The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on certain types of indebtedness approved by the voters.

Article XIIIB of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2013-14 is $19,345,849,874. The 2013-14 Final Adopted Budget included proceeds from taxes of $7,109,543,000, which is substantially below the statutory limit.

Proposition 62

Proposition 62, a 1986 ballot initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California. In February 2005, a claim was filed, and followed in May 2005 by a lawsuit entitled *Oronoz v. County of Los Angeles* that contends the County's Utility User Tax ("UUT") did not meet the requirements of Proposition 62 and is therefore invalid. In November 2006, the trial court certified the case as a class action. In July 2008, the parties agreed to a tentative settlement of the case, which was finally approved by the court in March 2009. The settlement, which is currently in the process of being implemented, calls for a total expenditure by the County of $75 million to be used for tax refunds to class members and enhanced services within the areas of the County from which the tax was collected. At the outset of this lawsuit, the County established a separate reserve account to fund any liabilities resulting from the litigation, with the reserve more than sufficient to fully fund the entire $75 million settlement. Claim processing for the settlement has been completed. All refunds have been issued and all fees and costs have been paid. After the settlement payments were made, approximately $31 million was transferred to the cy pres fund in addition to an original $10 million deposit. All cy pres funds, which are required to finance enhanced services within the areas in the County in which the tax was collected, have been earmarked for specific projects that have been approved by the court. Twelve projects have been completed, leaving a remaining balance of approximately $29.3 million. The County anticipates that the projects will be fully funded between Fiscal Year 2014-15 and Fiscal Year 2018-19. In November 2008, the County's utility user tax was approved by the voters in conformity with Proposition 62. The plaintiffs filed a motion alleging that the 2008 election was improperly conducted, which was denied on April 26, 2012. The plaintiffs subsequently appealed the ruling, which was denied by the Court of Appeal on October 2, 2013. The plaintiffs sought a petition for review in the California Supreme Court, which was denied on December 11, 2013. Except for the ongoing implementation of the settlement terms, including the expenditure of the remaining cy pres funds, the case has been fully resolved.

On August 11, 2009, a lawsuit, *Patrick Owens and Patricia Munoz v. County of Los Angeles* was filed in Los Angeles Superior Court, challenging the imposition of the County's UUT after its passage at the election held on November 4, 2008. The complaint alleges that the impartial analysis prepared by County Counsel failed to inform the voters that: 1) the material provisions of the prior UUT were being rescinded regardless of the outcome of the election; and 2) it was not a "continuation" of an existing tax, but rather was the enactment of a completely new UUT. The County filed a demurrer and motion to strike plaintiffs' complaint on October 16, 2009. A hearing was held on April 15, 2010 in which the Court denied the County’s demurrer in light of the early phase of the litigation process. The County then filed a motion on November 12, 2010 to dispose of the issues challenging the legality of the election. A hearing was held on February 16, 2011 in which the Court denied the County's motion as the plaintiff raised a constitutional question, which the Court determined must be ruled on together with the motion in the Oronoz case related to the 2008 election issue. The case proceeded with the discovery phase and was set for a bench trial, which was heard with the *Oronoz* motion on April 26, 2012. The court ruled in favor of the County and issued final judgment. The plaintiffs filed an appeal, which was denied. The plaintiffs petition to the California Supreme Court was also denied. As of December 2013, this case was completely resolved with no liability to the County.

On March 4, 2011, a lawsuit, *Rajendra Pershadsingh v. County of Los Angeles,* was filed as a class action and alleges that the County’s 2% increase to the Transient Occupancy Tax (“TOT”) violated Proposition 62 by not receiving voter approval. The County demurred to the complaint on all theories on October 12, 2011. The court sustained the County's demurrer as to all theories except for one. The Court ruled that the alleged Proposition 62 violation survived demurrer and could proceed on a class basis. The County placed the TOT on the June 2012 ballot for ratification, and it was approved by the voters. In November 2012, the Court denied class action status on the grounds that the plaintiff is not a proper class representative. The parties have stipulated to entry of judgment, which was entered by the Court in January 2013. The plaintiff filed an appeal in March 2013. Oral arguments will be heard by the Court in June 2014, and the matter will be decided within 90 days thereafter.

On August 1, 2012, a lawsuit, *Harlan Green v. Dean Logan, Registrar-Recorder*, was filed in Los Angeles Superior Court as an election contest and writ petition challenging the ballot materials that were printed and distributed to the voters for Measure H (the TOT ratification measure), and Measure L, a tax on landfill operators in the County, which were approved by the voters. The complaint alleges that ratification of the prior collection of taxes is unconstitutional and in violation of Propositions 62 and 218. The complaint further alleges that: (1) the impartial analysis prepared by County Counsel failed to inform voters of the effect of a "no" vote, (2) the Board of Supervisors was required to order a fiscal impact statement for the measures if they would increase or decrease the revenues or costs to the County, and (3) the resolutions ordering the elections and the arguments in favor of the two measures resulted in improper advocacy by the County and were misleading to voters. The County filed a demurrer to strike the plaintiff's complaint on November 5, 2012. Following a hearing on the case, the Court sustained the County’s demurrer on all grounds on December 17, 2012, but allowed the plaintiff 20 days to amend its complaint. The County again demurred to the first amended complaint on February 4, 2013. On March 1, 2013, the Court sustained the County's demurrer without leave to amend and dismissed the action. Plaintiff filed an appeal. All briefs have been filed with the appellate court and resolution is pending. Although the plaintiff is unlikely to prevail, the potential liability to the County for this case is estimated at $31.4 million.

In *Granados v. County of Los Angeles*, a lawsuit filed in 2006, the class action plaintiff challenged the legality of telephone user tax ("TUT") paid to the County from 2004 through 2008. Pursuant to the County Code, section 4.62.060(a), the County imposes a five percent TUT on amounts paid for telephone services by persons or entities located in unincorporated areas in the County. Excluded from the TUT, however, are amounts paid for telephone services exempt from the tax imposed under the Federal Excise Tax ("FET") (IRC, section 4251), which applies to long distance service charged by time and distance. The plaintiff alleges that most long distance telephone service is charged under a postalized fee structure where the amount of the charge depends only upon the amount of elapsed transmission time and not the distance of the call, and that the FET and the TUT cannot be imposed on such services. In March 2012, the Court of Appeal reversed in part an order of the Superior Court granting the County's demurrer on the basis that this action was barred for failure to file individualized claims. Since that time, this action was on hold pending the outcome of the *Oronoz* litigation, Now that the *Oronoz* case has been settled, *Granados* is expected to resume in the trial court sometime in 2014. The amount of unaddressed liability exposure in *Granados* is estimated at approximately $5 million.

Proposition 218

Proposition 218, a 1996 ballot initiative that added Articles XIIIC and XIIID to the California Constitution, established the following requirements on all taxes and property-related assessments, fees, and charges:

- precluded special purpose districts or agencies, including school districts, from levying general taxes;
- precluded any local government from imposing, extending or increasing any general tax unless such tax is approved by a majority of the electorate;
- precluded any local government from imposing, extending or increasing any special purpose tax unless such tax is approved by two-thirds of the electorate; and
- ensured that voters may reduce or repeal local taxes, assessments, or fees through the initiative process.

An appellate court decision determined that Proposition 218 did not supersede Proposition 62. Consequently, voter approval alone may not be sufficient to validate the imposition of general taxes adopted, increased or extended after January 1, 1995.

Proposition 218 also expressly extends to voters the power to reduce or repeal local taxes, assessments, and fees through the initiative process, regardless of the date such charges were imposed. SB 919, the Proposition Omnibus Implementation Act, was enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions to comply with Proposition 218. SB 919 states that the initiative power provided for in Proposition 218 shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

In the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations, and could be subject to restrictions imposed by the contract clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County's General Fund. In addition, "fees" and "charges" are not defined by Article XIIIC or SB 919, and the scope of the initiative power under Article XIIIC could include all sources of General Fund revenue not received from or imposed by the Federal or State government or derived from investment income.

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease Vehicle License Fee ("VLF") revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years. The State is further prohibited from reallocating local property tax revenues on more than two occasions within a ten-year period.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and repeals recent State laws that are in conflict with the measure, unless they are approved again by two-thirds of each house of the State Legislature. The State Legislative Analyst's Office asserts that Proposition 26 will make it more difficult for State and local governments to pass new laws that raise revenues and could reduce government revenues and spending statewide by billions of dollars annually.

In terms of its direct fiscal impact on the County, Proposition 26 is likely to result in the loss of approximately $61 million in annual State tax revenue to County road districts, which are separate legal entities responsible for the operation and maintenance of streets and roads in the unincorporated areas of the County. Since the County is unlikely to backfill any reduction in State revenue to the road districts, there is no projected fiscal impact to the County General Fund. Additional effects of Proposition 26 on the future financial condition of the County are unknown at this time.

Future Initiatives

Propositions 13, 62, 218, 1A 2004 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting County revenues or the County's ability to expend revenues.

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" on page A-22 of this Appendix A, $4.236 billion of the $20.271 billion 2014-15 Recommended General County Budget is received from the Federal government and $5.402 billion is funded by the State. The remaining $10.632 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 48% of General County funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

The partisan divide in Washington, D.C. has contributed to Congressional gridlock on Federal budget matters, which has made it difficult to enact annual appropriations bills needed to fund Federal programs and operations. As a result of the current political environment, the County does not expect that Federal legislation will be enacted that would significantly reduce mandatory (entitlement) programs, such as Medicaid, Temporary Assistance for Needy Families, Title IV-E Foster Care and Adoption Assistance, Child Support Enforcement, and the Supplemental Nutrition Assistance Program, through which the County receives the vast majority of its Federal revenue. However, the County's Medicaid revenue is expected to grow significantly due to the expansion of Medicaid under the Affordable Care Act.

The County currently receives its Title IV-E Foster Care revenue through a Federal waiver, which expires on June 30, 2014. Under this waiver, which provides the County with greater flexibility over the use of Federal funds, the County receives annual capped allocations which grow at a rate of 2 percent per year. The State of California is currently negotiating with the Federal government to secure an extension of the waiver. The primary issues in the negotiations over the waiver extension are related to the financial terms and conditions that will determine how much waiver funding is provided by the Federal government in future years. The extension of the waiver is especially important to the County, since under current State law, counties are responsible for financing all non-federal child welfare costs.

In December 2013, Congress enacted the Bipartisan Budget Act, which increased the overall discretionary spending cap to $1.012 trillion in Federal Fiscal Year ("FFY") 2014 and $1.014 trillion in FFY 2015 from the post-sequester FFY 2013 level of $986 billion. Although the County does not receive a significant amount of revenue to administer Federal discretionary programs, the funding for such programs is expected to be more stable and reliable in comparison to recent years.

STATE BUDGET PROCESS

Recent State budgets have reflected the State's efforts to stabilize its fiscal position in response to the challenging and uncertain economic environment. Over the past twenty years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 recession and subsequent recovery, and the most recent economic downturn that started in 2008. The State's budgetary decisions in response to the economic environment will continue to have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

In Fiscal Year 1991-92, the State and county governments collectively developed a program realignment system (the "1991-92 Realignment Program") that removed State funding for certain health and welfare programs, and provided counties with additional flexibility to administer such programs. Under the 1991-92 Realignment Program, certain health and welfare services are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the State to redirect State health care realignment funding to fund social service programs. With California electing to implement a state-run Medicaid expansion pursuant to the Affordable Care Act, the State anticipates that the cost to counties for providing health care services to the indigent population will decrease as this population becomes eligible for coverage through Medi-Cal or the State-run health insurance exchange. The impact of the AB 85 legislation to the County is discussed in further detail in the Health Services Budget section

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation (CDCR) to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which created a constitutional amendment prohibiting the Legislature from reducing or removing AB 109 funding.

The 2014-15 State Budget estimates AB 109 funding at $1.1 billion. Based on the current 31.77% share of the AB 109 funding allocation, the County would expect to receive approximately $349.5 million in Fiscal Year 2014-15. The current distribution of AB 109 funds is based on a short-term agreement between the State and the counties that can be adjusted in the future to more effectively align AB 109 funding with the cost of housing inmates transferred to the counties. A more permanent solution to the AB 109 funding allocation is expected in Fiscal Year 2014-15.

Redevelopment Agencies

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

- Continue making payments on existing legal obligations without incurring any additional debt.
- Wind down the affairs of the former redevelopment agencies and return the funds of liquidated assets to the county Auditor-Controller, who will in turn distribute these funds to the appropriate local taxing entities.

Under ABx1 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 to be distributed as property tax revenue to the appropriate local taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453 million in Fiscal Year 2009-10.

Despite the receipt of residual property tax revenue beginning in Fiscal Year 2011-12, the County's 2012-13 Final Adopted Budget did not include any residual tax revenue from the dissolution of the redevelopment agencies. The estimated amount of such revenues in Fiscal Year 2012-13 was uncertain due to fluctuation in the amounts of enforceable obligations and the potential for disputes between successor agencies and the California Department of Finance, which has the authority to determine the validity of such obligations.

In Fiscal Year 2012-13, the County received the following revenue distributions in accordance with the provisions of ABx1 26 and AB 1484:

- Prior Period Residual Adjustments - $25.8 million
- January 2013 Residual - $41.0 million
- June 2013 Residual - $34.0 million
- Low-to-Moderate Income Housing Funds - $78.8 million
- Non-Housing Unencumbered Funds - $56.7 million
- Prior Year Residual Impound - $3.9 million

In Fiscal Year 2013-14, the County's Final Adopted Budget included $60.0 million for Residual Property Tax revenue. As of April 2014, the County has received the following revenue distributions in accordance with the provisions of ABx1 26 and AB 1484:

- Prior Period Residual Adjustments - $5.1 million
- January 2014 Residual - $53.1 million
- Low-to-Moderate Income Housing Funds - $1.3 million
- Non-Housing Unencumbered Funds - $32.5 million
- Sale of Fixed Assets and Reserves - $1.4 million

The County and all of its related taxing entities are expected to receive a residual payment and other revenue disbursements in June 2014, which is currently expected to include $45.9 million of residual payments and $6.2 million of prior period residual adjustments.

The County's direct involvement in redevelopment activities was limited to unincorporated areas of the County and to a small number of projects. The successor agency for these activities is the County's Community Development Commission. The dissolution of County related projects is not expected to have a material impact, if any, to the financial condition of the County.

2014-15 STATE BUDGET

On January 10, 2014, the Governor released his Fiscal Year 2014-15 Proposed State Budget (the "Proposed State Budget"), which projects a beginning fund balance surplus from Fiscal Year 2013-14 of $4.212 billion, total revenues and transfers of $104.503 billion, total expenditures of $106.793 billion, and a year-end surplus of $1.922 billion for Fiscal Year 2014-15. Of the projected year-end surplus, $955 million will be allocated to the Reserve for Liquidation of Encumbrances and $967 million will be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget also provides for a $1.591 billion deposit into the State's Budget Stabilization Account (Rainy Day Fund), which would be the first such deposit since Fiscal Year 2006-07. The Proposed State Budget also includes a proposal for a constitutional amendment to strengthen the Rainy Day Fund, which would put the State in a more fiscally sound position to pay its longer term liabilities and to address any future revenue shortfalls.

On May 13, 2014, the Governor released the Fiscal Year 2014-15 May Budget Revision (the "May Budget Revision"). The May Budget Revision projects a beginning fund balance surplus from Fiscal Year 2013-14 of $3.903 billion, total revenues and transfers of $105.346 billion, total expenditures of $107.766 billion, and a year-end surplus of $1.483 billion for Fiscal Year 2014-15. Of the projected year-end surplus, $955 million will be allocated to the Reserve for Liquidation of Encumbrances and $528 million will be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision continues to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the revised amount of $1.604 billion. The May Budget Revision includes a 4.4% increase in available resources and a 7.0% increase in expenditures from Fiscal Year 2013-14, which reflects the improving financial condition of the State.

Although the May Budget Revision would not result in any significant funding reductions to County-administered programs, it continues to include proposals related to the re-allocation of 1991-92 Realignment Program funding as a result of Federal health care reform, which could have a negative impact to future County budgets. The impact to the County from Federal health care reform and the re-allocation of 1991-92 Realignment Program funding is discussed in further detail in the Health Services Budget section.

As a result of the recent economic downturn and the continuing fiscal challenges in California, the long-term financial condition of the State is uncertain. Many future events will affect the amount of funding that is received by the County from the State and Federal governments. As a result, the information in this Official Statement (including Appendix A) relating to State and Federal funding is based upon the County's current expectations and is subject to change due to the occurrence of future events.

RECENT COUNTY BUDGETS

General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. The passage of Proposition 1A 2004 secured long-term financial protection for local governments by limiting the ability of the State to reallocate local property tax revenues during an economic downturn or State fiscal crisis. Proposition 1A 2004 provides the County with a more reliable funding source by replacing VLF revenue with property taxes, which have historically been one of the least volatile sources of revenue.

The reliability of property tax revenue is due in large part to Proposition 13, which helps to insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that has not been reflected on the property tax rolls and has helped to offset a significant decrease in property values during the recent economic downturn. To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 ($562,346) to a low in January 2012 ($290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.5% and 1.9% in Fiscal Year 2009-10 and 2010-11, respectively. Assessed valuation returned to growth in Fiscal Years 2011-12, 2012-13 and 2013-14, with increases of 1.4%, 2.2% and 4.7% in the Net Local Roll, respectively. For the Fiscal Year 2013-14 tax roll, the County Assessor estimates that approximately 13.1% of all single-family residential parcels, 13.5% of all residential income parcels and 16.3% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

In Fiscal Year 2013-14, the Assessor reported a Net Local Roll of $1.130 trillion, which represents an increase of 4.66% or $50.309 billion from Fiscal Year 2012-13. The 2013-14 Net Local Roll represents the largest revenue-producing valuation in the history of the County. The largest factors contributing to the projected increase in assessed valuation in Fiscal Year 2013-14 are transfers in ownership ($20.284 billion), the restoration of previous decline in value adjustments ($10.378 billion), new construction ($2.950 billion), and an increase in the consumer price index ($17.234 billion).

Starting in Fiscal Year 2007-08, with the downturn in the real estate market, the County Assessor initiated Proposition 8 reviews of 768,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 550,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations would insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. With the recent improvement in the residential real estate market, the Assessor is currently reviewing 345,000 parcels to determine the extent to which these parcels can be restored to their previous Proposition 13 values.

As a result of the recent economic downturn, the County experienced a "cyclical" budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn had a significant impact on the Net County Cost (NCC) budget gap, which reached a peak of $491.6 million in Fiscal Year 2010-11. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues). In order to manage the budget gaps, the County has used a balanced approach of curtailing departmental budgets, and using reserves and capital funding appropriations to achieve a balanced budget. To control costs, the County achieved significant savings through its efficiency initiative program, and the implementation of a hiring freeze and a freeze on non-essential services, supplies and equipment, which ended as of July 1, 2013. Throughout the economic downturn, the County's employee labor groups agreed to zero cost-of-living adjustments (COLAs) and no salary increases. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The measured approach to managing budgetary challenges, including the use of one-time funding sources, has enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

2013-14 FINAL ADOPTED BUDGET

The 2013-14 Final Adopted Budget, which was approved by the Board of Supervisors on October 8, 2013, appropriated $26.009 billion, which represents a 2.8% increase in total funding requirements from Fiscal Year 2012-13. For the General County Budget (General Fund and Hospital Enterprise Fund), the 2013-14 Final Adopted Budget appropriates $20.0 billion, which represents a 3.4% increase from the 2012-13 Final Adopted Budget. The 2013-14 Final Adopted Budget includes funding for 103,678 positions, which reflects a net increase of 624 budgeted positions from Fiscal Year 2012-13.

The primary changes to the NCC portion of the 2013-14 Final Adopted Budget are outlined in the following table.

Fiscal Year 2013-14 NCC Budget Changes

2012-13 One-Time Budget Solutions	$ (103,639,000)
Unavoidable Cost Increases	
Health Insurance Subsidy	(32,161,000)
Pension Costs	(47,757,000)
Employee Salary Increases	(65,493,000)
General Relief Increases	(15,000,000)
Various	(1,778,000)
Net Program Changes	(119,894,000)
Revenue Changes	
Property Taxes	215,710,000
Property Taxes - CRA Dissolution Residual	40,000,000
Realignment Sales Tax	49,626,000
Public Safety Sales Tax	46,415,000
Property Tax Admin Fee	(15,852,000)
Interest Earnings	(11,100,000)
Various Revenue Changes	9,769,000
Ongoing Funding Used for One-Time Needs in 2012-13	42,356,000
Net County Cost	(8,798,000)
Fund Balance	8,798,000
Total Projected Budget Gap	$ -

Expiration of Prior Year One-Time Budget Solutions

The County has previously utilized one-time funding solutions to help balance the budget. The impact on the 2013-14 Recommended Budget from the expiration of one-time funding solutions utilized in Fiscal Year 2012-13 is projected to be a negative $103.639 million.

Unavoidable Cost Increases

The primary components of the unavoidable cost increases are higher expenditures related to employee salaries, pension funding requirements and employee health insurance. The increase in the County's pension funding requirements are primarily due to the net actuarial investment losses sustained by LACERA in Fiscal Years 2008-09 and 2011-12, and the reductions in the assumed investment rates of return, which are described in detail in the Information Statement section of this Appendix A. The increase in the cost of employee salaries is directly related to the new labor agreements with the County's collective bargaining units, which is also described in detail in the Information Statement section of this Appendix A.

Revenue Increases

As the local economy continues to improve, the County is projecting increases in a variety of locally generated revenues and statewide sales tax revenues. For the third consecutive year, the Assessor reported an increase in assessed valuation, which is projected to generate $215.710 million of additional property tax revenue in Fiscal Year 2013-14. In addition, the County is projecting to receive $40.0 million of additional revenue from the property tax residual related to the redevelopment agency dissolution.

The County continues to see year-over-year growth in both Proposition 172 Sales Tax and Realignment Sales Tax, which is projected to provide $96.041 million of additional revenue in Fiscal Year 2013-14.

2014-15 RECOMMENDED BUDGET

The 2014-15 Recommended Budget, which was approved on April 15, 2014, appropriates $26.054 billion, which reflects a $45 million or 0.2% decrease in total funding requirements from Fiscal Year 2013-14. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $20.271 billion, which represents a $262 million or 1.3% increase from Fiscal Year 2013-14. The 2014-15 Recommended Budget appropriates $5.783 billion for Special Funds/District, reflecting a $307 million or 5.0% decrease from Fiscal Year 2013-14.

The primary changes to the NCC component of the 2014-15 Recommended Budget are outlined in the following table.

Fiscal Year 2014-15 NCC Budget Changes

2013-14 One-Time Budget Solutions	$ (8,798,000)
Unavoidable Cost Increases	
Health Insurance Subsidy	(30,474,000)
Pension Costs	(79,172,000)
Employee Salary Increases	(82,156,000)
Deferred Compensation Cap Increase	(8,100,000)
Various Cost Increases	(8,628,000)
Program Changes	
Sheriff Jail Violence Recommendations	(36,475,000)
Sheriff Restore Curtailments	(18,000,000)
Mental Health Inpatient Beds - COLA	(6,321,000)
Psychiatric Emergency Services	(5,438,000)
Various Assistance Cost Increases	(4,877,000)
All Other Program Changes	(21,485,000)
Revenue Changes	
Property Taxes	184,899,000
Property Taxes - CRA Dissolution Residual	40,000,000
Realignment Sales Tax	25,471,000
Public Safety Sales Tax	26,913,000
Registrar-Recorder Revenue Shortfall	(13,181,000)
Various Revenue Changes	10,300,000
Net County Cost	(35,522,000)
Fund Balance	35,522,000
Total Projected Budget Gap	$ -

Unavoidable Cost Increases

The primary drivers of unavoidable cost increases are directly related to salaries and employee benefits. For the first time since August 2008 for safety employees, and January 2009 for the remaining employees, the County approved salary increases. Over the previous five-year period, employee labor groups actively partnered with the County by agreeing to zero salary increases, which played a critical role in enabling the County to emerge from the economic downturn in a stable financial condition. The Board of Supervisors has approved 6% salary increases with nearly all of its collective bargaining units, which are reflected in the higher expenditures for employee salaries in the 2013-14 Final Adopted Budget, and the 2014-15 Recommended Budget. In addition to employee salaries, the County is also experiencing significant cost increases for employee health insurance premiums.

The increase in the County's retirement contribution rates is primarily due to the actuarial investment losses sustained by LACERA in Fiscal Years 2008-09 and 2011-12, and the reductions in the assumed investment rates of return. The impact of the actuarial investment losses sustained in Fiscal Year 2008-09 will be fully recognized and accounted for by the end of Fiscal Year 2014-15. As a result, the County anticipates that annual expenditures for retirement costs will be more stable in the future.

Program Changes

Outlined below are some of the significant program changes that are financed with locally generated revenues.

- Citizen's Commission on Jail Violence (CCJV) – Provides the second year of funding ($36.5 million) to implement the CCJV recommendations. This appropriation, coupled with funding provided in Fiscal Year 2013-14, brings the total ongoing funding amount for the CCJV implementation to $56.5 million.

- Cadre of Administrative Reserve Personnel (CARP) – Eliminates the CARP program by providing $18.0 million to the Sheriff's Department for the second year of a two-year funding plan.

- In-Home Supportive Services (IHSS) Program – Increases funding for the IHSS program by $12.8 million based upon State law that requires counties to provide a 3.5% inflation increase to the counties maintenance of effort base amount.

- Inpatient Bed Cost Increases **–** Reflects a $6.3 million increase for the Department of Mental Health (DMH) as a result of COLA adjustments for both State hospital beds (6% COLA) and Institutions for Mental Diseases (IMD) beds (4.7% COLA). DMH contracts for these beds from private providers and the State, which provides critical care for individuals who require mental health services, and helps to alleviate overcrowding of emergency rooms and hospital inpatient beds throughout the County.

Revenue Increases

As a result of improving economic conditions, the County's primary revenue sources are expected to show continued growth in Fiscal Year 2014-15.

The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. In the preliminary forecast for Fiscal Year 2014-15, the Assessor projected a 4.06% increase in assessed valuation, which provided the basis for the $184.9 million projected increase in property tax revenue in the 2014-15 Recommended Budget. In addition to the projected growth in property tax revenue, the County has included an additional $40.0 million revenue increase from the property tax residual in Fiscal Year 2014-15 as a result of the redevelopment agency dissolution.

In the final forecast for Fiscal Year 2014-15, which was released in May 15, 2014, the Assessor is projecting a 5.05% increase in assessed valuation. The projected increase in assessed valuation reflects the continuing recovery of the residential housing market, but is somewhat constrained by the recent period of low inflation. The Assessor is expected to release the 2014-15 tax roll by August 2014.

Based on current trends, and a survey of local economic forecasts, the County has assumed a 4.0% growth factor in its overall sales tax projection for the 2014-15 Recommended Budget. Based on the 4% growth rate, the County is projecting a $52.4 million increase in Proposition 172 Sales Tax and Realignment Sales Tax in Fiscal Year 2014-15.

The increase in property tax and sales tax revenue is partially offset by a $13.2 million reduction in recording fee revenue, as the Registrar-Recorder/County Clerk is experiencing a significant drop in a variety of recording filings.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including two Multi-Service Ambulatory Care Centers, six comprehensive health centers, 11 health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,000 physician residents annually.

As a safety net provider, the County is the provider of last resort for millions of medically indigent County residents. Historically, the cost of providing health services has exceeded the combined total of DHS revenues and the annual subsidies from the County General Fund, which has resulted in an ongoing structural deficit for DHS. By developing new revenue sources, implementing efficiencies and hiring freezes, and using one-time reserve funds, DHS has been able to cover its prior years structural deficits. DHS currently projects a budgetary surplus of $11.5 million for 2013-14 and a balanced budget for 2014-15.

The improvement in the DHS fiscal outlook from prior years is largely due to the approval by the Centers for Medicare and Medicaid Services ("CMS") of a five-year Section 1115 Hospital Financing Waiver (the "Waiver") for public hospitals in California, which became effective November 1, 2010. The Waiver provides funding to partially finance uncompensated care and also provides a new funding source for system improvements at public hospitals through the Delivery System Reform Incentive Pool ("DSRIP"). Since the DSRIP revenue is performance-based, DHS has been focusing its efforts on developing and implementing the structural and operational changes necessary to meet specific goals and outcomes in order to maximize this funding source.

In Fiscal Year 2013-14, DHS expects to recognize $477.7 million in DSRIP revenue with a related intergovernmental transfer of $238.8 million. A mandated semi-annual report was submitted to the State in March 2014 for which DHS expects to receive a DSRIP payment by the end of the current Fiscal Year. The next semi-annual report is due to the State in September 2014. DHS expects to achieve most of the required performance goals, with the corresponding revenue expected to be received in late 2014.

In addition, the Waiver permits the federal government to waive certain Medicaid (referred to as Medi-Cal in California) statutory requirements and allows California to receive Federal matching funds for Medi-Cal services that would otherwise not be eligible for Federal funding. Federal health care reform provided the framework for the Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The Waiver's Medi-Cal Coverage Expansion ("MCE") program, known as Healthy Way LA ("HWLA") in Los Angeles County, provided for early enrollment, prior to January 2014, for many uninsured DHS patients, thereby improving DHS' payer mix and providing additional revenue. As of December 31, 2013, there were over 300,000 patients enrolled in HWLA. On January 1, 2014, the Patient Protection and Affordable Care Act (ACA) became effective and HWLA enrollees were automatically transitioned to coverage under the ACA's MCE program. The MCE program provides Medi-Cal coverage for citizens or legal residents, and uninsured adults (ages 19-64) with incomes at or below 138% of the Federal poverty level. The MCE program is expected to significantly improve DHS' payer mix as previously uninsured patients transition to Medi-Cal coverage. The County has included $223.2 million of additional revenue related to the ACA in the 2014-15 Recommended Budget.

Based on the implementation of the ACA and the expected reduction in the number of uninsured patients, the State proposed a restructuring of its relationship to the counties in terms of its funding of health care and human services programs that has been in place since the 1991-92 Realignment Program. Negotiations between the State and the counties regarding the State's proposed reductions in 1991-92 Realignment Program funding occurred and ultimately resulted in the enactment of AB 85 (amended by SB 98). This legislation details the methodology that will be used to determine the amount of realignment that will be "redirected" from the Realignment Health Subaccount to the Family Support Subaccount. The County was able to negotiate its own agreement with the State and a formula that is different than the rest of the counties. The County's unique formula takes into account the entire DHS and includes cost caps, revenue requirements, specific sharing ratios, and a County maintenance of effort. A mathematical formula will be used to determine whether there are "excess" funds available for "redirection" of realignment back to the State. The amount of realignment redirection will be reconciled to the formula two years after the close of Fiscal Year 2013-14. If there are "excess" funds resulting from the formula calculation, the sharing ratio for Fiscal Year 2013-14 is 70% State and 30% County. For Fiscal Year 2014-15 and forward, the sharing ratio is 80% State and 20% County. The 2013-14 Final Adopted Budget included an $88.6 million reduction in State funding from the 1991-92 Realignment Program. This number will be reconciled to actual results two years after the close of Fiscal Year 2013-14. DHS is currently working with the State to determine the amount of the realignment reduction for Fiscal Year 2014-15.

The May Budget Revision proposes to redirect $724.9 million in 1991-92 Realignment Program funding from the counties to the State, which is attributed to the expected increase in revenue to the counties as a result of the expansion of Medi-Cal under the ACA. The State indicates that this amount is based on the methodologies contained in AB 85 (Chapter 24, Statutes of 2013), which modified the distribution of 1991-92 Realignment Program funding to capture and redirect the anticipated financial benefits to counties from the ACA. The May Budget Revision decreases the estimated redirection amount from $900.0 million to $724.9 million in FY 2014-15. The May Budget Revision retains the redirection of $300.0 million for Fiscal Year 2013-14. The Governor has noted that the Fiscal Year 2013-14 and Fiscal Year 2014-15 estimated redirections are interim calculations, with a final reconciliation of the Fiscal Year 2013-14 redirection to take place no later than January 2016.

The estimated reduction in the County's 1991-92 Realignment Program funding from the State for Fiscal Year 2014-15 is estimated at $238.3 million. Although DHS believes that the State has overestimated the increase in Medi-Cal revenue to the County as a result of the ACA, the final determination of the 1991-92 Realignment Program funding is subject to the reconciliation and repayment process based on the County's actual results, as provided in AB 85.

General Fund Contributions and Advances

The County maintains separate Enterprise Funds to account for hospital and ambulatory care services in various regions of the County. These funds are commonly referred to as the Hospital Funds (the "Hospital Funds"). The County's General Fund provides financial contributions and cash advances to each of the Hospital Funds. The contributions are direct cash support and are not subject to repayment. The General Fund makes cash advances to the Hospital Funds to provide for the net cash flow requirements of the hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in a manner designed to provide the Hospital Funds with a minimal daily cash position of approximately $10.0 million.

The Federal and State governments are the primary sources of revenue for the Hospital Funds. The County Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of June 30, 2013, the balance of General Fund cash advances to the Hospital Funds was approximately $739.0 million. DHS expects this amount to increase as a result of two key factors that are occurring simultaneously: the reduction in 1991-92 Realignment Program funding, and the substantial increase in the amount of services that have to be claimed on a patient-specific basis instead of through the realignment block grant, which has resulted in delays to cash receipts caused by a significant increase in pending Medi-Cal accounts and increased overall billing volume. Once the initial surge of new Medi-Cal applications is processed, DHS' cash receipts are expected return to a more timely and predictable pattern.

Another factor to note is the State's implementation of the ACA's Hospital Presumptive Eligibility ("HPE") program, which is a simplified, streamlined Medi-Cal application process that determines eligibility quickly and provides immediate, temporary Medi-Cal coverage to eligible patients. Because of the simplified nature of the HPE process, once it is fully operational, payments to DHS are expected to occur at a much faster pace and produce significant increases in DHS' cash flow.

In addition to the funding sources described above, the County's General Fund has also advanced cash to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based Reimbursement Clinics ("CBRC") program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. The State has recently completed the audit for Fiscal Year 2009-10. The State has indicated their intent to accelerate the audit process to achieve the goal of being only one-year in arrears in relation to the current fiscal year. As of June 30, 2013, the overall receivable balance was $195.9 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable, since it is not currently available to fund the County's budgetary requirements.

Martin Luther King Jr. Hospital

The County-operated Martin Luther King, Jr. Hospital (the "MLK Hospital") was closed in 2007 and converted to a Multi-Service Ambulatory Care Center. Since then, the County and the University of California (the "UC") established an independent, non-profit 501(c)(3) entity to operate a new hospital at the previous MLK Hospital site. A seven-member MLK Hospital Board of Directors was appointed by the County and the UC in August 2010 to oversee MLK-LA Healthcare, the new 501(c)(3) private, non-profit MLK Hospital. The new MLK Hospital will serve as a safety-net community hospital providing services to a high volume of Medi-Cal and uninsured patients from the surrounding community. Construction of the new MLK Hospital facility achieved substantial completion in October 2013 and the hospital is expected to open in mid- 2015.

To assist with the opening of the MLK Hospital, the County has agreed to provide MLK-LA Healthcare with $50 million of coordination start-up funds, $39.1 million of grant funding, and $82.0 million of short-term and long-term loans. In addition, the County has committed to make an annual intergovernmental transfer of up to $50 million for the benefit of the new hospital. For use of the County-owned hospital facility, MLK-LA Healthcare will make annual lease payments to the County in the amount of $18 million. The County has initially financed the construction of the MLK Hospital with $281.498 million of short-term lease-revenue notes, which are currently outstanding. The County intends to refinance the MLK Hospital and pay-off the short-term notes through the issuance of long-term lease-revenue bonds.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. While the County's share of the State settlement was expected to average approximately $100.0 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County may fluctuate significantly from year to year. Factors that could impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, recent actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Specifically, a portion of the settlement payments have been withheld or made under protest. Arbitration hearings are currently being held to resolve the issues causing the payment adjustments and protests that began in 2003. The precise amount of payment adjustments to the MSA and the future availability of withheld payments are unknown at this time.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represents the initial year for the payment of debt service on the Tobacco Bonds. The proceeds from the sale of the Tobacco Bonds were used to finance a portion of the construction costs related to the LAC+USC Medical Center, as well as to partially insure against the risk of a significant reduction of the County's ongoing TSRs as a result of the various factors described above. The use of this fixed percentage of TSRs as security for the repayment of the Tobacco Bonds is not expected to materially impact the DHS programs that rely on such revenues for funding.

In accordance with the terms of the MSA, the annual TSRs are subject to numerous adjustments, offsets and recalculation. In Fiscal Year 2013-14, the County received $64.1 million in TSRs from the participating manufacturers. A settlement was reached in March 2013 with certain MSA participants (including California) to resolve the status of the disputed payments from 2003 to 2012, which also includes a new method for calculating future NPM adjustments. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. As of June 30, 2013, the County has received approximately $1.471 billion in TSRs and accrued interest, with approximately $1.379 billion of the collected proceeds disbursed, and $92.7 million remaining in reserves and available for future appropriations. While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that will help improve the operational efficiency of the health system.

BUDGET TABLES

The 2014-15 Recommended Budget is supported by $4.382 billion in property taxes, $4.236 billion in Federal funding, $5.402 billion in State funding, $0.053 billion in cancelled obligated fund balance, $1.202 billion in Fund Balance and $4.996 billion from other funding sources.

The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2013-14 Final Adopted Budget with the 2014-15 Recommended Budget.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2010-11	Final 2011-12	Final 2012-13	Final 2013-14	Recommended 2014-15
General Fund	$ 16,380,905	$ 16,229,826	$ 16,750,817	$ 17,206,258	$ 17,214,652
Hospital Enterprise Fund	2,127,184	2,268,712	2,592,117	2,803,170	3,055,965
Total General County Budget	$ 18,508,089	$ 18,498,538	$ 19,342,934	$ 20,009,428	$ 20,270,617

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources
(in thousands)

	Final 2010-11	Final 2011-12	Final 2012-13	Final 2013-14	Recommended 2014-15
Requirements					
Social Services	$ 5,707,144	$ 5,539,798	$ 5,572,820	$ 5,846,911	$ 6,022,132
Health	5,424,321	5,600,822	5,952,459	6,208,232	6,301,956
Justice	4,745,700	4,697,762	4,985,441	5,146,062	5,322,723
Other	2,630,924	2,660,156	2,832,214	2,808,223	2,623,806
Total	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**
Revenue Sources					
Property Taxes	$ 3,676,161	$ 3,750,746	$ 3,814,906	$ 4,177,683	$ 4,381,993
State Assistance	4,528,710	4,670,351	5,168,427	5,024,219	5,402,240
Federal Assistance	4,868,199	4,712,400	5,008,928	4,342,123	4,235,928
Other	5,435,019	5,365,041	5,350,673	6,465,403	6,250,456
Total	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2010-11	Final 2011-12	Final 2012-13	Final 2013-14	Recommended 2014-15
Financing Requirements					
Salaries & Employee Benefits	$ 9,004,826	$ 8,895,017	$ 9,322,969	$ 9,671,291	$ 10,191,861
Services & Supplies	6,530,982	6,706,121	6,869,576	7,138,148	6,903,698
Other Charges	3,503,195	3,621,050	3,734,605	3,901,664	4,008,854
Capital Assets	1,077,873	890,217	1,025,119	982,969	872,884
Other Financing Uses	704,520	640,310	615,357	619,569	317,270
Residual Equity Transfers Out	-	-	-	-	-
Interbudget Transfers[1]	(1,452,816)	(1,419,532)	(1,476,794)	(1,417,786)	(1,110,572)
Gross Appropriation	$ 19,368,580	$ 19,333,183	$ 20,090,832	$ 20,895,855	$ 21,183,995
Less: Intrafund Transfers	946,497	975,236	942,276	944,775	960,613
Net Appropriation	$ 18,422,083	$ 18,357,947	$ 19,148,556	$ 19,951,080	$ 20,223,382
Provision for Obligated Fund Balance					
General Reserve	$ -	$ -	$ -	$ -	$ -
Assigned for Rainy Day Funds	-	-	10,000	35,033	
Committed Fund Balance	86,006	140,591	184,378	23,315	47,235
Total Financing Requirements	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**
Available Financing					
Fund Balance	$ 1,628,644	$ 1,601,571	$ 1,565,502	$ 1,497,581	$ 1,202,184
Cancel Provision for Obligated Fund Balance	409,097	271,027	208,484	239,852	52,644
Property Taxes: Regular Roll	3,654,517	3,709,801	3,778,085	4,123,069	4,310,800
Supplemental Roll	21,644	40,945	36,821	54,614	71,193
Revenue	12,794,187	12,875,194	13,754,042	14,094,312	14,633,796
Total Available Financing	**$ 18,508,089**	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,270,617**

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.1 billion in 2014-15, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF FINAL ADOPTED 2013-14 TO RECOMMENDED BUDGET 2014-15
Net Appropriation: By Function
(In thousands)

Function	2013-14 Final Budget (1)	2014-15 Recommended Budget (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 917,814.0	$ 971,309.0	$ 53,495.0	5.83%
General Services	738,562.0	558,754.0	(179,808.0)	-24.35%
Public Buildings	917,843.0	831,529.0	(86,314.0)	-9.40%
Total General	$ 2,574,219.0	$ 2,361,592.0	$ (212,627.0)	-8.26%
Public Protection				
Justice	$ 4,839,809.0	$ 5,010,838.0	$ 171,029.0	3.53%
Other Public Protection	212,399.0	203,504.0	(8,895.0)	-4.19%
Total Public Protection	$ 5,052,208.0	$ 5,214,342.0	$ 162,134.0	3.21%
Health and Sanitation	6,180,079.0	6,301,803.0	121,724.0	1.97%
Public Assistance	5,778,005.0	5,982,657.0	204,652.0	3.54%
Recreation and Cultural Services	299,659.0	295,294.0	(4,365.0)	-1.46%
Insurance and Loss Reserve	66,910.0	67,694.0	784.0	1.17%
Provision for Obligated Fund Balance	58,348.0	47,235.0	(11,113.0)	-19.05%
Total Requirements	**$ 20,009,428.0**	**$ 20,270,617.0**	**$ 261,189.0**	**1.31%**
AVAILABLE FUNDS				
Property Taxes	$ 4,177,683.0	$ 4,381,993.0	$ 204,310.0	4.89%
Fund Balance	1,497,581.0	1,202,184.0	(295,397.0)	-19.72%
Cancelled Prior-Year Reserves	239,852.0	52,644.0	(187,208.0)	-78.05%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 326,663.0	$ 326,663.0	$ -	0.00%
Homeowners' Exemption	20,500.0	20,500.0	-	0.00%
Public Assistance Subventions	770,941.0	1,069,559.0	298,618.0	38.73%
Other Public Assistance	1,585,028.0	1,654,697.0	69,669.0	4.40%
Public Protection	1,180,886.0	1,214,650.0	33,764.0	2.86%
Health and Mental Health	945,854.0	963,662.0	17,808.0	1.88%
Capital Projects	134,930.0	131,718.0	(3,212.0)	-2.38%
Other State Revenues	59,417.0	20,791.0	(38,626.0)	-65.01%
Total State Revenues	$ 5,024,219.0	$ 5,402,240.0	$ 378,021.0	7.52%
Federal Revenues				
Public Assistance Subventions	$ 2,484,305.0	$ 2,379,456.0	$ (104,849.0)	-4.22%
Other Public Assistance	234,518.0	225,797.0	(8,721.0)	-3.72%
Public Protection	222,740.0	222,473.0	(267.0)	-0.12%
Health and Mental Health	1,347,470.0	1,362,307.0	14,837.0	1.10%
Capital Projects	6,786.0	1,779.0	(5,007.0)	-73.78%
Other Federal Revenues	46,304.0	44,116.0	(2,188.0)	-4.73%
Total Federal Revenues	$ 4,342,123.0	$ 4,235,928.0	$ (106,195.0)	-2.45%
Other Governmental Agencies	57,195.0	57,006.0	(189.0)	-0.33%
Total Intergovenmental Revenues	$ 9,423,537.0	$ 9,695,174.0	$ 271,637.0	
Fines, Forfeitures and Penalties	214,092.0	216,156.0	2,064.0	0.96%
Licenses, Permits and Franchises	43,740.0	48,258.0	4,518.0	10.33%
Charges for Services	3,131,670.0	3,693,013.0	561,343.0	17.92%
Other Taxes	193,457.0	204,346.0	10,889.0	5.63%
Use of Money and Property	126,061.0	127,151.0	1,090.0	0.86%
Miscellaneous Revenues	517,922.0	384,473.0	(133,449.0)	-25.77%
Operating Contribution from General Fund	443,833.0	265,225.0	(178,608.0)	-40.24%
Total Available Funds	**$ 20,009,428.0**	**$ 20,270,617.0**	**$ 261,189.0**	**1.31%**

(1) Reflects the 2013-14 Final Adopted General County Budget approved by the Board of Supervisors on October 8, 2013
(2) Reflects the 2014-15 Recommended General County Budget approved by the Board of Supervisors on April 14, 2014

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2013-14 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 917,814.0	$ -	$ 917,814.0
General Services	738,562.0	-	738,562.0
Public Buildings	917,843.0	-	917,843.0
Total General	$ 2,574,219.0	$ -	$ 2,574,219.0
Public Protection			
Justice	$ 4,839,809.0	$ -	$ 4,839,809.0
Other Public Protection	212,399.0	-	212,399.0
Total Public Protection	$ 5,052,208.0	$ -	$ 5,052,208.0
Health and Sanitation	$ 3,376,909.0	$ 2,803,170.0	$ 6,180,079.0
Public Assistance	5,778,005.0	-	5,778,005.0
Recreation and Cultural Services	299,659.0	-	299,659.0
Insurance and Loss Reserve	66,910.0	-	66,910.0
Provision for Obligated Fund Balance	58,348.0	-	58,348.0
Total Requirements	**$ 17,206,258.0**	**$ 2,803,170.0**	**$ 20,009,428.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,177,683.0	$ -	$ 4,177,683.0
Fund Balance	1,497,581.0	-	1,497,581.0
Cancel Provision for Obligated Fund Balance	115,192.0	124,660.0	239,852.0
	-		
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 326,663.0	$ -	$ 326,663.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	770,941.0	-	770,941.0
Other Public Assistance	1,585,028.0	-	1,585,028.0
Public Protection	1,180,886.0	-	1,180,886.0
Health and Mental Health	896,343.0	49,511.0	945,854.0
Capital Projects	134,930.0	-	134,930.0
Other State Revenues	59,417.0	-	59,417.0
Total State Revenues	4,974,708.0	49,511.0	5,024,219.0
Federal Revenues			
Public Assistance Subventions	$ 2,484,305.0	$ -	$ 2,484,305.0
Other Public Assistance	234,518.0	-	234,518.0
Public Protection	222,740.0	-	222,740.0
Health and Mental Health	872,956.0	474,514.0	1,347,470.0
Capital Projects	6,786.0	-	6,786.0
Other Federal Revenues	46,304.0	-	46,304.0
Total Federal Revenues	$ 3,867,609.0	$ 474,514.0	$ 4,342,123.0
Other Governmental Agencies	57,195.0	-	57,195.0
Total Intergovenmental Revenues	$ 8,899,512.0	$ 524,025.0	$ 9,423,537.0
Fines, Forfeitures and Penalties	214,088.0	4.0	214,092.0
Licenses, Permits and Franchises	43,614.0	126.0	43,740.0
Charges for Services	1,760,398.0	1,371,272.0	3,131,670.0
Other Taxes	193,457.0	-	193,457.0
Use of Money and Property	125,888.0	173.0	126,061.0
Miscellaneous Revenues	178,845.0	339,077.0	517,922.0
Operating Contribution from General Fund	-	443,833.0	443,833.0
Total Available Funds	**$ 17,206,258.0**	**$ 2,803,170.0**	**$ 20,009,428.0**

(1) Reflects the 2013-14 Final Adopted General County Budget approved by the Board of Supervisors on October 8, 2013

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2014-15 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 971,309.0	$ -	$ 971,309.0
General Services	558,754.0	-	558,754.0
Public Buildings	831,529.0	-	831,529.0
Total General	$ 2,361,592.0	$ -	$ 2,361,592.0
Public Protection			
Justice	$ 5,010,838.0	$ -	$ 5,010,838.0
Other Public Protection	203,504.0	-	203,504.0
Total Public Protection	$ 5,214,342.0	$ -	$ 5,214,342.0
Health and Sanitation	$ 3,245,838.0	$ 3,055,965.0	$ 6,301,803.0
Public Assistance	5,982,657.0	-	5,982,657.0
Recreation and Cultural Services	295,294.0	-	295,294.0
Insurance and Loss Reserve	67,694.0	-	67,694.0
Provision for Obligated Fund Balance	47,235.0	-	47,235.0
Total Requirements	**$ 17,214,652.0**	**$ 3,055,965.0**	**$ 20,270,617.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,381,993.0	$ -	$ 4,381,993.0
Fund Balance	1,202,184.0	-	1,202,184.0
Cancel Provision for Obligated Fund Balance	52,644.0	-	52,644.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 326,663.0	$ -	$ 326,663.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,069,559.0	-	1,069,559.0
Other Public Assistance	1,654,697.0	-	1,654,697.0
Public Protection	1,214,650.0	-	1,214,650.0
Health and Mental Health	915,054.0	48,608.0	963,662.0
Capital Projects	131,718.0	-	131,718.0
Other State Revenues	20,791.0	-	20,791.0
Total State Revenues	5,353,632.0	48,608.0	5,402,240.0
Federal Revenues			
Public Assistance Subventions	$ 2,354,021.0	$ 25,435.0	$ 2,379,456.0
Other Public Assistance	225,797.0	-	225,797.0
Public Protection	222,473.0	-	222,473.0
Health and Mental Health	893,788.0	468,519.0	1,362,307.0
Capital Projects	1,779.0	-	1,779.0
Other Federal Revenues	44,116.0	-	44,116.0
Total Federal Revenues	$ 3,741,974.0	$ 493,954.0	$ 4,235,928.0
Other Governmental Agencies	57,006.0	-	57,006.0
Total Intergovenmental Revenues	$ 9,152,612.0	$ 542,562.0	$ 9,695,174.0
Fines, Forfeitures and Penalties	216,123.0	33.0	216,156.0
Licenses, Permits and Franchises	48,132.0	126.0	48,258.0
Charges for Services	1,677,146.0	2,015,867.0	3,693,013.0
Other Taxes	204,346.0	-	204,346.0
Use of Money and Property	127,066.0	85.0	127,151.0
Miscellaneous Revenues	152,406.0	232,067.0	384,473.0
Operating Contribution from General Fund	-	265,225.0	265,225.0
Total Available Funds	**$ 17,214,652.0**	**$ 3,055,965.0**	**$ 20,270,617.0**

(1) Reflects the 2014-15 Recommended General County Budget approved by the Board of Supervisors on April 14, 2014

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured”, and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. In addition, any property on the secured roll with delinquent taxes as of July 1 is declared tax-defaulted. Such property taxes may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County, as shown on the Fiscal Year 2013-14 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $35,203,145,464 which constitutes only 3.24% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2013-14
Southern California Edison Co.	$74,565,811
Douglas Emmett Residential	41,037,496
Participants in Long Beach Unit	23,186,738
Chevron USA Inc./Texaco/Unocal	22,866,100
Tishman Speyer/Archstone Smith/ASN	21,275,582
EQR/ERP Limited	21,260,449
AT&T/Pacific Bell Telephone Co.	20,986,486
Southern California Gas Co.	19,079,862
Verizon/MCI Communications Serv. Inc.	18,569,825
Exxon/Mobil Corp.	18,331,191
BP West Coast/Atlantic Richfield Co.	18,132,474
Prologis/AMB/Catellus	18,105,871
Universal Studios LLC	17,034,562
Phillips 66	16,628,000
Maguire Properties	14,698,465
Tesoro Refining and Marketing Co.	13,712,396
Plains Exploration and Production Co.	13,428,930
Beacon Oil Co./Ultramar/Valero Energy Corp.	11,970,376
CBS Inc./Paramount Pictures Corp.	10,897,711
Anheuser Busch Inc.	10,666,347
	$426,434,672

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the assessed cash values, property tax levies and collections from Fiscal Years 2009-10 through 2013-14.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2009-10 THROUGH 2013-14

Fiscal Year	Full Cash Value (1)	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections (2)	Current Collection As a Percent of Levies %
2009-10	$1,013,549,301,342	$2,449,393,435	$2,370,955,825	96.80%
2010-11	997,502,481,662	2,423,866,268	2,369,935,057	97.77%
2011-12	1,013,260,968,402	2,471,700,694	2,423,125,703	98.03%
2012-13	1,035,518,346,306	2,534,711,363	2,495,317,019	98.45%
2013-14	1,085,743,685,894	2,660,124,213	2,618,780,710 (3)	98.45%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.
(3) Preliminary estimate based on FY 2013-14 collections.

REDEVELOPMENT AGENCIES

Pursuant to ABX1 26 (the "Redevelopment Dissolution Act"), all redevelopment agencies were dissolved effective February 1, 2012. ABX1 26 bars redevelopment agencies from engaging in new business, provides for their eventual wind down and dissolution, and requires that successor agencies be created to take over from the former agencies. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County was approximately $453.0 million. A more detailed discussion of the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2009-10 through 2013-14.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2009-10 THROUGH 2013-14

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2009-10	$140,955,357,917	$1,266,067,367
2010-11	136,964,953,487	1,208,208,191
2011-12	137,243,985,288	1,187,749,842
2012-13	141,074,221,344	1,189,455,554
2013-14	149,910,987,097	995,288,952 (3)

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by community redevelopment agencies.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.
(3) Total CRA Tax Allocations from November 2013 through April 2014.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenue have followed an uneven pattern, primarily as a result of delays in payments from other governmental agencies and the final due dates for the first and second installments of secured property tax payments being due in December and April, respectively.

As a result of the uneven pattern of revenue receipts, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund's management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and replaced it with a program to manage its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of "intrafund borrowing" for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies. All intrafund borrowings used for General Fund purposes, and all notes issued in connection with the County's cash management program have been repaid in accordance with their required maturity dates.

2013-14 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 14, 2013, the County issued the 2013-14 TRANs with an aggregate principal amount of $1 billion in two separate series: $300.0 million due February 28, 2014 and $700.0 million due June 30, 2014. The 2013-14 TRANs are general obligations of the County attributable to the 2013-14 fiscal year and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the County Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2013-14 for the purpose of repaying the 2013-14 TRANs on their respective maturity dates. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2013-14 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2013	$367,911,111
January, 2014	300,000,000
February, 2014	100,000,000
March, 2014	50,000,000
April, 2014	200,000,000
Total	$1,017,911,111

* Includes $1 billion of 2013-14 TRANs principal and 2.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2009-10.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2009-10	2010-11	2011-12	2012-13	Estimated 2013-14
Property Taxes	$3,768,220	$3,733,822	$3,725,324	$4,276,875	$4,175,053
Other Taxes	154,228	137,907	172,703	167,054	187,090
Licenses, Permits and Franchises	46,825	56,799	58,642	61,268	57,950
Fines, Forfeitures and Penalties	254,428	242,904	218,380	226,737	215,034
Investment and Rental Income	133,640	123,582	111,506	107,105	100,951
State In-Lieu Taxes	424,760	401,679	366,352	335,310	349,611
State Homeowner Exemptions	21,966	21,616	21,505	21,101	19,736
Charges for Current Services	1,673,098	1,574,709	1,678,238	1,546,370	1,544,875
Other Revenue*	192,973	465,163	392,137	552,414	518,121
TOTAL UNRESTRICTED RECEIPTS	$6,670,138	$6,758,181	$6,744,787	$7,294,234	$7,168,421

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office
* Includes Tobacco Settlement Revenue

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. If the County determines that it is necessary to utilize interfund borrowing, then such borrowing may not occur after the last Monday in April of each fiscal year and must be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also included in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate significantly throughout the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of revenue deposits from the State and the receipt of welfare advances on the last business day of the month.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al*.

The tables at the end of this Financial Summary Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2012-13 and Fiscal Year 2013-14.

General Fund Cash Flow Statements

The Fiscal Year 2012-13 and Fiscal Year 2013-14 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2012-13, the County had an ending General Fund cash balance of $893 million. In Fiscal Year 2013-14, the County is estimating an ending cash balance in the General Fund of $710 million.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of March 31, 2014, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$8.815
Schools and Community Colleges	12.309
Independent Public Agencies	2.351
Total	$23.475

Of these entities, the discretionary participants accounted for 10.02% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2013, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 30, 2014, the book value of the Treasury Pool as of March 31, 2014 was approximately $23.475 billion and the corresponding market value was approximately $23.318 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of March 31,2014:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	52.45
Certificates of Deposit	17.38
Commercial Paper	28.96
Bankers Acceptances	0.00
Municipal Obligations	0.21
Corporate Notes & Deposit Notes	1.00
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2014, approximately 38.57% of the investments mature within 60 days, with an average of 683 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well-established practice of market research and due diligence. The Treasury Pool did not experience a single investment loss as a result of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County Investment Officer has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages.

FINANCIAL STATEMENTS-GAAP BASIS

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments, with annual audits performed by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2013, and the unqualified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2013-14 Final Adopted Budget included an available General Fund balance of $1,497,581,000 as of June 30, 2013.

The 2013-14 Final Adopted Budget uses the fund balance language of the County Budget Act, which has been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The major areas of difference are described as follows:

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances are recorded as other financing uses at the time they are established, and the County recognizes them as a use of budgetary fund balance. Nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary accounting 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 GAAP basis of accounting, revenues are not recognized until the qualifying expenditures are incurred.

- 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 a one-year period as of the fiscal 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 No. 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future rights to tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is discussed in further detail in Note 11 to the 2012-13 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis of accounting, property tax revenues are recognized to the extent that they are collectible within a one-year period as of the fiscal year end. Under the GAAP basis of accounting, 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 GAAP basis of accounting, the effects of such fair value changes have already been recognized as a component of investment income.

- In conjunction with the implementation of GASB Statement No. 45, the County determined that certain assets were held by LACERA (as 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 GAAP basis, such expenditures are adjusted to recognize the OPEB Agency assets at fiscal year end.

The table below provides a reconciliation of the General Fund's June 30, 2013 fund balance on a budgetary and GAAP basis.

The tables on the following pages summarize the audited balance sheets for the General Fund since 2008-09 and provide a history of revenue and expenditure statement for the General Fund over the same period.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2013 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$1,497,581
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	148,100
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	127,360
Accrual of liabilities for accrued compendated absences not required by GAAP	58,636
Change in revenue accruals related to encumbrances	(25,829)
Deferral of property tax receivables	(73,874)
Deferral of sale of tobacco settlement revenue	(245,987)
Change in fair value of Investments	(22,017)
Reserve for "Rainy Day" Fund	197,012
Unassigned Fund Balance - GAAP Basis	$1,660,982

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2009, 2010, 2011 2012 and 2013.
GENERAL FUND-GAAP BASIS (in thousands of $)

ASSETS

	June 30, 2009	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*
Pooled Cash and Investments	$1,841,579	$1,689,490	$2,151,267	$2,010,858	$1,637,765
Other Investments	6,099	5,839	16,589	11,109	5,676
Taxes Receivable	301,269	246,288	210,914	186,830	171,919
Other Receivables	1,907,656	1,808,478	1,763,649	1,586,097	1,777,034
Due from Other Funds	326,379	436,441	356,860	407,604	391,605
Advances to Other Funds	825,017	1,018,161	1,063,061	703,512	754,376
Inventories	46,486	44,279	54,145	51,616	47,375
Total Assets	$5,254,485	$5,248,976	$5,616,485	$4,957,626	$4,785,750

LIABILITIES

	June 30, 2009	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*
Accounts Payable	$247,337	$266,916	$286,597	$354,119	$321,509
Accrued Payroll	504,374	286,407	289,546	303,615	309,926
Other Payables	121,665	454,244	1,039,126	525,438	89,852
Due to Other Funds	495,105	501,705	464,170	390,153	461,480
Deferred Revenue	343,386	346,829	382,897	346,488	302,656
Advances Payable	361,964	382,476	411,508	379,847	404,975
Third-Party Payor Liability	13,836	14,588	20,198	16,015	15,702
Total Liabilities	$2,087,667	$2,253,165	$2,894,042	$2,315,675	$1,906,100

EQUITY

	June 30, 2009	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*
Fund Balance (Deficit)					
Reserved	$539,851	$784,428			
Unreserved					
Designated	971,579	618,899			
Undesignated	1,655,388	1,592,484			
Total Unreserved	2,626,967	2,211,383		-	-
Nonspendable			$259,127	$259,597	$253,836
Restricted			35,377	55,115	59,786
Committed				332,255	528,865
Assigned			763,038	405,285	376,181
Unassigned			1,664,901	1,589,699	1,660,982
Total Equity	3,166,818	2,995,811	2,722,443	2,641,951	2,879,650
Total Liabilities and Equity	$5,254,485	$5,248,976	$5,616,485	$4,957,626	$4,785,750

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2009, 2010, 2011, 2012 and 2013.
*The County implemented GASB Statement 54 "Fund Balance Reporting and Government Fund Type Definitions" in FY 2010-11. The governmental fund balances are reported in the new required GASB 54 format.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2008-09 THROUGH 2012-13 (in thousands of $)

	2008-09	2009-10	2010-11	2011-12	2012-13
REVENUES:					
Taxes	$3,970,566	$3,864,654	$3,843,366	$3,980,409	$4,267,858
Licenses, Permits & Franchises	54,877	49,079	56,656	57,144	61,412
Fines, Forfeitures and Penalties	264,375	258,842	244,787	217,972	222,226
Use of Money and Property	183,772	124,049	130,140	103,029	89,841
Aid from Other Government	7,211,150	7,337,716	7,506,492	7,632,814	8,182,687
Charges for Services	1,654,173	1,659,224	1,641,399	1,700,540	1,565,937
Miscellaneous Revenues	198,837	191,878	145,414	134,071	216,977
TOTAL	$13,537,750	$13,485,442	$13,568,254	$13,825,979	$14,606,938
EXPENDITURES					
General	$946,008	$859,319	$883,854	$983,077	$979,989
Public Protection	4,420,786	4,412,935	4,401,985	4,538,075	4,694,982
Health and Sanitation	2,480,693	2,421,615	2,476,524	2,689,192	2,779,870
Public Assistance	4,796,019	5,025,312	5,217,560	5,108,516	5,247,031
Recreation and Cultural Services	242,999	247,094	263,046	255,818	272,835
Debt Service	247,248	271,378	278,477	24,602	30,816
Capital Outlay	772	2,115	32,598	20,106	8,065
Total	$13,134,525	$13,239,768	$13,554,044	$13,619,386	$14,013,588
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$403,225	$245,674	$14,210	$206,593	$593,350
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($612,505)	($419,756)	($340,128)	($306,002)	($359,171)
Sales of Capital Assets	886	960	9,027	3,789	740
Capital Leases	772	2,115	43,523	15,128	2,780
OTHER FINANCING SOURCES (USES)-Net	($610,847)	($416,681)	($287,578)	($287,085)	($355,651)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	($207,622)	($171,007)	($273,368)	($80,492)	$237,699
Beginning Fund Balance	3,374,440	3,166,818	2,995,811	2,722,443	2,641,951
Ending Fund Balance	$3,166,818	$2,995,811	$2,722,443	$2,641,951	$2,879,650

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2009, 2010, 2011, 2012 and 2013.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2012-13: 12 MONTHS ACTUAL
2013-14: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2012-13
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 75,748	$ 38,711	$ 38,476	354,248	$ 1,079,173	$ 2,192,736
Auditor Unapportioned Property Tax	626,076	173,546	81,291	134,373	803,356	1,640,406
Unsecured Property Tax	134,579	47,432	130,094	155,442	113,881	69,629
Miscellaneous Fees & Taxes	8,213	19,785	32,294	16,413	10,350	10,368
State Redemption Fund	27,819	57,470	63,680	60,239	45,099	36,089
Education Revenue Augmentation	16,766	9,346	0	0	5,048	111,700
State Reimbursement Fund	0	0	0	0	476	9,976
Sales Tax Replacement Fund	4,747	21,974	30,725	30,725	30,799	64,470
Vehicle License Fee Replacement Fund	28,895	133,759	187,029	187,029	187,480	392,443
Property Tax Rebate Fund	1,970	468	4,569	4,507	4,655	3,814
Utility User Tax Trust Fund	1,041	1,294	4,457	9,662	13,036	15,277
Subtotal	$ 925,854	$ 503,785	$ 572,615	$ 952,638	$ 2,293,353	$ 4,546,908
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 443,818	$ 468,722	$ 437,481	519,801	$ 468,715	$ 455,094
Payroll Revolving Fund	55,057	41,640	47,243	43,394	39,269	53,609
Asset Development Fund	41,429	41,437	41,448	41,460	41,475	41,482
Productivity Investment Fund	5,346	5,287	4,125	3,371	3,384	3,372
Motor Vehicle Capital Outlays	991	991	991	1,004	1,116	1,116
Civic Center Parking	142	68	96	233	277	191
Reporters Salary Fund	401	86	335	441	266	527
Cable TV Franchise Fund	11,203	10,818	11,385	11,463	11,388	11,862
Megaflex Long-Term Disability	18,465	18,346	18,312	18,170	18,114	18,003
Megaflex Long-Term Disability & Health	6,818	6,882	6,967	7,040	7,128	7,201
Megaflex Short-Term Disability	30,645	30,922	31,342	31,595	31,877	32,208
Subtotal	$ 614,315	$ 625,199	$ 599,725	$ 677,972	$ 623,009	$ 624,665
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ (1,478)	$ (4,065)	$ 2,414	(1,045)	$ 7,867	$ 204
Olive View-UCLA Medical Center	(4,437)	(1,917)	3,363	2,004	723	(1,780)
LAC+USC Medical Center	(10,090)	(709)	7,014	2,973	6,660	3,907
MLK Ambulatory Care Center	558	513	514	514	514	514
Rancho Los Amigos Rehab Center	612	531	1,298	529	1,179	436
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (14,835)	$ (5,647)	$ 14,603	$ 4,975	$ 16,943	$ 3,281
GRAND TOTAL	**$ 1,525,334**	**$ 1,123,337**	**$ 1,186,943**	**$ 1,635,585**	**$ 2,933,305**	**$ 5,174,854**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	
						PROPERTY TAX GROUP
$ 795,003	$ 444,307	$ 629,180	$ 2,275,972	$ 598,309	$ 128,267	**Tax Collector Trust Fund**
873,382	549,077	347,905	857,322	717,737	178,138	**Auditor Unapportioned Property Tax**
55,760	55,250	51,687	41,022	56,222	80,069	**Unsecured Property Tax**
9,001	8,991	8,652	8,743	9,496	8,854	**Miscellaneous Fees & Taxes**
31,896	31,524	22,985	25,827	21,535	21,145	**State Redemption Fund**
62,789	33,152	3,249	240,129	76,774	57,627	**Education Revenue Augmentation**
19,035	1,214	1,214	2,326	21,175	8,803	**State Reimbursement Fund**
88,981	21,185	38,506	42,991	74,228	0	**Sales Tax Replacement Fund**
596,579	250,598	356,034	383,334	557,783	0	**Vehicle License Fee Replacement Fund**
1,751	663	1,393	2,685	276	3,090	**Property Tax Rebate Fund**
10,630	4,929	9,766	3,045	5,011	10,558	**Utility User Tax Trust Fund**
$ 2,544,807	$ 1,400,890	$ 1,470,571	$ 3,883,396	$ 2,138,546	$ 496,551	**Subtotal**
						VARIOUS TRUST GROUP
$ 440,580	$ 433,269	$ 446,496	$ 451,573	$ 471,080	$ 447,509	**Departmental Trust Fund**
44,392	44,346	51,007	52,247	49,500	54,614	**Payroll Revolving Fund**
41,491	41,497	41,511	41,609	41,647	41,981	**Asset Development Fund**
4,724	4,792	4,688	4,414	4,192	3,925	**Productivity Investment Fund**
1,116	1,095	1,032	1,000	935	925	**Motor Vehicle Capital Outlays**
216	210	63	302	199	133	**Civic Center Parking**
584	449	555	644	344	357	**Reporters Salary Fund**
12,051	11,765	12,315	12,330	12,070	12,699	**Cable TV Franchise Fund**
17,949	17,900	17,782	17,696	17,565	17,464	**Megaflex Long-Term Disability**
7,280	7,333	7,419	7,480	7,563	7,626	**Megaflex Long-Term Disability & Health**
32,468	32,666	32,986	33,321	33,769	34,145	**Megaflex Short-Term Disability**
$ 602,851	$ 595,322	$ 615,854	$ 622,616	$ 638,864	$ 621,378	**Subtotal**
						HOSPITAL GROUP
$ 929	$ (413)	$ 193	$ (990)	$ 559	$ 2,448	**Harbor-UCLA Medical Center**
669	74	(1,190)	(1,622)	(898)	1,503	**Olive View-UCLA Medical Center**
(401)	1,338	3,660	(158)	4,104	4,729	**LAC + USC Medical Center**
483	456	456	460	462	459	**MLK Ambulatory Care Center**
923	150	1,453	506	254	653	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 2,603	$ 1,605	$ 4,572	$ (1,804)	$ 4,481	$ 9,792	**Subtotal**
$ 3,150,261	**$ 1,997,817**	**$ 2,090,997**	**$ 4,504,208**	**$ 2,781,891**	**$ 1,127,721**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2013-14
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 70,645	$ 39,983	$ 40,064	418,772	$ 1,416,894	$ 3,546,677
Auditor Unapportioned Property Tax	227,749	89,650	125,432	178,880	785,225	753,554
Unsecured Property Tax	135,333	146,664	104,309	135,277	115,069	61,452
Miscellaneous Fees & Taxes	8,180	22,222	40,519	21,010	12,354	9,685
State Redemption Fund	28,427	41,374	44,302	62,015	51,378	31,378
Education Revenue Augmentation	4,964	24,866	14,130	0	3,468	352,968
State Reimbursement Fund	0	0	0	0	1,850	9,685
Sales Tax Replacement Fund	840	5,314	16,433	18,812	19,092	20,909
Vehicle License Fee Replacement Fund	5,114	32,345	100,030	114,513	116,215	127,277
Property Tax Rebate Fund	1,325	6,794	5,048	582	1,402	(693)
Utility User Tax Trust Fund	6,508	2,550	4,311	6,570	9,762	16,637
Subtotal	$ 489,085	$ 411,762	$ 494,578	$ 956,431	$ 2,532,709	$ 4,929,529
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 453,037	$ 501,361	$ 486,764	479,212	$ 484,387	$ 460,742
Payroll Revolving Fund	50,725	48,613	58,909	51,023	46,862	63,231
Asset Development Fund	42,236	42,080	42,101	42,217	42,319	42,374
Productivity Investment Fund	3,532	3,525	3,516	4,921	6,303	6,266
Motor Vehicle Capital Outlays	910	910	1,002	1,035	1,035	1,028
Civic Center Parking	103	(6)	174	140	82	68
Reporters Salary Fund	278	488	401	462	372	524
Cable TV Franchise Fund	12,426	11,304	11,719	11,856	11,771	12,262
Megaflex Long-Term Disability	17,291	17,178	16,999	16,809	16,637	16,440
Megaflex Long-Term Disability & Health	7,693	7,740	7,814	7,887	7,955	8,037
Megaflex Short-Term Disability	34,493	34,798	35,165	35,366	35,658	36,109
Subtotal	$ 622,724	$ 667,991	$ 664,564	$ 650,928	$ 653,381	$ 647,081
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ (437)	$ 2,473	$ 787	6,595	$ (1,432)	$ 713
Olive View-UCLA Medical Center	2,798	739	691	7,227	(442)	791
LAC+USC Medical Center	(19,765)	2,077	1,612	10,466	820	2,236
MLK Ambulatory Care Center	452	454	454	454	454	454
Rancho Los Amigos Rehab Center	(3,915)	(481)	472	5,292	26	1,441
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (20,867)	$ 5,262	$ 4,016	$ 30,034	$ (574)	$ 5,635
GRAND TOTAL	**$ 1,090,942**	**$ 1,085,015**	**$ 1,163,158**	**$ 1,637,393**	**$ 3,185,516**	**$ 5,582,245**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2014	February 2014	March 2014	April 2014	Estimate May 2014	Estimate June 2014	
						PROPERTY TAX GROUP
$ 764,399	$ 448,356	$ 619,297	$ 2,355,863	$ 897,292	$ 164,829	**Tax Collector Trust Fund**
1,010,774	755,277	605,574	1,006,019	631,667	551,053	**Auditor Unapportioned Property Tax**
54,018	51,531	49,196	46,604	86,649	117,399	**Unsecured Property Tax**
9,700	8,958	8,709	8,313	8,844	8,527	**Miscellaneous Fees & Taxes**
25,862	29,801	22,127	28,790	31,728	23,139	**State Redemption Fund**
337,070	102,465	90,314	337,174	0	1,497	**Education Revenue Augmentation**
17,462	1,180	1,180	2,259	26,803	10,312	**State Reimbursement Fund**
38,237	2,589	16,001	23,786	115,000	0	**Sales Tax Replacement Fund**
295,110	123,211	198,050	239,818	526,021	3,444	**Vehicle License Fee Replacement Fund**
403	1,354	1,030	(1,469)	(33,593)	(18,123)	**Property Tax Rebate Fund**
21,889	7,222	10,216	9,454	36,148	10,964	**Utility User Tax Trust Fund**
$ 2,574,924	$ 1,531,944	$ 1,621,694	$ 4,056,611	$ 2,326,559	$ 873,041	**Subtotal**
						VARIOUS TRUST GROUP
$ 476,175	$ 456,370	$ 559,710	$ 668,625	$ 423,642	$ 419,434	**Departmental Trust Fund**
51,228	53,760	58,033	46,438	59,703	49,577	**Payroll Revolving Fund**
42,391	42,423	42,816	42,983	39,257	39,331	**Asset Development Fund**
6,194	5,848	5,632	5,465	7,447	7,116	**Productivity Investment Fund**
971	958	958	929	2,349	2,350	**Motor Vehicle Capital Outlays**
253	239	73	319	46	391	**Civic Center Parking**
451	461	393	419	487	1,009	**Reporters Salary Fund**
12,314	12,078	12,597	12,617	8,895	9,287	**Cable TV Franchise Fund**
16,363	16,310	16,152	15,922	19,674	19,597	**Megaflex Long-Term Disability**
8,109	8,123	8,192	8,267	4,852	4,933	**Megaflex Long-Term Disability & Health**
36,325	36,663	37,097	37,542	23,553	23,959	**Megaflex Short-Term Disability**
$ 650,774	$ 633,233	$ 741,653	$ 839,526	$ 589,905	$ 576,984	**Subtotal**
						HOSPITAL GROUP
$ 1,149	$ (1,366)	$ (1,796)	$ 2,477	$ 1,000	$ 1,000	**Harbor-UCLA Medical Center**
1,940	323	1,622	2,217	1,000	1,000	**Olive View-UCLA Medical Center**
(3,802)	1,479	(4,937)	1,585	1,000	1,000	**LAC + USC Medical Center**
454	455	456	456	1,000	1,000	**MLK Ambulatory Care Center**
333	(1,656)	492	962	1,000	1,000	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 74	$ (765)	$ (4,163)	$ 7,697	$ 5,000	$ 5,000	**Subtotal**
$ 3,225,772	**$ 2,164,412**	**$ 2,359,184**	**$ 4,903,834**	**$ 2,921,464**	**$ 1,455,025**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2012-13: 12 MONTHS ACTUAL
2013-14: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2012-13
(in thousands of $)

	July 2012	August 2012	September 2012	October 2012	November 2012
BEGINNING BALANCE	$ 817,362	$ 1,346,913	$ 830,197	$ 332,888	$ 39,289
RECEIPTS					
Property Taxes	$ 190,785	$ 95,686	$ 12	0	$ 42,108
Other Taxes	8,228	15,403	9,268	5,414	18,923
Licenses, Permits & Franchises	1,614	7,628	2,532	3,740	2,527
Fines, Forfeitures & Penalties	33,107	23,045	11,583	12,622	18,662
Investment and Rental Income	7,953	9,061	7,741	7,954	10,397
Motor Vehicle (VLF) Realignment	19,025	31,760	38,218	27,008	27,103
Sales Taxes - Proposition 172	60,808	51,528	48,556	49,713	60,100
Sales Taxes -1991 Program Realignment	56,732	0	49,401	127,196	57,950
Other Intergovernmental Revenue	106,417	131,944	69,445	68,696	128,408
Charges for Current Services	82,543	233,645	56,676	104,986	114,350
Other Revenue & Tobacco Settlement	57,010	55,917	10,764	29,252	10,429
Transfers & Reimbursements	8,309	68	64	26,593	11,830
Hospital Loan Repayment*	0	28,908	64,866	273,913	20,407
Welfare Advances	235,975	266,594	347,883	379,759	386,926
Other Financing Sources/MHSA	87,363	(320)	10,952	26,184	11,976
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	1,100,000	0	0	0	0
Total Receipts	$ 2,055,869	$ 950,867	$ 727,961	$ 1,143,030	$ 922,096
DISBURSEMENTS					
Welfare Warrants	$ 182,126	$ 207,257	$ 229,790	$ 239,949	$ 222,748
Salaries	395,392	391,636	385,900	384,581	389,151
Employee Benefits	221,487	226,339	155,838	167,247	157,155
Vendor Payments	526,935	417,409	284,267	374,618	266,027
Loans to Hospitals*	0	10,509	56,344	169,433	160,617
Hospital Subsidy Payments	178,016	184,087	109,316	21,305	15,313
Transfer Payments	22,362	30,346	3,815	79,496	18,262
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,526,318	$ 1,467,583	$ 1,225,270	$ 1,436,629	$ 1,229,273
ENDING BALANCE	**$ 1,346,913**	**$ 830,197**	**$ 332,888**	**$ 39,289**	**$ (267,888)**
Borrowable Resources(Avg. Balance)	$ 1,525,334	$ 1,123,337	$ 1,186,943	$ 1,635,585	$ 2,933,305
Total Cash Available	$ 2,872,247	$ 1,953,534	$ 1,519,831	$ 1,674,874	$ 2,665,417

* The net change in the outstanding Hospital Loan Balance is a decrease of $48.85 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	Total 2012-13
$ (267,888)	$ 378,664	$ 291,248	$ 270,061	$ (302,319)	$ 208,117	$ 806,070	
$ 1,021,812	$ 985,321	$ 210,944	$ 8,169	$ 695,798	$ 892,869	$ 133,371	$ 4,276,875
11,815	31,508	8,334	10,925	22,569	9,090	15,577	167,054
2,071	3,160	9,090	10,771	9,208	4,487	4,440	61,268
11,376	11,700	25,211	13,183	17,433	36,688	12,127	226,737
9,938	9,963	8,260	8,366	8,589	7,335	11,548	107,105
27,069	24,562	32,608	26,311	31,519	28,632	21,495	335,310
48,606	47,417	73,779	44,001	45,474	61,972	49,653	641,607
50,876	49,641	77,894	48,765	48,017	65,428	52,422	684,322
353,801	295,257	156,658	166,388	366,733	240,564	203,422	2,287,733
139,002	169,561	88,974	106,040	187,630	106,087	156,876	1,546,370
21,384	48,772	27,905	32,558	129,874	55,284	73,265	552,414
42,973	5,598	9,309	19,247	(95)	13,242	18,185	155,323
225,272	63,655	307,754	0	490,875	162,986	240,037	1,878,673
295,155	324,654	314,398	297,939	300,683	370,776	356,156	3,876,898
48,382	44,582	32,719	25,226	35,591	30,888	34,946	388,489
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,100,000
$ 2,309,532	$ 2,115,351	$ 1,383,837	$ 817,889	$ 2,389,898	$ 2,086,328	$ 1,383,520	$ 18,286,178
$ 216,000	$ 188,607	$ 184,623	$ 241,571	$ 211,739	$ 211,852	$ 247,061	$ 2,583,323
397,851	402,459	393,662	377,947	388,896	375,629	380,795	4,663,899
138,792	491,450	246,070	205,339	237,308	238,350	192,605	2,677,980
324,475	382,967	288,728	312,564	330,759	384,036	330,655	4,223,440
177,089	317,388	178,919	154,054	406,340	212,608	84,222	1,927,523
1,828	0	0	0	8,224	0	0	518,089
4,167	89,896	3,022	43,794	76,196	65,900	61,477	498,733
402,778	330,000	110,000	55,000	220,000	0	0	1,117,778
0	0	0	0	0	0	0	0
$ 1,662,980	$ 2,202,767	$ 1,405,024	$ 1,390,269	$ 1,879,462	$ 1,488,375	$ 1,296,815	$ 18,210,765
$ 378,664	**$ 291,248**	**$ 270,061**	**$ (302,319)**	**$ 208,117**	**$ 806,070**	**$ 892,775**	
5,174,854	$ 3,150,261	$ 1,997,817	$ 2,090,997	$ 4,504,208	$ 2,781,891	$ 1,127,721	
$ 5,553,518	$ 3,441,509	$ 2,267,878	$ 1,788,678	$ 4,712,325	$ 3,587,961	$ 2,020,496	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2013-14
(in thousands of $)

	July 2013	August 2013	September 2013	October 2013	November 2013
BEGINNING BALANCE	$ 892,775	$ 1,194,935	$ 844,344	$ 177,920	$ 43,694
RECEIPTS					
Property Taxes	$ 42,705	$ 94,531	0	$ 1,388	$ 44,241
Other Taxes	24,634	18,209	10,430	14,530	14,301
Licenses, Permits & Franchises	2,798	6,990	2,470	4,437	2,570
Fines, Forfeitures & Penalties	27,025	20,777	11,076	12,229	19,020
Investment and Rental Income	12,178	10,686	8,866	9,142	6,577
Motor Vehicle (VLF) Realignment	0	32,485	43,606	31,384	47,412
Sales Taxes - Proposition 172	60,221	55,156	47,519	56,790	61,134
Sales Taxes - 1991 Program Realignment	63,415	12,899	50,408	59,249	121,794
Other Intergovernmental Revenue	116,189	218,021	166,129	220,412	154,995
Charges for Current Services	96,918	212,745	45,880	159,706	114,498
Other Revenue & Tobacco Settlement	79,743	51,601	24,459	53,587	26,076
Transfers & Reimbursements	11,555	467	1,836	22,934	18,282
Hospital Loan Repayment*	0	102,151	28,709	414,368	265,572
Welfare Advances	329,984	222,520	459,965	506,583	291,480
Other Financing Sources/MHSA	27,204	43,212	474	15,929	60,185
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	1,000,000	0	0	0	0
Total Receipts	$ 1,894,569	$ 1,102,450	$ 901,827	$ 1,582,668	$ 1,248,137
DISBURSEMENTS					
Welfare Warrants	$ 185,465	$ 245,877	$ 188,577	$ 219,486	$ 211,736
Salaries	397,338	390,413	385,469	384,592	388,683
Employee Benefits	230,931	238,344	201,020	246,389	244,276
Vendor Payments	526,994	316,558	349,165	372,656	295,313
Loans to Hospitals*	0	0	297,730	403,058	315,506
Hospital Subsidy Payments	201,867	211,864	140,245	9,216	(162,342)
Transfer Payments	49,814	49,985	6,045	81,497	15,475
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,592,409	$ 1,453,041	$ 1,568,251	$ 1,716,894	$ 1,308,647
ENDING BALANCE	**$ 1,194,935**	**$ 844,344**	**$ 177,920**	**$ 43,694**	**$ (16,816)**
Borrowable Resources (Avg. Balance)	$ 1,090,942	$ 1,085,015	$ 1,163,158	$ 1,637,393	$ 3,185,516
Total Cash Available	$ 2,285,877	$ 1,929,359	$ 1,341,078	$ 1,681,087	$ 3,168,700

* The net change in the outstanding Hospital Loan Balance is a decrease of $231 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2013	January 2014	February 2014	March 2014	April 2014	Estimated May 2014	Estimated June 2014	Total 2013-14
$ (16,816)	$ 358,844	$ 797,772	$ 689,240	$ (6,076)	$ 396,747	$ 779,157	
$ 1,044,377	$ 1,004,008	$ 194,235	$ 11,826	$ 757,203	$ 876,768	$ 103,771	$ 4,175,053
10,198	11,049	31,542	8,054	24,030	8,390	11,723	187,090
3,951	2,632	10,112	5,885	7,068	4,503	4,534	57,950
11,257	11,177	27,640	16,801	13,462	31,142	13,428	215,034
6,492	10,207	8,205	6,617	7,441	7,348	7,192	100,951
24,809	25,311	27,297	30,629	30,979	32,720	22,978	349,611
51,498	50,915	73,037	48,393	46,845	54,556	46,834	652,898
55,879	45,938	66,923	37,739	36,190	49,734	38,595	638,763
266,245	225,840	189,730	170,266	209,704	212,306	156,078	2,305,915
129,125	142,290	121,664	124,423	104,106	159,018	134,502	1,544,875
24,191	36,672	36,434	29,574	88,157	36,454	31,173	518,121
43,363	3,475	9,465	8,533	8,702	8,398	19,805	156,815
139,496	333,068	137,663	0	428,330	152,182	358,692	2,360,231
421,891	366,885	362,837	274,824	458,467	260,386	269,446	4,225,269
1,579	38,430	45,916	0	60,026	33,331	37,572	363,858
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,000,000
$ 2,234,351	$ 2,307,897	$ 1,342,700	$ 773,564	$ 2,280,710	$ 1,927,238	$ 1,256,324	$ 18,852,435
$ 213,680	$ 215,706	$ 212,626	$ 219,445	$ 221,001	$ 240,310	$ 228,910	$ 2,602,819
398,620	410,549	404,087	402,616	404,295	395,449	398,325	4,760,436
230,595	258,833	252,651	273,150	218,947	305,322	233,813	2,934,271
434,934	357,425	294,949	359,942	366,767	350,977	300,814	4,326,494
274,611	247,142	182,493	158,827	367,382	186,585	157,910	2,591,244
(68,627)	(92)	0	0	21,700	0	0	353,831
8,988	79,406	2,405	4,900	77,795	66,185	5,424	447,920
365,890	300,000	102,021	50,000	200,000	0	0	1,017,911
0	0	0	0	0	0	0	0
$ 1,858,691	$ 1,868,969	$ 1,451,232	$ 1,468,880	$ 1,877,887	$ 1,544,828	$ 1,325,196	$ 19,034,925
$ 358,844	**$ 797,772**	**$ 689,240**	**$ (6,076)**	**$ 396,747**	**$ 779,157**	**$ 710,284**	
5,582,245	$ 3,225,772	$ 2,164,412	$ 2,359,184	$ 4,903,834	$ 2,921,464	$ 1,455,025	
$ 5,941,089	$ 4,023,544	$ 2,853,652	$ 2,353,108	$ 5,300,581	$ 3,700,621	$ 2,165,309	

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of government buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2013, approximately $1.622 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $485 million of the outstanding debt. Revenues from special districts, special funds and Hospital Enterprise Funds secure the remaining $1.137 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2013-14.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2013-14 Payments

Funding Source	2013-14 Payment
Total 2013-14 Payment Obligations	$163,661,451
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	63,028,144
Courthouse Construction Funds	27,324,194
Special Districts/Special Funds	5,218,114
Net 2013-14 General Fund Obligations	$68,090,999

Source: Los Angeles County Auditor-Controller

The principal amount of the County's outstanding intermediate and long-term debt obligations decreased to $1.554 billion as of May 1, 2014, which includes debt issuance and repayment activity in Fiscal Year 2013-14. An additional $700 million in TRANs, $49.0 million in Bond Anticipation Notes, and $393.0 million in tax-exempt commercial paper and direct placement revolving notes were also outstanding as of May 1, 2014. The following table summarizes the outstanding General County debt and note obligations.

SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2014 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$700,000
Bond Anticipation Notes	49,000
Tax-Exempt Commercial Paper	393,000
Intermediate & Long-Term Obligations	1,553,975
Total Outstanding Principal	$2,695,975

Source: Los Angeles County Treasurer and Tax Collector and Auditor-Controller

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 14, 2013, the County issued $1.0 billion of 2013-14 TRANs on July 1, 2013, with two tranches: $300.0 million due February 28, 2014 and $700.0 million due June 30, 2014. The 2013-14 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2013-14, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2013-14 Tax and Revenue Anticipation Notes" of this Appendix A. The deposit obligations to the Repayment Fund for the 2013-14 TRANs have been satisfied.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2014, $49.0 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before July 1, 2014.

Lease Revenue Note Program

In April 2013, the County restructured and expanded its Lease Revenue Commercial Paper Program. Under the new Lease Revenue Note Program (the "Note Program"), the County increased the maximum authorized principal amount from $400 million to $600 million. The short-term lease revenue notes issued through the Note Program will continue to finance construction costs on various capital projects throughout the County. The Note Program consists of three Irrevocable, Direct-Pay Letters of Credit ("LOC") in the aggregate principal amount of $450 million issued by JP Morgan (Series A - $150 million), U.S. Bank (Series B - $100 million) and Wells Fargo (Series C - $200 million); and a Direct Placement Revolving Credit Facility with Bank of America (Series D - $150 million). The Note Program will continue to be secured by a lease-revenue financing structure between LAC-CAL and the County, and the same portfolio of twenty-five County-owned properties pledged as collateral to secure the credit facilities. The four credit agreements, which are scheduled to terminate on April 18, 2016, provide credit enhancement and liquidity facilities to support the issuance of tax-exempt, taxable and 501c(3) eligible commercial paper and short-term direct placement revolving notes. As of May 1, 2014, $393 million of tax-exempt commercial paper and direct placement revolving notes are outstanding. The Note Program provides 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 will eventually be refinanced with the issuance of long-term bonds upon completion.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2013, approximately $1.6 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The 2013-14 Final Adopted Budget contains sufficient appropriations to fund the County's payment obligations in Fiscal Year 2013-14. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Property Tax Roll") increased from 0.127% in Fiscal Year 2012-13 to 0.144% in Fiscal Year 2013-14. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Property Tax Roll over the past ten years.

COUNTY OF LOS ANGELES
OUTSTANDING DEBT TO ASSESSED VALUATION AS OF JULY 1

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
2004-05	$2,785,149,946	$749,156,125,470	0.372%
2005-06	2,387,949,433	823,746,755,234	0.290%
2006-07	1,786,504,365	913,572,838,291	0.196%
2007-08	1,441,826,104	997,789,741,224	0.145%
2008-09	1,180,113,183	1,067,594,451,410	0.111%
2009-10	972,937,056	1,062,174,404,954	0.092%
2010-11	805,297,030	1,042,339,975,681	0.077%
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%

Source: Los Angeles County Assessor and Auditor-Controller

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual Tobacco Settlement Revenues (the "TSRs") paid by the tobacco companies participating in the Master Settlement Agreement. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

DPSS Operating Leases

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate building construction required for the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations decreased to $260.0 million as of May 1, 2014 due to repayment activity in Fiscal Year 2013-14.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2013

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF May 1, 2014

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2013

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2013-14	68,090,998	63,028,144	27,324,194	5,218,114	163,661,451
2014-15	70,021,480	65,957,535	26,513,038	4,916,449	167,408,502
2015-16	53,942,057	68,342,886	25,635,249	5,450,204	153,370,396
2016-17	43,951,208	57,364,871	21,865,780	5,518,936	128,700,795
2017-18	40,644,871	50,461,957	16,975,475	5,589,701	113,672,004
2018-19	41,455,314	50,467,524	16,976,475	5,661,666	114,560,979
2019-20	42,286,836	50,471,921	16,965,725	5,738,989	115,463,470
2020-21	42,225,703	50,429,239	16,957,350	5,811,030	115,423,321
2021-22	43,128,172	50,423,184	16,954,300	5,891,477	116,397,133
2022-23	44,068,146	50,420,052	16,951,625	1,964,679	113,404,502
2023-24	21,336,851	50,410,165	16,943,875	1,964,399	90,655,290
2024-25	21,329,246	50,403,888	16,933,500	1,964,880	90,631,514
2025-26	21,324,622	50,395,048	16,929,000	1,964,679	90,613,349
2026-27	21,319,857	50,391,691	16,918,875	1,965,037	90,595,460
2027-28	21,231,392	50,383,353	16,906,750	1,964,948	90,486,442
2028-29	20,926,862	50,371,753	16,905,750	1,964,757	90,169,122
2029-30	20,706,986	50,364,260	16,893,613	1,964,791	89,929,649
2030-31	20,699,541	50,345,701	9,432,600	1,964,040	82,441,882
2031-32	20,692,657	50,341,280	9,431,488	1,964,600	82,430,025
2032-33	20,686,831	50,331,926	6,918,000	1,964,522	79,901,279
2033-34	20,678,510	50,315,721	6,918,750	1,964,130	79,877,110
2034-35	20,671,547	50,309,705	-	1,964,544	72,945,796
2035-36	20,663,546	50,294,766	-	1,964,230	72,922,543
2036-37	20,654,663	50,283,745	-	1,964,430	72,902,838
2037-38	20,647,344	50,278,866	-	1,965,008	72,891,219
2038-39	20,637,744	50,259,691	-	1,964,508	72,861,944
2039-40	20,630,169	50,246,289	-	1,964,284	72,840,743
2040-41	20,621,310	50,237,761	-	1,964,726	72,823,797
2041-42	-	19,945,100	-	1,964,300	21,909,400
2042-43	-	19,948,218	-	1,964,607	21,912,825
Total	$ 865,274,464	$ 1,503,226,238	$ 354,251,413	$ 91,052,666	$ 2,813,804,779

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2013

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2013-14	484,873,320	841,724,907	239,074,099	56,470,000	1,622,142,327
2014-15	447,567,848	821,829,997	223,014,357	54,297,828	1,546,710,029
2015-16	407,533,243	793,696,326	207,011,017	51,919,931	1,460,160,517
2016-17	383,051,657	761,775,789	191,140,940	48,892,308	1,384,860,693
2017-18	368,611,095	739,556,802	178,385,000	45,668,167	1,332,221,064
2018-19	357,889,063	723,352,176	170,020,000	42,241,165	1,293,502,404
2019-20	346,866,443	706,347,922	161,225,000	38,597,265	1,253,036,630
2020-21	335,526,942	688,476,303	151,990,000	34,717,435	1,210,710,679
2021-22	316,534,023	669,817,455	142,290,000	30,570,777	1,159,212,255
2022-23	287,603,559	650,368,047	132,110,000	26,135,498	1,096,217,104
2023-24	256,372,302	630,069,623	121,425,000	25,404,357	1,033,271,281
2024-25	246,679,815	608,863,906	110,200,000	24,636,008	990,379,729
2025-26	236,566,357	586,643,269	98,410,000	23,827,763	945,447,389
2026-27	225,981,235	563,319,690	86,020,000	22,978,277	898,299,202
2027-28	214,900,089	538,830,160	73,005,000	22,084,859	848,820,108
2028-29	203,377,909	513,114,829	59,335,000	21,145,717	796,973,455
2029-30	191,606,152	486,115,239	44,965,000	20,158,609	742,845,000
2030-31	179,476,720	457,762,435	29,895,000	19,120,845	686,255,000
2031-32	166,749,828	427,999,539	21,735,000	18,030,633	634,515,000
2032-33	153,395,098	396,740,964	13,170,000	16,883,939	580,190,000
2033-34	139,380,124	363,916,356	6,750,000	15,678,519	525,725,000
2034-35	124,674,529	329,453,785	-	14,411,686	468,540,000
2035-36	109,235,780	293,295,333	-	13,083,887	415,615,000
2036-37	93,021,347	255,401,290	-	11,697,363	360,120,000
2037-38	75,992,750	215,683,273	-	10,248,977	301,925,000
2038-39	58,166,190	174,133,219	-	8,735,591	241,035,000
2039-40	39,576,097	130,747,077	-	7,151,826	177,475,000
2040-41	20,198,169	85,416,324	-	5,490,508	111,105,000
2041-42	-	38,047,845	-	3,747,155	41,795,000
2042-43	-	19,481,371	-	1,918,629	21,400,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2013

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 13,830,000	$ 13,830,000			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,060,121			$ 1,060,121	
Sheriffs Training Academy	875,155	875,155			
San Fernando Court	1,465,824			1,465,824	
Total 2002 Lease Rev Bonds Ser B	$ 3,401,100	$ 875,155	$ 0	$ 2,525,945	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 769,641	$ 769,641			
Alhambra Courthouse	580,471			$ 580,471	
Burbank Courthouse	758,838			758,838	
Ameron Building (Sheriff Headquarters)	2,499,772	2,499,772			
Biscailuz Center	224,699	224,699			
Emergency Operations Center	1,958,551	1,958,551			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	1,484,907		$ 1,484,907		
Martin Luther King Medical Center - Trauma Center	6,208,619		6,208,619		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	102,987		102,987		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,383,663		4,383,663		
Rancho Los Amigos Medical Center - Parking Structure	1,637,827		1,637,827		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	688,139		688,139		
San Fernando Valley Juvenile Hall	971,631	971,631			
LAC/USC Medical Center Marengo Street Parking Garage	2,592,333		2,592,333		
LAX Area Courthouse	6,916,272			6,916,272	
San Fernando Valley Courthouse (Chatsworth)	5,486,174			5,486,174	
Total 2005 Lease Rev Refg Bonds Ser A	$ 37,264,525	$ 6,424,293	$ 17,098,477	$ 13,741,756	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,347,721				$ 3,347,721
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,191,313			$ 1,191,313	
Lynwood Regional Justice Center	10,395,525	$ 10,395,525			
Men's Central Jail - Twin Towers	9,807,275	9,807,275			
Van Nuys Courthouse	2,945,850			2,945,850	
Total 2006 Lease Rev Refg Bonds Ser A	$ 24,339,963	$ 20,202,800	$ 0	$ 4,137,163	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 6,919,331			$ 6,919,331	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 183,412	$ 183,412			
Patriotic Hall Renovation	296,178	296,178			
Olive View Medical Center ER/TB Unit	341,274		$ 341,274		
Olive View Medical Center Seismic	140,591		140,591		
Harbor/UCLA Surgery/ Emergency	2,138,582		2,138,582		
Harbor/UCLA Seismic Retrofit	329,778		329,778		
Hall of Justice Rehabilitation	1,529,022	1,529,022			
Total 2010 Multiple Capital Projects I, Series A	$ 4,958,837	$ 2,008,612	$ 2,950,226	$ 0	$ 0
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,166,023	$ 1,166,023			
Patriotic Hall Renovation	1,882,916	1,882,916			
Olive View Medical Center ER/TB Unit	2,169,611		$ 2,169,611		
Olive View Medical Center Seismic	893,795		893,795		
Harbor/UCLA Surgery/ Emergency	13,595,795		13,595,795		
Harbor/UCLA Seismic Retrofit	2,096,529		2,096,529		
Hall of Justice Rehabilitation	9,720,589	9,720,589			
Total 2010 Multiple Capital Projects I, Series B	$ 31,525,258	$ 12,769,528	$ 18,755,731	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 1,598,681	$ 1,598,681			
2012 Refg COPs: Disney Parking Project	$ 2,533,750	$ 2,533,750			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,418,306		$ 8,418,306		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,247,825		10,247,825		
Martin Luther King Jr. Data Center	325,459		325,459		
Fire Station 128	282,741				$ 282,741
Fire Station 132	457,303				457,303
Fire Station 150	709,311			`	709,311
Fire Station 156	421,038				421,038
Total 2012 Multiple Capital Projects II, Series 2012	$ 20,861,984	$ 0	$ 18,991,591	$ 0	$ 1,870,393
Total Long-Term Obligations	$ 150,581,151	$ 60,242,818	$ 57,796,024	$ 27,324,194	$ 5,218,114
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 13,080,300	$ 7,848,180	$ 5,232,120		
Total Intermediate-Term Obligations	$ 13,080,300	$ 7,848,180	$ 5,232,120	$ 0	$ 0
Total Obligations	$ 163,661,451	$ 68,090,998	$ 63,028,144	$ 27,324,194	$ 5,218,114

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2013

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 23,842,515	$ 23,842,515			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 3,760,656			$ 3,760,656	
Sheriffs Training Academy	3,104,508	$ 3,104,508			
San Fernando Court	5,199,837			5,199,837	
Total 2002 Lease Rev Bonds Ser B	$ 12,065,000	$ 3,104,508	$ 0	$ 8,960,492	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 1,683,495	$ 1,683,495			
Alhambra Courthouse	1,490,217			$ 1,490,217	
Burbank Courthouse	2,755,450			2,755,450	
Ameron Building (Sheriff Headquarters)	3,846,005	3,846,005			
Biscailuz Center	341,733	341,733			
Emergency Operations Center	3,663,967	3,663,967			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	3,590,438		$ 3,590,438		
Martin Luther King Medical Center - Trauma Center	19,849,497		19,849,497		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	207,264		207,264		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	12,402,901		12,402,901		
Rancho Los Amigos Medical Center - Parking Structure	4,629,544		4,629,544		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	1,365,968		1,365,968		
San Fernando Valley Juvenile Hall	2,403,654	2,403,654			
LAC/USC Medical Center Marengo Street Parking Garage	7,331,926		7,331,926		
LAX Area Courthouse	68,948,745			68,948,745	
San Fernando Valley Courthouse (Chatsworth)	54,604,195			54,604,195	
Total 2005 Lease Rev Refg Bonds Ser A	$ 189,115,000	$ 11,938,855	$ 49,377,538	$ 127,798,607	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 26,040,000				$ 26,040,000
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 4,005,000			$ 4,005,000	
Lynwood Regional Justice Center	22,565,000	$ 22,565,000			
Men's Central Jail - Twin Towers	21,350,000	21,350,000			
Van Nuys Courthouse	7,860,000			7,860,000	
Total 2006 Lease Rev Refg Bonds Ser A	$ 55,780,000	$ 43,915,000	$ 0	$ 11,865,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 90,450,000			$ 90,450,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,805,955	$ 3,805,955			
Patriotic Hall Renovation	6,145,932	6,145,932			
Olive View Medical Center ER/TB Unit	7,081,718		$ 7,081,718		
Olive View Medical Center Seismic	2,917,390		2,917,390		
Harbor/UCLA Surgery/ Emergency	44,377,348		44,377,348		
Harbor/UCLA Seismic Retrofit	6,843,176		6,843,176		
Hall of Justice Rehabilitation	31,728,482	31,728,482			
Total 2010 Multiple Capital Projects I, Series A	$ 102,900,000	$ 41,680,368	$ 61,219,632	$ 0	$ 0
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Olive View Medical Center ER/TB Unit	47,349,441		$ 47,349,441		
Olive View Medical Center Seismic	19,506,113		19,506,113		
Harbor/UCLA Surgery/ Emergency	296,713,674		296,713,674		
Harbor/UCLA Seismic Retrofit	45,754,510		45,754,510		
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Total 2010 Multiple Capital Projects I, Series B	$ 688,005,000	$ 278,681,262	$ 409,323,738	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 11,799,812	$ 11,799,812			
2012 Refg COPs: Disney Parking Project	$ 50,675,000	$ 50,675,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 136,960,000		$ 136,960,000		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	166,725,000		166,725,000		
Martin Luther King Jr. Data Center	5,295,000		5,295,000		
Fire Station 128	4,600,000				$ 4,600,000
Fire Station 132	7,440,000				7,440,000
Fire Station 150	11,540,000				11,540,000
Fire Station 156	6,850,000				6,850,000
Total 2012 Multiple Capital Projects II, Series 2012	$ 339,410,000	$ 0	$ 308,980,000	$ 0	$ 30,430,000
Total Long-Term Obligations	$ 1,590,082,327	$ 465,637,320	$ 828,900,907	$ 239,074,099	$ 56,470,000
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 32,060,000	$ 19,236,000	$ 12,824,000		
Total Intermediate-Term Obligations	$ 32,060,000	$ 19,236,000	$ 12,824,000	$ 0	$ 0
Total Obligations	$ 1,622,142,327	$ 484,873,320	$ 841,724,907	$ 239,074,099	$ 56,470,000

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF MAY 1, 2014

Title	Outstanding Principal	Total Future Payments		2013-14 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 20,437,430	$ 108,015,000		$ 0
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	9,305,000	10,443,200		279,150
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	160,345,000	218,894,550		3,908,378
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	26,040,000	32,081,786		2,756,361
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	33,450,000	34,646,544		0
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	87,820,000	138,370,391		0
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	102,900,000	118,704,794		0
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,262,075,452	(1)	0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	10,317,599	10,959,550	(1)	0
2012 Refg COPs: Disney Parking Project	50,675,000	70,965,500		0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	339,330,000	630,291,250		0
Total Long-Term Obligations	$ 1,528,625,029	$ 2,635,448,016		$ 6,943,888
Intermediate-Term Obligations				
Equipment				
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 25,350,000	$ 27,324,025		$ 5,684,825
Total Intermediate-Term Obligations	$ 25,350,000	$ 27,324,025		$ 5,684,825
Total Obligations	$ 1,553,975,029	$ 2,662,772,041		$ 12,628,713

COPs = Certificates of Participation

(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2014
Full Cash Value (2013-14): $1,002,929,749,280 (after deducting $150,188,266,124 redevelopment incremental valuation; including unitary utility valuation)

	Applicable %		Debt as of 5/1/14	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT				
Los Angeles County Flood Control District	100.000 %	$	17,480,000	
Metropolitan Water District	48.548		64,216,867	
Los Angeles Community College District	100.000		3,642,560,000	
Other Community College Districts	Various (1)		2,404,800,489	
Arcadia Unified School District	100.000		165,906,030	
Beverly Hills Unified School District	100.000		212,000,399	
Glendale Unified School District	100.000		158,699,986	
Long Beach Unified School District	100.000		536,547,292	
Los Angeles Unified School District	100.000		10,618,110,000	
Pasadena Unified School District	100.000		360,460,000	
Pomona Unified School District	100.000		202,359,426	
Redondo Beach Unified School District	100.000		205,432,952	
Santa Monica-Malibu Unified School District	100.000		291,068,787	
Torrance Unified School District	100.000		269,613,018	
Other Unified School Districts	Various (1)		2,875,114,367	
High School and School Districts	Various (1)		1,843,704,606	
City of Los Angeles	100.000		991,940,000	
City of Industry	100.000		126,265,000	
Other Cities	100.000		79,085,000	
Palmdale Water District Water Revenue Bonds	100.000		55,742,931	(2)
Palos Verdes Library District	100.000		3,530,000	
Community Facilities Districts	100.000		764,689,023	
Los Angeles County Regional Park & Open Space Assessment District	100.000		113,615,000	
1915 Act and Benefit Assessment Bonds - Estimate	100.000		108,422,262	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$	26,111,363,435	
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues			(35,675,475)	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			26,075,687,960	
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT				
Los Angeles County General Fund Obligations	**100.000 %**	**$**	**1,814,000,030**	
Los Angeles County Office of Education Certificates of Participation	100.000		9,529,882	
Community College District Certificates of Participation	Various (3)		50,047,729	
Baldwin Park Unified School District Certificates of Participation	100.000		40,875,000	
Compton Unified School District Certificates of Participation	100.000		26,675,000	
Los Angeles Unified School District Certificates of Participation	100.000		365,858,657	
Paramount Unified School District Certificates of Participation	100.000		27,375,213	
Other Unified School District Certificates of Participation	Various (3)		140,163,255	
High School and Elementary School District General Fund Obligations	Various (3)		140,798,894	
City of Beverly Hills General Fund Obligations	100.000		188,260,000	
City of Los Angeles General Fund and Judgment Obligations	100.000		1,773,605,479	
City of Long Beach General Fund Obligations	100.000		173,790,000	
City of Long Beach Pension Obligations	100.000		45,675,000	
City of Pasadena General Fund Obligations	100.000		483,196,382	
City of Pasadena Pension Obligations	100.000		133,905,000	
Other Cities' General Fund Obligations	100.000		1,302,465,161	
Los Angeles County Sanitation Districts Financing Authority	100.000		205,563,658	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	6,921,784,340	
Less: **Los Angeles County Lease Revenue Bonds supported by landfill revenues**			**(5,491,835)**	
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds			(5,052,000)	
Cities' self-supporting bonds			(523,774,229)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	6,387,466,276	
OVERLAPPING TAX INCREMENT DEBT: (Successor Agency):		$	4,603,503,989	
TOTAL GROSS DIRECT DEBT		$	1,814,000,030	
TOTAL NET DIRECT DEBT		$	1,808,508,195	
TOTAL GROSS OVERLAPPING DEBT		$	35,822,651,734	
TOTAL NET OVERLAPPING DEBT		$	35,258,150,030	
GROSS COMBINED TOTAL DEBT		$	37,636,651,764	(4)
NET COMBINED TOTAL DEBT		$	37,066,658,225	

(1) 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.
(2) Palmdale Water District Water Revenue Bonds are partially supported by the 1% ad valorem property tax levy
(3) 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.
(4) 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.

RATIOS TO 2013-14 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	2.28 %
Total Net Overlapping Tax and Assessment Debt	2.28 %
Gross Combined Direct Debt ($1,814,000,030)	0.16 %
Net Combined Direct Debt ($1,808,508,195)	0.16 %
Gross Combined Total Debt	3.26 %
Net Combined Total Debt	3.21 %
Ratios to Redevelopment Incremental Valuation ($150,188,266,124):	
Total Overlapping Tax Increment Debt	3.07 %

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2013 Gross Product of $583.9 billion, Los Angeles County's economy is larger than that of 43 states and all but 20 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. While still working through the effects of a severe recession, the County's economy experienced continued growth in 2013, with an increase of 1.1% in economic output (as measured by Gross Product), a 1.8% increase in personal income and a 2.9% increase in taxable retail sales. The economic recovery is expected to continue in 2014, with several sectors of the local economy experiencing growth.

The County's unemployment rate averaged 9.8% in 2013, which represents an improvement from its 2012 unemployment rate of 11%. In 2014 and 2015, the job market is expected to show continued improvement, with a projected decline in the unemployment rate to 8.7% and 7.8%, respectively. The significant job losses which occurred during the recession of 2008 and 2009 were partially offset by the positive impact of major public and private construction projects. With over $16 billion in voter-approved general obligation bond measures, historically low interest rates and cost-effective financing programs and incentives provided by the Federal government, local governments and school and community college districts have undertaken major capital construction projects.

The increase in sales tax revenue ensuing from the 2008 voter-approved Measure R provides funding for major highway and transit projects that are currently underway throughout the County. In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach), the expansion of the Bradley International Terminal at the Los Angeles International Airport ("LAX"), and the expansion of the Metro Light Rail System have provided continued support to an improving job market in the County.

In terms of its industrial base, diversity continues to be the County's greatest strength, with wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and the Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with over 360,800 workers employed in this sector in 2013. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked as the eighth largest among the world's port facilities. The County's technology sector, which employed 186,400 in 2013, has become a large and growing source of highly compensated jobs in the local economy.

Quality of Life

Higher Education

The County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental College and Claremont College; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

The County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios, video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.

The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. The County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

The County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, and the Huntington Library. Construction on the new Broad Museum of Contemporary Art is underway with an expected completion date in late 2014. The 3-story structure is located adjacent to the iconic Walt Disney Concert Hall, and will further strengthen and help establish downtown Los Angeles as a premiere cultural destination on the west coast.

Recreation

With its geographic size, location, topography, mild climate, and an average of 329 days of sunshine per year, Los Angeles County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 31 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade and Rose Bowl game, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, BCS College Football National Championship, and the Super Bowl.

Population

The County is the most populous county in the U.S. with over 10 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 26.2% of the total population of California. The demographic profile of the County indicates that 48.2% of the population is Hispanic and 51.8% non-Hispanic. 27.3% of the County's population are White, 14.9% are Asian-Pacific Islander, and 9.3% are African American. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 97 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 76.4% of the adult population has a high school diploma or higher, and 29.5% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

The recent economic downturn, which started in late 2007, affected the entire nation and had a significant adverse impact on the local economy. The unemployment rate climbed to 12.6% in 2010, but gradually decreased over the last three years to 9.8% in 2013. In comparison, the average unemployment rates for the State of California and the nation in 2013 were 8.9% and 7.4%, respectively. The employment situation in the County showed signs of improvement in 2013, with estimated total net job growth of 61,600 among the various sectors of the local economy. In 2014, total non-farm employment is projected to grow by 1.6% (61,900 jobs), resulting in a lower unemployment rate of 8.7%. Table F details the non-agricultural employment statistics by sector for the County from 2009 through 2013.

Personal Income

Total personal income grew in the County by an estimated 1.8% in 2013. The 2013 total personal income of $451.1 billion represents an estimated 24.9% of the total personal income generated in California. The Los Angeles Economic Development Corporation ("LAEDC") is projecting continued growth in personal income of 4.5% for 2014 and 4.7% for 2015. Table C provides a summary of the personal income statistics for the County from 2009 through 2013.

Consumer Spending

The County is a national leader in consumer spending. As forecasted by LAEDC, the County experienced a 2.9% increase in taxable retail sales in 2013, with continued growth of 3.8% projected for 2014. The forecasted $101.2 billion of taxable retail sales in the County in 2013 represents over 25.6% of the total retail sales in California. Table D provides a summary of taxable retail sales activity in the County from 2009 through 2013.

Industry

With an estimated annual economic output of $583.9 billion in 2013, the County continues to rank among the world's largest economies. The County's 2013 Gross Product represents approximately 28.1% of the total economic output in California and 3.5% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2009 through 2013.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $431.7 billion in 2008. After suffering a substantial decrease in 2009, the value of two-way trade in the LACD has experienced strong growth over the last several years. From 2009 to 2012, the value of two-way trade at LACD increased by 43.4% which surpassed the record level attained in 2008. LACD continued this trend in 2013, handling approximately $503.1 billion worth of international trade, which represents a 3.1% increase from 2012. Based on the latest LAEDC projections, international trade is expected to exceed $510 billion in 2014, with continued growth projected for 2015. The LACD maintained its ranking as the top customs district in the nation for international trade in 2013, with China, Japan, South Korea, Taiwan and Thailand being the top trading partners. The LAEDC has projected an increase of 3% for 2014 in the value of international trade handled through the LACD.

Transportation/Infrastructure

The County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the sixth busiest airport in the world and third in the United States for passenger traffic. In 2013, LAX served 66.7 million passengers, representing a 4.7% increase from the previous year. The 1.9 million tons of air cargo handled at LAX in 2013, and the corresponding value of $86.9 billion, represents a decrease of 1.9% from 2012 levels. A $4.1 billion capital improvement project is currently underway at LAX, which is expected to generate approximately 40,000 local jobs. Long Beach Airport just completed the construction of a new 74,000 square feet passenger concourse at a cost of $45 million, which is projected to increase the airport's passenger levels over the next few years. Bob Hope Airport is in the planning stage of replacing its passenger concourse with a new state of the art facility. Construction is scheduled to begin on the new concourse in 2016.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been the fastest growing port facility in the United States, and are the busiest port complex in the U.S. and western hemisphere, and the eighth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. In 2013, the port complex experienced a 3.4% increase in the volume of cargo from 2012, and is projecting continued growth in 2014 and 2015.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2013, it was ranked as the busiest container port in the United States for the thirteenth consecutive year, and the sixteenth busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 24 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2013, the Port handled over 7.9 million TEUs, which represents a 2.5% decrease in container volume from 2012.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the twenty-third busiest in the world in 2012. The Port of Long Beach covers over 3,200 acres with 10 separate piers, 80 berths, 66 cranes and 22 shipping terminals. In 2013, the port handled over 6.7 million TEUs of container cargo, which represents a increase of 11.7% from 2012.

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for the County. The Fiscal Year 2013-14 operating budget for the MTA is $5.0 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2013, the Los Angeles region hosted a record high 28.5 million overnight visitors, representing a 2.2% increase from 2012. The newly built hotels in downtown Los Angeles and Hollywood are attracting business as well as leisure travelers to the County. According to the Los Angeles Convention and Visitors Bureau, the Los Angeles region was the third ranked destination for overseas visitors in 2013, with tourists and business travelers spending in excess of $17 billion.

Real Estate and Construction

The County's residential housing market experienced a significant downturn starting in late 2007. The average median price for new and existing homes decreased by nearly 46% from a peak of $532,281 in 2007 to a cyclical low of $290,015 in January 2012. However, the real estate market stabilized in 2012, and began to show signs of a recovery, as the average median home price increased by 17.0% from the first quarter to the fourth quarter of 2012 ($301,239 to $352,544). In 2013, the real estate market experienced continued growth, as the average median home price increased by 22.1% to $430,343 in the fourth quarter of 2013. After a record high of 105,433 in 2009, notices of default recorded decreased by 80% to 20,970 in 2013, and have leveled off at a rate of approximately 1,750 per month over the previous year. Foreclosures, as measured by the number of trustees deeds recorded, decreased by over 82% from a cyclical high of 39,774 in 2008 to 7,248 in 2013. The number of trustees deeds recorded in 2013 represents a 58% decrease from the 17,123 recorded in 2012. The positive foreclosure trend accelerated in 2013, as the number of trustees deeds recorded was only 1,448 in the Fourth quarter of 2013. The County's residential real estate market is expected to show continued improvement in 2014.

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained relatively stable assessed valuations. The stability of the property tax base is primarily due to the significant amount "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2013-14, the County Assessor reported a Net Local Roll of $1.13 trillion, which represents a 4.7% increase from the Net Local Roll of $1.08 trillion in Fiscal Year 2012-13. The Net Local Roll in Fiscal Year 2013-14 represents an 8.4% increase from Fiscal Year 2010-11, and the third consecutive year of assessed valuation growth after the recent economic downturn.

The commercial real estate sector experienced modest improvement in 2013, which is expected to continue in 2014. Construction lending experienced a significant increase of 39% from $4.601 billion in 2012 to $6.379 billion in 2013. Office market vacancy rates were essentially unchanged from 2012 to 2013, with the average vacancy rate increasing slightly from 16.7% to 16.9%, which is still significantly higher than the 9.7% rate in 2007, prior to the severe economic downturn. Industrial market vacancy rates experienced continued improvement in 2013, decreasing from 2.1% in 2012 to 1.9% in 2013, which is slightly higher than the 1.5% vacancy rate in 2007. A Korean conglomerate has broken ground on a new skyscraper in Downtown Los Angeles, which will become the tallest building in the western United States when completed in 2017. The 73-story, 1,100-foot tall structure, which will include a hotel, office space and condos, represents a $1.1 billion private investment in an area of the County that is currently experiencing robust growth and development.

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2009	2010	2011	2012	2013
Los Angeles County	$530,021	$543,740	$557,500	$577,500	$583,900
State of California	1,847,044	1,901,072	1,958,900	2,045,700	2,075,500
United States	13,939,000	14,526,500	15,094,000	15,653,370	16,724,300
Los Angeles County as a % of California	28.70%	28.60%	28.46%	28.23%	28.13%

Source: Los Angeles Economic Development Corporation - 2013-14 Economic Forecast and Industry Outlook February 2014

TABLE B: POPULATION LEVELS

	2009	2010	2011	2012	2013
Los Angeles County	9,805,200	9,825,100	9,860,900	9,945,000	10,019,400
State of California	37,077,200	37,309,400	37,570,100	37,826,400	38,204,600
Los Angeles County as a % of California	26.45%	26.33%	26.25%	26.29%	26.23%

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2009	2010	2011	2012	2013
Los Angeles County	$394,900	$404,000	$424,800	$443,100	$451,100
Orange County	145,900	147,200	154,800	161,700	165,100
Riverside and San Bernardino Counties	123,200	126,300	133,800	138,800	141,800
Ventura County	36,000	37,000	39,300	40,800	42,400
State of California	1,536,400	1,579,100	1,683,200	1,768,000	1,810,500
Los Angeles County as a % of California	25.70%	25.58%	25.24%	25.06%	24.92%

Source: Los Angeles Economic Development Corporation - 2013-2014 Mid-Year Economic Forecast and Industry Outlook February 2014

TABLE D: TAXABLE RETAIL SALES IN LOS ANGELES COUNTY (in millions of $)

	2009	2010	2011	2012	2013
Los Angeles County	$78,400	$82,200	$89,300	$98,400	$101,200
State of California	311,200	326,800	355,500	379,000	395,900
Los Angeles County as a % of California	25.19%	25.15%	25.12%	25.96%	25.56%

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE E: UNEMPLOYMENT RATES

	2009	2010	2011	2012	2013
Los Angeles County	11.6%	12.6%	12.3%	11.0%	9.8%
State of California	11.3%	12.4%	11.8%	10.5%	8.9%
United States	9.3%	9.6%	8.9%	8.1%	7.4%

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2009	2010	2011	2012	2013
Government	595.8	579.6	565.5	556.8	550.0
Wholesale & Retail Trade	591.5	588.7	595.9	607.7	610.3
Health Care & Social Assistance	404.6	410.9	419.2	428.2	437.4
Manufacturing	389.2	373.2	366.8	365.7	360.8
Leisure & Hospitality	385.6	384.8	394.6	414.1	433.0
Professional, Scientific & Technical Services	250.2	245.6	255.3	267.0	276.8
Administrative & Support Services	225.3	228.7	232.4	244.1	253.6
Information	191.2	191.5	191.9	190.3	193.9
Transportation & Utilities	151.2	150.6	151.8	154.3	153.9
Finance & Insurance	142.3	137.8	136.8	138.6	140.2
Construction	117.3	104.5	105.0	108.8	116.2
Educational Services	110.1	111.1	114.2	116.1	122.0
Real Estate	73.8	71.7	71.6	71.7	75.4
Management of Enterprises	54.4	53.2	55.3	56.1	57.0
Other	140.8	141.4	142.2	144.8	145.4
Total	3,823.3	3,773.3	3,798.5	3,864.3	3,925.9

Source: Los Angeles Economic Development Corporation - 2013-2014 Economic Forecast and Industry Outlook February 2014

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2009	2010	2011	2012	2013
International Air Cargo (Tons)					
Los Angeles International Airport	916.0	1,125.2	1,080.7	1,135.8	1,119.0
As Percentage of Total Air Cargo	50.98%	67.63%	57.80%	57.85%	58.10%
Total Air Cargo (Tons)					
Los Angeles International Airport	1,796.5	1,663.9	1,869.6	1,963.2	1,926.1
Long Beach Airport	35.1	29.0	28.2	27.0	26.9
Bob Hope Airport (Burbank)	42.9	44.4	43.9	47.4	52.9
Total	1,874.5	1,737.2	1,941.8	2,037.6	2,005.8
International Air Passengers					
Los Angeles International Airport	15,100.9	15,936.0	16,731.3	17,152.9	17,852.1
As Percentage of Total Passengers	26.72%	26.98%	27.05%	26.93%	26.78%
Total Air Passengers					
Los Angeles International Airport	56,520.9	59,070.1	61,862.5	63,688.1	66,667.6
Long Beach Airport	1,466.5	1,460.0	1,532.4	1,643.4	1,497.5
Bob Hope Airport (Burbank)	4,588.4	4,461.3	3,942.3	3,725.5	3,844.1
Total	62,575.8	64,991.4	67,337.2	69,057.0	72,009.2
Container Volume (TEUs)					
Port of Los Angeles	6,749.0	7,831.9	7,940.5	8,077.7	7,868.6
Port of Long Beach	5,067.6	6,263.5	6,061.1	6,045.7	6,730.6
Total	11,816.6	14,095.4	14,001.6	14,123.4	14,599.2

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Long Beach Airport - Statistics; Port of Los Angeles - Statistics; Port of Long Beach - Statistics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2009	2010	2011	2012	2013
Los Angeles, CA	$340,200	$417,100	$467,600	$487,900	$503,100
New York, NY	$288,900	$354,500	$418,000	$412,200	$410,700
Laredo, TX	$145,600	$184,200	$214,500	$237,300	$251,100
Houston, TX	$164,900	$208,400	$263,200	$268,200	$247,100
Detroit, MI	$168,000	$215,100	$239,400	$246,300	$239,100
New Orleans, LA	$142,300	$182,700	$222,700	$230,700	$218,200
Seattle, WA	$119,800	$136,800	$154,800	$167,900	$178,000
Chicago, IL	$112,200	$138,400	$147,900	$154,700	$162,600
Savannah, GA	$86,900	$106,600	$124,900	$131,000	$127,000
San Francisco, CA	$87,000	$107,700	$120,400	$120,200	$124,800

Source: Los Angeles Economic Development Corporation - 2013 International Trade Report

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2009	2010	2011	2012	2013
Los Angeles-Long Beach, CA	167,866	193,591	199,509	201,706	207,241
Tacoma, WA	28,701	27,507	28,428	30,975	31,823
Oakland, CA	27,872	29,475	30,285	30,305	30,907
Seattle, WA	25,070	31,337	29,856	25,549	18,120
Portland, OR	16,348	19,661	19,140	17,948	13,516
Kalama, WA	9,065	11,653	11,570	10,199	9,305
San Diego, CA	3,506	4,074	4,287	4,822	5,168
Port Hueneme	2,998	3,356	4,095	4,520	4,921
Vancouver, WA	5,135	6,110	6,198	4,915	2,001

Source: Los Angeles Economic Development Corporation - 2013 International Trade Report

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)

Port	2009	2010	2011	2012	2013
Los Angeles-Long Beach, CA	11,817	14,095	14,002	14,124	14,600
New York, NY	4,562	5,292	5,503	5,530	5,467
Savannah, GA	2,357	2,825	2,945	2,966	3,034
Oakland, CA	2,045	2,330	2,343	2,344	2,347
Seattle, WA	1,585	2,140	2,034	1,869	2,224
Norfolk, VA	1,745	1,895	1,918	2,106	1,950
Charleston, SC	1,368	1,280	1,380	921	1,892
Houston, TX	1,797	1,812	1,866	1,786	1,601
Tacoma, WA	1,546	1,455	1,489	1,455	1,593

Source: Los Angeles Economic Development Corporation - 2013 International Trade Report

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2009	2010	2011	2012	2013
1. Construction Lending (in millions)	$ 2,465	$ 2,128	$ 3,258	$ 4,601	$ 6,379
2. Residential Purchase Lending (in millions)	$ 22,111	$ 22,491	$ 20,469	$ 23,675	$ 27,907
3. New & Existing Median Home Prices	$ 321,550	$ 335,363	$ 316,469	$ 330,463	$ 412,096
4. New & Existing Home Sales	81,072	77,313	74,216	83,686	84,034
5. Notices of Default Recorded	105,433	68,603	64,490	49,354	20,970
6. Unsold New Housing (at year-end)	1,629	1,997	1,517	845	561
7. Office Market Vacancy Rates	16.0%	17.0%	17.0%	16.7%	16.9%
8. Industrial Market Vacancy Rates	3.3%	3.2%	2.9%	2.1%	1.9%

Source: Real Estate Research Council of Southern California - 4th Quarter 2013

TABLE L: BUILDING PERMITS AND VALUATIONS

	2009	2010	2011	2012	2013
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	2,131	2,439	2,370	2,756	3,599
b. Multi-Family	3,522	5,029	8,033	7,950	12,631
Total Residential Building Permits	5,653	7,468	10,403	10,706	16,230
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 798	$ 922	$ 1,032	$ 1,128	$ 1,507
b. Multi-Family	522	811	1,222	1,416	1,921
c. Alterations and Additions	1,073	1,110	1,122	674	1,193
Residential Building Valuations Subtotal	$ 2,393	$ 2,843	$ 3,376	$ 3,218	$ 4,621
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 192	$ 133	$ 156	$ 38	$ 246
b. Retail Buildings	222	263	223	115	385
c. Hotels and Motels	11	28	24	5	145
d. Industrial Buildings	40	56	136	169	128
e. Alterations and Additions	1,658	1,662	1,774	1,095	2,012
f. Other	551	535	806	381	669
Non-Residential Building Valuations Subtotal	$ 2,674	$ 2,677	$ 3,119	$ 1,803	$ 3,585
Total Building Valuations (in millions)	$ 5,067	$ 5,520	$ 6,495	$ 5,021	$ 8,206

Source: Real Estate Research Council of Southern California - 4th Quarter 2013

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

				No. of Employees	
Company (in order of 2013 Ranking)		Industry	Headquarters	L.A. County	Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	36,495	174,870
2	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	16,100	68,000
3	Target Corp.	Retailer	Minneapolis, MN	15,000	361,000
4	University of Southern California	Education-Private University	Los Angeles, CA	14,525	14,525
5	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	13,746	260,000
6	Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	N/A
7	Providence Health & Services	Health Care	Renton, WA	10,983	N/A
8	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,663	10,663
9	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,630	340,000
10	Walt Disney Co.	Entertainment	Burbank, CA	10,500	166,000
11	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	10,463	161,173
12	Wells Fargo	Diversified Financial Services	San Francisco, CA	10,100	N/A
13	AT&T Inc.	Telecommunications	Dallas, TX	8,900	245,000
14	UPS	Transportation and Freight	Atlanta, GA	8,845	399,000
15	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,649	8,900
16	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,200	95,000
17	American Apparel, Inc.	Apparel Manufacturer and Retailer	Los Angeles, CA	7,960	12,000
18	Edison International	Electric Utility	Rosemead, CA	7,850	16,593
19	Vons	Grocery Retailer	Pleasanton, CA	7,750	25,300
20	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,700	244,300
21	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	7,400	N/A
22	Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	6,793	68,000
23	JP Morgan Chase	Banking and Financial Services	New York, NY	6,300	254,000
24	Dignity Health	Hospitals	San Francisco, CA	6,106	53,347
25	Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,000	18,000

N/A - Not Available

Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, September 2013

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Los Angeles, CA 90017
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Sacramento

Walnut Creek

Oakland

Century City

Newport Beach

San Diego

Seattle

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/Additions
Discretely presented component units	100%	100%	100%
Aggregate remaining fund information	68%	70%	11%

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District Fund, Flood Control District Fund, Public Library Fund, and Regional Park and Open Space District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, effective July 1, 2012, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 66, *Technical Corrections - 2012, An Amendment of GASB Statements No. 10 and No. 62.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 22 and the schedules of funding progress on pages 121 and 122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Macias Gini & O'Connell LLP

Los Angeles, California
December 16, 2013

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

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, 2013. 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, reduced by total liabilities and deferred inflows of resources) of the County was positive $10.956 billion. However, net position is classified into three categories and the unrestricted component is negative $8.641 billion. See further discussion on page 8.

During the current year, the County's net position decreased by a total of $758 million. Net position related to governmental activities decreased by $679 million, while net position related to business-type activities decreased by $79 million. Growth in liabilities associated with postemployment health insurance benefits was $1.235 billion during the current year and represented the single largest factor in reducing the County's net position. See further discussion on page 8.

At the end of the current year, the County's General Fund reported a total fund balance of $2.880 billion. The fund balance categories and amounts consisted of nonspendable fund balance of $254 million, restricted fund balance of $60 million, committed fund balance of $529 million, assigned fund balance of $376 million, and $1.661 billion of unassigned fund balance.

The County's capital asset balances were $18.668 billion at year-end and increased by $334 million during the year, after restatement of prior year balances.

During the current year, the County's total long-term debt increased by $178 million, after restatement of prior year balances. Newly issued and accreted long-term debt of $701 million exceeded long-term debt maturities of $523 million.

Overview of the Basic Financial Statements

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all County assets, liabilities, and deferred inflows of resources, with the difference representing 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 change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

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

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

- Business-type Activities - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, and the Aviation Fund represent the County's business activities. In the prior year, the Community Development Commission was also reflected among the County's business activities. See further discussion below under "Discretely Presented Component Units."

- Discretely Presented Component Units - Component units are separate entities for which the County is financially accountable. As discussed in Note 2 to the basic financial statements, the County implemented GASB Statement No. 61 in the current year and the Community Development Commission, which was reported as a blended component unit in the prior year, is now regarded as a discretely presented component unit. In addition, First 5 LA continues to be discretely presented in the financial statements.

FUND FINANCIAL STATEMENTS

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by $10.956 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2013 and 2012 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 7,947,075	$ 8,411,714	$ 1,423,547	$ 1,073,713	$ 9,370,622	$ 9,485,427
Capital assets	15,838,545	15,701,869	2,829,716	2,787,9666	18,668,261	18,489,835
Total assets	23,785,620	24,113,583	4,253,263	3,861,679	28,038,883	27,975,262
Current and other liabilities	1,326,042	1,761,689	401,345	268,362	1,727,387	2,030,051
Long-term liabilities	11,966,513	10,977,896	3,286,521	2,836,246	15,253,034	13,814,142
Total liabilities	13,292,555	12,739,585	3,687,866	3,104,608	16,980,421	15,844,193
Deferred inflows of resources	102,089				102,089	
Net position:						
Net investment in capital assets	14,654,785	14,593,171	2,218,647	2,241,059	16,873,432	16,834,230
Restricted	2,655,717	2,908,564	68,169	104,997	2,723,886	3,013,561
Unrestricted (deficit)	(6,919,526)	(6,127,737)	(1,721,419)	(1,588,985)	(8,640,945)	(7,716,722)
Total net position	$ 10,390,976	$ 11,373,998	$ 565,397	$ 757,071	$ 10,956,373	$ 12,131,069

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

<u>Current and Other Assets</u>

Current and other assets decreased by $465 million for governmental activities and increased by $350 million for business-type activities. For governmental activities, there was a reduction of $435 million in investment purchase transactions which took place at the end of the current year and settled subsequent to the statement of net position date. This decrease was offset by corresponding reductions in liabilities (Other Payables) of like amount. For business-type activities, current and other assets increased by $350 million, largely due to a $329 million increase in the Hospitals' accounts receivable.

<u>Liabilities</u>

Current and other liabilities decreased by $436 million for governmental activities, largely due to the previously mentioned $435 million reduction of liabilities associated with investment purchase transactions pending settlement at year-end. For business-type activities, a net increase of $133 million in current and other liabilities was primarily due to a $136 million increase in accounts payable for intergovernmental transfer expenses associated with the

Liabilities-Continued

Hospitals. Long-term liabilities increased by $989 million for governmental activities and by $450 million for business-type activities. Liabilities for other postemployment benefits (OPEB), although partially funded beyond a pay-as-you-go basis in the current year, increased for both governmental and business-type activities by $1.035 billion and $199 million, respectively. Additional significant factors increasing liabilities were newly issued capital improvement bonds and third party payor liabilities for the business-type activities. Specific disclosures related to OPEB and other changes in long-term liabilities are discussed and referenced in Notes 9 and 11 to the basic financial statements.

Deferred Inflows of Resources

As discussed in Notes 2 and 7 to the basic financial statements, the County implemented GASB Statements Nos. 60 and 63 in the current year. Sixteen of the County's golf courses are managed by private operators and were determined to be service concession arrangements. The County receives installment payments from the private operators and the present value of such payments was $102 million and is recorded as a deferred inflow of resources, which is a newly established segment of the Statement of Net Position.

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 ($16.873 billion) represents its investment in capital assets (i.e., land, structures and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was $2.724 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

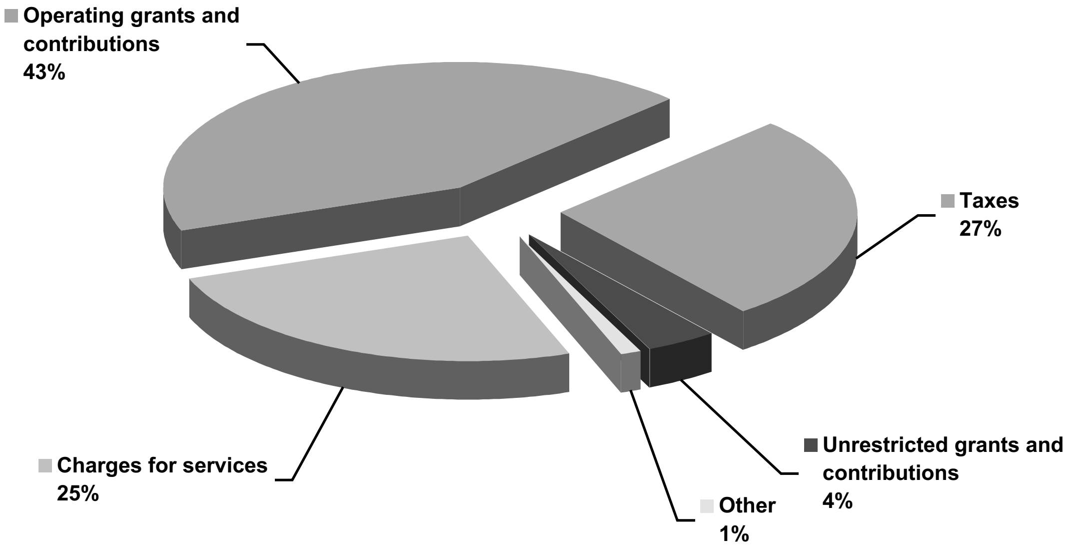
The County's total unrestricted net position is negative $8.641 billion. Both governmental and business-type activities reported deficits in this category of $6.920 billion and $1.721 billion, respectively. The deficits closely parallel the OPEB related liabilities of $6.812 billion for governmental activities and $1.341 billion for business-type activities. Other unfunded liabilities are also factors, such as workers' compensation, compensated absences, and litigation and self-insurance claims. As discussed in Note 9 to the basic financial statements, the County funded OPEB by $449 million beyond the pay-as-you-go amount during the current year.

The following table indicates the changes in net position for governmental and business-type activities:

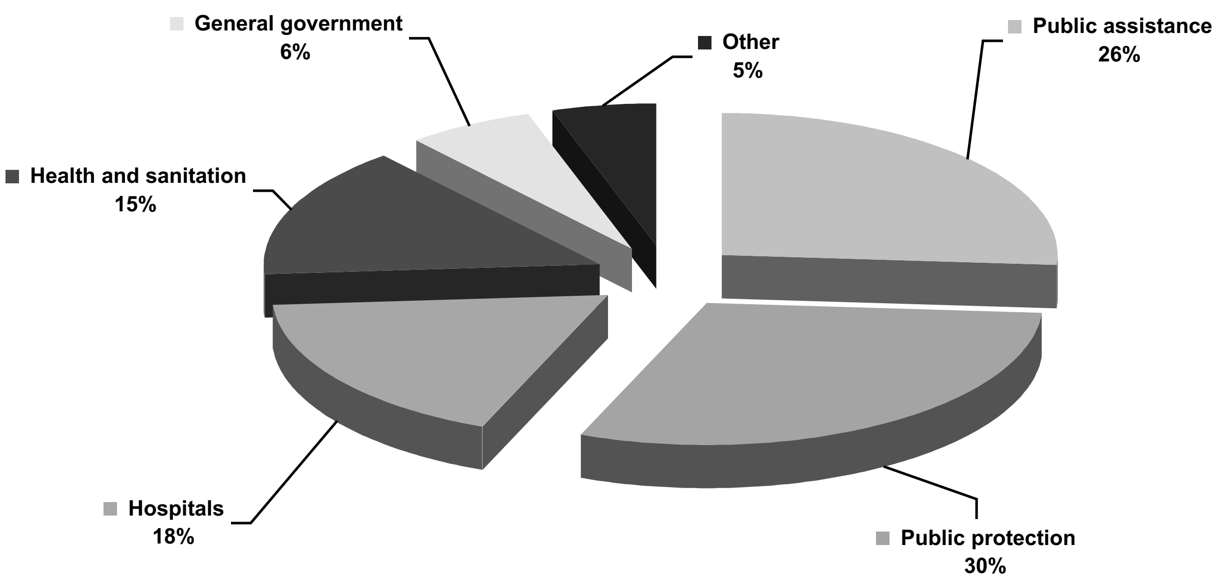
Summary of Changes in Net Position
For the Years Ended June 30, 2013 and 2012
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 2,589,542	$ 2,712,525	$ 2,446,892	$ 2,262,644	$ 5,036,434	$ 4,975,169
Operating grants and contributions	8,186,681	7,715,282	522,112	776,779	8,708,793	8,492,061
Capital grants and contributions	104,486	38,352	47	1,311	104,533	39,663
General revenues:						
Taxes	5,570,043	5,192,668	4,347	4,382	5,574,390	5,197,050
Unrestricted grants and contributions	745,406	608,967	37	51	745,443	609,018
Investment earnings (loss)	(920)	82,271	(171)	1,770	(1,091)	84,041
Miscellaneous	150,957	134,827	13,171	21,657	164,128	156,484
Total revenues	17,346,195	16,484,892	2,986,435	3,068,594	20,332,630	19,553,486
Expenses:						
General government	1,274,689	1,315,662			1,274,689	1,315,662
Public protection	6,309,193	6,608,319			6,309,193	6,608,319
Public ways and facilities	381,211	355,527			381,211	355,527
Health and sanitation	3,066,172	3,036,296			3,066,172	3,036,296
Public assistance	5,538,106	5,599,244			5,538,106	5,599,244
Education	119,680	112,497			119,680	112,497
Recreation and cultural services	316,372	310,369			316,372	310,369
Interest on long-term debt	105,491	110,541			105,491	110,541
Hospitals			3,889,206	3,768,699	3,889,206	3,768,699
Waterworks			84,824	94,651	84,824	94,651
Aviation			5,332	5,022	5,332	5,022
Community Development Commission				289,924		289,924
Total expenses	17,110,914	17,448,455	3,979,362	4,158,296	21,090,276	21,606,751
Excess (deficiency) before transfers						
and extraordinary item	235,281	(963,563)	(992,927)	(1,089,702)	(757,646)	(2,053,265)
Transfers	(913,686)	(818,923)	913,686	818,923		
Extraordinary item		(6,282)				(6,282)
Changes in net position	(678,405)	(1,788,768)	(79,241)	(270,779)	(757,646)	(2,059,547)
Net position – beginning, as restated	11,069,381	13,162,766	644,638	1,027,850	11,714,019	14,190,616
Net position – ending	$ 10,390,976	$ 11,373,998	$ 565,397	$ 757,071	$ 10,956,373	$ 12,131,069

REVENUES BY SOURCE – ALL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013



EXPENSES BY TYPE – ALL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013



Governmental Activities

Revenues from governmental activities increased by $861 million (5.2%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by $471 million. State Assembly Bill 109 public safety realignment revenues grew by $143 million, as this program expanded in the current year. There was also growth of $130 million associated with the State Mental Health Services Act (Proposition 63). Proposition 63 revenue growth was attributable to higher State income taxes and positive State adjustments to prior year revenues. Public assistance programs experienced net revenue growth of $122 million, as State revenues grew by $219 million and federal revenues were lower by $97 million. Program revenue growth of $75 million was due to the federal Delivery System Incentive Pool revenues, which were a newly recognized funding source for the County's health services administration program.

- Taxes, the County's largest general revenue source, were $377 million higher than the previous year. The additional growth in tax revenues was concentrated in property taxes, which grew by $348 million. The County's assessed property tax roll grew for the second consecutive year and was 2.2% higher in the current year. Property tax revenues were also recognized in conjunction with the prior year dissolution of redevelopment agencies, which shifted residual property taxes to local government agencies, including the County. The County's share of such residual tax revenues in the current year was $125 million and grew by $25 million. Current year revenues of $241 million, referred to as "pass through" payments from redevelopment dissolution, are apportioned directly to the County and are classified as property tax revenues. In the prior year, such revenues were $101 million and classified as Other Intergovernmental Revenues. The redevelopment dissolution process places high priority on pass through revenues and resulted in more timely recognition of such revenues.

- An investment loss of nearly $1 million was recognized in the current year, as compared with positive investment earnings of $82 million in the prior year. As discussed in Note 5 to the basic financial statements, the County Treasury Pool incurred unrealized losses of $179 million at the end of the current year. Although Treasury Pool investments are generally held to maturity, the amount of unrealized losses exceeded realized gains on matured investments.

Expenses related to governmental activities decreased by $338 million (1.9%) during the current year. There were two major factors contributing to lower overall expenses. As discussed in Note 9 to the basic financial statements, the County utilized savings from LACERA pension reserves to fund $449 million of OPEB costs beyond the pay-as-you-go amount in the current year. The additional funding source was offset by growth in current year OPEB costs of $174 million, resulting in a net reduction of current year OPEB costs of $275 million. In the prior year, the County reevaluated its liabilities for accrued vacation and sick leave and recognized higher one-time costs for these benefits in the prior year. In the current year, these expenses

Governmental Activities-Continued

were comparatively lower by $322 million. The current year cost reductions of $597 million noted above were partially offset by increases in salaries and other employee benefits of $306 million. Although there were no cost of living wage increases in the current year, expenses were generally higher due to costs associated with new employees, promotions, employee health care benefits and pension contributions.

Business-type Activities

Revenues from business-type activities decreased in comparison to the prior year by $82 million (2.7%). As previously discussed, the Community Development Commission (CDC) is discretely presented in the current year and represented $296 million of business-type revenues in the prior year. Adjusting for this change, business-type revenues were otherwise higher by $214 million. This increase was associated with the County's Hospitals, which recognized a year-over-year increase of $246 million from a revenue source known as "Managed Care for Seniors and Persons with Disabilities." This amount was partially offset by lower revenues from the Medi-Cal demonstration project. Hospital revenue sources are discussed in more detail in Note 14 to the basic financial statements.

Expenses related to business-type activities decreased from the previous year by $179 million (4.3%). CDC business-type expenses were $290 million in the prior year. Similar to the adjustment discussed in the preceding paragraph for CDC, business-type expenses were otherwise higher by $111 million. Intergovernmental transfer expenses were $130 million higher and these increases were associated with the County Hospitals' managed care programs. For all Hospital facilities, the average patient census during the current year was 1,234 patients per day, which was lower in comparison with 1,263 for the prior year.

Financial Analysis of the County's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of $6.107 billion, an increase of $229 million in comparison with the prior year. Of the total fund balances, $265 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional $2.980 billion is classified as restricted, $653 million as committed, and $548 million as assigned. The remaining balance of $1.661 billion is classified as unassigned and is entirely associated with the General Fund.

Governmental Funds-Continued

Revenues from all governmental funds for the current year were $17.251 billion, an increase of $795 million (4.8%) from the previous year. Expenditures for all governmental funds in the current year were $16.409 billion, an increase of $459 million (2.9%) from the previous year. In addition, other financing uses exceeded other financing sources by $613 million as compared to $560 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 $238 million (9.0%). At the end of the current fiscal year, the General Fund's total fund balance was $2.880 billion. Of this amount, $254 million is classified as nonspendable, $60 million as restricted, $529 million as committed, $376 million as assigned and the remaining $1.661 billion is classified as unassigned.

General Fund revenues during the current year were $14.607 billion, an increase of $781 million (5.6%) from the previous year. General Fund expenditures during the current year were $14.014 billion, an increase of $394 million (2.9%) from the previous year. Other financing sources/uses-net was negative $356 million in the current year as compared to negative $287 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased overall by $550 million, with growth in all segments, led by increases in State revenues of $388 million, federal revenues of $86 million and "other" intergovernmental revenues of $76 million. State revenue growth of $388 million was largely associated with public assistance programs, which grew by $219 million, due to higher levels of reimbursable program and administrative costs. There was also growth of $143 million associated with the State's Assembly Bill 109 public safety realignment initiative as the program continues to expand, especially in the Sheriff's and Probation Departments, which recognized increased revenues of $75 million and $49 million, respectively. There were also year-over-year increases in State Proposition 172 revenues of $36 million. Federal revenue growth of $86 million was principally due to the federal Delivery System Incentive Pool revenues, which were a newly recognized funding source of $75 million for the County's health services administration program. Excess assets from redevelopment agencies are not derived from current property taxes and are classified as "other" intergovernmental revenues. The General Fund's share of such revenues in the current year was $135 million, was offset by the reclassification of $74 million of pass through revenues, and these were the major factors that led to the net increase of "other" intergovernmental revenues.

Governmental Funds-Continued

- Revenues from taxes increased by $287 million and property taxes comprised $262 million of this increase. Current year revenues of $191 million, referred to as "pass through" payments from redevelopment dissolution, are apportioned directly to the County's General Fund and are classified as property tax revenues. In the prior year, such revenues were $74 million and classified as "other" intergovernmental revenues. As previously mentioned, assessed property values were higher in the current year and additional property tax revenues were $55 million. Residual property tax revenues from redevelopment dissolution were $16 million higher in the current year, growing from $88 million to $104 million.
- General fund expenditures increased by a total of $394 million, or 2.9%. Within this total, there were increases of $400 million in current expenditures, increases in debt service expenditures of $6 million, and capital outlay expenditures were lower by $12 million. The most significant increase in current expenditures was in the public protection category, where expenditures were higher by $157 million. Of this amount, salaries and employee benefits increased by $112 million and were largely associated with the Sheriff's and Probation Departments. Current expenditures were also higher by $139 million in the public assistance category and $123 million was related to administering a variety of assistance programs. Expenditures were also higher by $91 million for health and sanitation programs.

The Fire Protection District reported a year-end fund balance of $237 million, which represented an increase of $33 million from the previous year. The increase in fund balance also brought additional liquidity to the District, as total pooled cash and investments increased by $45 million. Revenues increased by $63 million, of which $57 million was attributable to property taxes. Expenditures were higher by $27 million, of which $18 million was related to salaries and benefits.

The Flood Control District reported a year-end fund balance of $243 million, which was $48 million higher than the previous year. Revenues were $9 million higher in the current year and the increase was associated with property tax growth. Expenditures were nearly unchanged, as the current year expenditures were $187 million, or $3 million lower than the prior year amount of $190 million.

The Public Library Fund reported a year-end fund balance of $59 million, which was $5 million higher than the previous year. Revenues grew by $5 million, due to higher property tax revenues. Expenditures increased in the current year by $7 million. There was a net decrease of $8 million for "transfers in," as contributions from the County's General Fund were $42 million in the current year, as compared to $50 million in the prior year.

The Regional Park and Open Space District reported a year-end fund balance of $330 million, which was $8 million higher than the previous year. Current year revenues were lower by $6 million, as investment losses in the current period were nearly $2 million compared with positive investment income of $5 million in the prior year. Expenditures were nearly unchanged, at $35 million in the current year versus $36 million in the prior year.

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. The amount of subsidy, per facility, ranged from $71 million for Rancho Los Amigos National Rehabilitation Center to $331 million for the LAC+USC Medical Center. The total subsidy amount was $718 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 $643 million.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund ("Measure B Fund"). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center ($116 million), Harbor-UCLA Medical Center ($61 million), and Olive-View UCLA Medical Center ($38 million). The total amount of current year Measure B transfers ($215 million) was higher than the prior year amount of $194 million.

Waterworks Funds reported year-end net position of $820 million, an $8 million reduction from the previous year. Current year operating revenues of $72 million were $4 million higher than the previous year's amount of $68 million. Current year operating expenses of $85 million were $10 million lower than the previous year's amount of $95 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 decrease of $68 million in the General Fund's available (unassigned) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive (Negative)
Taxes	$ 264,749	$ 4,250,866	$ 4,263,363	$ 12,497
Intergovernmental revenues	282,836	8,976,288	8,158,498	(817,790)
Charges for services	(28,232)	1,737,959	1,572,231	(165,728)
All other revenues	63,641	618,327	600,932	(17,395)
Other sources and transfers in	14,139	736,892	492,185	(244,707)
Total	$ 597,133	$ 16,320,332	$ 15,087,209	$ (1,233,123)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources approximated $597 million. The most significant changes occurred in the following areas:

- Estimated intergovernmental revenues increased by $283 million. Of this amount, there were federal and State revenues of $97 million added to the budget for public assistance programs due to rate increases for adoptions and foster care and increases to the In-Home Supportive Services program for higher levels of reimbursable costs. Budgeted Federal revenues, referred to as "Delivery System Reform Incentive Pool," were increased by $81 million to reflect over-realized revenue amounts. There was a $51 million increase to budgeted federal and State revenues associated with reimbursement of disaster recovery expenditures incurred in previous years. Net additions of $38 million were made to budgeted intergovernmental revenues associated with redevelopment dissolution. There were other net additions to budgeted intergovernmental revenues of $16 million.

- The budget for tax revenues was increased by $265 million. Of this increase, $159 million was added to the budget for unanticipated property tax revenues recognized in conjunction with redevelopment dissolution. Additionally, $89 million was associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues. The remaining $17 million of increased tax revenues was appropriated for a variety of programs.

- There was a net increase of $64 million related to "all other revenues" and $37 million of this amount was attributable to tobacco settlement revenues, which exceeded the original budget amount. There were a variety of revenue increases accounting for the remaining $27 million.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $15.087 billion, or 7.6%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues and "other sources and transfers in."

- Actual intergovernmental revenues were $818 million lower than the amount budgeted. Budgeted intergovernmental revenues of $272 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 $208 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. Approximately $160 million was associated with social service, child and family programs, where reimbursable costs were lower than anticipated due to hiring and promotion delays, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Public health related programs experienced budgeted revenue shortfalls of $56 million, most of which was associated with federal grants and offset by a comparable amount of cost savings. The Probation Department under-realized revenues of $47 million due to lower than expected reimbursement of salaries, services and supplies. The Registrar-Recorder did not realize $24 million of federal funds (Help America Vote Act) due to lower than anticipated eligible costs. The remaining variance of $51 million was related to a variety of other programs.

- The actual amount of "other sources and transfers in" was $245 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund (Proposition 63) did not fully materialize at the budgeted level and "transfers in" were $134 million lower than budgeted. In addition, "transfers in" totaling $90 million were assumed in the budget for capital improvements and extraordinary building maintenance projects which did not incur expected costs. There were various other sources and transfers that comprised the remaining variance of $21 million.

Budgetary Summary - Expenditures/Other Financing Uses

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

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive
General government	$ (46,960)	$ 1,581,512	$ 969,912	$ 611,600
Public protection	11,133	4,963,094	4,701,404	261,690
Health and sanitation	24,306	3,381,053	2,946,179	434,874
Public assistance	108,383	5,648,187	5,289,991	358,196
All other expenditures	(8,996)	1,201,615	384,714	816,901
Transfers out	128,854	716,512	698,521	17,991
Contingencies	88,839	88,839		88,839
Fund balance changes-net	291,574	305,022	164,409	140,613
Total	$ 597,133	$ 17,885,834	$15,155,130	$ 2,730,704

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately $597 million. As discussed below, the most significant increases occurred in the following areas:

- Net budgetary changes of $292 million were made to various fund balance components. Increases were made to fund balance commitments to augment the County's "rainy day" fund by $94 million and to provide $64 million for low and moderate income housing. Fund balance committed for health services, funded by tobacco settlement revenues, was increased by $43 million. Fund balance commitments were also established for budgetary uncertainties and Sheriff's operations by $38 million and $31 million, respectively. Miscellaneous increases of $22 million were made to other fund balance categories, which had the effect of reducing unassigned fund balance.
- Appropriations for "transfers out" were increased by $129 million. Of this amount, $57 million was appropriated to augment the amount of fund transfers from the General Fund to various Hospital Funds. An additional $51 million of one-time federal and State disaster reimbursement funds were allocated to fund transfers to debt service funds for purposes of redeeming long-term debt obligations. The remaining $21 million was appropriated to fund transfers out to various other funds.
- Public assistance appropriations were increased by $108 million. As previously mentioned, estimated revenues of $97 million were added to the budget to augment appropriations for public assistance programs, primarily to fund cost increases in the adoptions, foster care, and in-home supportive services programs. Various increases in public assistance appropriations comprised the remaining $11 million.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were $2.731 billion lower (15.3%) than the final total budget of $17.886 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

- The category referred to as "all other expenditures" reflected actual spending of $817 million less than the budgeted amount. Nearly all ($808 million) of this variance was related to the capital outlay category. There were many capital improvements anticipated in the budget that remained in the planning stages and did not incur expenditures during the year. Most of the unused balance has been reestablished in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.

- The general government function reported actual expenditures that were $612 million less than the amount budgeted. Of this amount, $446 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. The remaining $166 million was spread across virtually every department comprising general government and was mostly related to savings in the areas of salaries and services and supplies.

- Overall expenditures for the health and sanitation category were $435 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by $297 million, primarily due to less than anticipated costs for contracted services and to a lesser extent, salary savings. The public health program recognized budgetary savings of $63 million, with approximately half of the budgeted savings in the salaries and benefits category and the remaining half due to lower than expected contract service costs. The County's managed care program recognized budgetary savings of $45 million, nearly all of which was contracted services. The remaining variance of $30 million was associated with other health programs.

- Actual public assistance expenditures were $358 million lower than the final budget. Of this amount, $297 million was concentrated in social service, children, and family programs. Administrative costs in these areas were lower than anticipated due to overall cost containment efforts, vacant positions, and delays in implementing new technology initiatives. There were also direct program savings associated with lower than anticipated caseloads. There were $41 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance amount of $20 million was related to other public assistance programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2013 were $18.668 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 $334 million, as shown in the following table.

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

	Current Year	Prior Year, As Restated	Increase (Decrease)
Land and easements	$ 7,533,653	$ 7,441,982	$ 91,671
Buildings and improvements	3,934,494	3,879,751	54,743
Infrastructure	5,037,495	5,106,802	(69,307)
Equipment	510,535	500,572	9,963
Software	319,782	337,633	(17,851)
Capital assets, in progress	1,332,302	1,067,151	265,151
Total	$ 18,668,261	$ 18,333,891	$ 334,370

The County's major capital asset initiatives during the current year continued to focus on new medical facilities and major improvements for the Hospitals. There was significant construction-in-progress at Harbor/UCLA Medical Center, as $71 million was capitalized for surgical facilities and seismic retrofit projects. There were an additional $84 million of capitalized construction costs for the Martin Luther King, Jr. inpatient tower project, and $62 million for the Martin Luther King, Jr. Multi-Service Ambulatory Care Center project. As of the end of the current year, there were $657 million of capital construction commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by $178 million, as newly issued debt and accretions of $701 million exceeded debt maturities of $523 million. Specific changes related to governmental and business-type activities are presented in Note 11 (Long-Term Obligations) to the basic financial statements. During the current year, significant long-term debt transactions were as follows:

- Lease revenue obligation notes of $302 million were issued for governmental and business-type activities in the amounts of $256 million and $46 million, respectively. For governmental activities, debt was issued to finance a new hospital facility that will be operated by a non-profit organization (see Note 14 to the basic financial statements) and fire department facilities. For business-type activities, debt was issued to finance hospital and ambulatory care improvements.

Debt Administration-Continued

- New debt of $15 million was issued to finance the acquisition of equipment. Equipment debt totaling $19 million was redeemed during the year in accordance with maturity schedules.

- New debt of $339 million was issued for governmental and business-type activities in the amounts of $36 million and $303 million, respectively. New debt related to governmental activities is for fire stations and, for business-type activities, the debt proceeds are for the High Desert and Martin Luther King, Jr., ambulatory care centers.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $1.1 billion in tax and revenue anticipation notes, with maturities of $300 million on February 28, 2013, $400 million on March 29, 2013, and $400 million on June 28, 2013. The General Fund also relied upon periodic borrowing from available agency funds.

Bond Ratings

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

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

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

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2013-2014 Budget on June 24, 2013. The Budget was adopted based on estimated fund balances that would be available at the end of 2012-2013. The Board updated the Budget on October 8, 2013 to reflect final 2012-2013 fund balances and other pertinent financial information. For the County's General Fund, the 2013-2014 Budget, as updated in October 2013, utilized $1.498 billion of fund balance, which exceeded the previously estimated fund balance of $1.135 billion. Of the additional fund balance of $363 million, $173 million was used to carryover lapsed appropriations and the remaining $190 million was used to fund one-time projects and programs.

The County's 2013-2014 Budget anticipates the continuation of moderate growth that began to emerge in 2012-2013. Improvements in the housing market and the continued downward trend in unemployment have strengthened consumer confidence and increased consumer spending. Revenues associated with sales taxes are trending higher and assessed property values are 4.66% higher, marking the third consecutive year of increased value, which will provide additional property tax revenues to the County. Among the fiscal challenges facing the County are restoration of fund balance and capital outlay appropriations in the General Fund that were drawn upon to withstand the economic downturn. The County also faces salary increases that have been negotiated or for which negotiations are in progress.

The County's budget outlook, while favorable, continues to depend on the fiscal condition and outlook of the State of California. In this regard, the State Legislative Analyst's Office (LAO) reports that State revenues are growing at a faster pace than expenditures and projects State budget surpluses at least through 2017-2018. This forecast for the State should enable the County to more reliably develop its own financial forecast and spending plans for the near future.

Obtaining Additional Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
JUNE 30, 2013 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	PRESENTED COMPONENT UNITS
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 4,022,769	66,051	$ 4,088,820	$ 830,841
Other	843,194	28,632	871,826	
Total pooled cash and investments	4,865,963	94,683	4,960,646	830,841
Other investments (Note 5)	63,719		63,719	194,760
Taxes receivable	250,297	787	251,084	
Accounts receivable - net (Note 14)		1,458,937	1,458,937	33,721
Interest receivable	17,003	385	17,388	684
Other receivables	1,982,376	264,604	2,246,980	57,724
Internal balances (Note 15)	689,964	(689,964)		
Inventories	66,240	20,118	86,358	22,528
Restricted assets (Note 5)	11,513	273,997	285,510	
Net pension obligation				589
Capital assets: (Notes 6 and 10)				
Capital assets, not being depreciated	8,100,366	765,589	8,865,955	103,427
Capital assets, net of accumulated depreciation	7,738,179	2,064,127	9,802,306	87,310
Total capital assets	15,838,545	2,829,716	18,668,261	190,737
TOTAL ASSETS	23,785,620	4,253,263	28,038,883	1,331,584
LIABILITIES				
Accounts payable	372,995	290,413	663,408	51,954
Accrued payroll	361,108	74,583	435,691	
Other payables (Note 5)	94,718	11,266	105,984	4,606
Accrued interest payable	20,680	24,287	44,967	
Unearned revenue	64,951	320	65,271	202
Advances payable	411,590	476	412,066	
Long-term liabilities: (Note 11)				
Due within one year	938,639	162,290	1,100,929	6,124
Due in more than one year	11,027,874	3,124,231	14,152,105	70,808
TOTAL LIABILITIES	13,292,555	3,687,866	16,980,421	133,694
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangements (Note 7)	102,089		102,089	
NET POSITION				
Net investment in capital assets (Notes 6 and 11)	14,654,785	2,218,647	16,873,432	148,435
Restricted for:				
Capital projects	63,308		63,308	
Debt service	58,411	6,148	64,559	
Permanent funds - nonspendable	2,230		2,230	
Permanent funds - spendable	290		290	
General government	538,308		538,308	
Public protection	544,075		544,075	
Public ways and facilities	443,144	62,021	505,165	
Health and sanitation	662,118		662,118	
Recreation	336,326		336,326	
Community development				276,834
First 5 LA				723,253
Other	7,507		7,507	
Unrestricted (deficit)	(6,919,526)	(1,721,419)	(8,640,945)	49,368
TOTAL NET POSITION	$ 10,390,976	565,397	$ 10,956,373	$ 1,197,890

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, 2013 (in thousands)

FUNCTIONS PRIMARY GOVERNMENT:		EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:					
General government	$	1,274,689	473,047	46,272	4,530
Public protection		6,309,193	1,248,402	1,421,567	10,318
Public ways and facilities		381,211	35,107	185,658	89,436
Health and sanitation		3,066,172	615,531	1,959,545	138
Public assistance		5,538,106	13,661	4,569,892	
Education		119,680	2,967	2,167	
Recreation and cultural services		316,372	200,827	1,580	64
Interest on long-term debt		105,491			
Total governmental activities		17,110,914	2,589,542	8,186,681	104,486
Business-type activities:					
Hospitals		3,889,206	2,371,130	521,292	
Waterworks		84,824	71,956	606	
Aviation		5,332	3,806	214	47
Total business-type activities		3,979,362	2,446,892	522,112	47
Total primary government	$	21,090,276	5,036,434	8,708,793	104,533
DISCRETELY PRESENTED COMPONENT UNITS	$	629,238	63,947	494,083	

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 loss
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET POSITION
NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)
NET POSITION, JUNE 30, 2013

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

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION				
PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		FUNCTIONS
				PRIMARY GOVERNMENT:
				Governmental activities:
$ (750,840)		$ (750,840)		General government
(3,628,906)		(3,628,906)		Public protection
(71,010)		(71,010)		Public ways and facilities
(490,958)		(490,958)		Health and sanitation
(954,553)		(954,553)		Public assistance
(114,546)		(114,546)		Education
(113,901)		(113,901)		Recreation and cultural services
(105,491)		(105,491)		Interest on long-term debt
(6,230,205)		(6,230,205)		Total governmental activities
				Business-type activities:
	(996,784)	(996,784)		Hospitals
	(12,262)	(12,262)		Waterworks
	(1,265)	(1,265)		Aviation
	(1,010,311)	(1,010,311)		Total business-type activities
(6,230,205)	(1,010,311)	(7,240,516)		Total primary government
			$ (71,208)	DISCRETELY PRESENTED COMPONENT UNITS
				GENERAL REVENUES:
				Taxes:
4,963,533	4,346	4,967,879		Property taxes
56,834		56,834		Utility users taxes
356,208		356,208		Voter approved taxes
65,984		65,984		Documentary transfer taxes
33,523	1	33,524		Other taxes
93,961		93,961		Sales and use taxes, levied by the State
				Grants and contributions not restricted
745,406	37	745,443		to special programs
(920)	(171)	(1,091)	(3,443)	Investment loss
150,957	13,171	164,128	412	Miscellaneous
(913,686)	913,686			TRANSFERS - NET
5,551,800	931,070	6,482,870	(3,031)	Total general revenues and transfers
(678,405)	(79,241)	(757,646)	(74,239)	CHANGE IN NET POSITION
11,069,381	644,638	11,714,019	1,272,129	NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)
$ 10,390,976	565,397	$ 10,956,373	$ 1,197,890	NET POSITION, JUNE 30, 2013

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 866,912	211,307	260,619	60,441
Other	770,853	16,348	2,485	1,548
Total pooled cash and investments	1,637,765	227,655	263,104	61,989
Other investments (Notes 4 and 5)	5,676			119
Taxes receivable	171,919	42,025	13,013	6,123
Interest receivable	8,668	626	749	178
Other receivables	1,768,366	38,480	8,284	1,390
Due from other funds (Note 15)	391,605	2,046	10,594	1,955
Advances to other funds (Note 15)	754,376		6,473	
Inventories	47,375	8,045		916
TOTAL ASSETS	$ 4,785,750	318,877	302,217	72,670
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 321,509	4,649	4,130	1,235
Accrued payroll	309,926	32,788		3,313
Other payables (Note 5)	89,852	2,289		431
Due to other funds (Note 15)	461,480	10,980	19,428	4,105
Deferred revenue	302,656	31,424	35,678	4,590
Advances payable	404,975			
Third party payor (Notes 11 and 14)	15,702			
TOTAL LIABILITIES	1,906,100	82,130	59,236	13,674
FUND BALANCES (Note 20):				
Nonspendable	253,836	8,045		916
Restricted	59,786	228,702	242,882	9,841
Committed	528,865			
Assigned	376,181		99	48,239
Unassigned	1,660,982			
TOTAL FUND BALANCES	2,879,650	236,747	242,981	58,996
TOTAL LIABILITIES AND FUND BALANCES	$ 4,785,750	318,877	302,217	72,670

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				ASSETS
				Pooled cash and investments: (Notes 1 and 5)
$ 329,344	2,264,216		$ 3,992,839	Operating
1,417	45,424		838,075	Other
330,761	2,309,640		4,830,914	Total pooled cash and investments
	200,794	(142,870)	63,719	Other investments (Notes 4 and 5)
2,422	14,795		250,297	Taxes receivable
1,030	5,629		16,880	Interest receivable
5,335	47,703		1,869,558	Other receivables
806	321,112		728,118	Due from other funds (Note 15)
	12,088		772,937	Advances to other funds (Note 15)
			56,336	Inventories
$ 340,354	2,911,761	(142,870)	$ 8,588,759	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				LIABILITIES:
$ 1,469	30,946		$ 363,938	Accounts payable
	88		346,115	Accrued payroll
	100		92,672	Other payables (Note 5)
3,167	340,064		839,224	Due to other funds (Note 15)
5,878	31,967		412,193	Deferred revenue
	6,248		411,223	Advances payable
	654		16,356	Third party payor (Notes 11 and 14)
10,514	410,067		2,481,721	TOTAL LIABILITIES
				FUND BALANCES (Note 20):
	2,230		265,027	Nonspendable
329,840	2,251,854	(142,870)	2,980,035	Restricted
	123,956		652,821	Committed
	123,654		548,173	Assigned
			1,660,982	Unassigned
329,840	2,501,694	(142,870)	6,107,038	TOTAL FUND BALANCES
$ 340,354	2,911,761	(142,870)	$ 8,588,759	TOTAL LIABILITIES AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013 (in thousands)

Fund balances - total governmental funds (page 27)			$ 6,107,038
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	$	7,350,011	
Construction-in-progress		750,355	
Buildings and improvements - net		2,703,462	
Equipment - net		305,343	
Intangible software - net		279,394	
Infrastructure - net		4,317,292	15,705,857
Other long-term assets are not available to pay for current-period expenditures and are unearned, or not recognized, in governmental funds:			
Deferred revenue - taxes	$	188,305	
Long-term receivables		160,793	349,098
Installment receivables from service concession arrangements.			102,089
Accrued interest payable is not recognized in governmental funds.			(20,513)
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	$	(1,496,695)	
Unamortized premiums on bonds and notes		(32,107)	
Unamortized loss on bond refunding		23,165	
Accreted interest on bonds and notes		(172,142)	
Capital lease obligations		(183,056)	
Accrued compensated absences		(1,146,316)	
Workers' compensation		(1,792,881)	
Litigation and self-insurance		(177,078)	
Pollution remediation obligations		(15,886)	
OPEB obligation		(6,520,427)	(11,513,423)
Deferred inflows from service concession arrangements.			(102,089)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.			(237,081)
Net position of governmental activities (page 23)			$ 10,390,976

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, 2013 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES:				
Taxes	$ 4,267,858	686,402	112,453	72,792
Licenses, permits and franchises	61,412	13,370	769	
Fines, forfeitures and penalties	222,226	3,976	1,696	555
Revenue from use of money and property:				
Investment income (loss) (Note 5)	8,011	(1,264)	513	(227)
Rents and concessions (Note 10)	80,046	115	6,956	15
Royalties	1,784		1,240	
Intergovernmental revenues:				
Federal	3,167,738	8,989	1,421	9
State	4,851,855	11,937	3,771	2,628
Other	163,094	29,847	4,356	2,505
Charges for services	1,565,937	169,337	117,399	2,374
Miscellaneous	216,977	651	5,169	488
TOTAL REVENUES	14,606,938	923,360	255,743	81,139
EXPENDITURES:				
Current:				
General government	979,989			
Public protection	4,694,982	883,456	187,368	
Public ways and facilities				
Health and sanitation	2,779,870			
Public assistance	5,247,031			
Education				115,750
Recreation and cultural services	272,835			
Debt service:				
Principal	10,065	773		228
Interest and other charges	20,751	101		6
Capital outlay	8,065			
TOTAL EXPENDITURES	14,013,588	884,330	187,368	115,984
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	593,350	39,030	68,375	(34,845)
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 15)	504,567	387	171	42,103
Transfers out (Note 15)	(863,738)	(6,421)	(20,364)	(2,621)
Issuance of debt (Note 11)				
Bond premium proceeds (Note 11)				
Proceeds from capital leases (Note 10)	2,780			
Sales of capital assets	740	186	128	6
TOTAL OTHER FINANCING SOURCES (USES)	(355,651)	(5,848)	(20,065)	39,488
NET CHANGE IN FUND BALANCES	237,699	33,182	48,310	4,643
FUND BALANCES, JULY 1, 2012, AS RESTATED (Note 2)	2,641,951	203,565	194,671	54,353
FUND BALANCES, JUNE 30, 2013	$ 2,879,650	236,747	242,981	58,996

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				REVENUES:
$	347,234		$ 5,486,739	Taxes
	16,282		91,833	Licenses, permits and franchises
808	73,049		302,310	Fines, forfeitures and penalties
				Revenue from use of money and property:
(1,809)	2,150	(7,925)	(551)	Investment income (loss) (Note 5)
	31,092		118,224	Rents and concessions (Note 10)
	5		3,029	Royalties
				Intergovernmental revenues:
	27,480		3,205,637	Federal
	586,662		5,456,853	State
	15,343		215,145	Other
80,380	152,602		2,088,029	Charges for services
	60,233		283,518	Miscellaneous
79,379	1,312,132	(7,925)	17,250,766	TOTAL REVENUES
				EXPENDITURES:
				Current:
	17,701		997,690	General government
	76,480		5,842,286	Public protection
	326,159		326,159	Public ways and facilities
	149,281		2,929,151	Health and sanitation
	8,624		5,255,655	Public assistance
			115,750	Education
36,215	10,813		319,863	Recreation and cultural services
				Debt service:
	140,370	(27,855)	123,581	Principal
	88,156	(7,925)	101,089	Interest and other charges
	389,742		397,807	Capital outlay
36,215	1,207,326	(35,780)	16,409,031	TOTAL EXPENDITURES
43,164	104,806	27,855	841,735	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES):
	235,236		782,464	Transfers in (Note 15)
(35,488)	(767,636)		(1,696,268)	Transfers out (Note 15)
	293,284		293,284	Issuance of debt (Note 11)
	3,848		3,848	Bond premium proceeds (Note 11)
			2,780	Proceeds from capital leases (Note 10)
	305		1,365	Sales of capital assets
(35,488)	(234,963)		(612,527)	TOTAL OTHER FINANCING SOURCES (USES)
7,676	(130,157)	27,855	229,208	NET CHANGE IN FUND BALANCES
322,164	2,631,851	(170,725)	5,877,830	FUND BALANCES, JULY 1, 2012, AS RESTATED (Note 2)
$ 329,840	2,501,694	(142,870)	$ 6,107,038	FUND BALANCES, JUNE 30, 2013

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, 2013 (in thousands)

Net change in fund balances - total governmental funds (page 31)		$ 229,208
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	$ 432,727	
Less - current year depreciation expense	(357,705)	75,022
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.		(1,378)
Contribution of capital assets is not recognized in the governmental funds.		99,377
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in deferred revenues	$ (52,201)	
Change in unamortized premiums	4,000	
Change in unamortized refunding losses	(2,784)	(50,985)
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(298,302)
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	$ 84,660	
Notes, loans, and lease revenue obligation notes	189,065	
Assessment bonds	27,855	
Other long-term notes, loans and capital leases	11,066	312,646
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	$ 18,782	
Change in litigation and self-insurance	(20,345)	
Change in pollution remediation obligations	9,408	
Change in accrued compensated absences	(16,190)	
Change in OPEB obligation	(991,118)	
Change in accrued interest payable	(277)	
Change in accretion of bonds and notes	2,991	
Change in accretion of tobacco settlement bonds	(2,471)	
Transfer of capital assets from governmental fund to enterprise fund	(41)	(999,261)
The portion of internal service funds that is reported with governmental activities.		(44,732)
Change in net position of governmental activities (page 25)		$ (678,405)

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, 2013 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 3,986,117	4,250,866	4,263,363	12,497
Licenses, permits and franchises	49,767	49,767	61,412	11,645
Fines, forfeitures and penalties	216,892	217,769	222,226	4,457
Revenue from use of money and property:				
Investment income	39,980	40,495	32,494	(8,001)
Rents and concessions	92,110	105,778	80,046	(25,732)
Royalties	225	225	1,784	1,559
Intergovernmental revenues:				
Federal	3,698,294	3,878,878	3,171,764	(707,114)
State	4,823,288	4,886,877	4,814,183	(72,694)
Other	171,870	210,533	172,551	(37,982)
Charges for services	1,766,191	1,737,959	1,572,231	(165,728)
Miscellaneous	155,712	204,293	202,970	(1,323)
TOTAL REVENUES	15,000,446	15,583,440	14,595,024	(988,416)
EXPENDITURES:				
Current:				
General government	1,628,472	1,581,512	969,912	(611,600)
Public protection	4,951,961	4,963,094	4,701,404	(261,690)
Health and sanitation	3,356,747	3,381,053	2,946,179	(434,874)
Public assistance	5,539,804	5,648,187	5,289,991	(358,196)
Recreation and cultural services	282,240	284,038	274,912	(9,126)
Debt service-				
Interest	2,988	2,988	2,988	
Capital outlay	925,383	914,589	106,814	(807,775)
TOTAL EXPENDITURES	16,687,595	16,775,461	14,292,200	(2,483,261)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,687,149)	(1,192,021)	302,824	1,494,845
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	354	354	740	386
Transfers in	722,399	736,538	491,445	(245,093)
Transfers out	(587,658)	(716,512)	(698,521)	17,991
Appropriation for contingencies		(88,839)		88,839
Changes in fund balance	(13,448)	(305,022)	(164,409)	140,613
OTHER FINANCING SOURCES (USES) - NET	121,647	(373,481)	(370,745)	2,736
NET CHANGE IN FUND BALANCE	(1,565,502)	(1,565,502)	(67,921)	1,497,581
FUND BALANCE, JULY 1, 2012 (Note 16)	1,565,502	1,565,502	1,565,502	
FUND BALANCE, JUNE 30, 2013 (Note 16)	$		1,497,581	1,497,581

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, 2013 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 623,995	677,134	685,136	8,002
Licenses, permits and franchises	13,058	13,058	13,370	312
Fines, forfeitures and penalties	4,131	4,131	3,976	(155)
Revenue from use of money and property:				
Investment income	1,500	1,500	782	(718)
Rents and concessions	85	85	115	30
Intergovernmental revenues:				
Federal	15,112	15,112	8,989	(6,123)
State	13,796	13,796	11,937	(1,859)
Other	30,028	4,019	29,847	25,828
Charges for services	171,840	171,840	169,337	(2,503)
Miscellaneous	415	415	651	236
TOTAL REVENUES	873,960	901,090	924,140	23,050
EXPENDITURES:				
Current-Public protection:				
Salaries and employee benefits	779,402	779,434	758,587	(20,847)
Services and supplies	123,699	123,837	102,843	(20,994)
Other charges	6,091	6,091	2,363	(3,728)
Capital assets	21,027	21,244	13,756	(7,488)
TOTAL EXPENDITURES	930,219	930,606	877,549	(53,057)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(56,259)	(29,516)	46,591	76,107
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	297	297	186	(111)
Transfers in		387	387	
Transfers out	(4,815)	(4,815)	(4,815)	
Appropriation for contingencies		(27,130)		27,130
Changes in fund balance	13,966	13,966	15,216	1,250
OTHER FINANCING SOURCES (USES) - NET	9,448	(17,295)	10,974	28,269
NET CHANGE IN FUND BALANCE	(46,811)	(46,811)	57,565	104,376
FUND BALANCE, JULY 1, 2012 (Note 16)	46,811	46,811	46,811	
FUND BALANCE, JUNE 30, 2013 (Note 16)	$		104,376	104,376

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, 2013 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 96,827	109,380	108,635	(745)
Licenses, permits and franchises	711	711	769	58
Fines, forfeitures and penalties	1,824	1,824	1,696	(128)
Revenue from use of money and property:				
Investment income	1,901	1,901	3,080	1,179
Rents and concessions	7,567	7,567	6,956	(611)
Royalties	700	700	1,240	540
Intergovernmental revenues:				
Federal			1,421	1,421
State	839	839	3,771	2,932
Other	4,957	726	4,356	3,630
Charges for services	112,668	112,668	117,128	4,460
Miscellaneous	1,771	1,771	5,169	3,398
TOTAL REVENUES	229,765	238,087	254,221	16,134
EXPENDITURES:				
Current-Public protection:				
Services and supplies	204,721	198,373	180,788	(17,585)
Other charges	21,047	21,397	19,495	(1,902)
Capital assets	519	277	104	(173)
Capital outlay	19,775	25,773	9,057	(16,716)
TOTAL EXPENDITURES	246,062	245,820	209,444	(36,376)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,297)	(7,733)	44,777	52,510
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	70	70	128	58
Transfers out	(3,266)	(3,508)	(1,105)	2,403
Appropriation for contingencies		(8,322)		8,322
Changes in fund balance	(34,156)	(34,156)	(20,875)	13,281
OTHER FINANCING SOURCES (USES) - NET	(37,352)	(45,916)	(21,852)	24,064
NET CHANGE IN FUND BALANCE	(53,649)	(53,649)	22,925	76,574
FUND BALANCE, JULY 1, 2012 (Note 16)	53,649	53,649	53,649	
FUND BALANCE, JUNE 30, 2013 (Note 16)	$		76,574	76,574

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, 2013 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Taxes	$ 69,233	71,198	71,364	166
Fines, forfeitures and penalties			555	555
Revenue from use of money and property:				
Investment income	400	400	388	(12)
Rents and concessions	15	15	15	
Intergovernmental revenues:				
Federal	61	61	9	(52)
State	857	857	2,628	1,771
Other	1,575	165	2,505	2,340
Charges for services	3,082	3,082	2,374	(708)
Miscellaneous	1,021	1,021	488	(533)
TOTAL REVENUES	76,244	76,799	80,326	3,527
EXPENDITURES:				
Current-Education:				
Salaries and employee benefits	81,982	82,723	74,029	(8,694)
Services and supplies	68,642	72,803	43,210	(29,593)
Other charges	434	434	275	(159)
Capital assets	580	580	299	(281)
TOTAL EXPENDITURES	151,638	156,540	117,813	(38,727)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(75,394)	(79,741)	(37,487)	42,254
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	13	13	6	(7)
Transfers in	47,449	51,383	42,103	(9,280)
Transfers out	(1,563)	(2,621)	(2,621)	
Appropriation for contingencies		(555)		555
Changes in fund balance	(683)	1,343	5,109	3,766
OTHER FINANCING SOURCES (USES) - NET	45,216	49,563	44,597	(4,966)
NET CHANGE IN FUND BALANCE	(30,178)	(30,178)	7,110	37,288
FUND BALANCE, JULY 1, 2012 (Note 16)	30,178	30,178	30,178	
FUND BALANCE, JUNE 30, 2013 (Note 16)	$		37,288	37,288

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, 2013 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET OVER (UNDER)
REVENUES:				
Fines, forfeitures and penalties	$ 931	931	808	(123)
Revenue from use of money and property-				
Investment income	3,136	3,136	1,960	(1,176)
Charges for services	80,398	80,398	80,133	(265)
TOTAL REVENUES	84,465	84,465	82,901	(1,564)
EXPENDITURES:				
Current-Recreation and cultural services:				
Services and supplies	5,721	5,721	4,747	(974)
Other charges	227,101	227,271	46,564	(180,707)
TOTAL EXPENDITURES	232,822	232,992	51,311	(181,681)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(148,357)	(148,527)	31,590	180,117
OTHER FINANCING SOURCES (USES):				
Transfers in	91,218	91,218	87,446	(3,772)
Transfers out	(127,254)	(127,254)	(122,934)	4,320
Appropriation for contingencies	(8,379)	(8,209)		8,209
Changes in fund balance	(7,515)	(7,515)	(3,761)	3,754
OTHER FINANCING SOURCES (USES) - NET	(51,930)	(51,760)	(39,249)	12,511
NET CHANGE IN FUND BALANCE	(200,287)	(200,287)	(7,659)	192,628
FUND BALANCE, JULY 1, 2012 (Note 16)	200,516	200,516	200,516	
FUND BALANCE, JUNE 30, 2013 (Note 16)	$ 229	229	192,857	192,628

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013 (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	$ 1,547	604	1,495	280
Other	7,462	4,598	13,431	2,126
Total pooled cash and investments	9,009	5,202	14,926	2,406
Taxes receivable				
Accounts receivable - net (Note 14)	454,028	283,138	588,965	118,860
Interest receivable	97	81	21	5
Other receivables	16,052	13,031	25,174	5,723
Due from other funds (Note 15)	70,045	39,297	114,821	30,795
Advances to other funds (Note 15)				
Inventories	6,500	4,162	8,308	1,145
Total current assets	555,731	344,911	752,215	158,934
Noncurrent assets:				
Restricted assets (Note 5)	185,879	78,514	4,804	2,768
Other receivables (Note 14 and 15)	49,207	34,122	80,428	40,867
Capital assets: (Notes 6 and 10)				
Land and easements	3,276	16,426	18,183	217
Buildings and improvements	272,319	203,865	1,080,000	187,179
Equipment	77,288	44,820	94,955	16,043
Intangible - software	15,991	14,359	20,167	5,616
Infrastructure				
Construction in progress	460,563	87,440	537	11,499
Less accumulated depreciation	(223,217)	(128,053)	(275,091)	(115,077)
Total capital assets - net	606,220	238,857	938,751	105,477
Total noncurrent assets	841,306	351,493	1,023,983	149,112
TOTAL ASSETS	1,397,037	696,404	1,776,198	308,046
LIABILITIES				
Current liabilities:				
Accounts payable	95,565	43,210	120,777	26,194
Accrued payroll	22,805	14,049	31,487	6,242
Other payables	4,236	2,017	3,576	1,077
Accrued interest payable	17,248	6,818	53	138
Due to other funds (Note 15)	43,568	35,847	77,471	33,222
Advances from other funds (Note 15)	281,542	194,786	228,184	47,776
Advances payable			476	
Unearned revenue			208	45
Current portion of long-term liabilities (Note 11)	32,174	13,443	93,281	18,607
Total current liabilities	497,138	310,170	555,513	133,301
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	53,841	28,612	67,022	13,399
Bonds and notes (Note 11)	575,195	213,815	4,005	9,311
Premiums on bonds and notes payable (Note 11)	19,216	14,917	286	665
Workers' compensation (Notes 11 and 18)	66,724	21,333	107,417	19,994
Litigation and self-insurance (Notes 11 and 18)	26,269	927	47,330	3,451
OPEB obligation (Notes 9 and 11)	377,637	264,520	574,585	124,701
Third party payor (Notes 11 and 14)	94,777	49,894	283,376	47,806
Total noncurrent liabilities	1,213,659	594,018	1,084,021	219,327
TOTAL LIABILITIES	1,710,797	904,188	1,639,534	352,628
NET POSITION				
Net investment in capital assets (Notes 6 and 11)	210,885	102,212	894,597	85,950
Restricted:				
Debt service		1,344	4,804	
Public ways and facilities				
Unrestricted (deficit)	(524,645)	(311,340)	(762,737)	(130,532)
TOTAL NET POSITION (Note 3)	$ (313,760)	(207,784)	136,664	(44,582)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				ASSETS
				Current assets:
				Pooled cash and investments: (Notes 1 and 5)
$ 53,119	8,102	$ 65,147	$ 30,834	Operating
1,005	8	28,630	5,121	Other
54,124	8,110	93,777	35,955	Total pooled cash and investments
787		787		Taxes receivable
13,650	296	1,458,937		Accounts receivable - net (Note 14)
155	24	383	125	Interest receivable
		59,980	10,064	Other receivables
1,108	7	256,073	73,867	Due from other funds (Note 15)
1,351		1,351		Advances to other funds (Note 15)
3		20,118	9,904	Inventories
71,178	8,437	1,891,406	129,915	Total current assets
				Noncurrent assets:
		271,965	13,545	Restricted assets (Note 5)
		204,624		Other receivables (Note 14 and 15)
				Capital assets: (Notes 6 and 10)
11,328	134,212	183,642		Land and easements
119,091	34,437	1,896,891	1,734	Buildings and improvements
1,106	1,278	235,490	273,360	Equipment
1,222		57,355		Intangible - software
1,179,881	53,771	1,233,652		Infrastructure
21,520	388	581,947		Construction in progress
(567,811)	(58,991)	(1,368,240)	(133,427)	Less accumulated depreciation
766,337	165,095	2,820,737	141,667	Total capital assets - net
766,337	165,095	3,297,326	155,212	Total noncurrent assets
837,515	173,532	5,188,732	285,127	TOTAL ASSETS
				LIABILITIES
				Current liabilities:
4,035	67	289,848	9,622	Accounts payable
		74,583	14,993	Accrued payroll
	360	11,266	2,045	Other payables
		24,257	197	Accrued interest payable
4,784	211	195,103	23,731	Due to other funds (Note 15)
		752,288	22,000	Advances from other funds (Note 15)
		476		Advances payable
67		320	1,559	Unearned revenue
271		157,776	38,124	Current portion of long-term liabilities (Note 11)
9,157	638	1,505,917	112,271	Total current liabilities
				Noncurrent liabilities:
		162,874	44,232	Accrued compensated absences (Note 11)
8,111		810,437	35,250	Bonds and notes (Note 11)
		35,084		Premiums on bonds and notes payable (Note 11)
		215,468	36,862	Workers' compensation (Notes 11 and 18)
		77,977		Litigation and self-insurance (Notes 11 and 18)
		1,341,443	291,875	OPEB obligation (Notes 9 and 11)
		475,853		Third party payor (Notes 11 and 14)
8,111		3,119,136	408,219	Total noncurrent liabilities
17,268	638	4,625,053	520,490	TOTAL LIABILITIES
				NET POSITION
758,226	165,095	2,216,965	93,023	Net investment in capital assets (Notes 6 and 11)
				Restricted:
		6,148		Debt service
62,021		62,021		Public ways and facilities
	7,799	(1,721,455)	(328,386)	Unrestricted (deficit)
$ 820,247	172,894	563,679	$ (235,363)	TOTAL NET POSITION (Note 3)
		1,718		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ 565,397		NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 23)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (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)	$ 688,033	419,691	1,057,167	205,286
Rentals				
Charges for services				
Other (Note 14)	184,570	112,077	214,938	23,663
TOTAL OPERATING REVENUES	872,603	531,768	1,272,105	228,949
OPERATING EXPENSES:				
Salaries and employee benefits	584,952	368,304	813,044	164,244
Services and supplies	127,941	85,993	203,418	26,828
Other professional services	183,813	119,851	345,547	39,195
Depreciation and amortization (Note 6)	7,579	6,946	26,005	3,073
Medical malpractice	5,555		12,021	3,713
Rent	7,793	3,996	4,651	2,020
TOTAL OPERATING EXPENSES	917,633	585,090	1,404,686	239,073
OPERATING LOSS	(45,030)	(53,322)	(132,581)	(10,124)
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income (loss)	(10)	68	(5)	(21)
Interest expense	(36,486)	(11,513)	(4,019)	(1,785)
Intergovernmental transfers expense (Note 14)	(207,331)	(101,072)	(324,332)	(55,379)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(243,827)	(112,517)	(328,356)	(57,185)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(288,857)	(165,839)	(460,937)	(67,309)
Capital contributions	41			
Transfers in (Note 15)	287,368	127,720	447,332	71,031
Transfers out (Note 15)	(3,822)	(1,074)	(16,506)	
CHANGE IN NET POSITION	(5,270)	(39,193)	(30,111)	3,722
TOTAL NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)	(308,490)	(168,591)	166,775	(48,304)
TOTAL NET POSITION, JUNE 30, 2013	$ (313,760)	(207,784)	136,664	(44,582)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				OPERATING REVENUES:
$		$ 2,370,177	$	Net patient service revenues (Note 14)
	3,423	3,423	26,323	Rentals
71,948	383	72,331	440,803	Charges for services
83	77	535,408		Other (Note 14)
72,031	3,883	2,981,339	467,126	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		1,930,544	393,787	Salaries and employee benefits
59,785	2,419	506,384	42,262	Services and supplies
2,973	1,005	692,384	40,930	Other professional services
21,928	1,908	67,439	33,587	Depreciation and amortization (Note 6)
		21,289		Medical malpractice
		18,460		Rent
84,686	5,332	3,236,500	510,566	TOTAL OPERATING EXPENSES
(12,655)	(1,449)	(255,161)	(43,440)	OPERATING LOSS
				NONOPERATING REVENUES (EXPENSES):
4,347		4,347		Taxes
(168)	(35)	(171)	(351)	Investment income (loss)
(138)		(53,941)	(1,891)	Interest expense
		(688,114)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
264	30	294		State
377	184	561		Federal
2		2		Other
4,684	179	(737,022)	(2,242)	TOTAL NONOPERATING REVENUES (EXPENSES)
(7,971)	(1,270)	(992,183)	(45,682)	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
	47	88		Capital contributions
154		933,605	6,120	Transfers in (Note 15)
(113)		(21,515)	(4,406)	Transfers out (Note 15)
(7,930)	(1,223)	(80,005)	(43,968)	CHANGE IN NET POSITION
828,177	174,117		(191,395)	TOTAL NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)
$ 820,247	172,894		$ (235,363)	TOTAL NET POSITION, JUNE 30, 2013
		764		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ (79,241)		CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (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	$ 588,368	388,919	894,042	154,677
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	184,577	112,086	214,954	23,668
Cash received for services provided to other funds	17,606	14,207	25,566	905
Cash paid for salaries and employee benefits	(507,877)	(325,076)	(684,656)	(143,817)
Cash (paid) refunded for services and supplies	(9,841)	(25,899)	(18,606)	29,197
Other operating expenses	(218,663)	(127,371)	(417,087)	(41,310)
Cash paid for services from other funds	(126,172)	(52,050)	(131,215)	(21,996)
Net cash provided by (required for) operating activities	(72,002)	(15,184)	(117,002)	1,324
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash advances received/returned from other funds	623,919	363,957	859,644	121,157
Cash advances paid/returned to other funds	(594,611)	(373,903)	(819,748)	(130,490)
Interest paid on advances	(1,036)	(556)	(968)	(244)
Intergovernmental transfers	(207,331)	(101,072)	(324,332)	(55,379)
Intergovernmental receipts				
Transfers in	287,368	127,720	447,332	71,031
Transfers out	(3,822)	(1,074)	(16,506)	
Net cash provided by noncapital financing activities	104,487	15,072	145,422	6,075
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	166,725	136,960	38,147	7,804
Interest paid on capital borrowing	(30,322)	(6,389)	(3,195)	(1,912)
Principal payments on bonds and notes	(61,093)	(32,340)	(91,165)	(8,946)
Proceeds from bond premiums	18,161	14,917		
Acquisition and construction of capital assets	(136,876)	(55,480)	6,261	(3,121)
Net cash provided by (required for) capital and related financing activities	(43,405)	57,668	(49,952)	(6,175)
CASH FLOWS FROM INVESTING ACTIVITIES - Investment income (losses)	(6)	(5)	26	(22)
Net increase (decrease) in cash and cash equivalents	(10,926)	57,551	(21,506)	1,202
Cash and cash equivalents, July 1, 2012, as restated (Note 2)	205,814	26,165	41,236	3,972
Cash and cash equivalents, June 30, 2013	$ 194,888	83,716	19,730	5,174

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				CASH FLOWS FROM OPERATING ACTIVITIES:
$		$ 2,026,006	$	Cash received from patient services
	3,423	3,423	14	Rentals received
			26,306	Rentals received from other funds
70,651	1,729	72,380	35,767	Cash received from charges for services
83	77	535,445		Other operating revenues
		58,284	395,760	Cash received for services provided to other funds
		(1,661,426)	(347,616)	Cash paid for salaries and employee benefits
(58,516)	(2,889)	(86,554)	(36,512)	Cash (paid) refunded for services and supplies
(2,702)	(1,005)	(808,138)	(40,930)	Other operating expenses
		(331,433)		Cash paid for services from other funds
9,516	1,335	(192,013)	32,789	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:
94		1,968,771		Cash advances received/returned from other funds
		(1,918,752)		Cash advances paid/returned to other funds
		(2,804)		Interest paid on advances
		(688,114)		Intergovernmental transfers
643	214	857		Intergovernmental receipts
154		933,605	6,120	Transfers in
(113)		(21,515)	(4,406)	Transfers out
778	214	272,048	1,714	Net cash provided by noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
4,551		4,551		Proceeds from taxes
	47	47		Capital contributions
3,079		352,715	15,000	Proceeds from bonds and notes
(155)		(41,973)	(1,885)	Interest paid on capital borrowing
(24)		(193,568)	(19,410)	Principal payments on bonds and notes
		33,078		Proceeds from bond premiums
(9,029)	(721)	(198,966)	(30,169)	Acquisition and construction of capital assets
(1,578)	(674)	(44,116)	(36,464)	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES -
(216)	(42)	(265)	(367)	Investment income (losses)
8,500	833	35,654	(2,328)	Net increase (decrease) in cash and cash equivalents
45,624	7,277	330,088	51,828	Cash and cash equivalents, July 1, 2012, as restated (Note 2)
$ 54,124	8,110	$ 365,742	$ 49,500	Cash and cash equivalents, June 30, 2013

Continued…

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating loss	$ (45,030)	(53,322)	(132,581)	(10,124)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:				
Depreciation and amortization	7,579	6,946	26,005	3,073
Other revenues (expenses) - net	(27,268)	(806)	(2,012)	55
(Increase) decrease in:				
Accounts receivable - net	(77,730)	(64,263)	(174,723)	(12,407)
Other receivables	22,861	15,311	(12,336)	(10,692)
Due from other funds	(13,673)	11,837	(58,858)	(25,177)
Inventories	(68)	58	(2,529)	(43)
Increase (decrease) in:				
Accounts payable	42,479	15,986	54,111	14,130
Accrued payroll	406	261	585	142
Other payables	(97)	(5)	(90)	(28)
Accrued compensated absences	(844)	(664)	(1,185)	465
Due to other funds	(22,861)	(6,883)	4,422	20,001
Unearned revenue			(1,215)	45
Workers' compensation	(3,465)	(460)	(2,954)	(168)
Litigation and self-insurance	3,672	(1,480)	(5,924)	3,618
OPEB obligation	56,316	41,545	81,630	19,806
Third party payor	(14,279)	20,755	110,652	(1,372)
TOTAL ADJUSTMENTS	(26,972)	38,138	15,579	11,448
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	$ (72,002)	(15,184)	(117,002)	1,324
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Capital contributions	$ 41			
TOTAL	$ 41			
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	$ 9,009	5,202	14,926	2,406
Restricted assets	185,879	78,514	4,804	2,768
TOTAL	$ 194,888	83,716	19,730	5,174

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

	ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating loss	$ (12,655)	(1,449)	$ (255,161)	$ (43,440)
Adjustments to reconcile operating loss to net cash provided by (required for) operating activities:				
Depreciation and amortization	21,928	1,908	67,439	33,587
Other revenues (expenses) - net		150	(29,881)	(691)
(Increase) decrease in:				
Accounts receivable - net	(1,298)	1,351	(329,070)	
Other receivables	348		15,492	(1,468)
Due from other funds	(349)	(5)	(86,225)	(9,851)
Inventories			(2,582)	749
Increase (decrease) in:				
Accounts payable	552	(536)	126,722	55
Accrued payroll			1,394	415
Other payables		37	(183)	(27)
Accrued compensated absences			(2,228)	(435)
Due to other funds	717	(121)	(4,725)	5,637
Unearned revenue	2		(1,168)	1,436
Workers' compensation			(7,047)	2,612
Litigation and self-insurance	271		157	
OPEB obligation			199,297	44,210
Third party payor			115,756	
TOTAL ADJUSTMENTS	22,171	2,784	63,148	76,229
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	$ 9,516	1,335	$ (192,013)	$ 32,789
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Capital contributions	$		$ 41	$
TOTAL	$		$ 41	$
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	$ 54,124	8,110	$ 93,777	$ 35,955
Restricted assets			271,965	13,545
TOTAL	$ 54,124	8,110	$ 365,742	$ 49,500

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	$ 67,519	$ 15,335,934	$ 1,472,480
Other investments: (Note 5)		95,200	29,606
Stocks	21,585,974		
Bonds	9,868,608		
Short-term investments	1,828,105		
Commodities	1,194,331		
Real estate	4,108,198		
Mortgages	104,771		
Alternative assets	4,224,741		
Cash collateral on loaned securities	138,273		
Taxes receivable			309,215
Interest receivable	89,930	47,843	21,291
Other receivables	964,520		
TOTAL ASSETS	44,174,970	15,478,977	1,832,592
LIABILITIES			
Accounts payable	1,743,312		
Other payables (Note 5)	209,284	115,000	
Due to other governments			1,832,592
TOTAL LIABILITIES	1,952,596	115,000	1,832,592
NET POSITION			
Restricted for pension benefits and other purposes	$ 42,222,374	$ 15,363,977	$

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, 2013 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS
ADDITIONS:		
Contributions:		
Pension and OPEB trust contributions:		
Employer	$ 1,172,014	$
Member	679,572	
Contributions to investment trust funds		48,689,093
Total contributions	1,851,586	48,689,093
Investment earnings (losses):		
Investment income (loss)	2,085,006	(67,935)
Net increase in the fair value of investments	2,659,788	
Securities lending income (Note 5)	4,689	
Total investment earnings (losses)	4,749,483	(67,935)
Less - Investment expenses-		
Expense from investing activities	90,259	
Net investment earnings (losses)	4,659,224	(67,935)
Miscellaneous	385	
TOTAL ADDITIONS	6,511,195	48,621,158
DEDUCTIONS:		
Salaries and employee benefits	40,088	
Services and supplies	13,948	
Benefit payments	2,516,339	
Distributions from investment trust funds		47,274,065
Miscellaneous	25,202	
TOTAL DEDUCTIONS	2,595,577	47,274,065
CHANGE IN NET POSITION	3,915,618	1,347,093
NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)	38,306,756	14,016,884
NET POSITION, JUNE 30, 2013	$ 42,222,374	$ 15,363,977

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, 2013 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating	$ 123,569	707,272	$ 830,841
Total pooled cash and investments	123,569	707,272	830,841
Other investments	193,176	1,584	194,760
Accounts receivable - net	33,721		33,721
Interest receivable		684	684
Other receivables	11,161	46,563	57,724
Inventories	22,528		22,528
Net pension obligation	589		589
Capital assets:			
Capital assets, not being depreciated	101,388	2,039	103,427
Capital assets, net of accumulated depreciation	76,994	10,316	87,310
Total capital assets	178,382	12,355	190,737
TOTAL ASSETS	563,126	768,458	1,331,584
LIABILITIES			
Accounts payable	23,240	28,714	51,954
Other payables	946	3,660	4,606
Unearned revenue	202		202
Long-term liabilities:			
Due within one year	6,056	68	6,124
Due in more than one year	70,400	408	70,808
TOTAL LIABILITIES	100,844	32,850	133,694
NET POSITION			
Net investment in capital assets	136,080	12,355	148,435
Restricted for:			
Community development	276,834		276,834
First 5 LA		723,253	723,253
Unrestricted	49,368		49,368
TOTAL NET POSITION	$ 462,282	735,608	$ 1,197,890

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expense	$ (429,163)	(200,075)	$ (629,238)
Program revenues:			
Charges for services	63,947		63,947
Operating grants and contributions	396,905	97,178	494,083
Net program (expenses) revenues	31,689	(102,897)	(71,208)
GENERAL REVENUES:			
Investment loss	(41)	(3,402)	(3,443)
Miscellaneous	313	99	412
Total general revenues (losses)	272	(3,303)	(3,031)
CHANGE IN NET POSITION	31,961	(106,200)	(74,239)
NET POSITION, JULY 1, 2012, AS RESTATED (Note 2)	430,321	841,808	1,272,129
NET POSITION, JUNE 30, 2013	$ 462,282	735,608	$ 1,197,890

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Blended Component Units

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Blended Component Units-Continued

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

Discretely Presented Component Units

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

Due to the implementation of GASB Statement No. 61, the County determined that the CDC is a discretely presented component unit rather than a blended component unit.

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

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

While its Board members are the same as the County Board of Supervisors, CDC does not meet the criteria for blending due to the following: 1) there is no financial burden or benefit relationship with the County nor does management of the County have operational responsibilities over it; 2) the CDC does not provide services entirely or almost entirely to the County; and 3) the CDC total debt outstanding is not expected to be repaid with resources of the County. The financial activity of the CDC is reported on the Statement of Net Position - Discretely Presented Component Units of the basic financial statements. Separate financial statements are issued by CDC.

Los Angeles County Children and Families First – Proposition 10 Commission

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

First 5 services are focused on the development and well-being of all children, from the prenatal stage until age five. First 5 is a discretely presented component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those Commissioners at will. First 5 hires its own employees, including an Executive Director and functions independent of the County. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County. The financial activity of First 5 is reported on the Statement of Net Position – Discretely Presented Component units of the basic financial statements. Separate financial statements are issued by First 5.

Related Organization

Los Angeles County Office of Education (LACOE) is a legally separate entity from the County. LACOE is governed by a seven-member Board of Education appointed by the County Board of Supervisors. However, the County's accountability for LACOE does not extend beyond making appointments and no financial benefit/burden relationship exists between the County and LACOE. Therefore, LACOE is deemed to be a related organization. Separate financial statements are issued by LACOE.

Component Units Financial Statements

Separate financial statements or additional financial information for each of the component units may be obtained from the Auditor-Controller at 500 West Temple Street, Room 525, Los Angeles, California 90012.

Basic Financial Statements

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), the basic financial statements consist of the following:

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

Government-wide Financial Statements

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

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, 2013, the restricted net position balances were $2.656 billion and $68.17 million for governmental activities and business-type activities, respectively. For governmental activities, $705.83 million was restricted by enabling legislation.

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Flood Control District Fund

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

Public Library Fund

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

Regional Park and Open Space District Fund

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

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

Harbor-UCLA Medical Center

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

Olive View-UCLA Medical Center

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

LAC+USC Medical Center

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Rancho Los Amigos National Rehabilitation Center

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

Waterworks Funds

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

Aviation Funds

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

The following fund types have also been reported:

Internal Service Funds

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

Fiduciary Fund Types

Pension and Other Postemployment Benefit Trust Funds

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

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

Investment Trust Funds

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 revenue in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims (including workers' compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital lease obligations are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, ad valorem property taxes (except for redevelopment agency dissolution), sales taxes, investment income (loss), charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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

Budgetary Data

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

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board of Supervisors. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all budget units within the County, except for capital asset expenditures, which are controlled at the sub-object level. The total budget exceeds $26.395 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, 2013. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control.

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 XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total FY 2012-2013 assessed valuation of the County of Los Angeles approximated $1.094 trillion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

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 12,229 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

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

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, 2013, the County’s share of residual property tax revenues was $125.08 million, of which $104.61 million was recognized in the County’s General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments

In accordance with GASB 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” and No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the accompanying basic financial statements reflect the fair value of investments. Specific disclosures related to GASB 31 appear in Note 5.

Deposits and investments are reflected in the following asset accounts:

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2013 that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB 34.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

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 LAC-CAL bond indenture. All of the above noted assets are included in the various disclosures in Note 5. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds payable.

Inventories

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

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Certain buildings and equipment are being leased under capital leases as defined in GASB Statement No. 62. The present value of the minimum lease obligation has been capitalized in the statement of net position and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures in the fund financial statements and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

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

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

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," the County recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 7 for a detailed listing of the deferred inflows of resources the County has recognized.

Advances Payable

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Compensated Absences

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

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

Long-term Debt

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

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 20.

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.

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. In the FY 2012-2013 budget, the County adopted the GASB 54 criteria and determined that an ordinance or resolution is equally binding, and either action can establish 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 liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. NEW PRONOUNCEMENTS

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

GASB 60	Accounting and Financial Reporting for Service Concession Arrangements	Improving financial reporting by addressing issues related to service concession arrangements. (Note 7)
GASB 61	The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34	Clarifies the reporting equity interest in legally separate organizations and requires the primary government to report its equity interest in a component unit as an asset and changes the criteria for reporting blended versus discretely presented component units. (Notes 1, 2, 6 and 11)
GASB 62	Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements	Improves financial reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.
GASB 63	Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position	Provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames Net Assets as Net Position. (Notes 1 and 7)
GASB 66	Technical Corrections-2012-An Amendment of GASB Statements No. 10 and No. 62	Improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 10 and No. 62.

2. NEW PRONOUNCEMENTS-Continued

Restatement of Net Position

Due to the implementation of GASB 61, the County made a change in accounting principle which resulted in a restatement of net position due to the CDC becoming a discretely presented component unit rather than a blended component unit. The adjustment to the beginning net position is presented below (in thousands):

	Net Position/ Fund Balance July 1, 2012 as Previously reported	Effect of CDC	Net Position/ Fund Balance July 1, 2012, as restated
Government-Wide:			
Governmental activities	$ 11,373,998	$ (304,617)	$ 11,069,381
Business-type activities	757,071	(112,433)	644,638
Discretely Presented Component Unit	841,808	430,321	1,272,129
Fund Financial Statements:			
Nonmajor Governmental funds	2,897,599	(265,748)	2,631,851
Nonmajor Enterprise funds	286,550	(112,433)	174,117
Nonmajor Internal Service funds	(188,189)	(3,206)	(191,395)
Fiduciary funds	5,971	(5,971)	

3. DEFICIT NET POSITION

The following funds had a deficit net position at June 30, 2013 (in thousands):

	Accumulated Deficit
Enterprise Funds:	
Harbor-UCLA Medical Center	$ 313,760
Olive View-UCLA Medical Center	207,784
Rancho Los Amigos National Rehab Center	44,582
Internal Service Fund- Public Works	247,229

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

4. ELIMINATIONS

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

Fund Financial Statements

At June 30, 2013, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of $142,870,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable ($142,870,000), as this obligation is not currently due. Accordingly, the value of the asset represents restricted fund balance in the Nonmajor Governmental Funds.

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

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within governmental activities (as appropriate under the accrual basis of accounting). The specific items eliminated were other investments and bonds payable ($142,870,000) and investment income and interest expense ($7,925,000 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 $142,870,000, 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, 2013 (in thousands):

			Restricted Assets		
	Pooled Cash and Investments	Other Investments	Pooled Cash and Investments	Other Investments	Total
Governmental Funds	$ 4,830,914	$ 63,719	$	$	$ 4,894,633
Proprietary Funds	129,732		283,396	2,114	415,242
Fiduciary Funds (excluding Pension and OPEB)	16,808,414	124,806			16,933,220
Pension and OPEB Trust Funds	67,519	43,053,001			43,120,520
Discretely Presented Component Units	830,841	194,760			1,025,601
Total	$ 22,667,420	$ 43,436,286	$ 283,396	$ 2,114	$ 66,389,216

Deposits-Custodial Credit Risk

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized.

At June 30, 2013, the carrying amount of the County's deposits was $91,234,000 and the balance per various financial institutions was $89,453,000. The County's deposits are not exposed to custodial credit risk since all of its deposits are either covered by federal depository insurance or collateralized with securities held by the County or its agent in the County's name, in accordance with California Government Code Section 53652.

At June 30, 2013, the carrying amount of Pension and OPEB Trust Funds' deposits was $181,509,000. Pension and OPEB Trust Funds' deposits are held in the custodial bank and, therefore, are not exposed to custodial credit risk since its deposits are eligible for and covered by "pass through insurance" in accordance with applicable law and FDIC rules and regulations.

Investments

State statutes authorize the County to invest pooled funds in certain types of investments including obligations of the United States Treasury, federal, State and local agencies, municipalities, asset-backed securities, mortgaged-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, negotiable certificates of deposits, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, floating rate notes, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission, State and local agency investment funds, mortgage pass-through securities, and guaranteed investment contracts. The investments are managed by the County Treasurer who reports on a monthly basis to the Board of Supervisors. In addition, Treasury investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial reviews, and annual financial reporting.

5. CASH AND INVESTMENTS-Continued

Investments-Continued

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Notes, Bills and Bonds	None	None	None
U.S. Agency Securities	None	None	None
Local Agency Obligations	5 years	10%*	10%*
Bankers' Acceptances	180 days	40%	$650 million*
Commercial Paper	270 days	40%	$1 billion*
Certificates of Deposit	3 years*	30%	$650 million*
Corporate Medium-Term Notes	3 years*	30%	$650 million*
Repurchase Agreements	30 days*	$1 billion*	$500 million*
Reverse Repurchase Agreements	92 days	$500 million*	$250 million*
Securities Lending Agreements	92 days	20%*	None
Money Market Mutual Funds	N/A	15%*	10%
State of California's Local Agency Fund (LAIF)	N/A	$50 million**	None
Asset-Backed Securities	5 years	20%	$650 million*

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

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

Investments held by the County Treasurer are stated at fair value, except for certain non-negotiable securities that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates such as repurchase agreements, mortgage trust deeds, Los Angeles County securities and guaranteed investment contracts. The fair value of pooled investments is determined and provided by the custodian bank based on quoted market prices at month-end. The method used to determine the value of participants' equity withdrawn is based on the book value, which is amortized cost, of the participants' percentage participation at the date of such withdrawals.

At June 30, 2013, the County had open trade commitments with various brokers to purchase investments totaling $115,000,000 with settlement dates subsequent to year-end. These investments have been included in Pooled Cash and Investments, Other Investments and the corresponding liabilities have been recorded as Other Payables.

5. CASH AND INVESTMENTS-Continued

Investments-Continued

The Pension and OPEB Trust Funds are managed by LACERA. Pension and OPEB Trust Funds investments are authorized by State Statutes, which are referred to as the "County Employees' Retirement Law of 1937." Statutes authorize a "Prudent Expert" guideline as to form and types of investments, which may be purchased. Examples of the Funds' investments are obligations of the various agencies of the federal government, corporate and private placement bonds, global bonds, domestic and global stocks, domestic and global convertible debentures and real estate. LACERA's investment policy also allows the limited use of derivatives by certain investment managers. The classes of derivatives that are permitted are futures contracts, currency forward contracts, options, and swaps.

The interest rate risk, foreign currency risk, credit risk, concentration of credit risk, and custodial credit risk related to Pension and OPEB Trust Funds investments are different than the corresponding risk on investments held by the County Treasurer. Detailed deposit and investment risk disclosures are included in Note G and Note I of LACERA's Report on Audited Financial Statements for the year ended June 30, 2013.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-seven percent (87%) of the Treasurer's external investment pool consists of these involuntary participants. Voluntary participants in the County's external investment pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund. Certain Specific Purpose Investments (SPI) have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's investment pool and is reported in the Specific Investment Trust Fund in the amount of $55,795,000. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

County pooled and other investments (excluding Pension and OPEB Trust Funds other investments) at June 30, 2013 (in thousands) are as follows:

	Fair Value
U.S. Agency securities	$ 12,034,298
U.S. Treasury securities	697,989
Negotiable certificates of deposit	3,959,649
Commercial paper	6,007,442
Corporate and deposit notes	366,256
Municipal bonds	78,716
Los Angeles County securities	32,000
Money market mutual funds	18,803
Local Agency Investment Fund	49,759
Mortgage trust deeds	69
Total	$ 23,244,981

5. CASH AND INVESTMENTS-Continued

Investments-Continued

Pension and OPEB Trust Funds investments are reported in the basic financial statements at fair value at June 30, 2013 (in thousands) and are as follows:

	Fair Value
Domestic and international equity	$ 21,542,739
Fixed income	11,801,483
Real estate	4,108,198
Private equity	3,730,991
Commodities	1,194,331
Hedge Funds	493,750
Total	$ 42,871,492

The Pension and OPEB Trust Funds also had deposits with the Los Angeles County Treasury Pool at June 30, 2013 totaling $67,519,000. The Pension and OPEB Trust Funds portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of total investments.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2013 to support the value of shares in the Treasurer's investment pool.

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

A summary of deposits and investments held by the Treasury Pool at June 30, 2013 is as follows (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
U.S. Agency securities	$ 11,906,159	$ 12,086,733	0.09% - 8.00%	08/01/13 - 07/17/19	3.03
U.S. Treasury bills	99,975	99,940	0.16%	11/14/13	0.38
U.S. Treasury notes	597,611	596,674	0.25% - 2.38%	10/31/13 - 05/31/18	2.47
Negotiable certificates of deposit	3,946,103	3,946,740	0.12% - 1.23%	07/01/13 - 06/25/15	0.25
Commercial paper	6,007,442	6,007,538	0.09% - 0.23%	07/01/13 - 09/19/13	0.05
Corporate and deposit notes	280,080	279,193	0.25% - 2.15%	09/16/13 - 09/28/15	1.27
Los Angeles County securities	32,000	32,000	0.57% - 0.61%	06/30/14 - 06/30/15	1.47
Deposits	81,446	81,446			
	$ 22,950,816	$ 23,130,264			

5. CASH AND INVESTMENTS-Continued

Investments-Continued

A summary of other (non-pooled) deposits and investments at June 30, 2013, excluding the Pension and OPEB Trust Funds, is as follows (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
Local Agency Investment Fund	$ 49,759	$ 49,745	0.00% -12.50%	07/01/13 - 10/25/37	0.76
Corporate and deposit notes	86,176	86,153	3.75%	08/19/13 - 11/20/17	4.03
Mortgage trust deeds	69	69	5.50%	01/01/14 - 04/01/17	3.37
Municipal bonds	78,716	78,716	5.00%	08/01/13 - 09/02/21	9.73
U.S. Agency securities	128,139	130,245	0.00% - 3.24%	11/25/13 - 05/30/28	5.20
U.S. Treasury bonds	101	86	7.25%	05/15/16	2.88
U.S. Treasury bills	302	302	0.08%	12/05/13	0.43
Money market mutual funds	18,803	18,803	0.00% - 0.04%	07/01/13	0.00
Negotiable Certificates of Deposit	13,546	13,546		02/22/14 - 02/08/15	1.60
Deposits	9,788	9,788			
	$ 385,399	$ 387,453			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than three years, with the exception of commercial paper and bankers' acceptances, which are limited to 270 days and 180 days, respectively. In addition, U.S. Treasury Notes, Bills, and Bonds may have maturities beyond five years. The County Treasurer manages the Treasury Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity. The County's investment guidelines limit the weighted average maturity of its portfolios to a target of less than 1.5 years. Of the Pooled Cash and Investments and Other Investments at June 30, 2013, 57.17% have a maturity of six months or less, 7.35% have a maturity of between six and twelve months, and 35.48% have a maturity of more than one year.

As of June 30, 2013, variable-rate notes comprised 3.31% of the Treasury Pool and Other Investment portfolios. The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable-rate coupon resets back to the market rate on a periodic basis. Effectively, at each reset date, a variable-rate investment reprices back to par value, eliminating interest rate risk at each periodic reset.

5. CASH AND INVESTMENTS-Continued

Custodial Credit Risk

Custodial credit risk for investments is the risk that the County will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the County are deposited in trust for safekeeping with a custodial bank different from the County's primary bank, except for Bond Anticipation Notes, certain long-term debt proceeds issued by Los Angeles County entities, investment in the State's Local Agency Investment Fund, and mortgage trust deeds, which are held in the County Treasurer's vault. Securities are not held in broker accounts. At June 30, 2013, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk and Concentration of Credit Risk

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

The County's Investment Policy establishes minimum acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSROs). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's) while an issuer of long-term debt shall be rated no less than an "A." All investments purchased in the fiscal year met the credit rating criteria in the Investment Policy, at the issuer level. While the NRSROs rated the issuer of the investments purchased, it did not in all instances rate the investment itself (e.g. commercial paper, corporate and deposit notes, and negotiable certificates of deposit). For purposes of reporting credit quality distribution of investments in the following table, some investments are reported as not rated. At June 30, 2013, a portion of the County's other investments was invested in the State of California's Local Agency Investment Fund, which is unrated as to credit quality.

The County's Investment Policy, approved annually by the Board of Supervisors, limits the maximum total par value for each permissible security type (e.g., commercial paper and certificates of deposit) to a certain percentage of the investment pool. Exceptions to this are obligations of the United States government and United States government agencies or government-sponsored enterprises, which do not have limits. Further, the County restricts investments in any one issuer based on the issuer's NRSRO ratings. For bankers' acceptances, certificates of deposit, corporate notes and floating rate notes, the highest issuer limit was $650 million, approximately 2.84% of the investment pool's daily investment balance. For commercial paper, the highest issuer limit was $1 billion, or 4.37% of the investment pool's daily investment balance.

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The Treasury Pool and SPI had the following U.S. Agency securities in a single issuer that represent 5 percent or more of total investments at June 30, 2013 (in thousands):

Issuer	Pool	SPI
Federal Farm Credit Bank	$ 1,945,648	$ 9,278
Federal Home Loan Bank	4,528,590	54,032
Federal Home Loan Mortgage Corp	2,513,571	2,080
Federal National Mortgage Association	2,918,363	8,081

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, 2013:

	S & P	Moody's	% of Portfolio
Pooled Cash and Investments:			
Commercial paper	Not Rated	Not Rated	26.27%
Corporate and deposit notes			
	AA-	Aa2	0.22%
	AA-	Aa3	0.33%
	AA+	A1	0.46%
	AA-	Not Rated	0.21%
Los Angeles County securities	Not Rated	Not Rated	0.14%
Negotiable certificates of deposit	AA-	Aa3	0.66%
	Not Rated	Aa2	0.75%
	Not Rated	P-1	0.44%
	Not Rated	Not Rated	15.41%
U.S. Agency securities	AA+	Aaa	48.93%
	AA+	Not Rated	3.13%
U.S. Treasury notes	Not Rated	Aaa	2.61%
U.S. Treasury bills	Not Rated	Not Rated	0.44%
			100.00%
Other Investments:			
Local Agency Investment Fund	Not Rated	Not Rated	13.25%
Corporate and deposit notes	AA+	A1	0.41%
	Not Rated	Not Rated	22.53%
Mortgage trust deeds	Not Rated	Not Rated	0.02%
Municipal bonds	Not Rated	Not Rated	20.96%
U.S. Agency securities	AA+	Aaa	27.06%
	Not Rated	Not Rated	7.05%
U.S. Treasury notes	Not Rated	Aaa	0.03%
U.S. Treasury bills	Not Rated	Not Rated	0.08%
Negotiable Certificates of Deposit	Not Rated	Not Rated	3.61%
Money market mutual funds	Not Rated	Not Rated	5.00%
			100.00%

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The method used to apportion the unrealized loss was based on a prorata share of each funds' cash balance as of June 30, 2013 relative to the County Treasury Pool balances. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year. The unrealized loss on investments held in the Treasury Pool was $179,448,000 as of June 30, 2013. A separate financial report is issued for the Treasury Pool as of June 30, 2013.

Reverse Repurchase Agreements

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

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

Floating Rate Notes

The California Government Code permits the County Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The County's investment guidelines limit the amount of floating rate notes to 10% of the Los Angeles County Treasury Pool portfolio and prohibit the purchase of inverse floating rate notes and hybrid or complex structured investments. As of June 30, 2013, there were approximately $757,880,000 in floating rate notes.

5. CASH AND INVESTMENTS-Continued

Derivatives

LACERA utilizes forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. Included in net investment income are gains and losses from foreign currency transactions. At June 30, 2013, forward currency contracts receivable and payable totaled $8,324,598,000 and $8,267,068,000, respectively. All investment derivative positions are included as part of investments at fair value on LACERA's statement of plan net position. All changes in fair value are reported as part of net appreciation/(depreciation) in fair value of investments in the statement of changes in plan net position.

LACERA's Investment Policy Statement and Investment Manager Guidelines allow the limited use of other investment derivatives by certain investment managers. Detailed derivative disclosures are included in Note I of LACERA's Report on Audited Financial Statements for the year ended June 30, 2013.

Securities Lending Transactions

LACERA, as the administering agency for the Pension and OPEB Trust Funds, is authorized to participate in a securities lending program under policies adopted by the LACERA Board of Investments. This program is an investment management activity that mirrors the fundamentals of a loan transaction in which a security is used as collateral. Securities are lent to brokers and dealers (borrowers) and LACERA receives cash as collateral. LACERA pays the borrower interest on the collateral received and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower.

LACERA's program is managed by one principal borrower and two agent lenders. Under exclusive borrowing and lending arrangements, securities on loan must be collateralized with a fair value of 102% for U.S. securities, and 105% for international securities, of the borrowed securities. Collateral is marked to market daily. Cash collateral is invested by the agent lenders in short-term, liquid instruments.

Under the terms of the lending agreements, the two agent lenders have agreed to hold LACERA harmless for borrower default from the loss of securities or income, or from any litigation arising from these loans. The principal borrower's agreement entitles LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities." Either LACERA or the borrower can terminate all loans on securities on demand.

At year-end, LACERA had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. As of June 30, 2013, there were no violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2013.

5. CASH AND INVESTMENTS-Continued

Securities Lending Transactions-Continued

As of June 30, 2013, the fair value of securities on loan was $135.86 million. The value of the cash collateral received for those securities was $138.27 million. Securities lending assets (Other Investments) and liabilities (Other Payables) of $138.27 million are recorded in the Pension and OPEB Trust Funds. Pension and OPEB Trust Funds income, net of expenses, from securities lending was $4.69 million for the year ended June 30, 2013.

For the year ended June 30, 2013, the Los Angeles County Treasury Pool did not enter into any securities lending transactions.

Summary of Deposits and Investments

Following is a summary of the carrying amount of deposits and investments at June 30, 2013 (in thousands):

	County	Pension and OPEB Trust Funds	Total
Deposits	$ 91,234	$ 181,509	$ 272,743
Investments	23,244,981	42,871,492	66,116,473
	$ 23,336,215	$ 43,053,001	$ 66,389,216

6. CAPITAL ASSETS

Capital assets activity as of July 1, 2012 include the following adjustments (in thousands) due to CDC becoming a discretely presented component unit rather than a blended component unit based on the implementation of GASB 61:

	CDC Adjustments
Governmental Activities	
Capital assets, not being depreciated-	
Land	$ 19,694
Capital assets, being depreciated:	
Buildings and improvements	21,652
Equipment	7,345
Subtotal	28,997
Less accumulated depreciation for:	
Buildings and improvements	(6,724)
Equipment	(6,345)
Subtotal	(13,069)
Total capital assets, being depreciated, net	15,928
Governmental activities capital assets, net adjustment	$ 35,622

6. CAPITAL ASSETS-Continued

	CDC Adjustments
Business-type Activities:	
Capital assets, not being depreciated:	
Land	$ 71,961
Construction in progress-buildings and improvements	35,690
Subtotal	107,651
Capital assets, being depreciated:	
Buildings and improvements	139,322
Equipment	1,705
Subtotal	141,027
Less accumulated depreciation for:	
Buildings and improvements	(126,966)
Equipment	(1,390)
Subtotal	(128,356)
Total capital assets, being depreciated, net	12,671
Business-type activities capital assets, net adjustment	$ 120,322
CDC total capital assets, net	$ 155,944

Capital assets activity for the year ended June 30, 2013 is as follows (in thousands):

	Balance July 1, 2012, as restated	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 2,387,388	1,329	(460)	$ 2,388,257
Easements	4,871,153	90,901	(300)	4,961,754
Software in progress	14,383	30,209	(1,469)	43,123
Construction in progress-buildings and improvements	314,635	227,594	(106,746)	435,483
Construction in progress-infrastructure	313,370	121,445	(163,066)	271,749
Subtotal	7,900,929	471,478	(272,041)	8,100,366
Capital assets, being depreciated:				
Buildings and improvements	4,155,123	103,226	(2,235)	4,256,114
Equipment	1,401,733	130,128	(45,341)	1,486,520
Software	496,724	. 32,294		529,018
Infrastructure	7,576,860	98,236.	(785)	7,674,311
Subtotal	13,630,440	363,884.	(48,361)	13,945,963

6. CAPITAL ASSETS-Continued

	Balance July 1, 2012, as restated	Additions	Deletions	Balance June 30, 2013
Governmental Activities-Continued				
Less accumulated depreciation for:				
Buildings and improvements	(1,481,475)	(70,673)	407	(1,551,741)
Equipment	(988,765)	(104,250)	43,615	(1,049,400)
Software	(199,930)	(49,694)		(249,624)
Infrastructure	(3,194,952)	(162,210)	143	(3,357,019)
Subtotal	(5,865,122)	(386,827)	44,165	(6,207,784)
Total capital assets, being depreciated, net	7,765,318	(22,943)	(4,196)	7,738,179
Governmental activities capital assets, net	$ 15,666,247	448,535	(276,237)	$ 15,838,545
Business-type Activities				
Capital assets, not being depreciated:				
Land	$ 152,432	146		$ 152,578
Easements	31,009	55		31,064
Software in progress	4,298	829	(3,660)	1,467
Construction in progress-buildings and improvements	390,939	218,559	(50,926)	558,572
Construction in progress-infrastructure	29,526	11,110	(18,728)	21,908
Subtotal	608,204	230,699	(73,314)	765,589
Capital assets, being depreciated:				
Buildings and improvements	1,845,007	51,884		1,896,891
Equipment	301,244	12,460	(57,605)	256,099
Software	53,695	3,660		57,355
Infrastructure	1,216,906	16,746		1,233,652
Subtotal	3,416,852	84,750	(57,605)	3,443,997
Less accumulated depreciation for:				
Buildings and improvements	(638,904)	(27,866)		(666,770)
Equipment	(213,640)	(18,490)	49,446	(182,684)
Software	(12,856)	(4,111)		(16,967)
Infrastructure	(492,012)	(21,437)		(513,449)
Subtotal	(1,357,412)	(71,904)	49,446	(1,379,870)
Total capital assets, being depreciated, net	2,059,440	12,846	(8,159)	2,064,127
Business-type activities capital assets, net	$ 2,667,644	243,545	(81,473)	$ 2,829,716
Total capital assets, net	$ 18,333,891	692,080	(357,710)	$ 18,668,261

6. CAPITAL ASSETS-Continued

Depreciation Expense

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

Governmental activities:	
General government	$ 23,106
Public protection	160,514
Public ways and facilities	90,230
Health and sanitation	18,611
Public assistance	43,630
Education	2,994
Recreation and cultural services	18,620
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	29,122
Total depreciation expense, governmental activities	$ 386,827

Business-type activities:	
Hospitals	$ 43,603
Waterworks	21,928
Aviation	1,908
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	4,465
Total depreciation expense, business-type activities	$ 71,904

Discretely Presented Component Units

CDC

Capital assets activity for the CDC component unit for the year ended June 30, 2013 was as follows (in thousands):

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	$ 91,655	13,340	(11,755)	$ 93,240
Construction in progress-buildings and improvements	35,690	15,908	(43,450)	8,148
Subtotal	127,345	29,248	(55,205)	101,388
Capital assets, being depreciated:				
Buildings and improvements	160,974	47,525		208,499
Equipment	9,050	4,810	(4,251)	9,609
Subtotal	170,024	52,335	(4,251)	218,108

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units-Continued

CDC-Continued

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Less accumulated depreciation for:				
Buildings and improvements	(133,690)	(2,881)		(136,571)
Equipment	(7,735)	(1,059)	4,251	(4,543)
Subtotal	(141,425)	(3,940)	4,251	(141,114)
Total capital assets being depreciated, net	28,599	48,395		76,994
CDC capital assets, net	$ 155,944	77,643	(55,205)	$ 178,382

First 5

Capital assets activity for the First 5 component unit for the year ended June 30, 2013 was as follows (in thousands):

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated-				
Land	$ 2,039			$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,479	30		2,509
Subtotal	14,555	30		14,585
Less accumulated depreciation for:				
Buildings and improvements	(1,707)	(243)		(1,950)
Equipment	(2,109)	(210)		(2,319)
Subtotal	(3,816)	(453)		(4,269)
Total capital assets being depreciated, net	10,739	(423)		10,316
First 5 capital assets, net	$ 12,778	(423)		$ 12,355

7. SERVICE CONCESSION ARRANGEMENTS (SCA)

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

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

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, 2013, the present value of the installment payments under contract is estimated to be $102.89 million and reported as deferred inflows of resources in the statement of net position. There is no change to the beginning net position as a result of GASB 60 implementation. The present values of the installment payments were calculated using a discount rate of 5.12% for the term of the agreement for each SCA. The lease terms for the sixteen golf courses cover remaining periods ranging from four months to 23 years as of June 30, 2013. The FY 2012-2013 total monthly installment payments are approximately $868,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The carrying value of the golf courses, including buildings and land, is reported at $12.87 million as of June 30, 2013.

8. PENSION PLAN

Plan Description

The County pension plan is administered by the Los Angeles County Employees Retirement Association (LACERA), which was established under the County Employees’ Retirement Law of 1937. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

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

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

8. PENSION PLAN-Continued

Plan Description-Continued

LACERA is technically a cost-sharing, multi-employer defined benefit plan. However, because the non-County entities are immaterial to its operations the disclosures herein are made as if LACERA was a single employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Benefits are authorized in accordance with the California Constitution, the County Employees' Retirement Law, the bylaws, procedures and policies adopted by LACERA's Boards of Retirement and Investments and Board of Supervisors' resolutions.

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

Funding Policy

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

The following employer rates were in effect for FY 2012-2013:

July 1, 2012 - September 30, 2012	A	B	C	D	E	
General Members	21.59%	15.00%	14.51%	14.80%	15.30%	
Safety Members	30.38%	24.10%				
October 1, 2012 - Dec 31, 2012	**A**	**B**	**C**	**D**	**E**	
General Members	22.65%	15.55%	15.35%	16.00%	16.77%	
Safety Members	31.55%	25.37%				
January 1, 2013 - June 30, 2013	**A**	**B**	**C**	**D**	**E**	**G**
General Members	22.65%	15.55%	15.35%	16.00%	16.77%	15.61%
Safety Members	31.55%	25.37%	20.98%			

The rates were determined by the actuarial valuation performed as of June 30, 2010 and June 30, 2011, respectively. The rates for plan G and Safety plan C were based on a PEPRA study completed by the actuaries. The June 30, 2011 and June 30, 2012 actuarial valuations were used to calculate the annual required contribution (ARC).

8. PENSION PLAN-Continued

Funding Policy-Continued

Employee rates vary by option and employee entry age from 5% to 13% of their annual covered salary.

During FY 2012-2013, the County contributed the full amount of the ARC, in the form of cash payments in the amount of $723.09 million and a transfer from the County Contribution Credit Reserve (CCCR) in the amount of $448.82 million. The CCCR was created pursuant to the 1994 Retirement System Funding Agreement between LACERA and the County. Seventy-five percent (75%) of excess earnings in FYs 1995-1999 were credited into the CCCR.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for FY 2012-2013, computed in accordance with GASB 27, were as follows (in thousands):

Annual required contribution (ARC):	
County	$ 1,171,910
Non-County entities	104
Total ARC/Annual pension cost	1,172,014
Contributions made:	
County cash	723,091
Transfer from CCCR	448,819
Non-County entities	104
Total contributions	1,172,014
Change in net pension obligation (asset)	0
Net pension obligation (asset), July 1, 2012	0
Net pension obligation (asset), June 30, 2013	$ 0

Trend Information (in thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2011	$ 995,925	94.80%	0
June 30, 2012	1,078,929	100.00%	0
June 30, 2013	1,172,014	100.00%	0

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the funded ratio was determined to be 76.8%. The actuarial value of assets was $39.039 billion, and the actuarial accrued liability (AAL) was $50.809 billion, resulting in an unfunded AAL of $11.770 billion. The covered payroll was $6.620 billion and the ratio of the unfunded AAL to the covered payroll was 177.8%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

8. PENSION PLAN-Continued

Actuarial Methods and Assumptions

The annual required contribution was calculated using the entry age normal method. The June 30, 2012 actuarial valuation also assumed an annual investment rate of return of 7.60%, and projected salary increases ranging from 4.11% to 10.08 %, with both assumptions including a 3.35% inflation factor. Additionally, the valuation assumed post-retirement benefit increases of between 2% and 3%, in accordance with the provisions of the specific benefit options. The actuarial value of assets was determined utilizing a five-year smoothed method based on the difference between the expected market value and the actual market value of assets as of the valuation date. The assumptions remained the same from the prior actuarial valuation completed as of June 20, 2011.

The County contribution rate to finance the unfunded AAL is 17.54% and 19.82% of payroll, which is a weighted average for all LACERA plans, as determined by the June 30, 2011 and 2012 actuarial valuations, respectively.

LACERA uses the accrual basis of accounting. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of each plan.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

LACERA administers a cost-sharing, multi-employer defined benefit Other Postemployment Benefit (OPEB) plan on behalf of the County. As indicated in Note 8-Pension Plan, because the non-County entities are immaterial to its operations, the disclosures herein are made as if LACERA was a single employer defined benefit plan.

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

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

Funding Policy

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funding Policy-Continued

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.

As discussed in Note 8, the County's pension contribution requirements for FY 2012-2013 were partially funded by LACERA Credit Reserves of $448.8 million, thereby reducing the County's cash contributions. The County utilized the $448.8 of pension contribution savings to prefund the liability for retiree healthcare benefits. In addition, the County fulfilled its "pay-as-you-go" contribution requirements of $441.1 million, thereby making total contributions of $889.9 for retiree health care. Included in this amount was $41.7 million for Medicare Part B reimbursements and $7.6 million in death benefits. Additionally, $40.4 million was paid by member participants. The County also made payments of $37.6 million for long-term disability benefits.

OPEB Trust

Pursuant to the California Government Code, the County established an irrevocable Other Postemployment Benefit (OPEB) Trust for the purpose of holding and investing assets to pre-fund the Retiree Health Program, which LACERA administers. On May 15, 2012, the Los Angeles County Board of Supervisors entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. During FY 2012-2013, the County made contributions to prefund the growing liability for retiree healthcare benefits in the amount of $448.8 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, 2012, and the OPEB long-term disability actuarial valuation as of July 1, 2011. The following table shows the ARC, the amount actually contributed and the net OPEB obligation (in thousands):

	Retiree Health Care	LTD	Total
Annual OPEB required contribution (ARC)	$ 2,036,300	$ 70,509	$2,106,809
Interest on Net OPEB obligation	294,300	7,680	301,980
Adjustment to ARC	(241,575)	(5,120)	(246,695)
Annual OPEB cost (expense)	2,089,025	73,069	2,162,094
Less: Contributions made	889,871	37,598	927,469
Increase in Net OPEB obligation	1,199,154	35,471	1,234,625
Net OPEB obligation, July 1, 2012	6,765,519	153,601	6,919,120
Net OPEB obligation, June 30, 2013	$ 7,964,673	$ 189,072	$8,153,745

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Annual OPEB Cost and Net OPEB Obligation-Continued

Retiree Health Care Trend Information (in thousands)

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$ 1,897,487	19.8%	$ 5,229,762
June 30, 2012	1,915,501	19.8%	6,765,519
June 30, 2013	2,089,025	42.6%	7,964,673

LTD Trend Information (in thousands)

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$ 62,962	56.0%	$ 117,829
June 30, 2012	72,473	50.6%	153,601
June 30, 2013	73,069	51.5%	189,072

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date for OPEB health care benefits, the funded ratio was 0%. The actuarial value of assets was zero. The actuarial accrued liability (AAL) was $25.733 billion, resulting in an unfunded AAL of $25.733 billion. The covered payroll was $6.620 billion and the ratio of the unfunded AAL to the covered payroll was 388.73%.

As of July 1, 2011, the most recent actuarial valuation date for OPEB long-term disability benefits, the funded ratio was 0%. The assumptions remained the same from the last actuarial valuation completed in 2009. The actuarial value of assets was zero. The AAL was $1.019 billion, resulting in an unfunded AAL of $1.019 billion. The covered payroll was $6.620 billion and the ratio of the unfunded AAL to the covered payroll was 15.39%.

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.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Actuarial Methods and Assumptions–Continued

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

The actuarial valuations for OPEB health care and OPEB long-term disability benefits were prepared by two different firms, with some differences in the methods and assumptions used. In both valuations, the projected unit credit cost method was used. The valuation for OPEB health care assumed an annual investment rate of return of 4.35% and projected general wage increase of 3.85% per annum. The valuation for OPEB long-term disability benefits assumed an annual investment rate of return of 5% and projected general wage increase of 4% per annum. The valuations for OPEB health care and OPEB long-term disability benefits factored in annual inflation rates of 3.35% and 3.5%, respectively. The increases in salary due to promotions and longevity do not affect the amount of the OPEB program benefits. An actuarial asset valuation was not performed. Finally, the OPEB valuation report used the level percentage of projected payroll over a rolling (open) 30-year amortization period. The OPEB Long-Term Disability valuation report used the level dollar of projected payroll over a rolling (open) 30-year amortization period.

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

	Initial Year	Ultimate
LACERA Medical Under 65	0.30%	5.10%
LACERA Medical Over 65	0.59%	5.10%
Firefighters Local 1014 (all)	7.00%	5.10%
Part B Premiums	5.90%	5.10%
Dental (all)	3.13%	3.40%

10. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2013 (in thousands):

Year Ending June 30	Governmental Activities
2014	$ 84,810
2015	72,407
2016	44,649
2017	32,762
2018	20,925
2019-2023	53,307
2024-2028	40,335
2029-2033	30,723
Total	$ 379,918

Rent expenses related to operating leases were $95,978,000 for the year ended June 30, 2013.

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, 2013 (in thousands):

Year Ending June 30	Governmental Activities
2014	$ 25,787
2015	23,141
2016	22,463
2017	20,401
2018	19,790
2019-2023	103,119
2024-2028	76,689
2029-2033	63,052
2034-2038	35,822
Total	390,264
Less: Amount representing interest	207,208
Present value of future minimum lease payments	$ 183,056

The following is a schedule of property under capital leases by major classes at June 30, 2013 (in thousands):

	Governmental Activities
Land	$ 17,279
Buildings and improvements	153,513
Equipment	68,769
Accumulated depreciation	(44,117)
Total	$ 195,444

Future rent revenues to be received from noncancelable subleases are $1,114,000 as of June 30, 2013.

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, and Asset Development Projects. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. The Asset Development Projects are ground leases and development agreements entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Asset Development leases cover remaining periods ranging generally from 1 to 84 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 22 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 55 years and are accounted for in the General Fund.

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 $492,441,000. The carrying value of the capital assets associated with the regional park operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2013 (in thousands):

Year Ending June 30	Governmental Activities
2014	$ 35,984
2015	36,010
2016	35,949
2017	35,799
2018	35,736
Thereafter	1,402,807
Total	$ 1,582,285

The total of $1,582,285 excludes amounts related to golf courses. The golf course management agreements, previously recorded as leases, are now being reported as SCAs under Note 7 due to the implementation of GASB 60. As a result, $149,108,000 in projected installment payments are being excluded from the future minimum rental receipts.

The following is a schedule of rental income for these operating leases for the year ended June 30, 2013 (in thousands):

	Governmental Activities
Minimum rentals	$ 34,410
Contingent rentals	15,090
Total	$ 49,500

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

11. LONG-TERM OBLIGATIONS

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

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

	Original Par Amount of Debt	Balance June 30, 2013
Los Angeles County Flood Control District Refunding Bonds 2.5% to 5.0%	$ 143,195	$ 5,745
Los Angeles County Flood Control District Revenue Bonds 4.0% to 4.12%	20,540	14,025
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	153,047
NPC Bond Anticipation Notes, 0.536% to 0.632%	26,238	26,238
NPC Bonds 1.5% to 5.0%	48,818	28,213
Marina del Rey Loans, 4.5% to 4.7%	23,500	17,352
Public Buildings Bonds and Notes, 2.0% to 7.618%	1,152,658	830,218
Lease Revenue Obligation Notes, 0.08% to 0.18%	255,949	255,949
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 5.25% to 6.65%	319,827	401,443
Total	$ 2,266,260	$ 1,732,230

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

	Original Par Amount of Debt	Balance June 30, 2013
NPC Bond Anticipation Notes, 0.536% to 0.632%	$ 5,762	$ 5,762
NPC Bonds, 1.5% to 5.0%	6,657	3,847
Public Buildings Bonds and Notes, 2.0% to 7.618%	914,292	851,554
Lease Revenue Obligation Notes, 0.08 % to 0.18 %	45,951	45,951
Waterworks District Loans, 2.28%	8,111	8,111
Total	$ 980,773	$ 915,225

11. LONG-TERM OBLIGATIONS-Continued

Assessment Bonds

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

The bonds mature in FY 2019-2020. Annual principal and interest payments of the bonds are expected to require less than 50% of annual assessment revenues. Total principal and interest remaining on the bonds is $163,183,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were $35,780,000 and $80,380,000, respectively.

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

Year Ending	Governmental Activities	
June 30	Principal	Interest
2014	$ 29,255	$ 6,497
2015	30,735	4,998
2016	32,270	3,422
2017	11,715	2,313
2018	12,320	1,692
2019-2023	26,575	1,391
Subtotal	142,870	$ 20,313
Add: Unamortized bond premiums	10,177	
Total assessment bonds	$ 153,047	

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established by, and are component units of, the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. During FY 2012-2013, the County issued lease revenue bonds of $339,410,000 to finance $186,087,000 of various capital improvements, to redeem $133,465,000 of outstanding lease revenue obligation notes, and to fund debt service reserves of $19,858,000. The allocation of debt between Governmental Activities and Business-type Activities was $35,725,000 and $303,685,000, respectively.

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds-Continued

The County has pledged net revenues from the Calabasas Landfill for the payment of the Calabasas Landfill Project Revenue bonds, included here in the Public Buildings COPS, issued in 2005 and maturing in 2022. To the extent that the net available revenues are insufficient to cover the debt payments in any fiscal year, the County has pledged to make the debt payments from any source of legally available funds. The County paid the entire current fiscal year debt payment of $3,286,000. Total principal and interest remaining on the bonds is $32,673,000.

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

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2014	$ 61,622	$ 52,283	$ 14,618	$ 55,727
2015	64,689	49,599	22,743	50,965
2016	49,091	47,843	27,181	49,852
2017	34,389	47,819	19,801	47,781
2018	23,159	48,990	16,117	45,403
2019-2023	170,874	196,132	92,759	213,629
2024-2028	120,022	115,681	116,289	182,761
2029-2033	122,674	77,416	148,361	139,606
2034-2038	95,974	41,702	188,716	84,915
2039-2043	68,246	8,024	172,789	20,810
Subtotal	810,740	$ 685,489	819,374	$ 891,449
Add: Accretions	68,696			
Unamortized bond premiums	21,930		36,027	
Unamortized loss	(23,165)			
Total certificates of Participation and bonds	$ 878,201		$ 855,401	

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the Los Angeles County Securitization Corporation (LACSC) under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of $319,827,000 and a residual certificate in exchange for the rights to receive and retain 25.9% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2013 were $131,514,000. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be $1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.7% interest rate at the time of the sale, was $309,230,000. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

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

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2014	$	$ 20,051
2015		20,051
2016		20,051
2017		20,051
2018		20,052
2019-2023	38,450	94,426
2024-2028	46,370	85,680
2029-2033		69,311
2034-2038	62,196	60,224
2039-2043	53,157	38,738
2044-2048	97,824	16,173
Subtotal	297,997	$ 464,808
Add: Accretions	103,446	
Total Tobacco Settlement Asset-Backed Bonds	$ 401,443	

Notes, Loans, and Lease Revenue Obligation Notes

Notes and Loans

Bond Anticipation Notes (BANS) are issued by the Los Angeles County Capital Asset Leasing Corporation (LACCAL) to provide interim financing for equipment purchases. BANS are purchased by the County Treasury Pool and are payable within five years. In addition, the BANS are issued with a formal agreement that, in the event they are not liquidated within the five-year period, they convert to capital lease obligations with a three-year term secured by County real property. During FY 2012-2013, LACCAL issued additional BANS in the amount of $12,336,000, as reflected in Governmental Activities and $2,664,000 as reflected in Business-type Activities.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Notes and Loans-Continued

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

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of $3,410,400 and $5,472,875 from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 47% of the annual surcharge revenues. During FY 2012-2013, the County obtained additional loans for $3,079,000 and as of June 30, 2013, total loans drawn are $2,838,000 on the Sepulveda Feeder Interconnection project and $5,273,000 on the Marina del Rey Waterline Replacement project.

Lease Revenue Obligation Notes

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

The aggregate maximum principal amount of the three LOCs is $450,000,000, which consists of $150,000,000 of callable Series A (JP Morgan), $100,000,000 of Series B (U.S. Bank), $200,000,000 of Series C (Wells Fargo) and $150,000,000 direct placement revolving credit facility of Series D (Bank of America). The County is responsible for the payment of a non-refundable letter of credit fee for each LOC and a non-refundable commitment fee for the revolving credit facility on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for Series A is equal to 0.54% of the maximum, principal amount of the LOC. For Series B and C, the letter of credit fee is equal to 0.6% of the maximum principal amount of the LOC. The commitment fee is equal to 0.3% of the $150,000,000 maximum principal amount of the revolving credit facility for Series D (Bank of America). As of June 30, 2013, $301,900,000 of LRON issued under the program were outstanding, including $53,000,000 of Series A, $100,000,000 of Series B and $148,900,000 of Series C.

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 re-issued 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 2012-2013, the County redeemed the total amount that was outstanding at the beginning of the year and reissued County LRON that, as of June 30, 2013, are reflected as notes payable in the amount of $255,949,000 for Governmental Activities and $45,951,000 for Business-type Activities. The average interest rate on LRON issued in FY 2012-2013 was 0.197%. The County did not issue any Series D notes in FY 2012-2013.

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

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2014	$ 270,616	$ 781	$ 49,048	$
2015	13,133	746	2,883	124
2016	834	711	329	179
2017	871	673	337	171
2018	911	634	345	163
2019-2023	5,207	2,516	1,844	693
2024-2028	6,489	1,234	2,066	471
2029-2033	1,478	67	2,314	223
2034-2038			658	14
Total	$ 299,539	$ 7,362	$ 59,824	$ 2,038

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Summary-All Future Principal, Interest and Accretions

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

	Governmental Activities		Business-type Activities	
Debt Type	Principal	Interest	Principal	Interest
Assessment bonds	$ 142,870	$ 20,313	$	$
Certificates of participation and bonds	810,740	685,489	819,374	891,449
Tobacco settlement asset-backed bonds	297,997	464,808		
Notes, loans, and LRON	299,539	7,362	59,824	2,038
Subtotal	1,551,146	$1,177,972	879,198	$ 893,487
Add: Accretions	172,142			
Unamortized bond premiums	32,107		36,027	
Less: Unamortized loss on advanced refunding of debt	(23,165)			
Total bonds and notes	$1,732,230		$ 915,225	

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

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 liabilities for the defeased bonds are not reflected in the County's financial position. At June 30, 2013, the amount of outstanding bonds and certificates of participation considered defeased was $9,510,000. All of this amount was related to governmental activities.

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

Long-term debt obligations as of July 1, 2012 include the following adjustments (in thousands) as a result of CDC becoming a discretely presented component unit rather than a blended component unit due to the implementation of GASB 61:

	Long-term Liabilities July 1, 2012, as previously reported	Effect of CDC	Long-term Liabilities July 1, 2012, as restated
Governmental activities:			
Bonds and notes payable	$ 1,597,317	(30,789)	$ 1,566,528
Unamortized bond premium	32,259		32,259
Unamortized refunding loss	(25,949)		(25,949)
Total bonds and notes payable	1,603,627	(30,789)	1,572,838
Interest accretion on bonds payable	172,662		172,662
Capital lease obligations	190,746	(133)	190,613
Accrued compensated absences	1,178,011	(802)	1,177,209
Workers' compensation	1,855,761	(2,950)	1,852,811
Litigation and self-insurance	158,152	(1,419)	156,733
Total governmental activities	$ 5,158,959	(36,093)	$ 5,122,866
Business-type activities:			
Bonds and notes payable	$ 766,418	(46,702)	$ 719,716
Unamortized bond premium	3,850		3,850
Total bonds and notes payable	770,268	(46,702)	723,566
Accrued compensated absences	177,226	(617)	176,609
Total business-type activities	$ 947,494	(47,319)	$ 900,175
Total effect of restatement for CDC	$ 6,106,453	(83,412)	$ 6,023,041

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2013 (in thousands):

	Balance July 1, 2012 as restated	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2013	Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 1,566,528	304,010	319,392	$ 1,551,146	$ 361,493
Add: Unamortized premium on bonds payable	32,259	3,848	4,000	32,107	4,199
Less: Unamortized amount on refunding loss	(25,949)	2,784		(23,165)	(2,922)
Total bonds and notes payable	1,572,838	310,642	323,392	1,560,088	362,770
Interest accretion on capital appreciation bonds payable	172,662	2,471	2,991	172,142	9,746
Other long-term liabilities:					
Capital lease obligations (Note 10)	190,613	2,780	10,337	183,056	10,684
Accrued compensated absences	1,177,209	94,151	78,396	1,192,964	66,358
Workers' compensation (Note18)	1,852,811	307,425	323,595	1,836,641	323,444
Litigation and self-insurance (Note 18)	156,733	80,083	59,738	177,078	147,487
Pollution remediation obligation (Note 19)	25,294	4,796	14,204	15,886	1,794
OPEB obligation (Note 9)	5,776,974	1,035,328		6,812,302	
Third party payor (Note 14)	16,669	28,469	28,782	16,356	16,356
Total governmental activities	$ 10,941,803	1,866,145	841,435	$ 11,966,513	$ 938,639
Business-type activities:					
Bonds and notes payable	$ 719,716	355,379	195,897	$ 879,198	$ 63,666
Add: Unamortized premium on bonds payable	3,850	33,078	901	36,027	943
Total bonds and notes payable	723,566	388,457	196,798	915,225	64,609
Other long-term liabilities:					
Accrued compensated absences	176,609	9,602	11,830	174,381	11,507
Workers compensation (Note 18)	266,755	32,824	39,871	259,708	44,240
Litigation and self-insurance (Note 18)	104,785	13,177	13,020	104,942	26,965
OPEB obligation (Note 9)	1,142,146	199,297		1,341,443	
Third party payor (Note 14)	375,066	117,848	2,092	490,822	14,969
Total business-type activities	$ 2,788,927	761,205	263,611	$ 3,286,521	$ 162,290

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

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

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes. Accretions decreased during FY 2012-2013, thereby increasing liabilities for Bonds and Notes by $520,000 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, 2013 was as follows (in thousands):

	July 1, 2012	Additions	Maturities	Balance June 30, 2013	Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 30,789		2,661	$ 28,128	$ 3,589
Compensated absences	802	786	877	711	640
Capital lease obligations	133	3,131	695	2,569	600
Claims payable	4,369	836	836	4,369	233
Total Governmental activities	$ 36,093	4,753	5,069	$ 35,777	$ 5,062
Business-type activities:					
Bonds and notes payable	$ 46,702	6	6,500	$ 40,208	$ 570
Compensated absences	617	577	723	471	424
Total Business-type activities	$ 47,319	583	7,223	$ 40,679	$ 994
Total long-term obligations	$ 83,412	5,336	12,292	$ 76,456	$ 6,056

12. SHORT-TERM DEBT

On July 2, 2012, the County issued $ 1,100,000,000 of short-term Tax and Revenue Anticipation Notes Series A, B and C at an effective interest rate of 0.18%, 0.19%, and 0.20%, respectively. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2012. The Series A notes, $300,000,000, matured and were redeemed on February 28, 2013, the Series B notes, $400,000,000, on March 29, 2013 and the Series C notes, $400,000,000, on June 28, 2013.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2013, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $54,314,000 and limited obligation improvement bonds totaling $7,466,000. 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, 2013, the amount of industrial development and other conduit bonds outstanding was $24,255,000.

14. HOSPITAL AND OTHER PROGRAM REVENUES

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

Medi-Cal Demonstration Project

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

Revenues for the public hospitals are comprised of: 1) FFS cost-based reimbursement for inpatient hospital services for Medi-Cal patients who are not enrolled in managed care; 2) Medi-Cal DSH payments; and 3) distribution from a pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP), which was capped Statewide at $386.00 million in FY 2012-13. The non-federal share of these payments is provided by the public hospitals rather than the State, through certified public expenditures (CPE). For the inpatient hospital FFS cost-based payments, each hospital provides its own CPE. In addition to CPE, for DSH, Intergovernmental Transfers (IGTs) are also made whereby the hospital would utilize its local funding for services to draw down the federal financial participation (FFP).

The federal medical assistance percentage (FMAP), which establishes the matching amount for the FFS cost-based reimbursement, was 50% for FY 2012-13. The FMAP for DSH remains at 50%.

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

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

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

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

The IGTs paid during FY 2012-13 are payments for services provided in FY 2012-13. The estimated Medi-Cal Demonstration Project net revenues for inpatient services, DSH and SNCP include amounts collected and accrued for FY 2012-13 as adjusted for over/under-realization of revenues for FY 2005-06 through FY 2011-12. The amounts below are in thousands:

	Program Revenues			
	Medi-Cal FFS	DSH	SNCP	Intergovernmental Transfers Expense
Harbor-UCLA	$ 36,867	$ 141,502	$ 64,457	$ 43,738
Olive View-UCLA	41,858	64,976	29,684	29,531
LAC+USC	104,264	98,673	111,132	111,710
Rancho	21,669	32,303	19,085	12,513
Total	$ 204,658	$ 337,454	$ 224,358	$ 197,492

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

Coverage Expansion – Low Income Health Program or Healthy Way LA

Under the Demonstration Project, counties have the option to expand coverage by operating a Low Income Health Program (LIHP). Under this plan, the County may cover individuals up to 133% of the federal poverty level (FPL), known as the Medicaid Coverage Expansion (MCE) population for a particular group of services, and receive federal matching funds for the amount they expend. If a county meets certain federal requirements and has the resources available to do so, it can also cover individuals between 133% and 200% FPL, known as the Health Care Coverage Initiative (HCCI) population. The LIHP will run through the end of 2013, at which time coverage under federal health care reform will take effect.

For the County, the LIHP program is called Healthy Way LA (HWLA) – Matched. Revenues for FY 2012-13 are estimated at $173.44 million for patient care services and $3.76 million for administrative services.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

Delivery System Reform Incentive Pool

The Demonstration Project establishes the Delivery System Reform Incentive Pool (DSRIP) which ties federal funding to the achievement of milestones in care delivery improvements. To obtain funding under the DSRIP, public hospital systems submitted a five-year plan showing how they will accomplish desired results, and will be required to achieve significant milestones that were approved by the State and CMS. The amounts below, in thousands, were recorded as "other operating revenues" in FY 2012-13:

	DSRIP Gross Revenues	Intergovernmental Transfers Expense
Harbor-UCLA	$ 162,877	$ 104,332
Olive View-UCLA	104,168	39,741
LAC+USC	181,372	109,195
Rancho	17,122	17,082
Total	$ 465,539	$ 270,350

Managed Care for Seniors and Persons with Disabilities (SPDs)

Under the Demonstration Project, the State of California requires Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) to enroll in managed care plans, rather than using a fee for service system, in an effort to provide more coordinated care and contain costs. In FY 2012-13, an estimated $339.98 million of SPD gross revenues were recorded.

SPD also requires that the County make IGTs to the State to fund the non-federal share of Medi-Cal inpatient payments for this population and expenses associated with such IGTs were $125,808,000 in FY 2012-13.

Reported CPEs Subject to Audit

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

Medi-Cal Physician State Plan Amendment (Physician SPA)

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Physician State Plan Amendment (Physician SPA)-Continued

Net revenues of $23.75 million were recognized during FY 2012-13 and included adjustments for the over/under-realization of revenues associated with FY 2005-06 through FY 2011-12.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

CBRC reimburses 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, Multi-Service Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services). The CBRC revenues in FY 2012-13 were $148.64 million. As of June 30, 2013, the County estimated that approximately $204.62 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a noncurrent asset in the proprietary fund statements of net position for each hospital.

Medi-Cal Cost Report Settlements

All of the FY 2008-09 CBRC audit reports were issued and total audit settlements of $73.27 million were paid to the County. The Department of Health Services (DHS) issued appeal letters to the State Office of Administrative Appeals regarding unresolved audit adjustment issues. The informal level appeal hearing between DHS and the Medi-Cal auditors to discuss disputed adjustments before the Administrative Hearing Officer was held during June 2013. The hearing results, Report of Findings, have been issued and will be further appealed. The revised settlements will be issued sometime next year.

The State auditors are in the process of finalizing the FY 2009-10 CBRC audit findings and the anticipated issuance of the audit reports is late December 2013.

Medi-Cal Managed Care Rate Supplement

The State received permission from CMS to continue the Medi-Cal Managed Care rate supplements paid to L.A. Care and Health Net for the period October 1, 2011 through September 30, 2012. The supplement is funded by an IGT made by the County. The County does not receive managed care payments directly from the State; rather, the State contracts with L.A. Care and Health Net, which then subcontract for services with various provider networks.

In addition, in order to receive the supplemental payment, under the Welfare and Institutions Code Section 17301.4, the County is required to pay the State Department of Health Care Services a 20% administrative fee that is assessed on the full amount of the IGT. This amount is also recorded as part of IGT.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplement-Continued

For L.A. Care and Health Net, the total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2012-13, including prior year over/under realization, are as follows (in thousands):

	Program Revenues	Intergovernmental Transfers Expense
L.A. Care	$ 119,718	$ 69,958
Health Net	44,184	24,506
Totals	$ 163,902	$ 94,464

Revenues from the various Medi-Cal programs (i.e., FFS, DSH, CBRC, AB 915, SB 1732, etc.) represent approximately 64% of the hospitals' patient care revenue for the year ended June 30, 2013.

Medicare Program

Services to inpatient Medicare program beneficiaries are primarily paid under prospectively determined rates-per-discharge based upon diagnostic related groups (DRGs). Certain other services to Medicare beneficiaries are reimbursed based on a fee schedule or other rates.

Medicare audits have been ongoing at all hospitals. The initial notices of program reimbursement (NPR) have not been issued for all hospitals for recent fiscal years due to CMS Ruling No. CMS-1498-R, which required a revision to the methodology used to determine Medicare DSH payments. Before the initial NPR can be issued, CMS will revise the data matching process used to calculate the hospital's Medicare Supplemental Security Income (SSI) fraction that determines a portion of the Disproportionate Share payment adjustment for each hospital. The remaining issues, other than the Medicare DSH SSI fraction issue, have been reviewed and completed for all hospitals through FY 2006-07.

Medicare Program

For FY 2002-03 and FY 2003-04, the audits have been completed for all hospitals and NPRs have been issued for the former Martin Luther King Jr./Drew Medical Center (MLK/D MC), Harbor-UCLA Medical Center (H-UCLA MC), Rancho Los Amigos National Rehabilitation Center (RLANRC), and Olive View-UCLA Medical Center (OV-UCLA MC) only. LAC+USC Medical Center (LAC+USC MC) has not received its NPR due to the Medicare SSI fraction issue.

For FY 2004-05, the audits have been completed and the NPRs issued for MLK/D MC and OV-UCLA MC only. Except for the Medicare SSI fraction issue, the FY 2004-05 audits have been completed for LAC+USC MC, H-UCLA MC and RLANRC.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicare Program-Continued

For FY 2005-06, the audits have been completed and NPRs issued for MLK/D MC and OV-UCLA MC only. Except for the Medicare SSI fraction issue, the FY 2005-06 audits has been completed for LAC+USC MC, H-UCLA MC, and RLANRC.

For FY 2006-07, the audits for MLK/D MC, RLANRC and OV-UCLA MC have been completed and the NPRs have been issued. Except for the Medicare SSI fraction issue, the FY 2006-07 audits have been completed for H-UCLA MC and LAC+USC MC.

For FY 2007-08, the audits have been completed and NPRs have been issued for RLANRC and OV-UCLA MC. The audits are in progress for LAC+USC MC and H-UCLA MC. Effective August 16, 2007, MLK/D MC ceased to be certified as a participant in the Medicare program and will not undergo a hospital Medicare audit for FY 2007-08 due to low Medicare utilization.

For FY 2008-09, the audits have been completed and NPRs have been issued for RLANRC and OV-UCLA MC. Audits for LAC+USC MC and H-UCLA MC are in progress.

For FY 2009-10, the audits have been completed for RLANRC and OV-UCLA MC. An NPR has been issued for RLANRC. Audits for LAC+USC MC and H-UCLA MC have not been scheduled.

For FY 2010-11, audits have not been scheduled for LAC+USC MC and H-UCLA MC. The audits are in progress for RLANRC and OV-UCLA MC.

For FY 2011-12, audits have not been scheduled for LAC+USC MC, H-UCLA MC, RLANRC, and OV-UCLA MC.

Revenues from the Medicare program represent approximately 5% of patient care revenue for the year ended June 30, 2013.

Revenues related to the aforementioned programs are included in the accompanying basic financial statements as hospital operating revenues. Uncollected amounts are reported as accounts receivable - net. Claims for these programs are subject to audit by State and/or federal agencies.

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2013 (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	$2,098,317	$ 893,076	$ 2,446,418	$ 283,166	$5,720,977
Less: Allowance for uncollectible amounts	1,644,289	609,938	1,857,453	164,306	4,275,986
Accounts receivable - net	$ 454,028	$ 283,138	$ 588,965	$ 118,860	$1,444,991

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care

Charity care includes those uncollectible amounts, for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through the County's Ability-to-Pay program, through other collection efforts by the County, 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, 2013 is as follows (in thousands):

Estimated cost of charity care	$1,349,865
Charity care at established rates	2,301,117
Charges forgone	1,897,776

Martin Luther King, Jr. Community Hospital

The County and the University of California ("UC"), with the State, have created a wholly independent, non-profit 501(c)(3) entity, the Martin Luther King, Jr. – Los Angeles Healthcare Corporation, to operate a new the MLK Community Hospital at the MLK-MACC site. The new hospital would: 1) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and 2) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010, and is proceeding with efforts to open the new MLK Community Hospital. The new MLK Community Hospital facility is scheduled to open in FY 2014-15.

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, 2013.

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, 2013 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	$ 10,778
	Flood Control District	2,169
	Public Library	4,090
	Regional Park and Open Space District	2,538
	Nonmajor Governmental Funds	180,148
	Harbor-UCLA Medical Center	43,408
	Olive View-UCLA Medical Center	35,801
	LAC+USC Medical Center	74,870
	Rancho Los Amigos Nat'l Rehab Center	32,054
	Waterworks Enterprise Funds	1,081
	Nonmajor Aviation Funds	30
	Internal Service Funds	4,638
		391,605
Fire Protection District	General Fund	1,519
	Nonmajor Governmental Funds	525
	Harbor-UCLA Medical Center	1
	Internal Service Funds	1
		2,046
Flood Control District	General Fund	1,104
	Regional Park and Open Space District	500
	Nonmajor Governmental Funds	2,717
	Waterworks Enterprise Funds	250
	Nonmajor Aviation Funds	64
	Internal Service Funds	5,959
		10,594
Public Library	General Fund	1,955
Regional Park and Open Space District	Nonmajor Governmental Funds	806
Nonmajor Governmental Funds	General Fund	294,929
	Fire Protection District	16
	Flood Control District	190
	Public Library	15
	Regional Park and Open Space District	129
	Nonmajor Governmental Funds	13,686
	Internal Service Funds	12,147
		321,112

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Harbor-UCLA Medical Center	General Fund	$ 36,375
	Fire Protection District	39
	Nonmajor Governmental Funds	32,441
	Olive View-UCLA Medical Center	23
	LAC+USC Medical Center	1,118
	Rancho Los Amigos Nat'l Rehab Center	49
		70,045
Olive View-UCLA Medical Center	General Fund	23,350
	Fire Protection District	86
	Nonmajor Governmental Funds	15,836
	Harbor-UCLA Medical Center	1
	LAC+USC Medical Center	24
		39,297
LAC+USC Medical Center	General Fund	55,073
	Fire Protection District	5
	Nonmajor Governmental Funds	59,263
	Harbor-UCLA Medical Center	144
	Olive View-UCLA Medical Center	23
	Rancho Los Amigos Nat'l Rehab Center	313
		114,821
Rancho Los Amigos Nat'l Rehab Center	General Fund	29,441
	Fire Protection District	25
	Harbor-UCLA Medical Center	3
	LAC+USC Medical Center	1,326
		30,795
Waterworks Enterprise Funds	General Fund	129
	Internal Service Funds	979
		1,108
Nonmajor Aviation Funds	Internal Service Funds	7
Internal Service Funds	General Fund	17,605
	Fire Protection District	31
	Flood Control District	17,069
	Nonmajor Governmental Funds	34,642
	Harbor-UCLA Medical Center	11
	LAC+USC Medical Center	133
	Rancho Los Amigos Nat'l Rehab Center	806
	Waterworks Enterprise Funds	3,453
	Nonmajor Aviation Funds	117
		73,867
Total Interfund Receivables/Payables		$ 1,058,058

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers

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

Interfund transfers to/from other funds for the year ended June 30, 2013 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	$ 32
	Public Library	42,103
	Nonmajor Governmental Funds	103,062
	Harbor-UCLA Medical Center	226,855
	Olive View-UCLA Medical Center	89,659
	LAC+USC Medical Center	330,930
	Rancho Los Amigos Nat'l Rehab Center	71,030
	Internal Service Funds	67
		863,738
Fire Protection District	Nonmajor Governmental Funds	6,421
Flood Control District	Nonmajor Governmental Funds	19,130
	Internal Service Funds	1,234
		20,364
Public Library	General Fund	1,578
	Nonmajor Governmental Funds	1,043
		2,621
Regional Park and Open Space District	Nonmajor Governmental Funds	35,488
Nonmajor Governmental Funds	General Fund	482,826
	Fire Protection District	355
	Nonmajor Governmental Funds	64,772
	Harbor-UCLA Medical Center	60,513
	Olive View-UCLA Medical Center	38,061
	LAC+USC Medical Center	116,402
	Rancho Los Amigos Nat'l Rehab Center	1
	Internal Service Funds	4,706
		767,636

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	$ 3,822
Olive View-UCLA Medical Center	Nonmajor Governmental Funds	1,074
LAC+USC Medical Center	General Fund	16,506
Waterworks Enterprise Funds	Internal Service Funds	113
Internal Service Funds	General Fund	3,657
	Flood Control District	171
	Nonmajor Governmental Funds	424
	Waterworks Enterprise Funds	154
		4,406
Total Interfund Transfers		$1,722,189

Interfund Transactions

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term and long-term advances to assist the Hospital Funds in meeting their cash flow requirements. The County estimates that a portion of Hospital revenue is not collectible within one year and has identified long-term receivables in each Hospital Enterprise Fund. To assist the Hospital Funds in meeting their cash flow requirements, the General Fund provided a $184.14 million long-term advance and classified a corresponding amount of fund balance as nonspendable balance.

Advances from/to other funds at June 30, 2013 are as follows (in thousands):

Receivable Fund	Payable Fund	Short-Term	Long-Term	Total
General Fund	Harbor-UCLA Medical Center	$ 242,816	$ 38,726	$ 281,542
	Olive View-UCLA Medical Center	160,663	34,123	194,786
	LAC+USC Medical Center	157,764	70,420	228,184
	Rancho Los Amigos Nat'l Rehab Center	6,909	40,867	47,776
	Internal Service Funds	2,088		2,088
		570,240	184,136	754,376

15. INTERFUND TRANSACTIONS-Continued

Interfund Transactions-Continued

Receivable Fund	Payable Fund	Short-Term	Long-Term	Total
Flood Control District	Internal Service Funds	$ 6,473		$ 6,473
Nonmajor Governmental Funds	Internal Service Funds	12,088		12,088
Waterworks Enterprise Funds	Internal Service Funds	1,351		1,351
Total Interfund Advances		$ 590,152	$ 184,136	$ 774,288

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. In FY 2012-2013 the Budget adopted by the County uses GASB 54 fund balance terminology.

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

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

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

- 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 No. 6.

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

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as a sale of future revenues and were being recognized over the duration of the sale agreement, in accordance with GASB 48. 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, 2013.

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

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District
Fund balance - budgetary basis	$ 1,497,581	$ 104,376	$ 76,574	$ 37,288	$ 192,857
Budgetary fund balances	1,415,680	144,425	169,726	22,188	140,327
Subtotal	2,913,261	248,801	246,300	59,476	333,184
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	148,100	(752)	3,533	1,269	
Accrual of compensated absences	58,636				
Deferral of sale of tobacco settlement revenue	(245,987)				
Change in revenue accruals	(121,720)	(18,841)	(6,852)	(2,971)	(3,344)
Change in OPEB	127,360	7,539		1,222	
Subtotal	(33,611)	(12,054)	(3,319)	(480)	(3,344)
Fund balance - GAAP basis	$ 2,879,650	$ 236,747	$ 242,981	$ 58,996	$ 329,840

17. COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2013, there were contractual commitments of approximately $593.89 million for various general government construction projects and approximately $63.45 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2013, LACERA had outstanding capital commitments to various investment managers, approximating $3,020,000,000. Subsequent to June 30, 2013, LACERA funded $160,000,000 of these capital commitments.

Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2013, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	$	$	$ 366,474	$ 366,474
Fire Protection District	24,470			24,470
Flood Control District	44,289			44,289
Public Library			11,415	11,415
Regional Park and Open Space District	68,008			68,008
Nonmajor Governmental Funds	109,255	9,216	6,026	124,497
Total Encumbrances	$ 246,022	$ 9,216	$ 383,915	$ 639,153

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, special events, public official bond, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The County also has insurance on most major structures. Losses did not exceed coverage in FY 2010-2011, FY 2011-2012 or FY 2012-2013.

18. RISK MANAGEMENT-Continued

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

As indicated in the following table, the County's workers' compensation balance as of June 30, 2013 was approximately $2.096 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2013. Approximately $83,550,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2013, the County's best estimate of these liabilities is $2.378 billion. The FY 2012-2013 beginning balances for workers' compensation and other liabilities decreased by $2,950,000 and $1,419,000, respectively, due to CDC becoming a discretely presented component unit rather than a blended component unit based on the implementation of GASB Statement No. 61. Changes in the reported liability since July 1, 2011 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
2011-2012				
Workers' Compensation	$ 2,070,598	$ 407,207	$(355,289)	$ 2,122,516
Other	212,250	115,340	(64,653)	262,937
Total 2011-2012	$ 2,282,848	$ 522,547	$(419,942)	$ 2,385,453
2012-2013				
Workers' Compensation	$ 2,119,566	$ 340,249	$(363,466)	$ 2,096,349
Other	261,518	93,260	(72,758)	282,020
Total 2012-2013	$ 2,381,084	$ 433,509	$(436,224)	$ 2,378,369

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $153.89 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 pollution remediation obligation (liabilities).

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or clean up 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 clean up, and removal of storage tanks, asbestos tiles and other hazardous materials.

As of June 30, 2013, the County's estimated pollution remediation obligation totaled $15,886,000. These obligations were all associated with the County's government-wide governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liabilities were determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust estimated obligations when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligations.

20. 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, 2013 (in thousands) are as follows:

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable:						
Inventories	$ 47,375	8,045		916		
Long-term receivables	206,461					
Permanent fund principal						2,230
Total Nonspendable	253,836	8,045		916		2,230

20. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Restricted for:						
Purpose of fund		228,702	242,882	9,841	329,840	1,396,852
Purpose of utility user tax	36,529					
Housing authority program	13,451					
Grand Avenue project	4,600					
Sheriff Pitchess landfill	3,206					
La Alameda project	2,000					
Capital projects						276,398
Debt service						578,314
Endowments and annuities						290
Total Restricted	59,786	228,702	242,882	9,841	329,840	2,251,854
Committed to:						
Purpose of fund						48,315
Capital projects and extraordinary maintenance	148,831					75,641
Health services-tobacco settlement	92,656					
Budget uncertainties	86,698					
Low to moderate income housing	63,797					
Sheriff budget restoration	31,174					
Assessor tax system	24,836					
Interoperable and countywide communication	15,082					
Services to unincorporated areas	14,044					
Financial system	12,765					
Reopening jail beds	12,147					
Department of children and family services	8,840					
Health services future financial requirements	7,013					
Public works-permit tracking system	5,855					
Information technology enhancements	2,574					
Live scan	2,000					
TTC unsecured property tax system	463					
Sheriff unincorporated patrol	90					
Total Committed	528,865					123,956

20. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Assigned to:						
Purpose of fund			99	48,239		112,549
Future purchases	374,156					
Capital projects						11,105
Imprest cash	2,025					
Total Assigned	376,181		99	48,239		123,654
Unassigned	1,660,982					
Total Fund Balances	$ 2,879,650	236,747	242,981	58,996	329,840	2,501,694

Reserve for "Rainy Day" Fund

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

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

The County's "Rainy-Day" fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for "Rainy Day" funds in the amount of $197,012,000 is reported as unassigned fund balance in the General Fund.

21. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2013, the County issued $300,000,000 and $700,000,000 in 2013-2014 TRANS Series A and B, respectively, which will mature on February 28, 2014, and June 30, 2014, respectively. The TRANS are collateralized by taxes and other revenues attributable to the 2013-2014 fiscal year and were issued in the form of Fixed Rate Notes at effective interest rates of 0.16% and 0.18%, respectively.

21. SUBSEQUENT EVENTS-Continued

Lease Revenue Obligation Notes

On August 29, 2013, the Los Angeles County Capital Asset Leasing Corporation issued an additional $56,100,000 in lease revenue obligation notes with an initial average rate of 0.114%. The proceeds are being used to fund capital requirements of various capital projects. The lease revenue obligation notes are secured by a long-term lease of County real estate, three letters of credit and a revolving credit facility.

Capital Asset Leasing Corporation Lease Revenue Bond Anticipation Notes

On October 4, 2013, the Corporation issued a $7,000,000 Bond Anticipation Note with an initial interest rate of 0.535%. The rates are adjustable on January 2 and July 1, of each year. The notes were purchased by the Los Angeles County Treasury Pool and are due on June 30, 2016. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

Health Realignment

As a result of the implementation of the Affordable Care Act, the State of California (State) assumes that the counties' costs associated with providing health care to indigent population will decrease. Accordingly, Assembly Bill 85 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 these savings. These savings will be shared between the counties' health departments and the State. Estimates of the amount of Realignment funds that will be re-directed are not available at this time.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2010	$ 38,839,392	$ 46,646,838	$ 7,807,446	83.3%	$ 6,695,439	116.6%
June 30, 2011	39,193,627	48,598,166	9,404,539	80.6%	6,650,674	141.4%
June 30, 2012	39,039,364	50,809,425	11,770,061	76.8%	6,619,816	177.8%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

Retiree Health Care

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	$ 0	$ 20,901,600	$ 20,901,600	0%	$ 6,123,888	341.31%
July 1, 2010	0	22,939,800	22,939,800	0%	6,695,439	342.62%
July 1, 2012	0	25,733,300	25,733,300	0%	6,619,816	388.73%

Long-Term Disability

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	$ 0	$ 929,265	$ 929,265	0%	$ 5,615,736	16.55%
July 1, 2009	0	951,797	951,797	0%	6,547,616	14.54%
July 1, 2011	0	1,018,898	1,018,898	0%	6,619,816	15.39%

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

COUNTY OF LOS ANGELES
CALIFORNIA

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July 1, 2014

County of Los Angeles
Los Angeles, California

County of Los Angeles 2014-15 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Los Angeles (the "County") in connection with the issuance of $900,000,000 aggregate principal amount of the County of Los Angeles 2014-15 Tax and Revenue Anticipation Notes (the "Notes"), dated the date hereof. The Notes are being issued under Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858 inclusive (the "Act") and pursuant to a resolution adopted by the County on May 13, 2014 (the "Resolution") and the Financing Certificate Provided for the Terms and Conditions of Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes, dated the date hereof (the "Financing Certificate"). In such connection, we have reviewed: the Resolution; the Financing Certificate; a tax certificate of the County with exhibits, dated the date hereof (the "Tax Certificate"); the opinion of counsel to the County; certificates of the County and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or such events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes is concluded with their issuance on this date, and we disclaim any obligation to update this opinion. We have assumed and relied upon, without undertaking to verify, the genuineness of the documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified in such documents and certificates, the correctness of the legal conclusions contained in such opinions, and the due and legal execution of such documents and certificates by and validity thereof against any parties other than the County. Furthermore, we have relied upon the accuracy, which we have not independently verified, of the representations and certifications and have assumed compliance with the covenants of the County in the Financing Certificate, the Tax Certificate and other relevant documents to which it is a party. The accuracy of certain of those representations and certifications, and compliance by the County with certain of their covenants, may be necessary for interest on the Notes to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of such covenants subsequent to issuance of the Notes may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to their date of issuance. The rights and obligations under the Notes and the

Financing Certificate and their enforceability, may be subject to bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California (the "State"). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof and under existing law, we are of the following opinions:

1. The Notes constitute the valid and binding obligations of the County.

2. The Financing Certificate has been duly authorized, executed and delivered by and constitutes the valid and binding obligation of the County.

3. The Notes are payable solely from certain taxes, income, revenues, cash receipts and other moneys of the County for the fiscal year ending June 30, 2015 and lawfully available for the payment of the Notes, and the interest thereon, and are secured by a pledge of certain moneys, all as specified in the Resolution and the Financing Certificate.

4. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Notes earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on the Notes is exempt from State of California personal income taxes. We express no opinion as to any other tax consequences regarding the Notes.

Respectfully submitted,

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES

CALIFORNIA

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the "Notes"). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on this website is not incorporated herein by reference.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and other payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the County's designated agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the County's designated agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the DTC account of the County's designated agent.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Notes will apply.

12. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Notes are not subject to redemption prior to maturity.

NONE OF THE COUNTY OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTES FOR REDEMPTION.

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES • 2014-15 TAX AND REVENUE ANTICIPATION NOTES

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