



City of Los Angeles

Comprehensive Annual Financial Report

Fiscal Year ended June 30, 2014



RON | GALPERIN
Los Angeles City Controller
controller.lacity.org



City of Los Angeles California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by the Office of the Controller
Ron Galperin, City Controller

CITY OF LOS ANGELES CALIFORNIA

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CITY OF LOS ANGELES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION

A word cloud graphic featuring various financial and operational terms. The words are arranged in a dense, overlapping cluster. The most prominent words are 'LA', 'CONTROLLER', 'FINANCIAL', 'METRICS', 'TAXES', 'GROWTH', and 'PUBLIC'. Other visible words include 'DEPARTMENTS', 'SERVICES', 'BUSINESS', 'FINANCES', 'OFFICES', 'REVENUE', 'EXPENSES', 'BUDGET', 'CASH', 'PERFORMANCE', 'OPERATIONS', 'FISCAL', 'BONDS', 'EXPENDITURES', and 'COMPREHENSIVE'. The words are in different sizes and orientations, creating a dynamic visual effect.

LA CONTROLLER FINANCIAL METRICS TAXES GROWTH PUBLIC

DEPARTMENTS SERVICES BUSINESS FINANCES OFFICES

REVENUE EXPENSES BUDGET CASH PERFORMANCE

OPERATIONS FISCAL BONDS EXPENDITURES COMPREHENSIVE



RON GALPERIN
CONTROLLER

March 31, 2015

Honorable Eric Garcetti, Mayor
Honorable Members of the Council of the City of Los Angeles
Citizens and Stakeholders of the City of Los Angeles

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Los Angeles (the City) for the fiscal year, which ended on June 30, 2014, in accordance with Section 216 of the City Charter. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) for governmental units and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Macias Gini & O'Connell LLP, a firm of independent certified public accountants, audited the City's financial statements. The independent auditor expressed an opinion that the City's financial statements for the fiscal year 2014 are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is presented on pages 1 through 3.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate financial information is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements. I believe that the data presented is complete and reliable in all material respects.

The City is required to undergo an additional audit designed to meet the requirements of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, and related U.S. Office of Management and Budget Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."* Information related to this Single Audit is issued in a separate report.

Honorable Eric Garcetti, Mayor
Honorable Members of the Los Angeles City Council
Citizens and Stakeholders of the City of Los Angeles

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the nineteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe our current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

The professionalism, dedication, and efficiency of the entire staff of the Financial Analysis and Reporting Division of the Controller's Office made the preparation of this report possible. I would like to express my appreciation to other staff of the Office for their assistance and contribution. Credit also must be given to other professional contributors Citywide.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ron Galperin", with a stylized, flowing script.

RON GALPERIN
Los Angeles City Controller

LETTER OF TRANSMITTAL

The Comprehensive Annual Financial Report (CAFR) is published annually by the City Controller (Controller) on the City's financial condition and result of operation at the conclusion of the fiscal year. The CAFR is issued as part of the Controller's City Charter mandate to monitor and report on all matters relating to the City of Los Angeles' (City) fiscal health, keep the City's official financial records, and supervise expenditures of the City.

The CAFR contains three sections:

- Introductory - provides background and context to the information presented in the Financial section.
- Financial - contains the independent auditor's report, management discussion and analysis, the basic financial statements, required supplementary information, the combining and individual fund statements, and the combining budgetary comparison schedule.
- Statistical - provides a history of selected financial trends, revenue capacity, debt capacity, demographic and economic, and operating information.

The Letter of Transmittal complements the CAFR as it provides context for the City's financial statements in presenting basic information on the profile of the government, local economy, financial management policies, and major initiatives of the City government.

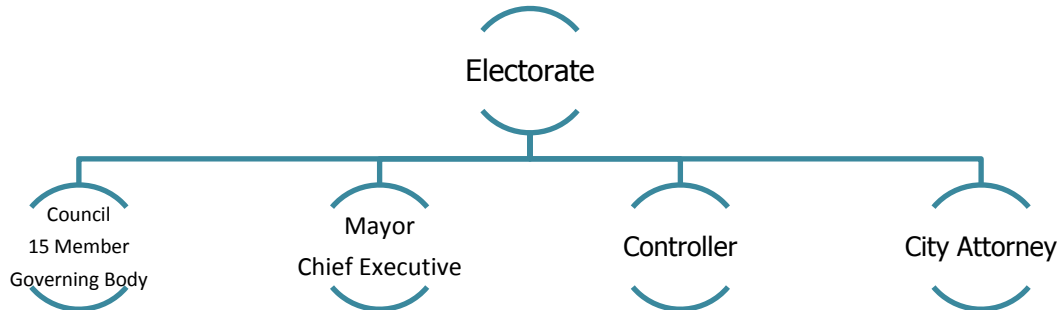
I. Profile of the Government

The City of Los Angeles is the second most populous city in the nation, according to the California Department of Finance, with an estimated January 1, 2014 population of 3,904,657. It is home to 39% of the population of the County of Los Angeles (County) and 11.5% of the area of the County. With an area of 470 square miles, Los Angeles is located in the southern part of the State of California and is the principal city of a metropolitan region that stretches from the City of Ventura to the north, to the City of San Clemente to the south, and to the City of San Bernardino to the east. Founded in 1781, Los Angeles was for its first century a provincial outpost under a succession of Spanish, Mexican, and American rule. The City was incorporated in 1850 under the provisions of a city charter. The current Charter was approved by the electorate on June 8, 1999 and became operative on July 1, 2000.

The City operates under a mayor-council form of government. As Executive Officer, the Mayor supervises



the administrative process of the City and works with the Council in matters relating to legislation, budget and finance. As governing body of the City, the 15-member full-time Council enacts ordinances, levies taxes, authorizes contracts and public improvements, adopts zoning and other land use contracts, and provides necessary resources for the budgetary departments and offices of the City. Council action is subject to the approval or veto of the Mayor, and Council may override a Mayoral veto by a two-thirds vote. The Charter provides for an independently elected City Attorney and independently elected City Controller.



The City has 36 departments, bureaus, commissions and offices for which operating funds are annually budgeted by the Council. In addition, four departments consisting of the Department of Water and Power, Harbor Department, Department of Airports, and the Housing Authority of the City (not included in the City's financial statements) are under the control of boards appointed by the Mayor and confirmed by Council. Two departments, the Los Angeles City Employees' Retirement System and the Fire and Police Pension System, are under the control of boards whose membership is comprised of Mayoral appointees and representatives elected by system members. The City's reporting entity also includes, as blended component units, the Los Angeles Convention and Exhibition Center Authority, the Los Angeles Harbor Improvement Corporation, and the Municipal Improvement Corporation of Los Angeles (MICLA).

Public services provided by the City include: police; fire and paramedics; residential refuse collection and disposal; wastewater collection and treatment; street maintenance, traffic management, and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries; recreation and parks; economic and workforce development; community development; housing and aging services; community planning; airports; harbor; power and water services; and, convention center.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with legal provisions represented in the budget and that expenditures do not exceed appropriated amounts. Expenditures are controlled by appropriations at the line item level within each department, consistent with the level set forth in the resolution adopting the annual operating budget. The City also maintains an encumbrance accounting system that controls spending based on the expenditure budget; composed of appropriations, allotments, or a combination of both.



II. Local Economy

The City, together with the metropolitan region, have continued to experience growth in population and in economic diversity. Tourism and hospitality, professional and business services, direct international trade, entertainment including motion picture and television production, and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical, digital information technology, and environmental technology. Important components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal and fuel. Fueled by trade with countries along the Pacific Rim, the Port of Los Angeles handles the largest volume of containerized cargo of all U.S. ports and additionally ranks as number one in cargo value for U.S. waterborne foreign traffic. Los Angeles International Airports (LAX) is the sixth busiest airport in the world and third in the United States. LAX ranks 14th in the world and fifth in the nation in air cargo tonnage with over 1.9 million tons of air cargo valued at over \$92 billion.

The Los Angeles County Economic Development Corporation (LAEDC) prepares key economic indicators for the County of Los Angeles which reflect overall period-to-period economic improvement for the region.

Selected Economic Indicators Los Angeles County

<u>Indicator</u>	<u>Period</u>	<u>Period Reading</u>	<u>Prior Year Reading</u>	<u>Year/Year Change</u>
Unemployment Rate	Jan-15	7.9%	8.8%	-0.9%
Nonfarm Employment (# of jobs)	Jan-15	4,259,100	4,160,900	2.4%
Port Container Traffic (TEUs)*	Jan-15	958,917	1,214,434	-21.0%
Airport Passenger Traffic (# of passengers)	Dec-14	6,457,148	6,334,444	1.9%
Tourism (Revenue per available room)	Nov-14	\$130.00	\$122.95	5.7%
Film Production Days (excluding commercials)	Q4-14	11,502	12,036	-4.4%
Industrial Vacancy Rates	Q4-14	3.4%	4.2%	-0.8%
* Port container volume significantly decreased due to terminal congestion and protracted contract negotiations.				
Source: Los Angeles Economic Development Corporation – February 2015 Business Scan				

The LAEDC 2015-2016 Economic Forecast for Los Angeles County projects optimism as jobs and the housing market continue to improve. Los Angeles County unemployment fell in 2014 to its lowest rate in six years. LAEDC forecasts a continuing downward trend in year-over-year unemployment rate to 7.2 and 6.6 percent in 2015 and 2016 respectively. Los Angeles County is projected to surpass its pre-recession jobs peak by virtue of another 1.9 and 1.7 percent gain in 2015 and 2016 respectively. These job gains are occurring across most of the County's major industries, with some hitting record high employment levels in 2014. Likewise, the housing market in Los Angeles County has improved as the median price for homes was up seven percent and sales rose by 3.5 percent over 2013. New home construction increased in 2014 and is projected to accelerate over the next two years.



III. Financial Policies

The City has adopted “Financial Policies for the City of Los Angeles” promoting good fiscal stewardship across a number of financial areas. Following are summaries of select financial policies and measure of the City’s recent compliance.

Reserve Fund Policy

The Reserve Fund Policy provides guidelines to ensure sufficient reserves are maintained for revenue shortfalls or unanticipated expenditures. The Reserve Fund policy established a goal of a Reserve Fund balance of five percent of General Fund revenues, a minimum of 2.75 percent in the Emergency Reserve Account, and any additional funds allocated to the Contingency Reserve Account. In March 2011, voters approved Charter Amendment P, a measure that establishes the Reserve Fund’s Emergency and Contingency Reserve as Charter accounts.

The fiscal-year start adjusted Reserve Fund balance at July 1, 2014 was \$383 million or 7.45 percent of General Fund receipts anticipated in the 2014-15 Adopted Budget. This is 2.45 percent higher than the five percent set under the Reserve Fund policy – and despite a \$117.5 million transfer from the Reserve Fund to the General Fund budget.

Budget Stabilization Fund Policy

The Budget Stabilization Fund (BSF), also established by Charter Amendment P, is designed to prevent overspending during prosperous years and provide resources to help maintain service levels during years of slow revenue growth or declining revenue. The BSF Policy sets aside an appropriation when the combined revenue growth of seven General Fund tax revenues (property tax, utility users’ tax, business tax, sales tax, transient occupancy tax, parking users’ tax, and documentary tax) is anticipated to exceed 3.4 percent. Conversely, withdrawal from the BSF may be used to offset shortfalls due to revenues lower than the 3.4 percent growth.

Based on the 2014-15 Adopted Budget, the full appropriation to the BSF under the policy would have been \$38.3 million. However, the BSF Policy allows for a deposit to BSF not to be made if the excess amounts are used to meet the Capital Assets and Infrastructure Funding Policy (described below). Thereby just \$2.0 million was transferred to the BSF in the 2014-15 Adopted Budget.

Capital Assets and Infrastructure Funding Policy

The Capital Assets and Infrastructure Funding (Capital Funding) Policy acknowledges the importance of maintaining the City’s capital assets on an ongoing basis to avoid major deferred maintenance and to extend the useful life of assets. The Capital Funding Policy requires that the City annually budget one percent of General Fund revenue to fund capital assets or infrastructure improvements.

According to the City Administrative Officer’s Supporting Information for the 2014-15 Proposed Budget, \$54.8 million or 1.07 percent of the proposed General Fund budget was allocated to



fund capital assets or infrastructure improvements including sidewalk repair, street resurfacing and reconstruction, as well as improvements to facilities.

One-Time Revenue Policy

The One-Time Revenue Policy requires that current operations are to be funded by current revenues. One-time revenues will only be used for one-time expenditures. The City will avoid using temporary revenues to fund ongoing programs or expenditures.

The 2014-15 Adopted Budget includes \$186 million in one-time revenue (including a \$117.5 million transfer from the Reserve Fund) and \$123 million in one-time expenditures, meaning that \$63 million in ongoing expenditures were funded by one-time revenues, in deviation from the policy.

Debt Management Policy

The Debt Management Policy was developed to provide guidelines for the issuance of bonds and other forms of indebtedness to finance capital improvements, equipment acquisition and other items. These guidelines include a ceiling level for non-voter debt service of six percent of General Fund revenue and a total debt service cap of 15.0 percent of General Fund revenue.

The 2014-15 Adopted Budget ratio of non-voter debt service and total debt service as a percent of General Fund revenue is 4.76 percent and 7.59 percent respectively; both of which fall under the Debt Management Policy cap.

IV. Major Infrastructure Initiatives

A number of new major infrastructure initiatives are being undertaken by the City, including a selected few listed below.

- The City has approved a Sidewalk Repair Program that would first repair sidewalks adjacent to City facilities. The City has not had a Sidewalk Repair Program since 2009. A Sidewalk Repair Fund is to be established with initial funding of \$27 million to expediently and transparently fund sidewalk and curb ramp inspection, repair and management.
- The City has awarded a contract to start the construction of the Midfield Satellite Concourse (MSC) North Project at Los Angeles International Airport. The 800,000 square foot project, with an overall estimated cost of \$1.2 billion, includes a new multi-level concourse, a concourse level to address the need for more gates to accommodate wide-body aircraft; aircraft parking aprons; a multi-level Annex and underground tunnel segments for passenger connections between the MSC and the Tom Bradley International Terminal.



- The Port of Los Angeles Capital Improvement Program for fiscal year 2015 includes \$100.4 million for projects at TraPac terminal, including a new main gate and administrative buildings, backland improvements, and installation of automatic stacking crane infrastructure necessary to provide on-dock rail capabilities.
- The City is pursuing procurement reform including a major technology upgrade from the City's current supply management system. Funding has been provided for the first year of a three-year \$19.1 million technology implementation to have an integrated modern procurement system to the City's existing enterprise financial management system.
- The City is continuing the transition to performance based budgeting with the \$3.7 million technology implementation of the CGI Performance Budgeting system.
- The City is modernizing constituent service requests intake through fulfillment, streamlining operations and enhancing customer service through a new 311 Constituent Relationship Management (CRM) system. The City's MyLA 311 mobile app and web portal have already launched. The next phase to launch in fiscal year 2015 is the \$5.6 million technology implementation of the 311 CRM database that will centrally collect the public's service requests in one common system, simplifying access to City services' intake, tracking, resolution, and reporting.

V. Citywide Initiatives

The City has pursued the following selected initiatives to promote a prosperous, safer, livable and sustainable, and well-run city.

- The City has announced the Great Streets Initiative to improve neighborhood gathering places and generate economic activity by revitalizing key community corridors. Initially 15 streets have been identified with near-term changes to begin with temporary treatments, including plazas and parklets. In the long-term, permanent changes to curbs, street lighting, street trees, and street furniture will be made. The 2014-15 Adopted Budget includes \$800,000 for the Great Streets Initiative. The money is primarily seed funding to begin planning and outreach for each of the 15 corridors. The initial funding will supplement existing funding already dedicated to some of these streets, either through grants or current City work plans.
- A citywide expansion of the "Keep It Clean" pilot program to clean-up a council district's illegally dumped material and abandoned waste, the Healthy Streets Program (HSP) has been created to remove abandoned waste in alleys, maintain alleys after initial cleanups and remove abandoned waste on sidewalks.
- Pursuant to Dr. Lucy Jones', of the U.S. Geological Survey, recommendations in the *Resilience by Design* report commissioned by the Mayor, a City Council motion has been introduced to consider a mandate to retrofit soft story and concrete buildings within



the City and for preparation of a report on the potential cost and any funding strategies to help alleviate the cost to tenants and property owners of the potential retrofit mandates.

- The City has launched the Inspection Case Management (ICM) initiative intended to reduce construction times and costs for projects. The service will utilize experienced inspection staff as Case Managers to assist, guide, and facilitate the construction inspection process. At the client level, ICM will provide a single point-of-contact for the City and offer assistance in navigating efficiently through the City's regulatory procedures and policies.
- The Innovation Performance Commission will oversee a \$1 million Innovation Fund established to award departments for the implementation or testing of innovative ideas based on the following criteria: 1) Be Innovative and Original, 2) Support Greater Efficiencies, 3) Emphasize Priority Outcomes and Quality of Life, and 4) Be Feasible and Measurable.
- Key funding investments for the Fire and Police Departments are aimed at reducing response times, and on continued reductions in crime and improving transparency and accountability for law enforcement, respectively. They include management structure reform for the Fire Department and firefighter training and hiring; hiring efforts to support and maintain a 10,000 officer force; continued installation of in-car video technology and replacement of the department's evidence property management system that tracks and analyzes evidence collected. In addition, private donations will help pay for the purchase of 7,000 body cameras for police officers.
- The City's Open Data portal makes citywide and departmental performance data transparent and accessible as well as track progress in high-level measures of performance. Readers can also view selected metrics that provide a picture of the economy, city services, safety and government performance.
- The Controller's [ControlPanel LA](#) open data site opens the books on the City's financial and payroll data. The open data web application [Checkbook LA](#) provides line item detail on what the City buys.
- The City ranked first in the [2014 Digital Cities Survey](#) published by the e.Republic's Center for Digital Government. Los Angeles was singled out for its expenditure portal, 311 service platform, utility portals, open-data architecture and integration of its Cyber Intrusion Command Center to safeguard the City's data.



VI. Mayor's Top Priority Outcomes

The Mayor continues the transition to Performance Budgeting (PB) introduced in fiscal year 2014, consistent with the Controller's Road Map for Performance Based Budgeting. In 2015, the City implemented PB software for budget development. PB shifts resources from low-priority and low-impact expenses toward high-priority and high-impact investments. Funding requests are to be based on real performance data and specific outcomes that can be achieved. The five over-arching Mayoral "Back to Basics" priority outcomes are as follows:

1. Make Los Angeles the best run big city in America through living within our means; providing outstanding customer service to residents and businesses; deploying innovation and the best technology; and restoring pride and excellence in public service;
2. Promote good jobs for Angelenos all across Los Angeles;
3. Create a more livable and sustainable city;
4. Ensure our communities are the safest in the nation;
5. Partner with residents and civic groups to build a greater city.

VII. Controller's Guiding Principles for Fiscal Health

As the City moves forward with its attempts to achieve long-term fiscal sustainability and improvements in the areas of budgeting, strategic planning and municipal finance, the City Controller established the following Ten Guiding Principles to maintain a healthy budget:

1. Implement a budget based on performance and measurable results;
2. Focus on Return on Investment (ROI);
3. Reform City procurement;
4. Reduce liabilities with a comprehensive risk mitigation strategy;
5. Invest in technology;
6. Invest in much needed City infrastructure and put the City's vast assets and resources to work;
7. Improve accounting and accountability in Special Funds;
8. Explore savings in healthcare and pension costs;
9. Maximize current City revenues and collections;
10. Continue to build the City's Reserves.

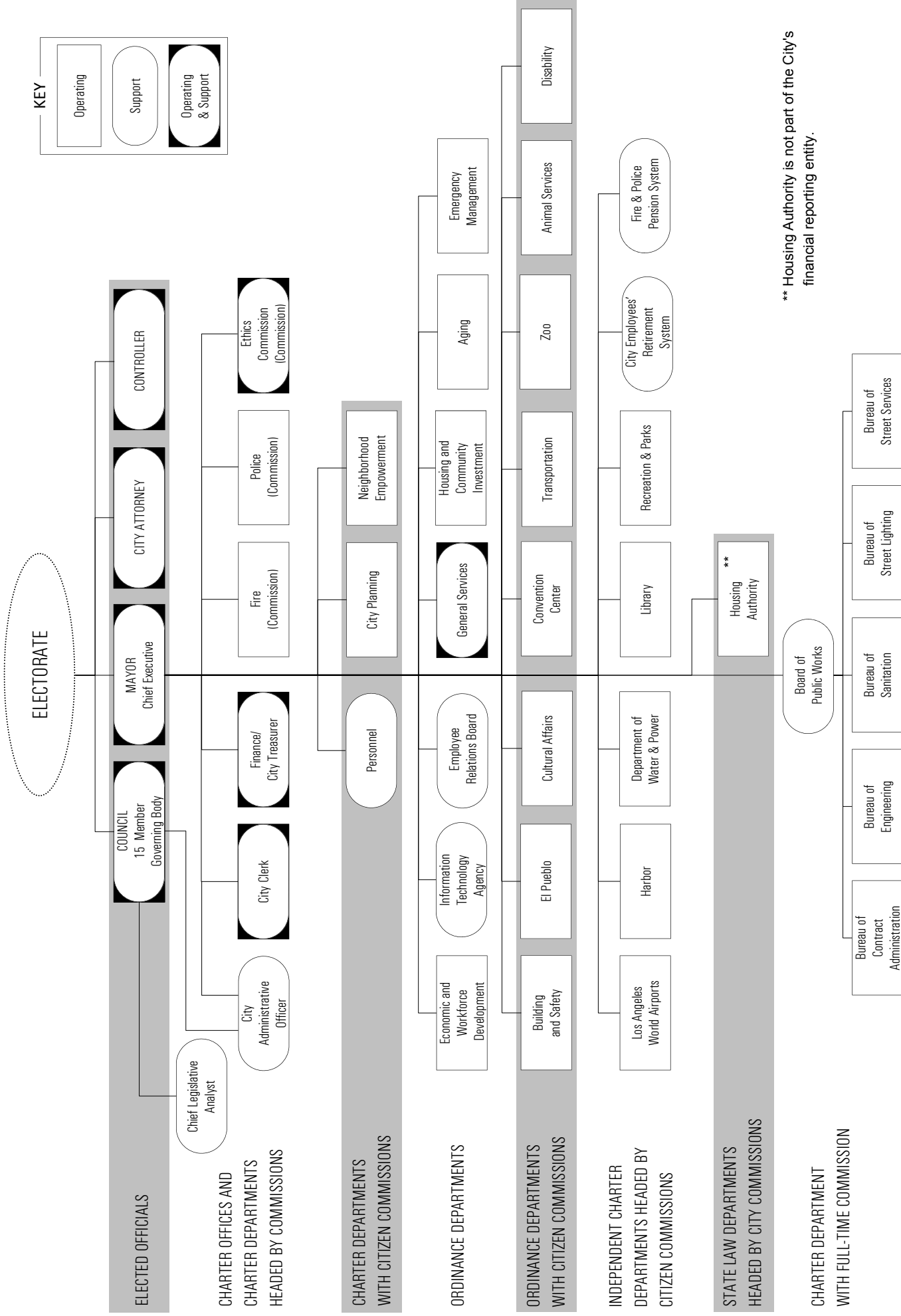
Focusing on maintaining a healthy reserve, reducing liabilities, investing limited resources wisely, upgrading City infrastructure, and improving service delivery without incurring significant ongoing obligations is a recipe for financial success. While some progress has been made, the City's leaders and stakeholders must continue to work together and advances these key strategies.



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ORGANIZATION OF THE CITY OF LOS ANGELES

FY 2013-14



** Housing Authority is not part of the City's financial reporting entity.

City Officials

City of Los Angeles, California



Eric Garcetti
Mayor



Ron Galperin
City Controller



Mike Feuer
City Attorney

City Council



Herb J. Wesson, Jr.
District 10
Council President



Mitchell Englander
District 12
President Pro Tempore



Tom LaBonge
District 4
Asst. Pres. Pro Tempore



Gilbert A. Cedillo
District 1



Paul Krekorian
District 2



Bob Blumenfield
District 3



Paul Koretz
District 5



Nury Martinez
District 6



Felipe Fuentes
District 7



Bernard Parks
District 8



Curren Price, Jr.
District 9



Mike Bonin
District 11



Mitch O'Farrell
District 13



José Huizar
District 14



Joe Buscaino
District 15

Non-Elected Fiscal Officers

Antoinette Christovale, CPA
Director of Finance
City Treasurer

Miguel A. Santana
City Administrative
Officer

Tony M. Royster
General Manager &
City Purchasing Agent
Dept. of General Services



Ron Galperin

Los Angeles City Controller

The City Charter establishes the Controller as an elected official and gives the Controller the responsibility for serving as the auditor and chief accounting officer of the City. The Charter guarantees the independence of the Office, and provides for better accountability to the public and a more direct form of public control over the fiscal affairs of the City, in keeping with the established principle of checks and balances exercised for both the executive and legislative branches of municipal government. The Controller is required to exercise general supervision over the accounts of all offices and departments of the City, including the independent departments of Airports, Water and Power, and Harbor (Port of Los Angeles).

Ron Galperin was sworn in as City Controller on July 1, 2013 for a four year term.

The City Controller is also the Controller for the following governmental agencies:

Los Angeles Convention and Exhibition Center Authority
Municipal Improvement Corporation of Los Angeles (MICLA)
El Pueblo de Los Angeles State Historical Park (Plaza)

CONTROLLER'S EXECUTIVE STAFF

Claire Bartels

Chief Deputy Controller

Monique Earl

Administrative Deputy Controller

Lowell Goodman

Administrative Deputy Controller

Daniel Tarica

Administrative Deputy Controller

Elizabeth Seelman

Administrative Coordinator Controller

Vijay Singhal

Principal Deputy Controller

Farid Saffar

Director of Auditing

Todd Bouey

Director of Financial Analysis & Reporting

(vacant) Director of Systems **Sally Rocio** Financial Analysis and Reporting **Min Chen** Financial Operations
Jovonne Lavender Management Services **Josephine Palomino** Paymaster **Rosemary Go** Payroll



Government Finance Officers Association

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

Presented to

**City of Los Angeles
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

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FINANCIAL SECTION

A word cloud graphic featuring various financial and operational terms. The words are arranged in a dense, overlapping cluster. The most prominent words are 'FINANCIAL' and 'GROWTH', both in large, bold, black capital letters. Other visible words include 'LA', 'CONTROLLER', 'METRICS', 'TAXES', 'BUDGET', 'CASH', 'PERFORMANCE', 'PUBLIC', 'OPERATIONS', 'FISCAL', 'BONDS', 'EXPENDITURES', 'BUSINESS', 'REVENUE', 'EXPENSES', 'DEPARTMENTS', 'FINANCES', 'OFFICES', 'SERVICES', 'BUSINESS', and 'COMPREHENSIVE'. The words are in various shades of gray and black, with different font sizes and orientations, creating a dynamic and professional visual representation of the section's focus.

Independent Auditor's Report

Honorable Members of the City Council
City of Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Angeles, California (City), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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 Department of Harbor (Harbor), Department of Water and Power (DWP), Fire and Police Pension System (Pensions), Los Angeles City Employee's Retirement System (LACERS), and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plans (DWP Plans), which collectively represent the following percentages of assets, net position/fund balances, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/ Additions
Business-type Activities	64%	61%	73%
Each Major Enterprise Fund:			
Harbor, Power, and Water	100%	100%	100%
Aggregate Remaining Fund Information:			
Pensions, LACERS, and DWP Plans	93%	94%	84%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Harbor, DWP, Pensions, LACERS, and DWP Plans, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of LACERS and the DWP Plans were not audited in accordance with *Government Auditing Standards*.

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, each major fund, and the aggregate remaining fund information of the City of Los Angeles, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Proposition A Local Transit Assistance Special Revenue Fund, and the Solid Waste Resources Special Revenue Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 5 through 34, the schedules of funding progress on page 213, and the schedules of condition ratings for City bridges and comparison of needed-to-actual maintenance/preservation costs on pages 214 through 215 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 City'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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Los Angeles, California

March 31, 2015

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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Comprehensive Annual Financial Report of the City of Los Angeles (the City) presents a narrative overview and discussion of the City's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have presented in the letter of transmittal of this report. We hope that the information and the discussions will provide readers with a clear picture of the City's overall financial condition.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of fiscal year 2014 by \$23.3 billion, an increase of \$1.4 billion of which \$1.0 billion was the change in net position for the current year and \$0.4 billion was to adjust beginning net position for a new accounting standard and other adjustments from the prior year. The *net position* of \$23.3 billion consisted of: \$15.8 billion net investment in capital assets; \$5.3 billion (*restricted net position*) represents resources that are subject to certain restrictions on how they may be used; \$3.5 billion (*unrestricted net position*) may be used to meet the City's obligations for its business-type activities; and \$1.3 billion deficit of governmental activities.
- The City's financial activities during the fiscal year resulted in an increase in total net position of \$998.0 million from the prior fiscal year. Governmental activities increased by \$208.2 million and the business-type activities increased by \$789.8 million.
- As of June 30, 2014, the aggregate ending fund balances of the City's governmental funds was \$4.4 billion, an increase of \$191.2 million from June 30, 2013. Of the combined fund balances of \$4.4 billion, \$54.1 million or 1.2% are nonspendable, \$2,788.7 million or 63.3% are restricted, \$761.8 million or 17.3% are committed, \$230.7 million or 5.2%, are assigned to specific purposes, and \$572.5 million or 13.0% are unassigned.
- At the end of the fiscal year, the General Fund shows a fund balance of \$896.1 million, of which \$43.1 million are nonspendable, \$230.7 million are assigned for various purposes, and \$622.2 million are unassigned.
- The City's bonded debt and long-term notes payable at June 30, 2014 totaled \$23.8 billion, a net increase of \$1.0 billion from the prior year's balance of \$22.8 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of management's discussion and analysis (MD&A), basic financial statements, including the accompanying notes to the basic financial statements, required supplementary information, and combining statements and schedules for the nonmajor governmental and fiduciary funds. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of the City's finances and are made up of the following two statements: the Statement of Net Position and the Statement of Activities. Both of these statements were prepared using accounting methods similar to those used by private-sector businesses, which are the economic resources measurement focus and the accrual basis of accounting.

The *statement of net position* presents information on all of the City's assets and liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused compensated absences, and incurred but unpaid workers' compensation claims.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, protection of persons and property, public works, health and sanitation (other than sewer services), transportation, cultural and recreational services, and community development. The business-type activities of the City include airports, harbor, power, water, sewer and convention center services.

The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also include the Los Angeles Convention and Exhibition Center Authority, the Los Angeles Harbor Improvement Corporation, and the Municipal Improvement Corporation of Los Angeles. Although legally separate, these entities have been included as an integral part of the primary government because the City Council is their governing body and their sole purpose is to provide services entirely to or exclusively for the City.

Fund Financial Statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 determining what financial resources are available in the near future to finance the City's programs.

The governmental funds financial statements are made up of the following: the balance sheet and the statement of revenues, expenditures and changes in fund balances. Both of these statements were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

The budgetary basis statement of revenues, expenditures and changes in fund balances is prepared on a modified cash basis of accounting that is different from generally accepted accounting principles. Please see Note 3B of the Notes to the Basic Financial Statements for additional information on the basis difference.

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 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*.

The City maintains several individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Improvement Corporation Special Revenue and Debt Service Funds, Proposition A Local Transit Assistance, Recreation and Parks, and Solid Waste Resources Special Revenue Funds, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements and schedules* elsewhere in this report.

Non-GAAP budgetary basis statements of revenues, expenditures and changes in fund balances have been provided for the General Fund and two other budgeted major special revenue funds to demonstrate compliance with the annually appropriated budget. The other budgeted major special revenue funds are: Proposition A Local Transit Assistance and Solid Waste Resources.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or other departments/funds of the City. The proprietary funds financial statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following type of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the airports, harbor, power, water, sewer, and convention center operations. All of the City's enterprise funds, except the convention center, are considered major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's pension trust, other postemployment benefits trust, and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 fund financial statements.

Required Supplementary Information, other than Management's Discussion and Analysis (MD&A), is presented concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to City employees. Also included in this section is the condition assessment for City bridges.

The **combining and individual fund statements and schedules** referred to earlier provide information for nonmajor governmental funds and fiduciary funds and are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$23.3 billion at the close of fiscal year 2014.

The following table is a condensed summary of the City's government-wide net position:

CITY OF LOS ANGELES
Condensed Statement of Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2014	FY 2013 *	FY 2014	FY 2013 *	FY 2014	FY 2013 *
Assets						
Current and other assets.....	\$ 5,778,775	\$ 5,568,502	\$ 10,116,656	\$ 9,971,185	\$ 15,895,431	\$ 15,539,687
Capital assets.....	7,194,269	7,182,742	30,234,617	28,322,640	37,428,886	35,505,382
Total assets	12,973,044	12,751,244	40,351,273	38,293,825	53,324,317	51,045,069
Deferred outflows of resources	36,523	--	245,738	97,668	282,261	97,668
Liabilities						
Current and other liabilities.....	694,442	646,717	1,568,862	1,544,612	2,263,304	2,191,329
Long-term liabilities.....	7,143,755	7,644,127	20,717,509	19,429,401	27,861,264	27,073,528
Total liabilities	7,838,197	8,290,844	22,286,371	20,974,013	30,124,568	29,264,857
Deferred inflows of resources from regulated business activities	--	--	176,783	--	176,783	--
Net position						
Net investment in capital assets.....	4,646,514	4,452,921	11,113,795	10,135,052	15,760,309	14,587,973
Restricted.....	1,801,534	2,436,809	3,513,647	3,662,540	5,315,181	6,099,349
Unrestricted.....	(1,276,678)	(2,429,330)	3,506,415	3,619,888	2,229,737	1,190,558
Total net position	\$ 5,171,370	\$ 4,460,400	\$ 18,133,857	\$ 17,417,480	\$ 23,305,227	\$ 21,877,880

* FY 2013 was not restated for GASB No. 65 implementation and other adjustments as disclosed in Note 1 to the Basic Financial Statements.

At the end of fiscal year 2014, the City's net position totaled \$23.3 billion, of which \$15.8 billion or 67.6% reflects its net investment in capital assets (e.g., land, infrastructure, buildings, facilities and equipment) less any related outstanding debt and deferred outflows of resources used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt and deferred outflows of resources, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the debt.

An additional portion of the City's net position, \$5.3 billion or 22.8%, represents resources subject to various restrictions on how they may be used. The remaining balance of \$2.2 billion or 9.6% is the net amount of the governmental activities deficit of \$1.3 billion, and \$3.5 billion unrestricted net position that may be used to meet the City's obligations for its business-type activities.

At the end of fiscal year 2014, the City reported positive results in all three categories of net position. Net investment in capital assets rose by \$1.2 billion or 8.0%. Restricted net position decreased by \$784.2 million or 12.9% and unrestricted net position increased by \$1.0 billion or

87.3% primarily due to a reclassification of fund balances from restricted to committed. The deficit balance for the governmental activities unrestricted net position of \$1.3 billion should not be considered, of itself, evidence of economic or financial difficulties. The deficit reflects the extent to which the City has deferred to future periods the financing of certain liabilities (i.e. claims and judgments, workers' compensation, compensated absences, pension and other postemployment benefits). While accounting is primarily concerned with when a liability is incurred, financing focuses on when a liability will be paid. The City, like many other governments, raises and budgets resources needed to liquidate a liability during the year in which the liability is to be liquidated rather than during the year in which the liability is incurred.

Key changes in the statement of net position are as follows:

Capital assets increased by \$1.9 billion or 5.4%. The increase for governmental activities was \$11.5 million and increase in business-type activities was \$1,912.0 million. For governmental activities, the increase was primarily due to various projects under construction for recreational, police, fire, zoo, bridges, stormwater, street lightings, streets, traffic, transportation, and various other improvements to City facilities; and acquisition of vehicles for firefighting, police patrol, transit buses, and refuse collection and street services. Business-type increases reflect additions and ongoing construction and improvements to modernize airport and harbor terminals, sewer facilities and power and water utility plants.

Current and other assets increased by \$355.7 million or 2.3%. Governmental activities were \$210.3 million higher, while business-type activities grew by \$145.5 million. Governmental activities cash and pooled investments increased by \$290.1 million or 10.9% corollary to increased receipts and lower expenditures. Properties held for housing development grew by \$33.6 million due to transfer of additional properties from the former Community Redevelopment Agency (CRA). Receivables rose by \$45.7 million or 3.0% primarily due to \$103.1 million in new state mandate reimbursement claims related to public safety. In addition, loans receivable increased by \$43.6 million attributable to the low and moderate income housing loan portfolio transferred from the former CRA and change in the allowance methodology. These increases were offset mainly by a reduction in taxes receivable and accounts receivable of \$67.1 million and \$29.3 million, respectively. Deferred outflows of resources increased by \$184.6 million reflecting the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which resulted in the reclassification of deferred amounts on debt refundings from a contra-liability to deferred outflows of resources. FY 2013 was not restated for comparative purposes.

The City's current and other liabilities increased by \$72.0 million or 3.3%. Governmental activities increased by \$47.7 million or 7.4% from the prior year primarily due to the increase in accounts payable and accrued expenses mainly related to capital, solid waste and homeland security grant costs. Business-type activities increased by \$24.2 million or 1.6% mainly due to the increase in accounts payable and accrued expenses offset by decline in other liabilities.

Total net position rose \$1,427.3 million or 6.5% with governmental activities up by \$711.0 million and business-type activities up by \$716.4 million. Net investment in capital assets grew by \$193.6 million for governmental activities and \$978.7 million for business-type activities. For governmental activities, restricted net position decreased by \$635.3 million and unrestricted net position increased by \$1,152.7 million primarily due to a reclassification of fund balances from restricted to committed. For business-type activities, key changes in restricted net position were increases of \$40.7 million for passenger and customer facility charges; \$13.9 million for pension and other postemployment benefits; \$12.7 million for other purposes offset by decreases of \$114.0 million for capital projects; \$102.2 million for debt service. Unrestricted net position for business-type activities decreased by \$113.4 million.

Comprehensive Annual Financial Report

Management's Discussion and Analysis (unaudited)

Analysis of Activities: The following table presents condensed information showing how the City's net position changed during the most recent fiscal year. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

CITY OF LOS ANGELES Condensed Statement of Activities (amounts expressed in thousands)

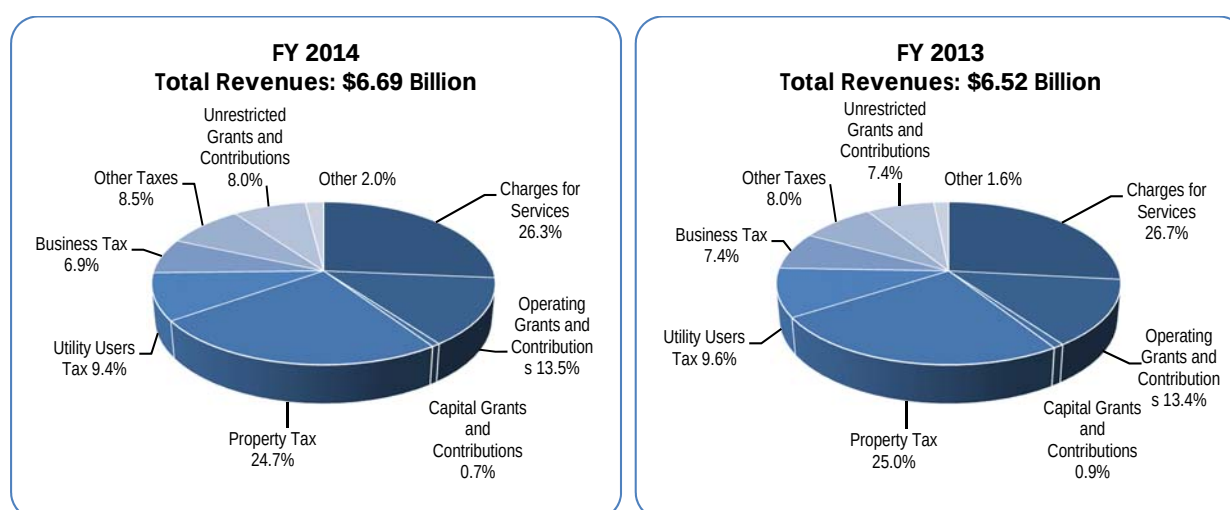
	Governmental		Business-type		Total	
	Activities		Activities			
	FY 2014	FY 2013 *	FY 2014	FY 2013 *	FY 2014	FY 2013 *
Revenues						
Program Revenues						
Charges for Services	\$ 1,761,204	\$ 1,738,393	\$ 6,522,607	\$ 6,153,174	\$ 8,283,811	\$ 7,891,567
Operating Grants and Contributions	903,146	871,459	--	--	903,146	871,459
Capital Grants and Contributions	46,878	55,138	367,841	270,815	414,719	325,953
General Revenues						
Property Taxes	1,653,067	1,629,914	--	--	1,653,067	1,629,914
Utility Users' Taxes	626,919	627,707	--	--	626,919	627,707
Business Taxes	463,602	482,857	--	--	463,602	482,857
Other Taxes	565,567	523,308	--	--	565,567	523,308
Unrestricted Grants and Contributions	533,440	480,911	--	--	533,440	480,911
Unrestricted Investment Earnings	19,935	(298)	--	--	19,935	(298)
Other Revenues	117,579	105,850	220,424	179,820	338,003	558,427
Total Revenues	6,691,337	6,515,239	7,110,872	6,603,809	13,802,209	13,391,805
Expenses						
General Government	1,481,977	2,089,053	--	--	1,481,977	2,089,053
Protection of Persons and Property	2,963,882	2,789,023	--	--	2,963,882	2,789,023
Public Works	383,433	387,649	--	--	383,433	387,649
Health and Sanitation	519,519	405,934	--	--	519,519	405,934
Transportation	425,967	423,595	--	--	425,967	423,595
Cultural and Recreational Services	524,282	482,692	--	--	524,282	482,692
Community Development	321,263	386,346	--	--	321,263	386,346
Interest on Long-term Debt	159,991	179,588	--	--	159,991	179,588
Airports	--	--	984,754	922,914	984,754	922,914
Harbor	--	--	372,645	331,626	372,645	331,626
Power	--	--	3,092,108	2,928,377	3,092,108	2,928,377
Water	--	--	1,053,150	939,094	1,053,150	939,094
Sewer	--	--	542,007	572,425	542,007	572,425
Convention Center	--	--	38,450	39,073	38,450	39,073
Total Expenses	6,780,314	7,143,880	6,083,114	5,733,509	12,863,428	12,877,389
Excess (Deficit) of Revenues Over Expenses	(88,977)	(628,641)	1,027,758	870,300	938,781	514,416
Transfers	253,000	246,534	(253,000)	(246,534)	--	--
Special Item						
Pollution Remediation Liabilities Adjustment	--	--	15,002	13,387	15,002	13,387
Extraordinary Item						
Return of Properties to CRA	--	(93,191)	--	--	--	(93,191)
Transfer of Assets from CRA	44,155	205,205	--	--	44,155	205,205
Increase (Decrease) in Net Position	208,178	(270,093)	789,760	637,153	997,938	639,817
Net Position Beginning of Year, Restated*	4,963,192	4,730,433	17,344,097	16,780,327	22,307,289	21,510,760
Net Position End of Year	\$ 5,171,370	\$ 4,460,340	\$ 18,133,857	\$ 17,417,480	\$ 23,305,227	\$ 22,150,577

* FY2013 was not restated for GASB No. 65 implementation and other adjustments as disclosed in Note 1 to the Basic Financial Statements.

Governmental Activities

For the fiscal year ended June 30, 2014, total expenses for governmental activities of \$6.8 billion were \$363.6 million or 5.1% lower than the prior year. Total expenses exceeded revenues by \$89.0 million. Of the \$6.8 billion total expenses, 58.2% was funded by taxes and other general revenues, and the remaining 41.8% was funded by program revenues, transfers from business-type funds and available net position. Program revenues are resources obtained from parties outside of the City, and charges for services between the governmental and business-type activities. They include: (a) amounts received from those who purchase, use or directly benefit from a program; (b) grants and contributions that are restricted to specific programs; and (c) investment earnings that are legally restricted for a specific program.

The following charts are graphical comparisons between June 30, 2014 and 2013, for governmental revenues by source.



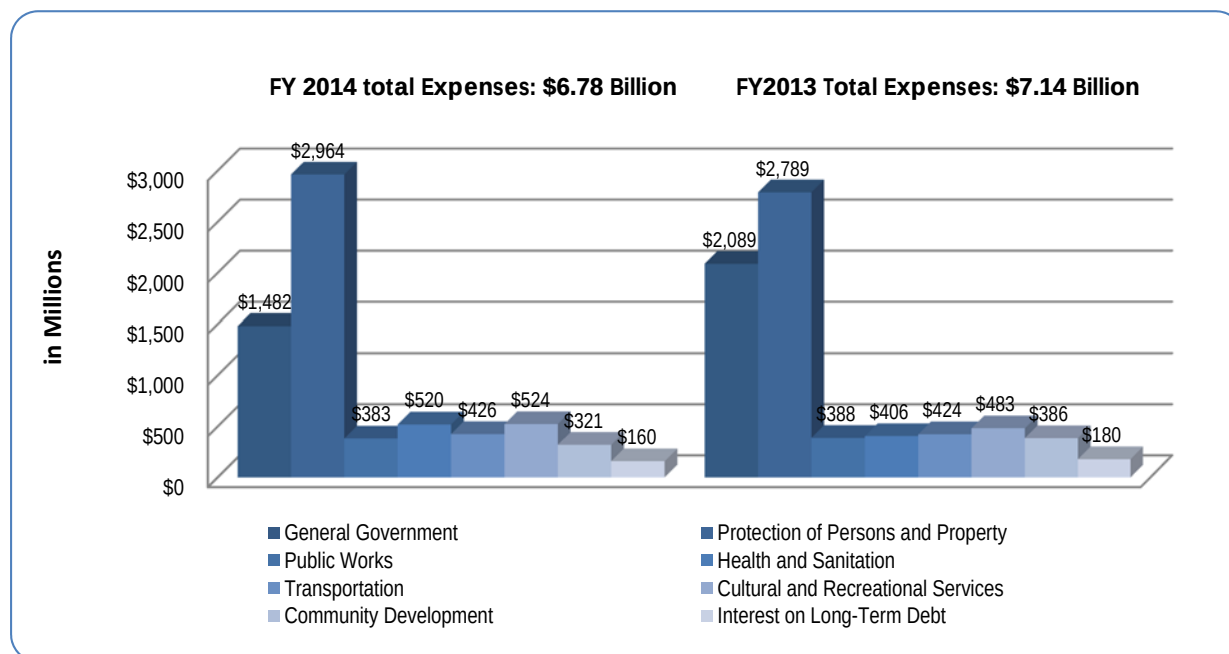
Revenues from property taxes, charges for services and operating grants and contributions are the three largest revenue sources for governmental activities. Together, these accounted for 64.5% of total revenues.

Charges for services slightly rose by \$22.8 million or 1.3% primarily due to increases in departmental receipts such as building and safety fees and fire emergency medical transportation and ambulances services. Operating grants and other revenues increased by \$31.7 million or 3.6% and \$11.7 million or 11.1% million, respectively, while capital grants and contributions declined by \$8.3 million or 15.0%.

Property tax revenue and documentary transfer tax revenue grew by \$23.2 million or 1.4% and \$29.5 million or 19.5%, respectively, primarily due to the stabilization of home prices and improved housing sales. Business tax revenue decreased by \$19.3 million or 4.0% mainly due to tax amnesty implemented in fiscal year 2014. Parking users' tax revenue grew by \$13.6 million consistent with the growing economy and compliance efforts undertaken by the City. Unrestricted grants and contributions increased by \$52.5 million primarily due to new state mandate claims programs.

Extraordinary items relate to the transfer of assets after the City elected to be the Housing Successor Agency upon dissolution of the former CRA such as \$33.6 million in properties and \$10.5 million in loans.

The following charts are graphical comparisons between June 30, 2014 and 2013, of the City's governmental expenses by function.



Total expenses decreased by \$363.6 million or 5.1% over fiscal year 2013. Expenses for general government, public works, community development and interest on long-term debt decreased by a combined \$696.0 million offset by an increase of \$332.4 million in protection of persons and property, health and sanitation, transportation, and cultural and recreational services.

General government declined by \$607.1 million or 29.1% primarily due to lower recorded liabilities based on actuarial estimates for workers' compensation and tort liabilities as well as decreased non-tort liabilities. Protection of persons and property increased by \$174.9 million or 6.3% primarily due to the \$81.2 million growth in General Fund expenses mainly from increased salaries and higher payout of banked sworn overtime; \$77.1 million increase in retirement contribution and \$73.5 million in homeland security and other grants expenses offset by \$24.9 million decrease in compensated absences and \$37.0 million in capital maintenance expenses. Health and Sanitation rose by \$113.6 million or 28.0% primarily due to the increase in trash collection and recycling as well as pollution remediation costs. Cultural and recreational services increased by \$41.6 million or 8.6% as a result of increased library and recreation park funds costs of \$29.6 million and capital maintenance expenses of \$11.2 million. Community development expenditures decreased by \$65.1 million or 16.8% mainly due to the decrease in allowance for doubtful accounts on loans transferred from the former CRA. Interest on long-term debt decreased by \$19.6 million or 10.9%, respectively.

Business-type Activities

The City has six business-type activities: airports, harbor, power, water, sewer, and convention center services. The combined operating revenues from their customers and ratepayers of \$6.5 billion were \$1.2 billion more than the \$5.3 billion combined operating costs.

Since the proprietary funds provide the same type of information found in the government-wide statements, a more detailed discussion of the activities of the City's business-type activities is found in the financial analysis of the City's funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City'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 City's financial requirements. In particular, the unassigned fund balances may serve as a useful measure for the City's net resources available for spending at the end of the fiscal year.

At June 30, 2014, the City's governmental funds reported combined fund balances of \$4.4 billion, an increase of \$191.2 million in comparison with the previous year. Of the total fund balance, \$54.1 million is nonspendable associated with inventories, prepaid items and certain advances to other funds, \$2,788.7 million is classified as restricted, \$761.8 million as committed and \$230.7 million as assigned. The remaining balance of \$572.5 million is classified as unassigned and is mainly associated with the General Fund.

Governmental functions revenue totaled \$7.0 billion, while expenditures were \$7.2 billion. Although total revenues were \$264.8 million less than total expenditures, other financing sources bridged the gap. Other financing sources include proceeds from issuance of debt and transfers from enterprise funds.

The **General Fund** is the general operating fund of the City and it includes transactions of the Reserve Fund and other accounts that have General Fund type activity for generally accepted accounting principles (GAAP) reporting purposes. At June 30, 2014, the General Fund reported a total fund balance of \$896.1 million, composed of \$43.2 million nonspendable consisting of inventories of \$18.6 million, prepaid items and other assets of \$14.6 million, and certain advances to other funds of \$9.9 million; \$230.7 million assigned for general government purposes; and \$622.2 million unassigned.

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The following table presents the summary of revenues and expenditures of the General Fund:

City of Los Angeles
Summary of Revenues, Expenditures and Other
Financing Sources and Uses - General Fund
(amounts expressed in thousands)

Revenues and Other Financing Sources				Expenditures and Other Financing Uses			
	FY 2014	FY 2013	% Change		FY 2014	FY 2013	% Change
Revenues				Expenditures			
Property Taxes	\$1,541,328	\$1,448,999	6.4 %	General Government.....	\$1,263,431	\$1,219,179	3.6 %
Property Taxes in-lieu of Sales Tax...	121,036	116,458	3.9	Protection of Persons			
Sales Taxes	357,255	343,628	4.0	and Property.....	2,562,058	2,403,195	6.6
Utility Users' Taxes.....	631,492	623,794	1.2	Public Works.....	180,714	176,240	2.5
Business Taxes.....	476,908	447,983	6.5	Health and Sanitation.....	146,422	145,768	0.4
Other Taxes.....	522,341	451,304	15.7	Transportation.....	106,494	98,446	8.2
Licenses and Permits.....	22,417	23,909	(6.2)	Cultural and Recreational			
Intergovernmental.....	11,640	11,939	(2.5)	Services.....	50,943	51,991	(2.0)
Charges for Services.....	543,882	532,512	2.1	Community			
Services to Enterprise				Development	36,758	32,303	13.8
Funds	253,414	252,178	0.5	Capital Outlay	27,025	25,395	6.4
Fines	167,474	162,930	2.8	Debt Service- Interest.....	1,939	2,062	(6.0)
Special Assessments.....	2,441	1,732	40.9	Debt Service- Cost			
Investment Earnings.....	19,059	16,710	14.1	of Issuance	907	955	(5.0)
Change in Fair Value				Total Expenditures.....	4,376,691	4,155,534	5.3
of Investment.....	-	(18,002)	100.0	Other Financing Uses			
Other.....	118,571	104,973	13.0	Transfers Out.....	534,263	520,098	2.7
Total Revenues.....	4,789,258	4,521,047	5.9	Total Expenditures and			
Other Financing Sources				Other Financing			
Transfers In	294,383	307,458	(4.3)	Uses.....	\$4,910,954	\$4,675,632	5.0
Total Revenues and							
Other Financing							
Sources.....	\$5,083,641	\$4,828,505	5.3				
Excess of Revenues							
Over Expenditures	\$ 412,567	\$ 365,513	12.9				
Net Change in							
Fund Balance.....	\$ 172,687	\$ 152,873	13.0				

Total taxes accounted for nearly \$3.7 billion or 76.2% of General Fund revenue. Overall tax revenues grew \$218.2 million or 6.4% from fiscal year 2013 as a result of the uptick in the economy.

Total property tax, which represents approximately one-third of General Fund revenue, increased by \$96.9 million or 6.2% from fiscal year 2013, mainly attributed to increasing property values consistent with the gradual improvement of the housing market. The increase of \$96.9 million was primarily due to the \$67.7 million from total secured property tax receipts, \$16.6 million from VLF replacement, and \$11.4 million in ex-CRA tax increment allocation.

Economy-sensitive revenue reflects the steady improvement in the economy. Sales tax revenues grew \$13.6 million or 4.0% while business tax revenues went up by \$28.9 million or 6.5%.

Utility users' tax revenues, which consist of electric, gas and communications users' taxes, posted an increase of \$7.7 million or 1.2% primarily due to the increase of \$15.2 million in electricity users' tax and \$5.9 million in gas users' tax revenues, offset by decline of \$13.4 million in communications users' tax revenues attributed to the market changes and telephone usage.

Other tax revenues were up \$71.0 million or 15.7% mainly due to \$23.2 million increase in transient occupancy tax revenues corollary to the growth in tourism; and \$41.6 million increase in the documentary transfer tax in line with the improvement in housing sales and prices.

Charges for services grew slightly by \$11.4 million or 2.1% primarily due to increased reimbursement of General Fund costs; fees for services such as emergency ambulance and medical transport; and construction plan check. Parking fines revenues increased by \$4.5 million or 2.8% compared to the prior fiscal year primarily due to increased collections and increased parking fines for certain citations partly effective in the prior year. Other revenue increased by \$13.6 million or 13.0% while transfers to the General Fund decreased by \$13.1 million or 4.3%, respectively.

Fiscal year 2014 total General Fund expenditures were \$4.4 billion, an increase of \$221.2 million or 5.3%, mainly due to increases in general government and protection of persons and property expenditures. General government expenditures went up by \$44.3 million or 3.6% primarily due to cost of living adjustments for most civilian employees; higher retirement contributions made to the Los Angeles City Employees' Retirement System (LACERS) for civilian employees; increased health care premium; higher cost for electricity and fleet maintenance. Protection of persons and property expenditures grew by \$158.9 million or 6.6% mainly due to cost of living adjustments for civilian and sworn employees; increased firefighter recruit training; increased staffing of police officers; and partial payout of police banked sworn overtime. Public works, health and sanitation and transportation expenditures increased by \$4.5 million, \$0.7 million and \$8.0 million respectively, primarily due to employee cost of living adjustments.

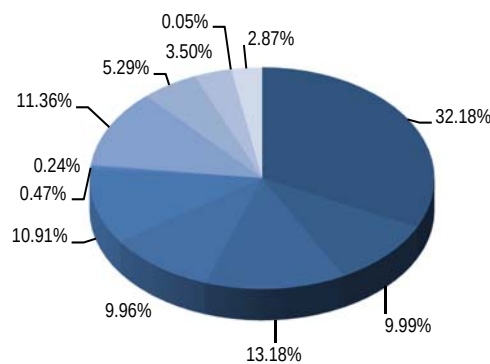
Transfers out increased by \$14.2 million or 2.7% mainly due to increases related to Charter mandated funding requirements for the Library and Recreation and Parks departments offset by a decline in the transfer for the City's Affordable Housing Trust Fund made in the prior fiscal year.

Overall, General Fund revenues exceeded expenditures by \$412.6 million, in comparison to \$365.5 million in fiscal year 2013. Transfers in from other funds amounted to \$294.4 million, while transfers out were approximately \$534.3 million. The Power Enterprise Fund transfer of \$253.0 million largely accounted for total transfers in. The \$534.3 million transfers out included: \$152.0 million for parks, cultural, and recreational facilities and activities; \$150.0 million for MICLA debt service; and \$232.3 million for departmental operations.

The above items contributed to a year end fund balance of \$896.1 million; an increase of \$173.5 million from the prior year's fund balance of \$722.6 million.

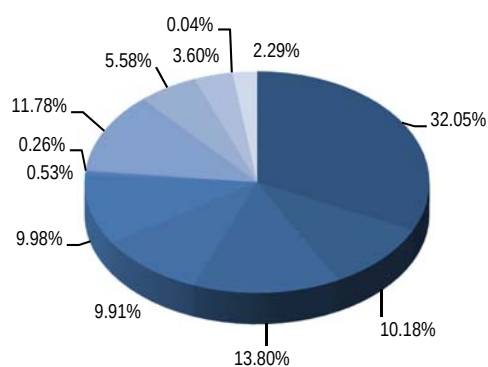
The following charts are graphical comparisons between June 30, 2014 and 2013, for General Fund revenues by source and expenditures by function.

**General Fund Revenues by Source: \$4.79 Billion
Fiscal Year Ended June 30, 2014**



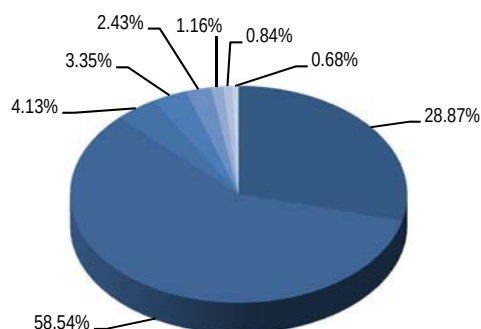
■ Property Taxes (32.18%)	■ Sales Taxes (9.99%)	■ Utility Users' Taxes (13.18%)
■ Business Taxes (9.96%)	■ Other Taxes (10.91%)	■ Licenses and Permits (0.47%)
■ Intergovernmental (0.24%)	■ Charges for Services (11.36%)	■ Services to Enterprise Funds (5.29%)
■ Fines (3.50%)	■ Special Assessments (0.05%)	■ Investment Earnings / Other (2.87%)

**General Fund Revenues by Source: \$4.52 Billion
Fiscal Year Ended June 30, 2013**



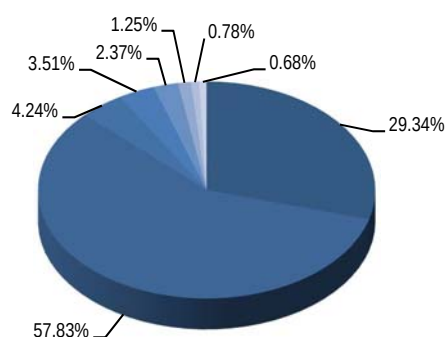
■ Property Taxes (32.05%)	■ Sales Taxes (10.18%)	■ Utility Users' Taxes (13.80%)
■ Business Taxes (9.91%)	■ Other Taxes (9.98%)	■ Licenses and Permits (0.53%)
■ Intergovernmental (0.26%)	■ Charges for Services (11.78%)	■ Services to Enterprise Funds (5.58%)
■ Fines (3.60%)	■ Special Assessments (0.04%)	■ Investment Earnings / Other (2.29%)

**General Fund Expenditures by Function: \$4.38 Billion
Fiscal Year Ended June 30, 2014**



- General Government (28.87%)
- Public Works (4.13%)
- Transportation (2.43%)
- Community Development (0.84%)
- Protection of Persons and Property (58.54%)
- Health and Sanitation (3.35%)
- Cultural and Recreational Services (1.16%)
- Capital Outlay / Others (0.68%)

**General Fund Expenditures by Function: \$4.16 Billion
Fiscal Year Ended June 30, 2013**



- General Government (29.34%)
- Public Works (4.24%)
- Transportation (2.37%)
- Community Development (0.78%)
- Protection of Persons and Property (57.83%)
- Health and Sanitation (3.51%)
- Cultural and Recreational Services (1.25%)
- Capital Outlay / Others (0.68%)

The **Municipal Improvement Corporation Special Revenue and Debt Service Funds** account for the activities of the City's public financing entity, Municipal Improvement Corporation of Los Angeles (MICLA). Acquisition of certain real property and equipment, and construction of buildings and other improvements are financed through the issuance of MICLA certificates of participation and lease revenue bonds. The Debt Service Fund's aggregate principal and interest expenditures for the year was \$214.8 million, while lease payments from the General Fund and certain Special Revenue Funds was \$241.9 million. The difference of \$27.1 million was used to partially refund the parking revenue bonds.

The **Proposition A Local Transit Assistance Special Revenue Fund** accounts for the City's 25% share of the additional one-half cent sales tax within the County of Los Angeles for public transit programs. At June 30, 2014, the total fund balance was \$216.8 million, which reflected an increase of \$36.9 million from the previous fiscal year. Revenues and expenditures increased by \$4.3 million and \$11.4 million, respectively. The increase in expenditures is primarily attributable to fleet replacement.

The **Recreation and Parks Special Revenue Fund** accounts for the City's recreation programs and park services. At June 30, 2014, the total fund balance was \$257.0 million. The Fund's total expenditures exceeded its revenues by \$150.7 million. Transfers from the General Fund and available fund balance financed the revenues deficiency.

The **Solid Waste Resources Special Revenue Fund** accounts for the solid waste collection, transfer, recycling, recovery of waste resources, and disposal fees imposed on all single dwellings in the City and on multiple unit dwellings for which the City provides refuse collection services. The Fund was formerly known as Sanitation Equipment Charge Fund. At June 30, 2014, total fund balance was \$261.0 million, which reflected a decrease of \$39.1 million from the previous fiscal year. Revenues decreased by \$9.7 million or 3.1%. Expenditures increased by \$48.7 million or 20.2% mainly due to settlement of litigation related to Federal Labor Standards Act and replacement of trash containers and technology improvements for the container asset management system.

Comprehensive Annual Financial Report

Management's Discussion and Analysis (unaudited)

Proprietary Funds

The City's proprietary funds provide the same type of information in the business-type activities column of the government-wide financial statements.

The following table summarizes the operating results of the City's six enterprise funds:

Business-type Activities Change in Net Position For the Fiscal Year Ended June 30, 2014 (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Other- Convention Center	Total
Operating Revenues.....	\$ 1,038,506	\$ 425,951	\$ 3,319,820	\$ 1,141,823	\$ 571,570	\$ 24,937	\$ 6,522,607
Operating Expenses.....	(845,821)	(329,575)	(2,830,383)	(893,705)	(409,534)	(38,400)	(5,347,418)
Operating Income (Loss)	192,685	96,376	489,437	248,118	162,036	(13,463)	1,175,189
Net Nonoperating Revenues							
(Expenses).....	66,015	(22,111)	(147,176)	(123,938)	(119,472)	35	(346,647)
Capital Contributions.....	32,677	80,374	45,239	28,252	12,674	--	199,216
Special Item.....	--	15,002	--	--	--	--	15,002
Transfers Out	--	--	(253,000)	--	--	--	(253,000)
Change in Net Position.....	\$ 291,377	\$ 169,641	\$ 134,500	\$ 152,432	\$ 55,238	\$ (13,428)	\$ 789,760

Business-type Activities Change in Net Position For the Fiscal Year Ended June 30, 2013 * (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Other- Convention Center	Total
Operating Revenues.....	\$ 946,793	\$ 397,368	\$ 3,162,502	\$ 1,042,228	\$ 577,070	\$ 27,213	\$ 6,153,174
Operating Expenses.....	(824,752)	(313,206)	(2,684,734)	(785,139)	(445,748)	(38,962)	(5,092,541)
Operating Income (Loss)	122,041	84,162	477,768	257,089	131,322	(11,749)	1,060,633
Net Nonoperating Revenues							
(Expenses).....	77,749	1,186	(141,611)	(122,235)	(114,760)	(69)	(299,740)
Capital Contributions.....	17,972	17,630	46,860	16,711	10,234	--	109,407
Special Item.....	--	13,387	--	--	--	--	13,387
Transfers Out	--	--	(246,534)	--	--	--	(246,534)
Change in Net Position.....	\$ 217,762	\$ 116,365	\$ 136,483	\$ 151,565	\$ 26,796	\$ (11,818)	\$ 637,153

* FY2013 was not restated for GASB No. 65 implementation and other adjustments as disclosed in Note 1 to the Basic Financial Statements.

Airports

Airports Enterprise Fund (Airports) accounts for the operation of the Los Angeles International Airport (LAX), LA/Ontario International Airport (ONT), and Van Nuys Airport (VNY). Under a lease agreement, Airports operated Palmdale Regional Airport (PMD) until February 2009. Subsequent to the discontinuance of operations of PMD, Airports returned its certification to operate the airport to the Federal Aviation Administration. In March 2013, the Board of Airport Commissioners terminated the joint use agreement with the United States Air Force (USAF) and reassigned the lease to the City of Palmdale. Airports retains the rights for future development of approximately 17,750 acres of land it owns located east of USAF Plant 42 in the City of Palmdale.

Airports operating revenues totaled \$1,038.5 million, a \$91.7 million or 9.7% increase from fiscal year 2013. Aviation and non-aviation revenue grew by \$66.5 million and \$25.2 million, respectively. Building rental revenues grew \$53.5 million or 18.7% mainly attributable to the improvements and refurbishments in the LAX terminals, the adoption of the new rates and charges, new and renegotiated leases signed with the airlines and other tenants, as well as rental from Skyview Center, which was acquired on June 25, 2013. Non-aviation revenue grew by \$25.2 million or 7.6% due to increase in concession revenue.

Airports total operating expenses were \$845.8 million, a \$21.1 million or 2.6% increase from the prior fiscal year. The \$17.0 million or 4.6% increase in salaries and benefits reflect pay increases in accordance with employee bargaining agreements; retirement contributions; healthcare subsidy and accrued sick and vacation pay. Utilities went up by \$6.9 million due to a combination of higher electricity rates and consumption as a result of the new Bradley West Project in the Tom Bradley International Terminal (TBIT), which was opened in September 2013. Completion of certain major projects at LAX terminals and airfield increased depreciation charges by \$6.2 million or 3.9%. The increases were offset by a \$9.1 million total decrease for contractual services, materials and supplies and other operating expenses.

Airports' nonoperating revenue rose \$28.5 million or 16.1% primarily due to a \$26.7 million net change in fair value of investments from \$(24.8) million to \$1.9 million. Other nonoperating gains included a \$5.8 million or 4.4% increase in passenger facilities changes and \$1.4 million or 4.7% increase in customer facility charges largely due to improvement in LAX passenger traffic and rental car business, respectively. Nonoperating expenses grew by \$39.8 million or 40.1% mainly due to additional issuances of \$241.9 million in revenue bonds to finance capital improvement projects.

As a result of the above financial changes, the Airports Enterprise Fund's change in net position for fiscal year 2014 amounted to \$291.4 million, an increase of \$73.6 million from fiscal year 2013.

Harbor

The Harbor Enterprise Fund (Harbor) accounts for the operations of the Port of Los Angeles. It provides for shipping, fishing, recreational, and other benefits for the citizens of California.

Harbor operating revenues increased by \$28.6 million or 7.2%, from \$397.4 million to \$426.0 million primarily due to a \$29.3 million growth in shipping service revenue. Wharfage fees increased mainly due to higher container cargo volume as measured in twenty-foot equivalent units (TEUs) both due to organic growth and, towards the latter part of the fiscal year, uncertainty over labor contract negotiations which spurred cargo owners to stockpile goods. A general rate increase of 1.7% from July to November 2013 as well as scheduled TEU rate adjustments also contributed to the higher shipping services revenues.

Operating expenses, excluding depreciation, totaled \$205.4 million, an increase of \$0.2 million or 0.1%. Salaries and benefits rose by \$10.2 million mainly attributed to \$2.8 million increase in salaries for cost of living adjustments ranging from 1.0% to 5.5% for various MOUs, \$2.3 million increase for pensions and health benefits costs, and a \$4.2 million decrease in allocation of salaries and benefits to capital projects. City services increased by \$2.6 million as a result of higher salaries costs of City employees providing services to Harbor. Utilities grew by \$6.6 million or 115.5% from prior fiscal year mainly as a result of the additional electricity consumption due to the full operation of the Alternative Maritime Power (AMP) program in fiscal year 2014. Offsetting these increases were declines in outside services and other operating expenses by \$3.4 million and \$16.5 million, respectively.

Net nonoperating revenue for fiscal year 2014 decreased by \$23.3 million, from \$1.2 million to \$(22.1) million. Significant changes include a \$25.6 million increase in other nonoperating expenses because \$33.7 million in various capital projects were cancelled during the year causing the expenditures previously capitalized to be expensed. Interest and investment income increased by \$3.9 million primarily due to higher interest earnings on investments.

As a result of the above financial changes including capital contributions of \$80.4 million, the Harbor Enterprise Fund's change in net position for fiscal year 2014 was \$169.4 million or 45.8% increase over fiscal year 2013.

Power and Water

The Power and Water Enterprise Funds account for the operations of the Department of Water and Power (DWP) in supplying the City and its inhabitants with water and electric power by constructing, operating, and maintaining facilities located throughout the City and in Inyo and Mono counties.

Power

The Power Enterprise Fund's (Power) total operating revenues grew by \$157.3 million or 5.0% from the prior fiscal year. Retail revenues increased \$182.0 million mainly due to an average rate increase of 9.0%, which includes a 6.0% increase in the Incremental Energy Cost Adjustment (iECA) Factor. The iECA factor went up from \$0.05854 cents/kWh in June 2013 to \$0.06200 cents/kWh in June 2014.

Power operating expenses were \$145.6 million higher as compared to fiscal year 2013, driven primarily by a \$82.1 million increase in purchased power costs, a \$48.0 million increase in depreciation and amortization expense, and a \$31.8 million increase in other operating expenses, offset by lower fuel for generation costs, and maintenance expenses. Purchased power costs growth was primarily attributed to a higher volume of economy purchases year over year and energy from the Apex power project. Depreciation and amortization expense increase was mainly due to capital improvements in production plant, as well as additional amortization expense from regulatory assets. Finally, other operating expenses increased due to higher other production, transmission, customer accounting, administrative and general expenses, distribution, and marketing expenses.

The major nonoperating activities of Power for fiscal year 2014 included the transfer of \$253.0 million to the City's General Fund, interest income earned on investments of \$58.0 million, \$33.0 million in federal bond subsidies, and \$259.0 million in debt expenses. The transfer to the City's General Fund is based on 8.0% of the previous year's operating revenues of nearly \$3.2 billion. The \$12.0 million increase in investment income is mainly due to changes in fair values of investments. Debt expenses rose by \$16.0 million due to the interest expense for new money

bonds issued during the fiscal year offset by lower capitalized interest (AFUDC) year over year due to the transfer of major construction work in progress projects to utility plant accounts.

As a result of the above financial changes, including capital contributions of \$45.2 million, Power's change in net position for fiscal year 2014 amounted to \$134.5 million, a decrease of \$2.0 million from fiscal year 2013.

Water

During fiscal year 2014, operating revenues increased by \$99.6 million, or 9.6%, from fiscal year 2013 while sales of water decreased by 1.3 million hundred cubic feet. The increase in revenue was primarily due to higher average water cost recovery adjustment factors. The average cost recovery rate for fiscal year 2014 was \$3.245 per billing unit versus \$2.516 per billing during fiscal year 2013.

Operating expenses for fiscal year 2014 were \$108.6 million or 13.8% higher compared to fiscal year 2013 mainly due to a \$58.9 million or 21.0% increase in purchased water cost. Water supplied by the aqueduct was 50.0% lower year over year due to a reduced snowpack and Owens Valley environmental uses. Other operating expense grew by \$30.1 million primarily due to \$14.6 million increase in source of water supply expenses; \$2.6 million in pumping expenses, \$4.8 million in purification expenses, \$4.2 million in distribution expenses, \$6.1 million in customer accounting and collection expenses, offset by \$2.3 million lower administrative and general expenses. Maintenance expense increased \$8.9 million mainly due to maintenance costs associated with distribution, pumping and purification plants. Depreciation expense rose \$10.7 million or 9.5% mainly attributed to \$9.2 million and \$1.4 million additions to plant and regulatory assets, respectively.

Nonoperating revenues were \$3.8 million higher while nonoperating expenses were \$0.5 million lower than the prior year. The \$4.1 million increase in investment income can be attributed to changes in the fair values of investments. Debt expenses, excluding the allowance for funds used during construction, increased by \$4.1 million in line with the new money issuance of \$380.0 million Water System Revenue Bonds during the fiscal year. Capital contributions increase of \$11.5 million is primarily attributed to \$4.2 million in higher customer service installations fees and \$4.5 million in contributions from the U.S. government.

As a result of the above financial changes, the Water Enterprise Fund's increase in net position for fiscal year 2014 was \$152.4 million, an increase of \$0.9 million from fiscal year 2013.

Sewer

The Sewer Enterprise Fund (Sewer) accounts for the construction, operation, and maintenance of the City's wastewater collection and treatment system.

Sewer's total operating revenues of \$571.6 million decreased by \$5.5 million or 1.0% from the previous fiscal year. Of the total operating revenues, \$513.2 million or 89.8% were from sewer service charges, which decreased by \$16.6 million or 3.1% compared to fiscal year 2013. Despite the rate increase of 4.5% effective July 1, 2013, pursuant to Ordinance No. 182076 dated March 1, 2012, sewer service charge decreased primarily due to the transition in the DWP billing system and possible impact of water conservation in the City. A series of increases will be in effect as follows: 6.5% on July 1, 2014 and every July 1 thereafter, through fiscal year 2021.

Operating expenses decreased by a total of \$36.2 million or 8.1%. Depreciation decreased by \$21.9 million or 13.2%. Operation and maintenance declined by \$14.3 million or 5.1% mainly due to the decline in uncollectible expense and capitalized costs.

Nonoperating revenues increased by \$1.1 million as investment income rose by \$2.7 million due to changes in fair value of investments. The increase was offset by a \$1.6 million decrease in other nonoperating revenues primarily due to receipt of a \$3.0 million Federal grant in the prior fiscal year.

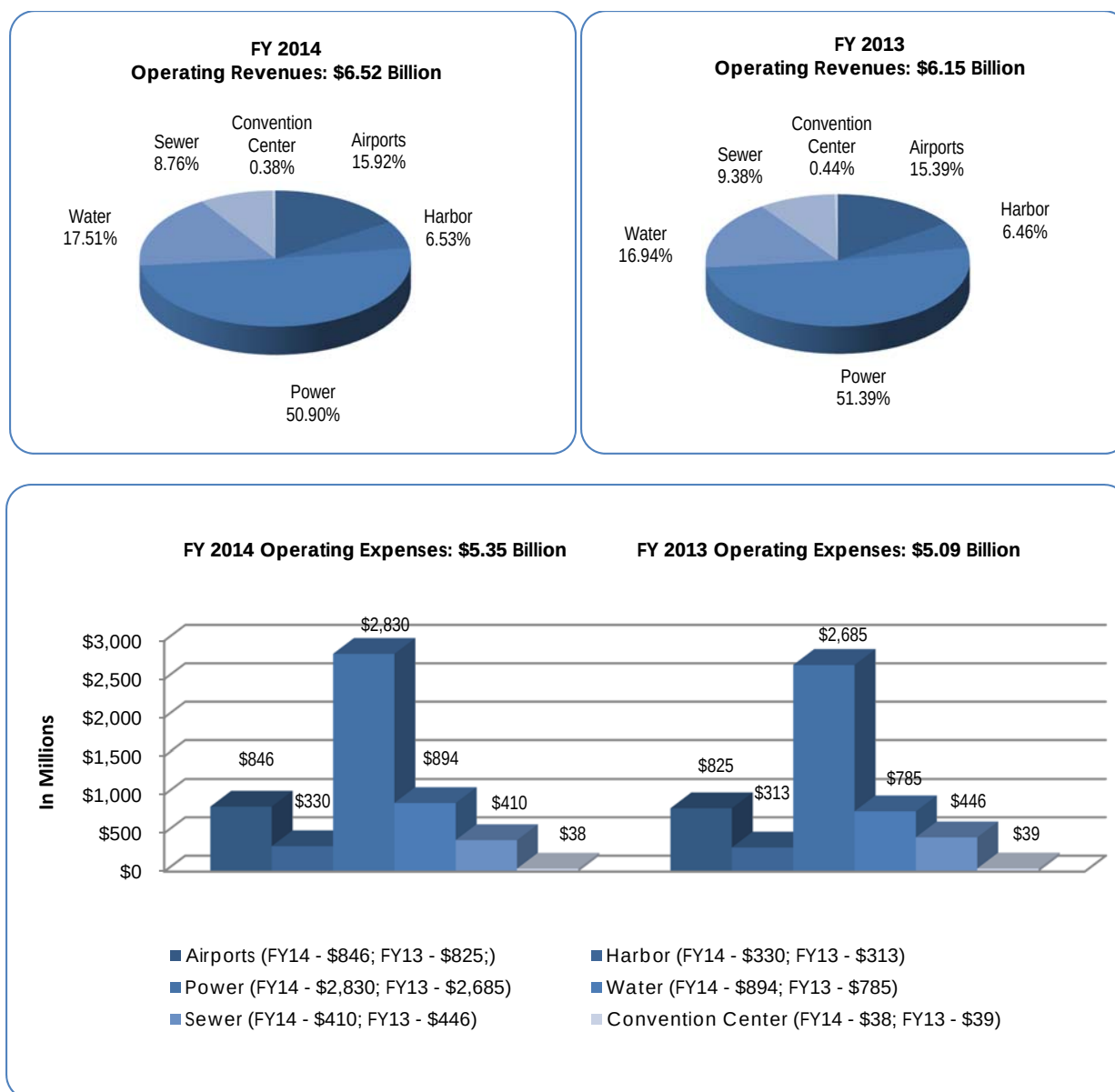
Nonoperating expenses increased by \$8.3 million or 6.7%. Refunding certain revenue bonds resulted in lower interest expense of \$8.9 million. Other nonoperating expenses increased by \$17.3 million primarily due to increase in litigation settlement expenses of \$26.4 million offset by a decrease in loss on abandonment of \$8.4 million and \$2.3 million in bond and note fees.

As a result of the above financial changes, including capital contributions of \$12.7 million, Sewer's change in net position for fiscal year 2014 was \$55.2 million compared to fiscal year 2013 amount of \$26.8 million.

Comprehensive Annual Financial Report

Management's Discussion and Analysis (unaudited)

The following charts are graphical comparisons between June 30, 2014 and 2013, for enterprise funds/business-type activities operating revenues and operating expenses.



GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2014, the City budgeted the General Fund Operating Account. For purposes of the budget, General Fund Operating Account is separate and distinct from the non-budgeted Reserve Fund and other accounts that are classified by the City as having General Fund type activity for GAAP reporting purposes. At fiscal year end, the unassigned fund balance of the General Fund Operating Account is transferred to the Reserve Fund and reported as *“Reversion to Reserve Fund.”*

At year-end, General Fund actual revenues exceeded the original budget while expenditures were lower than the final adjusted budget. The following table summarizes the operating results on a budgetary basis of the City's General Fund Operating Account as described above.

Comprehensive Annual Financial Report

Management's Discussion and Analysis (unaudited)

City of Los Angeles Budgetary Operating Results- General Fund Fiscal Year Ended June 30, 2014 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Above(Below)
	Original	Final		
Revenues and Other Financing Sources				
Taxes	\$ 3,544,312	\$ 3,544,312	\$ 3,628,798	\$ 84,486
Licenses, Permits, Fees and Fines	989,269	1,001,302	1,001,714	412
Intergovernmental	8,293	8,293	10,625	2,332
Interest	14,621	14,621	15,776	1,155
Other	9,006	9,006	9,112	106
Total Revenues	4,565,501	4,577,534	4,666,025	88,491
Power Transfers	253,000	253,000	253,000	--
Transfers from Other Funds	971,070	1,171,350	1,018,780	(152,570)
Loans from Other Funds	--	1,021	1,515	494
Total Revenues and Other Financing Sources	5,789,571	6,002,905	5,939,320	(63,585)
Expenditures and Other Financing Uses				
General Government	1,490,542	1,516,014	1,438,691	(77,323)
Protection of Persons and Property	1,923,112	2,017,945	1,988,848	(29,097)
Public Works	319,800	358,058	319,671	(38,387)
Health and Sanitation	220,842	225,385	213,026	(12,359)
Transportation	131,085	140,132	137,005	(3,127)
Cultural and Recreational Services	55,124	55,055	44,001	(11,054)
Community Development	155,823	123,234	110,197	(13,037)
Pension and Retirement Contributions	2,075	1,837	1,837	--
Capital Outlay	23,990	67,507	10,799	(56,708)
Total Expenditures	4,322,393	4,505,167	4,264,075	(241,092)
Transfers to Other Funds	1,467,178	1,497,738	1,476,904	(20,834)
Total Expenditures and Other Financing Uses	5,789,571	6,002,905	5,740,979	(261,926)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
	--	--	198,341	198,341
Fund Balance, July 1	--	--	--	--
Encumbrances Lapsed	--	--	22,773	22,773
Reversion to Reserve Fund	--	--	(221,114)	(221,114)
Fund Balance, June 30	\$ --	\$ --	\$ --	\$ --

In fiscal year 2014, total actual revenues and other financing sources were \$63.6 million or 1.1% below final budget. Buoyed by the positive growth in the economy, tax receipts were above projections by \$84.5 million or 2.4%. Property tax and documentary tax receipts were higher than anticipated by \$55.2 million or 3.4% and \$21.4 million or 13.3%, respectively, largely due to higher property sales volume and price appreciation. Transient occupancy tax receipts were \$10.0 million or 5.7% above budget as the number of visitors to Los Angeles rose from the prior year. Other tax receipts, such as sales and business, were slightly above estimates by \$3.7 million or 1.1% and \$4.7 million or 1.0%, respectively. The increases were offset by \$14.2 million or 2.2% below budget in utility users' tax receipts mainly due to reduced communication users' tax receipts. Interfund transfers fell \$152.6 million or 13.0% below expectations primarily attributable to delayed reimbursements for grants and capital projects.

Comprehensive Annual Financial Report

Management's Discussion and Analysis (unaudited)

The City's General Fund expenditures were \$241.1 million or 5.4% below projections during fiscal year 2014. The City exercised fiscal restraint and adopted a strategic approach to manage the City's finances. Savings were realized through actions of the Mayor and City Council to implement various efficiencies and reductions such as attrition; expense account reductions; funding realignment from the General Fund to special funds; approval of management agreement between the City and Anschutz Entertainment Group to operate the convention center; delays in various capital projects; and use of one-time revenue, transfers, and surplus resulting from lower filled Police sworn positions than plan and decreased workers' compensation and rehabilitation costs attributed to better resolution of claims and use of alternative dispute resolution program.

As a result of below budget expenditures and other financing uses totaling \$261.9 million, and lapsed encumbrances of \$22.8 million, offset by below budget revenues and other financing sources of \$63.6 million, a total of \$221.1 million reverted from the General Fund to the Reserve Fund at year-end.

LONG-TERM DEBT

At June 30, 2014 the City's bonded indebtedness and long-term notes payable totaled \$23.8 billion as follows:

City of Los Angeles
Summary of Bonded Debt and Long-Term Notes Payable
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2014	FY 2013 *	FY 2014	FY 2013 *	FY 2014	FY 2013 *
Debt backed by the City						
General Obligation Bonds	\$ 1,069,709	\$ 1,165,924	\$ --	\$ --	\$ 1,069,709	\$ 1,165,924
Judgment Obligation Bonds	45,889	53,079	--	--	45,889	53,079
Special Assessment Debt	18,180	20,240	--	--	18,180	20,240
Debt Secured by Specified Revenue Sources						
Certificates of Participation and Lease						
Revenue Bonds	1,385,151	1,456,723	--	--	1,385,151	1,456,723
Revenue Bonds and Notes Payable	908,421	977,663	20,149,419	18,879,230	21,057,840	19,856,893
Loans Payable to U.S. Department						
of Housing and Urban Development	184,985	198,600	--	--	184,985	198,600
Total	<u>\$ 3,612,335</u>	<u>\$ 3,872,229</u>	<u>\$ 20,149,419</u>	<u>\$ 18,879,230</u>	<u>\$ 23,761,754</u>	<u>\$ 22,751,459</u>

* FY 2013 was not restated for GASB No. 65 implementation and other adjustments as disclosed in Note 1 to the Basic Financial Statements.

Significant new issuances during the year are the following:

- \$149.5 million in MICLA lease revenue bonds and commercial paper notes to finance and refinance costs associated with the acquisition of certain capital equipment and improvement of certain real properties, and to repay a portion of certain outstanding lease revenue bonds.
- Airport issued Series 2013A LAX senior revenue bonds of \$170.7 million and Series 2013 B LAX subordinate revenue bonds of \$71.2 million to provide ongoing funding for certain capital projects.
- Harbor issued \$25.0 million in commercial paper notes to finance certain capital projects.

- Power issued a total of \$522.0 million in Power System Revenue bonds to be used for capital improvements as follows: \$200.0 million of variable rate Power System Revenue Bonds, 2014 Series A under a Direct Purchase structure and \$322.0 million of Power System Revenue Bonds, 2014 Series B with net proceeds of \$366.4 million, including a \$44.4 million issue premium net of underwriter's discount.
- Water issued a \$380.0 million of Water System Revenue Bonds, 2013 Series B. The net proceeds of \$425.3 million, including a \$45.3 million issue premium were deposited into the construction fund to be used for capital improvements. Water entered into five loan agreements, at zero percent interest rate to be used for water quality capital improvements, with the California Department of Water Resources (CDWR) that allow for a total maximum loan of \$0.5 million, \$0.5 million, \$0.5 million, \$101.0 million, and \$102.3 million, respectively and received \$0.5 million, \$0.5 million, \$0.5 million, \$2.4 million, and \$6.6 million, respectively under the agreements. In addition, Water received \$118.7 million under previous loan agreements with CDWR.
- Sewer Fund issued \$110.0 million in new commercial paper notes. The City authorized the issuance of up to \$400.0 million maximum but the City limited issuance to the principal amount supported by reimbursement agreements which is \$200.0 million.

More detailed information on the City's bonds and other long-term debt can be found in Note 4H of the Notes to the Basic Financial Statements.

Governmental Activities

As of June 30, 2014, the ratings of the City's debts by rating agencies are as follows:

	Moody's Investors Service (Moody's)	Standard & Poors (S&P)	Fitch Ratings (Fitch)
General Obligation Bonds	Aa2	AA-	AA-
Convention and Exhibition Center Lease Revenue Bonds	A2	A+	A+
Judgment Obligation Bonds	A2	A+	A+
MICLA Lease Revenue Obligations (Real Property)	A2	A+	A+
MICLA Lease Revenue Obligations (Equipment)	A3	A+	A+
Tax and Revenue Anticipation Notes	M1G 1	SP-1+	F1+
Landscape and Lighting District 96-1 Assessment Bonds	Aa2	AA	AA-
Solid Waste Resources Revenue Bonds	Aa2	AA-	AA-
Wastewater System Revenue Bonds	Aa2	AA+	AA+
Wastewater System Subordinate Revenue Bonds	Aa3	AA	AA

Since June 30, 2014, the City's debt ratings have changed. On November 21, 2014, Moody's Investors Service upgraded the City's General Fund lease obligations by one notch from "A2" to "A1," which includes the Municipal Improvement Corporation of Los Angeles (MICLA) obligations for real property and the Los Angeles Convention Center obligations, and from "A3" to "A2" for the MICLA obligations for capital equipment. The other General Fund obligations upgraded at the same time were the Judgment Obligation bonds from "A2" to "A1." All obligations remained on stable outlook.

On August 25, 2014, Kroll Bond Rating Agency (Kroll) rated the City for the first time by assigning the General Obligation bonds an "AA" rating with stable outlook. On September 2, 2014, Kroll assigned the MICLA obligations an "AA-" rating with stable outlook. On March 11, 2015, Kroll assigned the Solid Waste Resources Revenue Bond obligations an "AA" rating with stable outlook.

As of March 23, 2015, the ratings of the City's debts are summarized as follows:

	Moody's Investors Service (Moody's)	Standard & Poors (S&P)	Fitch Ratings (Fitch)	Kroll Bond Rating Agency Rating
General Obligation Bonds	Aa2	AA-	AA-	AA
Convention and Exhibition Center Lease Revenue Bonds	A1	A+	A+	n/a
Judgment Obligation Bonds	A1	A+	A+	n/a
MICLA Lease Revenue Obligations (Real Property)	A1	A+	A+	AA-
MICLA Lease Revenue Obligations (Equipment)	A2	A+	A+	AA-
Tax and Revenue Anticipation Notes	M1G 1	SP-1+	F1+	n/a
Landscape and Lighting District 96-1 Assessment Bonds	Aa2	AA	AA-	n/a
Solid Waste Resources Revenue Bonds	Aa2	AA-	AA-	AA

The City's Debt Management Policies establish guidelines for the structure and management of the City's debt. These guidelines include target and ceiling levels for certain debt ratios to be used for financial planning purposes. The policy places certain restrictions on the types of items that can be financed, limiting financing only to those items with a useful life of six years or more. In accordance with this policy, the ratio of annual debt payments cannot exceed 15% of General Fund revenues for voter-approved and non-voter approved debt overall, and cannot exceed 6.0% of General Fund revenues for non-voter approved debt alone. The 6.0% ceiling for non-voter approved debt may be exceeded, only if there is a guaranteed new revenue stream for the debt payments and the additional debt will not cause the ratio to exceed 7.5%, or there is no guaranteed revenue stream but the 6.0% ceiling shall not be exceeded for more than one year. The total assessed value of taxable property on the City's fiscal year tax roll was \$440.6 billion, which results in a net total debt capacity of \$66.1 billion. As of June 30, 2014, the City had \$1.1 billion of General Obligation bonds outstanding.

The City's Variable Rate Debt Policy sets forth the purposes and the criteria for using variable rate debt, and the factors to be considered in determining the appropriate amount of the variable rate debt. It also requires diversification of remarketing agents and counterparties. Budgeting, monitoring and reporting requirements are also included in the policy.

The City's Interest Rate Risk Mitigation Policy provides guidelines for the use of interest rate mitigation products such as swaps, caps, floors, collars and options in connection with the incurrence of debt. While the use of these financing products can reduce the City's exposures to risks inherent to certain types of debts, careful monitoring is required to preserve the City's credit strength and budget flexibility.

As of June 30, 2014, the City is in compliance with the aforementioned policies.

Information related to the City's legal debt margin and pledged revenue bond coverage for the City's enterprise funds is found in the Statistical Section – Debt Capacity.

Business-type Activities

Airports

As of June 30, 2014 and 2013, the ratings of LAX's outstanding bonds by S&P, Moody's, and Fitch were as follows: AA, Aa3, and AA respectively for LAX Senior Bonds; AA-, A1, and AA- respectively for LAX Subordinate Bonds. As of June 30, 2014, the ratings of S&P, Moody's, and Fitch for ONT's outstanding bonds were A-, Baa1 and A-, and A-, A3, and A-, respectively. Moody's downgraded ONT's outstanding revenue bond ratings from A3 to Baa1 on October 23,

2013 and revised the outlook to stable. Moody's primarily attributed the downgrade to their view that ONT's market position has weakened as a result of enplanement declines experienced by the airport.

Harbor

As of June 30, 2014, for all outstanding bonds, Harbor continues to maintain Aa2, AA, and AA credit ratings from Moody's, S&P's, and Fitch, respectively. For Harbor's commercial paper, the ratings are P-1, A-1+, and F-1+, respectively.

Water

In October 2014, S&P, Moody's, and Fitch affirmed the Water System's bond rating of AA, Aa2, and AA, respectively.

Power

In June 2014, Standard & Poor's Rating Services, Moody's Investors Service, and Fitch Ratings affirmed the Power System's bond rating of AA-, Aa3, and AA-, respectively.

Sewer

Sewer's most recent ratings of the senior debt were "Aa2" by Moody's, "AA+" by S&P, and "AA+" by Fitch. Sewer's subordinate debt ratings were Aa3 by Moody's, AA by S&P and AA by Fitch.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounted to \$37.4 billion (net of accumulated depreciation). This investment in capital assets, which accounts for 70.2% of the City's total assets, includes land, buildings, facilities, equipment, infrastructure, intangibles, and construction in progress. The following table presents the City's capital assets (in thousands):

City of Los Angeles
Summary of Capital Assets Used in Operations
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Not Depreciated						
Land.....	\$ 742,805	\$ 739,443	\$ 2,581,539	\$ 2,597,779	\$ 3,324,344	\$ 3,337,222
Infrastructure.....	193,167	171,379	--	--	193,167	171,379
Construction in Progress.....	878,420	915,405	5,251,989	5,397,119	6,130,409	6,312,524
Intangible Assets.....	10,345	8,441	65,793	65,793	76,138	74,234
Subtotal.....	1,824,737	1,834,668	7,899,321	8,060,691	9,724,058	9,895,359
Depreciated, Net						
Buildings, Facilities and						
Equipment.....	3,451,138	3,497,829	22,027,371	19,934,394	25,478,509	23,432,223
Infrastructure.....	1,857,732	1,781,881	--	--	1,857,732	1,781,881
Intangible Assets.....	60,662	68,364	16,071	10,711	76,733	79,075
Subtotal.....	5,369,532	5,348,074	22,043,442	19,945,105	27,412,974	25,293,179
Natural Gas Field, Net.....	--	--	248,923	272,158	248,923	272,158
Nuclear Fuel at Amortized Cost.....	--	--	42,931	44,686	42,931	44,686
Total.....	\$ 7,194,269	\$ 7,182,742	\$ 30,234,617	\$ 28,322,640	\$ 37,428,886	\$ 35,505,382

Major capital assets activities during the year are as follows:

Governmental Activities

- Completed building construction and various improvements, including transfers from construction in progress, amounted to \$60.5 million. These various projects include \$1.9 million for public works projects, \$1.8 million for transportation projects, \$55.7 million for recreational, cultural and community centers, and \$1.1 million for various municipal facilities.
- Capitalized charges for various projects under construction totaled \$140.4 million. These projects include \$45.1 million for recreational, cultural and community centers, \$47.9 million for various public work projects, \$21.6 million for transportation projects, \$19.4 million for fire and police facilities, \$4.5 million for municipal facilities projects, and \$1.9 million for animal shelters.
- Capitalized infrastructure assets totaled \$156.1 million.
- Acquisition of machinery and equipment that were capitalized totaled \$88.9 million, while those retired, salvaged, deleted or sold amounted to \$25.4 million.

The modified approach is used in reporting the City's bridges infrastructure system. As of June 30, 2014, the condition of City bridges is compliant with the City's policy. Seventy one percent of all City bridges are rated B or better. The planned costs for preservation and maintenance were

\$151.0 million, but \$56.3 million was actually spent. See additional information on Note 1E of the Notes to the Basic Financial Statements. The required supplementary information for bridges is presented in the Required Supplementary Information.

Business-type Activities

- Airports' net capital assets increased by \$552.7 million, or 8.7%. Major capital assets activities include \$325.1 million improvements and security upgrades at the Tom Bradley International Terminal (TBIT); \$73.6 million renovations at Terminals 1 to 8; \$55.9 million replacement of the Central Utility Plant and cogeneration facilities; \$38.4 million repairs and improvements of elevators and escalators; \$26.5 million residential acquisition, soundproofing and noise mitigation; \$17.9 million Central Terminal Area curbside development and Second Level Roadway Joint and Deck replacement; and \$12.8 million in costs related to various information technology network and systems projects.
- Harbor's net capital assets rose by \$213.2 million or 6.0% compared to the prior fiscal year. Major capital assets activities include \$50.4 million for the port-wide AMP™ installations at certain terminals; \$31.1 million for expanded wharf, an AMP™ installation at Berth 100, and the development of new backlands at the China Shipping Container Terminal; \$17.7 million for a waterfront promenade, plaza and town square and \$6.5 million for the second phase of a fiber optic network; \$91.4 million for automatic stacking crane infrastructure; \$61.0 million for construction of yard sites, tracks, yard office building and diesel services; \$33.0 million for a grade separation to carry vehicular traffic to Port terminals; and \$11.7 million for various transportation and street improvement projects.
- Power capitalized \$719.0 million of additions, including transfers from construction work in progress, to depreciable utility plant in service. Of the \$719.0 million, \$373.0 million, or 52.0%, is mostly attributable to the Power Reliability Program to improve distribution system reliability, including construction of new Distribution Station 144 and installations of new business line facilities; \$182.0 million or 25.0% related to general plant assets including replacement of the Customer Information System, new digital mobile radio system, server/system implementation, fleet purchases and fiber optic network installations; \$159.0 million or 22.0% for generation plants assets including Castaic Modernization for Unit 1 and upgrade of five main generating units, repowering of Haynes Generating Stations units 5 and 6, installing electrical auxiliary boilers for Haynes Unit 8, overhaul of auxiliary systems at Scattergood Generating Station Unit 1 and installation of solar system on City property.
- Water capitalized \$573.0 million of additions to depreciable utility plant in service. Of the \$573.0 million, \$202.0 million, or 35.0% is related to distribution plant assets, mostly attributable to the installation or replacement of trunk line, mains, meters and services including mains, meters and services. Other additions included construction of the Santa Ynez Reservoir, Los Angeles Reservoir shade balls and fire hydrant installations. Purification stations and pumping stations assets increased by \$161.0 million, or 28.0%, mostly attributable to construction of the ultraviolet treatment process at Los Angeles Aqueduct Filtration Plant, chloramine disinfection conversion at North Hollywood Ammoniation Station and upgrades and expansions to water treatment facilities. The value of assets in source of water supply increased by \$125.0 million, or 22.0%, which comprised of Owens Lake Dust Mitigation Phase 8, River Supply Conduit Lower Reach 1B Plan, and system improvements to aqueduct facilities. General plant increased by \$85.0 million, or 15.0%, and was mainly attributable to the Customer Information System replacement project and additions to fleet equipment.
- Sewer capitalized \$117.1 million, including transfers from construction in progress. Of this amount, \$20.3 million, or 17.3% was for treatment plants and equipment, while \$85.9 million or 73.4% was for wastewater collection system. Charges to the construction in progress totaled \$114.2 million.

Significant commitments that include construction contracts are discussed in Note 5C of the Notes to the Basic Financial Statements. As of June 30, 2014, the City's contractual commitments for various capital projects amounted to \$245.2 million for governmental activities and \$277.5 million for business-type activities. The City's policy affecting capital assets can be found in Note 1E of the Notes to the Basic Financial Statements. Additional information can be found in Note 4E.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

The City's fiscal year 2015 total adopted budget is \$8.1 billion. Of this amount, \$3.9 billion, or 47.6%, is appropriated for departmental expenditures. The remainder of \$4.2 billion or 52.4% is appropriated for non-departmental expenditures. Estimated general receipts of \$5.1 billion, special receipts of \$2.2 billion, bond redemption and interest funds of \$0.2 billion, and special fund available balances of \$0.6 billion are sources of funds for the budget. The adopted budget included a Reserve Fund of \$284.1 million or 5.5% of the General Fund receipts, \$64.1 million for the Budget Stabilization Fund and met the goal of appropriating at least 1% of its General Fund to capital improvements.

The City addressed a projected \$433.0 million General Fund deficit for fiscal year 2015 primarily through \$216.0 million increased ongoing revenue due to improved economic conditions and growth in a number of economically-sensitive revenues, \$186.0 million in one-time revenues, the largest of which was a transfer of \$117.5 million from the City's Reserve Fund, and \$30.0 million in various ongoing reductions and efficiencies.

The fiscal year 2015 General Fund budgeted receipts of \$5.1 billion increased by \$176.1 million or 3.5% from fiscal year 2014 actual receipts, as follows (amounts in millions):

	FY 2015 Budget	FY 2014 Receipts	Increase (Decrease)	
			Amount	Percentage
Taxes.....	\$ 3,694.0	\$ 3,628.8	\$ 65.2	1.8 %
Licenses, permits, fees and fines.....	995.5	1,001.7	(6.2)	(0.6)
Intergovernmental.....	11.9	10.6	1.3	12.3
Interest.....	13.5	15.8	(2.3)	(14.6)
Other.....	9.1	9.1	-	0.0
Transfers from other funds.....	414.3	296.2	118.1	39.9
Total	<u>\$ 5,138.3</u>	<u>\$ 4,962.2</u>	<u>\$ 176.1</u>	<u>3.5</u>

Note: Transfers from other funds include Reserve Fund, Power Fund, Special Parking Revenue Fund and Telecommunications Development Account.

The City uses independent revenue forecasts from local economists and other taxing jurisdictions to develop its revenue assumptions. The assumptions reflect continuation of moderate economic growth and improvement in the City's ongoing revenue generation.

Fiscal year 2015 overall tax receipts are anticipated to increase by \$65.2 million or 1.8% from actual fiscal year 2014 revenue. Major tax categories projected to increase include property, utility users, sales, documentary transfer, transient occupancy, and parking users' taxes. The growth in property and documentary transfer tax receipts of \$32.6 million or 2.0% and \$15.3 million or 8.5%, respectively, are mainly due to the improvement in the real estate market, along with a 6.0% estimated increase in the City's total assessed valuation.

Sales and transient occupancy tax receipts increase of \$17.6 million or 4.9% and \$9.7 million or 5.3%, respectively, reflect the continued economic recovery and is consistent with established economic forecast. The business tax receipts \$15.9 million or 3.3% decline is primarily due to the loss of approximately \$17.9 million in prior year tax amnesty receipts coupled with the impact of business tax reform measures.

Recent economic trends reflect sustained recovery in the local economy. California unemployment rate in December 2014 dipped to 7.0%. Lower gas prices and improvement in the housing market is anticipated to buoy consumer confidence and spending. Hotel occupancies are up as tourism reach record levels. Port cargo increase indicates growing trade and demand.

Other matters that are affecting and will affect the City's future operations are as follows:

Potential challenges in fiscal year 2015 may adversely impact the City's financial condition and will need to be addressed. These include insufficient funding to pay for the large sworn police banked overtime that have been accumulated by officers pursuant to the contract with the police union that allowed sworn employees to bank up to 800 overtime hours; the potential six-months funding gap for Fire Department's ambulance augmentation program should the program continue beyond the six-month period; and increased settlement expenditures.

The fiscal year 2015 budget assumes that all civilian employees will contribute 10% of the cost of health care premiums and no cost of living adjustments increases for over 85% of City employees who are working under expired labor agreements while the City negotiates new agreements with labor unions. In addition, pension reform measures, such as adoption of a new civilian tier and sworn retiree health benefit funding formula, are in litigation. If these measures are overturned, the City's fiscal year 2016 retirement contributions may increase and negatively impact the City's structural deficit.

The City Administrative Officer (CAO) reports to the Mayor and City Council on the status of the budget. Based on the CAO's Financial Status Reports, a deficit of \$72.4 million is projected primarily due to \$24.7 million in unfunded sworn overtime and unfunded salary adjustments for certain sworn employees; and \$21.9 million mainly due to the unfunded Fire ambulance augmentation program and delayed implementation of 40-hour work week for sworn personnel assigned at the Fire Dispatch Center. Total revenue is \$17.4 million above planned receipts. While property tax revenue reflects a \$23.1 million shortfall; transient occupancy tax revenue, utility users' tax revenue, documentary transfer tax revenue, and license, permit, fee and fine revenue are above plan by \$7.5 million, \$10.4 million, \$6.5 million, and \$14.6 million, respectively. However, as the majority of the revenues are received at the latter half of the year, an overall increase or decrease of revenues for fiscal year 2015 is not yet projected.

The Four-Year Budget Outlook (Outlook) is based on the adopted budget, known major expenditure commitments and projections of revenues and expenditures. The Outlook reflects a budget gap of \$165.1 million in fiscal year 2016 and \$185.9 million in fiscal year 2017 without corrective actions. Subsequent to the adoption of the fiscal year 2015 budget, the assumption that all civilian employees would contribute 10% towards health benefits is unlikely to occur. In addition, LACERS Board adopted changes to its actuarial assumptions, including a reduction in the assumed investment rate of return from 7.75% to 7.5%. The economic and demographic changes in the latest experience study would potentially impact the City's contribution to LACERS in fiscal year 2016. Pensions has adopted its latest experience study, including a reduction in the assumed investment rate of return from 7.75% to 7.5%. However, the City's contribution rate for fiscal year 2016 is 46.51%, which is less than the 50.17% projected in the Outlook. While the Pensions contribution rate is less than previously anticipated, it will likely be offset by a higher projected sworn payroll which has been increased by recently approved sworn salary adjustments.

As reported by the Controller in its Preliminary Financial Report for fiscal year ended June 30, 2014, the July 1, 2014, Reserve Fund balance was \$383.0 million or 7.45% of the General Fund budget, 2.45% above the 5.0% City Financial Policy. Including a transfer of \$2.0 million from the General Fund, BSF was \$62.4 million in accordance with the adopted budget.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, creditors, and other users with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, 200 North Main Street, City Hall East Room 300, Los Angeles, CA 90012.

Basic Financial Statements

CITY OF LOS ANGELES

Statement of Net Position

June 30, 2014

(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 2,945,569	\$ 2,192,261	\$ 5,137,830
Other Investments	56,137	6,752	62,889
Receivables, Net	1,554,725	1,855,394	3,410,119
Inventories	18,643	201,721	220,364
Prepaid Items and Other Assets	25,515	1,094,058	1,119,573
Restricted Assets	1,064,074	3,776,057	4,840,131
Investment in Joint Ventures	--	5,215	5,215
Properties Held for Housing Development	114,112	--	114,112
Net Pension Assets	--	6,967	6,967
Net Other Postemployment Benefits Assets	--	978,231	978,231
Capital Assets			
Not Depreciated	1,824,737	7,899,321	9,724,058
Depreciated, Net	5,369,532	22,043,442	27,412,974
Natural Gas Field, Net	--	248,923	248,923
Nuclear Fuel, at Amortized Cost	--	42,931	42,931
TOTAL ASSETS	12,973,044	40,351,273	53,324,317
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Debt Refunding	36,523	171,764	208,287
Deferred Outflows on Derivative Instruments	--	73,974	73,974
TOTAL DEFERRED OUTFLOWS OF RESOURCES	36,523	245,738	282,261
LIABILITIES			
Accounts Payable and Accrued Expenses	392,025	1,054,711	1,446,736
Obligations Under Securities Lending Transactions	6,403	4,958	11,361
Accrued Interest Payable	51,519	300,875	352,394
Internal Balances	68,140	(68,140)	--
Unearned Revenue	24,409	--	24,409
Deposits and Advances	46,583	115,889	162,472
Other Liabilities	74,882	86,595	161,477
Advances from Fiduciary Funds	30,481	--	30,481
Derivative Instrument Liabilities	--	73,974	73,974
Non-current Liabilities			
Due Within One Year	754,527	607,121	1,361,648
Due In More Than One Year	6,389,228	20,110,388	26,499,616
TOTAL LIABILITIES	7,838,197	22,286,371	30,124,568
DEFERRED INFLOWS OF RESOURCES FROM REGULATED BUSINESS ACTIVITIES	--	176,783	176,783
NET POSITION			
Net Investment in Capital Assets	4,646,514	11,113,795	15,760,309
Restricted for:			
Capital Projects	204,181	135,700	339,881
Debt Service	130,104	1,045,688	1,175,792
Public Safety	159,948	--	159,948
Public Works and Sanitation	39,771	--	39,771
Transportation Programs	456,505	--	456,505
Culture and Recreation Activities	298,868	--	298,868
Community Development and Housing	512,157	--	512,157
Passenger/Customer Facility Charges	--	935,021	935,021
Pension and Other Postemployment Benefits	--	985,198	985,198
Other Purposes	--	412,040	412,040
Unrestricted (Deficit)	(1,276,678)	3,506,415	2,229,737
TOTAL NET POSITION	\$ 5,171,370	\$ 18,133,857	\$ 23,305,227

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

CITY OF LOS ANGELES

**Statement of Activities
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
General Government	\$ 1,481,977	\$ 246,641	\$ 28,616	\$ --	\$ (1,206,720)	\$ (1,206,720)
Protection of Persons and Property	2,963,882	443,352	173,936	2,602	(2,343,992)	(2,343,992)
Public Works	383,433	165,229	178,565	26	(39,613)	(39,613)
Health and Sanitation	519,519	492,238	26,258	3,452	2,429	2,429
Transportation	425,967	143,103	267,042	2,931	(12,891)	(12,891)
Cultural and Recreational Services	524,282	153,544	5,328	37,867	(327,543)	(327,543)
Community Development	321,263	117,097	223,401	--	19,235	19,235
Interest on Long-Term Debt	159,991	--	--	--	(159,991)	(159,991)
Total Governmental Activities	6,780,314	1,761,204	903,146	46,878	(4,069,086)	(4,069,086)
Business-type Activities:						
Airports	984,754	1,038,506	--	201,302	--	255,054
Harbor	372,645	425,951	--	80,374	--	133,680
Power	3,092,108	3,319,820	--	45,239	--	272,951
Water	1,053,150	1,141,823	--	28,252	--	116,925
Sewer	542,007	571,570	--	12,674	--	42,237
Other- Convention Center	38,450	24,937	--	--	--	(13,513)
Total Business-type Activities	6,083,114	6,522,607	--	367,841	--	807,334
Total	\$ 12,863,428	\$ 8,283,811	\$ 903,146	\$ 414,719	(4,069,086)	(3,261,752)
General Revenues:						
Property Taxes					1,653,067	1,653,067
Utility Users Taxes					626,919	626,919
Business Taxes					463,602	463,602
Other Taxes					--	--
Documentary Transfer					180,528	180,528
Transient Occupancy					187,530	187,530
Parking Occupancy					100,502	100,502
Franchise Income					91,890	91,890
Miscellaneous					5,117	5,117
Grants and Contributions Not Restricted to Specific Programs					--	--
Sales Taxes					478,291	478,291
Other					55,149	55,149
Unrestricted Investment Earnings					--	--
Other					98,264	118,199
Transfers					117,579	239,739
Special Item					253,000	--
Pollution Remediation Liabilities Adjustment					--	15,002
Extraordinary Item					--	--
Transfer of Assets from CRA					44,155	44,155
Total General Revenues, Transfers and Other Items					4,277,264	4,259,690
Change in Net Position					208,178	997,938
Net Position - July 1, Restated					4,963,192	22,307,289
Net Position - June 30					\$ 5,171,370	\$ 23,305,227

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

CITY OF LOS ANGELES

Balance Sheet
Governmental Funds
June 30, 2014

(amounts expressed in thousands)

		<u>Municipal Improvement Corporation</u>		<u>Special Revenue</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Proposition A Local Transit Assistance</u>
ASSETS				
Cash and Pooled Investments				
Unrestricted	\$ 1,014,481	\$ --	\$ --	\$ 218,655
Restricted	--	65,508	--	--
Cash and Investments with Fiscal Agents				
Restricted	--	--	44,104	--
Other Investments	--	--	43,286	--
Taxes Receivable				
(Net of Allowance for Uncollectibles of \$25,378)	479,482	--	--	--
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$355,264)	128,136	--	--	329
Special Assessments Receivable	4,518	--	--	-
Investment Income Receivable	4,815	117	27	510
Intergovernmental Receivable	155,448	--	514	12,997
Loans Receivable				
(Net of Allowance for Uncollectibles of \$1,570,188)	--	--	--	--
Due from Other Funds	43,625	--	--	--
Inventories	18,643	--	--	--
Prepaid Items and Other Assets	14,569	1,778	--	--
Advances to Other Funds	9,934	--	100,636	--
Properties Held for Housing Development	--	--	--	--
TOTAL ASSETS	\$ 1,873,651	\$ 67,403	\$ 188,567	\$ 232,491
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 63,347	\$ 3,306	\$ --	\$ 10,621
Obligations Under Securities Lending Transactions	2,580	86	--	317
Accrued Salaries and Overtime Payable	122,028	--	--	--
Accrued Compensated Absences Payable	17,182	--	--	--
Estimated Claims and Judgments Payable	35,015	--	--	--
Intergovernmental Payable	353	--	--	--
Due to Other Funds	98,113	2,669	--	2,177
Unearned Revenue	24	--	--	--
Deposits and Advances	23,612	--	--	--
Interest Payable	--	--	--	--
Advances from Other Funds	22,436	--	--	--
Other Liabilities	43,843	505	--	1,857
TOTAL LIABILITIES	428,533	6,566	--	14,972
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	29,884	--	--	--
Taxes Other than Real Estate	269,310	--	--	--
Receivables from Other Government Agencies	154,739	--	--	381
Other Deferred Inflows of Resources	95,114	--	--	351
TOTAL DEFERRED INFLOWS OF RESOURCES	549,047	--	--	732
FUND BALANCES				
Nonspendable	43,146	1,778	--	--
Restricted	--	59,059	188,567	216,787
Committed	--	--	--	--
Assigned	230,717	--	--	--
Unassigned	622,208	--	--	--
TOTAL FUND BALANCES	896,071	60,837	188,567	216,787
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,873,651	\$ 67,403	\$ 188,567	\$ 232,491

Continued...

CITY OF LOS ANGELES

Balance Sheet
Governmental Funds
June 30, 2014

(amounts expressed in thousands)

	Special Revenue			
	Recreation and Parks	Solid Waste Resources	Nonmajor Governmental Funds	Total
ASSETS				
Cash and Pooled Investments				
Unrestricted	\$ 285,648	\$ 210,828	\$ 1,215,957	\$ 2,945,569
Restricted	--	82,090	804,346	951,944
Cash and Investments with Fiscal Agents				
Restricted	--	--	68,026	112,130
Other Investments	--	--	12,851	56,137
Taxes Receivable				
(Net of Allowance for Uncollectibles of \$25,378)	--	--	18,995	498,477
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$355,264)	1,925	6,246	59,925	196,561
Special Assessments Receivable	--	--	8,589	13,107
Investment Income Receivable	672	685	4,267	11,093
Intergovernmental Receivable	--	85	119,479	288,523
Loans Receivable				
(Net of Allowance for Uncollectibles of \$1,570,188)	--	--	546,964	546,964
Due from Other Funds	1,895	13,141	73,577	132,238
Inventories	--	--	--	18,643
Prepaid Items and Other Assets	--	--	9,168	25,515
Advances to Other Funds	--	--	2,431	113,001
Properties Held for Housing Development	--	--	114,112	114,112
TOTAL ASSETS	\$ 290,140	\$ 313,075	\$ 3,058,687	\$ 6,024,014
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 18,573	\$ 34,642	\$ 109,617	\$ 240,106
Obligations Under Securities Lending Transactions	414	424	2,582	6,403
Accrued Salaries and Overtime Payable	7,676	8,241	11,269	149,214
Accrued Compensated Absences Payable	47	--	34	17,263
Estimated Claims and Judgments Payable	--	--	--	35,015
Intergovernmental Payable	13	--	2,339	2,705
Due to Other Funds	976	61	73,534	177,530
Unearned Revenue	63	--	24,322	24,409
Deposits and Advances	2,354	3	20,614	46,583
Interest Payable	--	--	278	278
Advances from Other Funds	221	--	143,673	166,330
Other Liabilities	2,427	2,488	23,762	74,882
TOTAL LIABILITIES	32,764	45,859	412,024	940,718
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	--	--	18,227	48,111
Taxes Other than Real Estate	--	--	987	270,297
Receivables from Other Government Agencies	--	104	56,410	211,634
Other Deferred Inflows of Resources	343	6,119	43,490	145,417
TOTAL DEFERRED INFLOWS OF RESOURCES	343	6,223	119,114	675,459
FUND BALANCES				
Nonspendable	--	--	9,168	54,092
Restricted	257,033	--	2,067,288	2,788,734
Committed	--	260,993	500,835	761,828
Assigned	--	--	--	230,717
Unassigned	--	--	(49,742)	572,466
TOTAL FUND BALANCES	257,033	260,993	2,527,549	4,407,837
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 290,140	\$ 313,075	\$ 3,058,687	\$ 6,024,014

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

CITY OF LOS ANGELES

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

June 30, 2014

(amounts expressed in thousands)

Total Fund Balances - Governmental Funds	\$	4,407,837

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,194,269

Deferred outflows of resources reported in the statement of net position, but not recognized in the governmental funds.	36,523

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities.	675,459

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,142,718)</u>

Net Position of Governmental Activities	<u>\$</u>	<u>5,171,370</u>

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

CITY OF LOS ANGELES
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

		Municipal Improvement Corporation		Special Revenue
	General	Special Revenue	Debt Service	Proposition A Local Transit Assistance
REVENUES				
Property Taxes	\$ 1,541,328	\$ --	\$ --	\$ --
Property Tax In-Lieu of Sales Tax	121,036	--	--	--
Sales Taxes	357,255	--	--	--
Utility Users Taxes	631,492	--	--	--
Business Taxes	476,908	--	--	--
Other Taxes	522,341	--	--	--
Licenses and Permits	22,417	--	--	--
Intergovernmental	11,640	--	2,331	117,761
Charges for Services	543,882	--	--	14,530
Services to Enterprise Funds	253,414	--	--	--
Fines	167,474	--	--	--
Special Assessments	2,441	--	--	--
Investment Earnings	19,059	674	1,101	2,427
Program Income	--	--	--	--
Other	118,571	--	8	445
TOTAL REVENUES	4,789,258	674	3,440	135,163
EXPENDITURES				
Current:				
General Government	1,263,431	152	2,233	--
Protection of Persons and Property	2,562,058	--	--	--
Public Works	180,714	--	--	--
Health and Sanitation	146,422	--	--	--
Transportation	106,494	--	--	82,866
Cultural and Recreational Services	50,943	--	--	--
Community Development	36,758	--	--	--
Capital Outlay	27,025	38,457	--	12,565
Debt Service:				
Principal	--	--	146,368	--
Interest	1,939	--	68,428	--
Cost of Issuance	907	405	--	--
TOTAL EXPENDITURES	4,376,691	39,014	217,029	95,431
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
EXPENDITURES	412,567	(38,340)	(213,589)	39,732
OTHER FINANCING SOURCES (USES)				
Transfers In	294,383	--	241,908	48
Transfers Out	(534,263)	(91,947)	(2,249)	(2,921)
Issuance of Long-Term Debt	--	109,684	39,795	--
Loans from HUD	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(239,880)	17,737	279,454	(2,873)
EXTRAORDINARY ITEM				
Transfer of Assets from CRA	--	--	--	--
NET CHANGE IN FUND BALANCES	172,687	(20,603)	65,865	36,859
FUND BALANCES, JULY 1	722,616	81,440	122,702	179,928
INCREASE IN RESERVE FOR INVENTORIES	768	--	--	--
FUND BALANCES, JUNE 30	\$ 896,071	\$ 60,837	\$ 188,567	\$ 216,787

Continued...

CITY OF LOS ANGELES
Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Special Revenue		Nonmajor	
	Recreation and Parks	Solid Waste Resources	Governmental Funds	Total
REVENUES				
Property Taxes	\$ --	\$ --	\$ 147,664	\$ 1,688,992
Property Tax In-Lieu of Sales Tax	--	--	--	121,036
Sales Taxes	--	--	--	357,255
Utility Users Taxes	--	--	--	631,492
Business Taxes	--	--	--	476,908
Other Taxes	--	--	63,116	585,457
Licenses and Permits	1,593	--	42,905	66,915
Intergovernmental	1,008	671	709,129	842,540
Charges for Services	105,538	291,621	437,249	1,392,820
Services to Enterprise Funds	--	4,207	2,291	259,912
Fines	--	--	9,029	176,503
Special Assessments	--	--	128,018	130,459
Investment Earnings	3,479	3,307	23,581	53,628
Program Income	--	--	32,308	32,308
Other	5,232	3,025	32,894	160,175
TOTAL REVENUES	116,850	302,831	1,628,184	6,976,400
EXPENDITURES				
Current:				
General Government	--	--	22,272	1,288,088
Protection of Persons and Property	--	--	357,188	2,919,246
Public Works	--	--	198,546	379,260
Health and Sanitation	--	283,707	70,792	500,921
Transportation	--	--	216,361	405,721
Cultural and Recreational Services	245,598	--	163,733	460,274
Community Development	--	--	309,147	345,905
Capital Outlay	21,993	6,005	239,387	345,432
Debt Service:				
Principal	--	--	290,433	436,801
Interest	--	--	87,839	158,206
Cost of Issuance	--	--	--	1,312
TOTAL EXPENDITURES	267,591	289,712	1,955,698	7,241,166
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)				
EXPENDITURES	(150,741)	13,119	(327,514)	(264,766)
OTHER FINANCING SOURCES (USES)				
Transfers In	154,009	174	401,736	1,092,258
Transfers Out	--	(52,432)	(155,446)	(839,258)
Issuance of Long-Term Debt	--	--	--	149,479
Loans from HUD	--	--	8,578	8,578
TOTAL OTHER FINANCING SOURCES (USES)	154,009	(52,258)	254,868	411,057
EXTRAORDINARY ITEM				
Transfer of Assets from CRA	--	--	44,155	44,155
NET CHANGE IN FUND BALANCES	3,268	(39,139)	(28,491)	190,446
FUND BALANCES, JULY 1	253,765	300,132	2,556,040	4,216,623
INCREASE IN RESERVE FOR INVENTORIES	--	--	--	768
FUND BALANCES, JUNE 30	\$ 257,033	\$ 260,993	\$ 2,527,549	\$ 4,407,837

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

CITY 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 Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds **\$ 190,446**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays 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. This is the amount by which capital outlays exceeded depreciation in the current period. 11,527

Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds. (5,718)

Change in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized as revenues for governmental activities. (20,242)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources. Amortization of bond premiums and discounts should be expensed as a component of interest expense on the statement of activities. This amount represents the net accrued interest expense and the amortization of bond premiums and discounts not reported in governmental funds.

Decrease in accrued interest expense	\$ 3,989	
Amortization of premiums and discounts on bonds issued	23,391	
Total net interest expense and amortization of discount/premium	<u>27,380</u>	27,380

The issuance of long-term debt (e.g. bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 278,744

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (274,727)

Increase in reserve for inventory 768

Change in Net Position of Governmental Activities **\$ 208,178**

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

CITY OF LOS ANGELES

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund**

**For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,544,312	\$ 3,544,312	\$ 3,628,798	\$ 84,486
Licenses, Permits, Fees and Fines	989,269	1,001,302	1,001,714	412
Intergovernmental	8,293	8,293	10,625	2,332
Interest	14,621	14,621	15,776	1,155
Other	9,006	9,006	9,112	106
TOTAL REVENUES	4,565,501	4,577,534	4,666,025	88,491
EXPENDITURES				
Current				
General Government	1,490,542	1,516,014	1,438,691	77,323
Protection of Persons and Property	1,923,112	2,017,945	1,988,848	29,097
Public Works	319,800	358,058	319,671	38,387
Health and Sanitation	220,842	225,385	213,026	12,359
Transportation	131,085	140,132	137,005	3,127
Cultural and Recreational Services	55,124	55,055	44,001	11,054
Community Development	155,823	123,234	110,197	13,037
Pension and Retirement Contributions	2,075	1,837	1,837	--
Capital Outlay	23,990	67,507	10,799	56,708
TOTAL EXPENDITURES	4,322,393	4,505,167	4,264,075	241,092
EXCESS OF REVENUES OVER EXPENDITURES	243,108	72,367	401,950	329,583
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	1,224,070	1,424,350	1,271,780	(152,570)
Loans from Other Funds	--	1,021	1,515	494
Transfers to Other Funds	(1,467,178)	(1,497,738)	(1,476,904)	20,834
TOTAL OTHER FINANCING SOURCES (USES)	(243,108)	(72,367)	(203,609)	(131,242)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	198,341	198,341
FUND BALANCE, JULY 1	--	--	--	--
Encumbrances Lapsed	--	--	22,773	22,773
Reversion to Reserve Fund	--	--	(221,114)	(221,114)
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ --	\$ --

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

CITY OF LOS ANGELES

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Proposition A Local Transit Assistance Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 98,344	\$ 98,344	\$ 115,273	\$ 16,929
Charges for Services	14,428	14,503	14,653	150
Interest	800	800	2,180	1,380
Other	1,122	1,122	442	(680)
TOTAL REVENUES	114,694	114,769	132,548	17,779
EXPENDITURES				
Current				
Transportation	171,465	269,067	101,116	167,951
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(56,771)	(154,298)	31,432	185,730
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	--	48	48	--
Transfers to Other Funds	(7,535)	(9,004)	(6,894)	2,110
TOTAL OTHER FINANCING SOURCES (USES)	(7,535)	(8,956)	(6,846)	2,110
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(64,306)	(163,254)	24,586	187,840
FUND BALANCE, JULY 1	64,306	64,306	168,452	104,146
Appropriation of Fund Balance and Carryforward				
Appropriations	--	98,948	--	(98,948)
Encumbrances Lapsed	--	--	30	30
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 193,068	\$ 193,068

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

CITY OF LOS ANGELES

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Solid Waste Resources Special Revenue Fund
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive Negative
	Original	Final		
REVENUES				
Intergovernmental	\$ 150	\$ 150	\$ 625	\$ 475
Charges for Services	294,853	294,853	282,503	(12,350)
Interest	2,504	2,504	2,918	414
Services to Enterprise Funds	3,300	3,300	4,232	932
Other	1,188	1,188	3,003	1,815
TOTAL REVENUES	301,995	301,995	293,281	(8,714)
EXPENDITURES				
Current				
Health and Sanitation	156,648	178,894	122,270	56,624
Capital Outlay	93,581	106,940	7,655	99,285
Debt Service				
Principal	32,625	32,625	32,625	--
Interest	12,582	12,582	12,582	--
TOTAL EXPENDITURES	295,436	331,041	175,132	155,909
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,559	(29,046)	118,149	147,195
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	--	--	174	174
Transfers to Other Funds	(125,877)	(127,720)	(125,211)	2,509
TOTAL OTHER FINANCING SOURCES (USES)	(125,877)	(127,720)	(125,037)	2,683
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(119,318)	(156,766)	(6,888)	149,878
FUND BALANCE, JULY 1	119,318	119,318	167,733	48,415
Appropriation of Fund Balance and Carryforward				
Appropriations	--	37,448	--	(37,448)
Encumbrances Lapsed	--	--	20,488	20,488
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 181,333	\$ 181,333

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

CITY OF LOS ANGELES

Statement of Net Position

Proprietary Funds

June 30, 2014

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
ASSETS				
CURRENT ASSETS				
Cash, Pooled and Other Investments				
Unrestricted	\$ 690,525	\$ 262,729	\$ 777,309	\$ 336,995
Restricted	1,113,848	29,234	414,072	140,984
Investments Held by Escrow and Fiscal Agents				
Unrestricted	6,752	--	--	--
Restricted	599,765	--	--	--
Loans and Notes Receivable	164	62	69,838	--
Accounts Receivable				
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$132,327)	21,203	43,283	395,184	104,521
Accrued Unbilled Revenue	27,518	--	175,162	87,998
Investment Income Receivable	4,520	599	1,551	335
Intergovernmental Receivable	15,221	429	5,759	1,076
Restricted Passenger/Customer Facility Charge Receivable	26,049	--	--	--
Due from Other Funds	2,606	4,885	40,314	--
Inventories	1,770	2,606	163,484	19,564
Prepaid Items and Other Assets	5,285	421	221,140	63,099
TOTAL CURRENT ASSETS	2,515,226	344,248	2,263,813	754,572
NONCURRENT ASSETS				
Restricted Assets				
Pooled and Other Investments	--	9,368	193,701	212,244
Investments Held by Escrow and Fiscal Agents	6,843	58,512	640,094	33,390
Investment Income Receivable	--	2	--	--
Total Restricted Assets	6,843	67,882	833,795	245,634
Long-term Investment				
Investment in Joint Ventures	--	5,215	--	--
Capital Assets				
Land	970,990	1,094,732	197,104	139,028
Construction in Progress	1,932,822	872,268	1,235,945	923,813
Buildings, Facilities and Equipment	6,027,713	3,388,020	14,785,736	7,238,328
Leased Property and Improvements	--	--	--	--
Intangible Assets	56,504	25,360	--	--
Accumulated Depreciation	(2,049,464)	(1,615,664)	(7,298,042)	(2,350,965)
Natural Gas Field, Net	--	--	248,923	--
Nuclear Fuel, at Amortized Cost	--	--	42,931	--
Total Capital Assets	6,938,565	3,764,716	9,212,597	5,950,204
Other Noncurrent Assets				
Loans and Notes Receivable	854	149	703,576	--
Intergovernmental Receivable	--	--	--	--
Advances to Other Funds	11,235	5,033	--	--
Net Pension Assets	--	--	--	6,967
Net Other Postemployment Benefits Assets	--	--	668,451	309,780
Other Assets	--	--	736,816	67,130
Total Other Noncurrent Assets	12,089	5,182	2,108,843	383,877
TOTAL NONCURRENT ASSETS	6,957,497	3,842,995	12,155,235	6,579,715
TOTAL ASSETS	9,472,723	4,187,243	14,419,048	7,334,287
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows on Debt Refunding	2,581	5,073	26,796	32,590
Deferred Outflows on Derivative Instruments	--	--	48,517	--
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,581	5,073	75,313	32,590

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Convention Center	Total
ASSETS			
CURRENT ASSETS			
Cash, Pooled and Other Investments			
Unrestricted	\$ 118,576	\$ 6,127	\$ 2,192,261
Restricted	218,101	--	1,916,239
Investments Held by Escrow and Fiscal Agents			
Unrestricted	--	--	6,752
Restricted	--	--	599,765
Loans and Notes Receivable	--	--	70,064
Accounts Receivable			
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$132,327)	96,111	3,112	663,414
Accrued Unbilled Revenue	34,135	--	324,813
Investment Income Receivable	459	126	7,590
Intergovernmental Receivable	2,613	--	25,098
Restricted Passenger/Customer Facility Charge Receivable	--	--	26,049
Due from Other Funds	38,558	--	86,363
Inventories	14,297	--	201,721
Prepaid Items and Other Assets	10	157	290,112
TOTAL CURRENT ASSETS	522,860	9,522	6,410,241
NONCURRENT ASSETS			
Restricted Assets			
Pooled and Other Investments	102,082	--	517,395
Investments Held by Escrow and Fiscal Agents	3,817	--	742,656
Investment Income Receivable	--	--	2
Total Restricted Assets	105,899	--	1,260,053
Long-term Investment			
Investment in Joint Ventures	--	--	5,215
Capital Assets			
Land	40,093	139,592	2,581,539
Construction in Progress	287,141	--	5,251,989
Buildings, Facilities and Equipment	6,848,795	584,430	38,873,022
Leased Property and Improvements	--	331	331
Intangible Assets	--	--	81,864
Accumulated Depreciation	(3,280,838)	(251,009)	(16,845,982)
Natural Gas Field, Net	--	--	248,923
Nuclear Fuel, at Amortized Cost	--	--	42,931
Total Capital Assets	3,895,191	473,344	30,234,617
Other Noncurrent Assets			
Loans and Notes Receivable	--	--	704,579
Intergovernmental Receivable	33,787	--	33,787
Advances to Other Funds	8,359	--	24,627
Net Pension Assets	--	--	6,967
Net Other Postemployment Benefits Assets	--	--	978,231
Other Assets	--	--	803,946
Total Other Noncurrent Assets	42,146	--	2,552,137
TOTAL NONCURRENT ASSETS	4,043,236	473,344	34,052,022
TOTAL ASSETS	4,566,096	482,866	40,462,263
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Debt Refunding	104,724	--	171,764
Deferred Outflows on Derivative Instruments	25,457	--	73,974
TOTAL DEFERRED OUTFLOWS OF RESOURCES	130,181	--	245,738

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
LIABILITIES				
CURRENT LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 330,058	\$ 32,573	\$ 394,150	\$ 130,511
Obligations Under Securities Lending Transactions	2,606	357	1,419	576
Accrued Salaries and Overtime Payable	12,450	5,266	46,521	19,416
Accrued Compensated Absences Payable	4,988	9,543	61,418	32,436
Due to Other Funds	--	--	--	40,314
Unearned Revenue and Other Credits	--	--	--	--
Deposits and Advances	--	--	--	113,354
Accrued Interest Payable	25,404	16,073	159,647	88,561
Bonds and Notes Payable - Current Portion	76,240	27,270	227,575	59,670
Other Current Liabilities	79,538	47,668	--	--
TOTAL CURRENT LIABILITIES	531,284	138,750	890,730	484,838
LONG-TERM LIABILITIES				
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$928,591)	3,972,369	878,723	7,937,180	4,115,000
Advances from Other Funds	--	--	--	--
Net Pension Obligation	9,062	2,673	85,534	--
Derivative Instrument Liabilities	--	--	48,517	--
Other Long-term Liabilities	120,740	107,616	61,977	26,523
TOTAL LONG-TERM LIABILITIES	4,102,171	989,012	8,133,208	4,141,523
TOTAL LIABILITIES	4,633,455	1,127,762	9,023,938	4,626,361
DEFERRED INFLOWS OF RESOURCES	--	--	176,783	--
NET POSITION				
Net Investment in Capital Assets	3,089,235	2,863,795	1,268,339	2,020,368
Restricted for:				
Capital Projects	9,179	--	126,521	--
Debt Service	334,396	58,054	606,509	26,191
Passenger/Customer Facility Charges	935,021	--	--	--
Pension and Other Postemployment Benefits	--	--	668,451	316,747
Other Purposes	179,911	--	160,508	26,167
Unrestricted	294,107	142,705	2,463,312	351,043
TOTAL NET POSITION	\$ 4,841,849	\$ 3,064,554	\$ 5,293,640	\$ 2,740,516

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Convention Center	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts, Contracts and Retainage Payable	\$ 24,878	\$ 2,575	\$ 914,745
Obligations Under Securities Lending Transactions	--	--	4,958
Accrued Salaries and Overtime Payable	--	393	84,046
Accrued Compensated Absences Payable	--	398	108,783
Due to Other Funds	757	--	41,071
Unearned Revenue and Other Credits	--	2,535	2,535
Deposits and Advances	--	--	113,354
Accrued Interest Payable	11,190	--	300,875
Bonds and Notes Payable - Current Portion	84,675	--	475,430
Other Current Liabilities	3,782	--	130,988
TOTAL CURRENT LIABILITIES	125,282	5,901	2,176,785
LONG-TERM LIABILITIES			
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$928,591)	2,770,717	--	19,673,989
Advances from Other Funds	--	1,779	1,779
Net Pension Obligation	--	--	97,269
Derivative Instrument Liabilities	25,457	--	73,974
Other Long-term Liabilities	56,605	104	373,565
TOTAL LONG-TERM LIABILITIES	2,852,779	1,883	20,220,576
TOTAL LIABILITIES	2,978,061	7,784	22,397,361
DEFERRED INFLOWS OF RESOURCES	--	--	176,783
NET POSITION			
Net Investment in Capital Assets	1,398,714	473,344	11,113,795
Restricted for:			
Capital Projects	--	--	135,700
Debt Service	20,538	--	1,045,688
Passenger/Customer Facility Charges	--	--	935,021
Pension and Other Postemployment Benefits	--	--	985,198
Other Purposes	45,454	--	412,040
Unrestricted	253,510	1,738	3,506,415
TOTAL NET POSITION	\$ 1,718,216	\$ 475,082	\$ 18,133,857

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

CITY OF LOS ANGELES

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
OPERATING REVENUES				
Charges for Services	\$ 234,394	\$ 377,213	\$ 3,319,820	\$ 1,141,823
Rent, Concessions and Royalties	795,636	40,156	--	--
Other Operating Revenues	8,476	8,582	--	--
TOTAL OPERATING REVENUES	1,038,506	425,951	3,319,820	1,141,823
OPERATING EXPENSES				
Fuel for Generation	--	--	436,643	--
Purchased Power/Water	--	--	977,187	339,380
Maintenance and Repairs	--	--	295,217	127,918
Operating and Administrative	679,861	205,354	654,810	303,070
Depreciation and Amortization	165,960	124,221	466,526	123,337
TOTAL OPERATING EXPENSES	845,821	329,575	2,830,383	893,705
OPERATING INCOME (LOSS)	192,685	96,376	489,437	248,118
NONOPERATING REVENUES (EXPENSES)				
Investment Income	24,422	6,783	58,099	6,673
Interest Expense	(137,005)	(1,530)	(259,212)	(156,005)
Other Income (Expenses), Net	178,598	(27,364)	53,937	25,394
TOTAL NONOPERATING REVENUES (EXPENSES)	66,015	(22,111)	(147,176)	(123,938)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, SPECIAL ITEM AND TRANSFERS	258,700	74,265	342,261	124,180
Capital Contributions	32,677	80,374	45,239	28,252
Special Item - Pollution Remediation Liabilities	--	15,002	--	--
Transfers Out	--	--	(253,000)	--
CHANGE IN NET POSITION	291,377	169,641	134,500	152,432
NET POSITION, July 1, Restated	4,550,472	2,894,913	5,159,140	2,588,084
NET POSITION, June 30	\$ 4,841,849	\$ 3,064,554	\$ 5,293,640	\$ 2,740,516

Continued...

CITY OF LOS ANGELES

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)

Proprietary Funds

For the Fiscal Year Ended June 30, 2014

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Convention Center	Total
OPERATING REVENUES			
Charges for Services	\$ 564,432	\$ 6,170	\$ 5,643,852
Rent, Concessions and Royalties	--	9,516	845,308
Other Operating Revenues	7,138	9,251	33,447
TOTAL OPERATING REVENUES	571,570	24,937	6,522,607
OPERATING EXPENSES			
Fuel for Generation	--	--	436,643
Purchased Power/Water	--	--	1,316,567
Maintenance and Repairs	--	316	423,451
Operating and Administrative	265,284	22,414	2,130,793
Depreciation and Amortization	144,250	15,670	1,039,964
TOTAL OPERATING EXPENSES	409,534	38,400	5,347,418
OPERATING INCOME (LOSS)	162,036	(13,463)	1,175,189
NONOPERATING REVENUES (EXPENSES)			
Investment Income	2,202	85	98,264
Interest Expense	(99,956)	(50)	(653,758)
Other Income (Expenses), Net	(21,718)	--	208,847
TOTAL NONOPERATING REVENUES (EXPENSES)	(119,472)	35	(346,647)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, SPECIAL ITEM AND TRANSFERS	42,564	(13,428)	828,542
Capital Contributions	12,674	--	199,216
Special Item - Pollution Remediation Liabilities	--	--	15,002
Transfers Out	--	--	(253,000)
CHANGE IN NET POSITION	55,238	(13,428)	789,760
NET POSITION, July 1, as restated	1,662,978	488,510	17,344,097
NET POSITION, June 30	\$ 1,718,216	\$ 475,082	\$ 18,133,857

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

CITY OF LOS ANGELES
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,043,737	\$ 418,869	\$ 3,304,711	\$ 1,105,926
Receipts for Interfund Services	--	--	589,327	443,798
Payments to Suppliers	(147,197)	(133,271)	(1,668,524)	(337,504)
Payments to Employees	(384,790)	(110,709)	(548,956)	(261,930)
Payments for Interfund Services	(97,553)	(43,605)	(733,801)	(632,985)
NET CASH PROVIDED BY OPERATING ACTIVITIES	414,197	131,284	942,757	317,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	--	--	(253,000)	--
Amounts Received on Advances to Other Funds	--	4,741	--	--
Interest Paid on Noncapital Revenue Bonds	--	--	(233)	--
Noncapital Grants Received	13,840	1,368	--	--
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	13,840	6,109	(253,233)	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(546,266)	(298,149)	(1,112,681)	(636,635)
Proceeds from Sale of Capital Assets	--	188	--	--
Receipts from Passenger/Customer Facility Charges	168,614	--	--	--
Proceeds from Sale of Bonds and Notes	253,413	25,000	566,419	554,548
Payments on Bonds and Notes - Interest	(199,402)	(39,246)	(303,394)	(158,963)
Payments on Bonds and Notes - Principal	(72,975)	(26,235)	(132,382)	(33,322)
Payments of Bonds and Notes Expenses	(1,703)	--	--	--
Payments on Construction Litigation Settlement	--	--	--	--
Payments to/Receipts from Bond Sinking Fund	--	(141)	--	--
Capital Contributions/Grants Received	37,283	99,106	65,485	28,252
Federal Bond Subsidies	--	--	33,417	17,196
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(361,036)	(239,477)	(883,136)	(228,924)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income (Loss)	25,677	6,950	51,096	6,521
Cash Collateral Received (Paid) Under Securities Lending Transactions	(4,696)	(1,090)	(1,745)	(1,353)
Purchase of Investment Securities	(4,159)	(1,755)	(698,514)	(79,237)
Proceeds from Maturities of Investment Securities	--	--	697,696	79,116
Proceeds from Notes Receivable	--	83	66,919	--
NET CASH PROVIDED BY INVESTING ACTIVITIES	16,822	4,188	115,452	5,047

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 546,106	\$ 22,292	\$ 6,441,641
Receipts for Interfund Services	3,784	--	1,036,909
Payments to Suppliers	(81,765)	(2,751)	(2,371,012)
Payments to Employees	--	(11,587)	(1,317,972)
Payments for Interfund Services	(202,044)	(7,232)	(1,717,220)
NET CASH PROVIDED BY OPERATING ACTIVITIES	266,081	722	2,072,346
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers Out	--	--	(253,000)
Amounts Received on Advances to Other Funds	70	--	4,811
Interest Paid on Noncapital Revenue Bonds	--	--	(233)
Noncapital Grants Received	1,418	--	16,626
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	1,488	--	(231,796)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(180,716)	(205)	(2,774,652)
Proceeds from Sale of Capital Assets	--	--	188
Receipts from Passenger/Customer Facility Charges	--	--	168,614
Proceeds from Sale of Bonds and Notes	110,000	--	1,509,380
Payments on Bonds and Notes - Interest	(119,011)	(50)	(820,066)
Payments on Bonds and Notes - Principal	(71,977)	--	(336,891)
Payments of Bonds and Notes Expenses	(1,208)	--	(2,911)
Payments on Construction Litigation Settlement	(9,055)	--	(9,055)
Payments to/Receipts from Bond Sinking Fund	--	--	(141)
Capital Contributions/Grants Received	12,153	--	242,279
Federal Bond Subsidies	5,467	--	56,080
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(254,347)	(255)	(1,967,175)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income (Loss)	2,203	1	92,448
Cash Collateral Received (Paid) Under Securities Lending Transactions	--	--	(8,884)
Purchase of Investment Securities	--	--	(783,665)
Proceeds from Maturities of Investment Securities	--	--	776,812
Proceeds from Notes Receivable	--	--	67,002
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,203	1	143,713

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 83,823	\$ (97,896)	\$ (78,160)	\$ 93,428
CASH AND CASH EQUIVALENTS, JULY 1	2,327,067	389,859	1,463,242	596,795
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 2,410,890</u>	<u>\$ 291,963</u>	<u>\$ 1,385,082</u>	<u>\$ 690,223</u>
CASH AND CASH EQUIVALENTS COMPONENTS:				
Unrestricted Cash, Pooled and Other Investments	\$ 690,525	\$ 262,729	\$ 777,309	\$ 336,995
Restricted Cash, Pooled and Other Investments	1,113,848	29,234	607,773	353,228
Unrestricted Investments Held by Escrow and Fiscal Agents	6,752	--	--	--
Restricted Investments Held by Escrow and Fiscal Agents	599,765	--	--	--
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 2,410,890</u>	<u>\$ 291,963</u>	<u>\$ 1,385,082</u>	<u>\$ 690,223</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 192,685	\$ 96,376	\$ 489,437	\$ 248,118
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	165,960	124,221	466,526	123,337
Depletion	--	--	23,565	--
Amortization of Nuclear Fuel	--	--	13,934	--
Bad Debts Provision (Recovery)	(5,169)	(1,545)	57,891	17,818
Cash Provided by Other Nonoperating Revenues	976	--	23,033	11,548
Cash Used in Other Nonoperating Expenses	--	--	(2,513)	(3,440)
Decrease (Increase) in Assets:				
Loans Receivable	152	--	--	--
Accounts Receivable	19,152	(5,537)	(76,621)	(18,034)
Accrued Unbilled Revenue	5,514	--	473	(9,438)
Due from Other Funds	--	--	(16,254)	--
Inventories	--	(552)	(396)	554
Prepaid Items and Other Current Assets	(5,103)	250	(24,612)	156
Other Assets	--	--	(171,297)	(49,131)
Increase (Decrease) in Liabilities:				
Accounts, Contracts and Retainage Payable	48,402	(43,868)	96,211	(12,377)
Accrued Salaries and Overtime Payable	1,492	--	2,575	2,482
Accrued Compensated Absences Payable	1,603	1,345	887	1,441
Due to Other Funds	--	--	--	16,255
Deferred Inflows, Credits and Other Liabilities	--	(39,406)	38,461	--
Deposits and Advances	--	--	--	--
Advances from Other Funds	--	--	--	--
Other Liabilities	(11,467)	--	21,457	(11,984)
TOTAL ADJUSTMENTS	<u>221,512</u>	<u>34,908</u>	<u>453,320</u>	<u>69,187</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 414,197</u>	<u>\$ 131,284</u>	<u>\$ 942,757</u>	<u>\$ 317,305</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets included in accounts and contracts payable	\$ 198,311	\$ 9,578	\$ --	\$ --
Write-off of discontinued construction project	--	33,718	--	--
Amortization of deferred charges on refunding	--	--	--	--
Sewage disposal contracts capital contributions	--	--	--	--

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Convention Center	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 15,425	\$ 468	\$ 17,088
CASH AND CASH EQUIVALENTS, JULY 1	423,334	5,659	5,205,956
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 438,759	\$ 6,127	\$ 5,223,044
CASH AND CASH EQUIVALENTS COMPONENTS:			
Unrestricted Cash, Pooled and Other Investments	\$ 118,576	\$ 6,127	\$ 2,192,261
Restricted Cash, Pooled and Other Investments	320,183	--	2,424,266
Unrestricted Investments Held by Escrow and Fiscal Agents	--	--	6,752
Restricted Investments Held by Escrow and Fiscal Agents	--	--	599,765
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	\$ 438,759	\$ 6,127	\$ 5,223,044
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 162,036	\$ (13,463)	\$ 1,175,189
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	144,250	15,670	1,039,964
Depletion	--	--	23,565
Amortization of Nuclear Fuel	--	--	13,934
Bad Debts Provision (Recovery)	(4,331)	5	64,669
Cash Provided by Other Nonoperating Revenues	5,330	--	40,887
Cash Used in Other Nonoperating Expenses	--	--	(5,953)
Decrease (Increase) in Assets:			
Loans Receivable	--	--	152
Accounts Receivable	(22,680)	(2,493)	(106,213)
Accrued Unbilled Revenue	--	--	(3,451)
Due from Other Funds	--	--	(16,254)
Inventories	(119)	--	(513)
Prepaid Items and Other Current Assets	--	730	(28,579)
Other Assets	--	--	(220,428)
Increase (Decrease) in Liabilities:			
Accounts, Contracts and Retainage Payable	3,142	1,020	92,530
Accrued Salaries and Overtime Payable	--	255	6,804
Accrued Compensated Absences Payable	--	(1,000)	4,276
Due to Other Funds	(24,939)	(67)	(8,751)
Deferred Inflows, Credits and Other Liabilities	--	--	(945)
Deposits and Advances	--	(157)	(157)
Advances from Other Funds	--	1,770	1,770
Other Liabilities	3,392	(1,548)	(150)
TOTAL ADJUSTMENTS	104,045	14,185	897,157
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 266,081	\$ 722	\$ 2,072,346
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets included in accounts and contracts payable	\$ 16,293	\$ --	\$ 224,182
Write-off of discontinued construction project	3,898	--	37,616
Amortization of deferred charges on refunding	8,942	--	8,942
Sewage disposal contracts capital contributions	521	--	521

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

CITY OF LOS ANGELES

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014
(amounts expressed in thousands)**

	Pension and Other Postemployment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and Pooled Investments	\$ 18,976	\$ 265,526
Prepaid Expense	4	--
Investments:		
Short Term Investments	1,869,596	407
U.S. Government Obligations	3,874,246	--
Municipal Bonds	6,346	--
Domestic Corporate Bonds	3,304,568	--
International Bonds	515,228	--
Bank Loan	1,657	--
Opportunistic Debt	12,798	--
Domestic Stocks	17,806,777	27
International Stocks	9,428,115	--
Mortgage-backed Securities	966,566	--
Government Agencies	29,820	--
Derivative Instruments	179	--
Real Estate	2,488,185	--
Venture Capital and Alternative Investments	3,676,798	--
Security Lending Collateral	3,702,429	--
Accounts Receivable	84,210	--
Special Assessments Receivable	--	229
Investment Income Receivable	112,977	146
Due from Brokers	619,143	--
Advances to Other Funds	--	30,481
Prepaid Health Subsidy	8,229	--
Capital Assets (Net of Accumulated Depreciation of \$1,141)	15,403	--
TOTAL ASSETS	48,542,250	\$ 296,816
LIABILITIES		
Accounts Payable and Accrued Expenses	57,616	\$ --
Benefits in Process of Payment	20,880	--
Derivative Instruments	145	--
Fiduciary Liabilities	--	170,994
Obligations Under Securities Lending Transactions	3,702,429	218
Deposits and Advances	97	125,604
Mortgage Loan Payable - Current Portion	872	--
Mortgage Loan Payable - Noncurrent Portion	167,649	--
Due to Brokers	966,336	--
TOTAL LIABILITIES	4,916,024	\$ 296,816
NET POSITION		
Net Position Held in Trust for Pension and Other Postemployment Benefits		
Benefit Pension Plans	38,549,411	
Disability Plan	45,077	
Death Benefit Plan	26,071	
Postemployment Healthcare Plans	5,005,667	
TOTAL NET POSITION	\$ 43,626,226	

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

CITY OF LOS ANGELES
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,520,939
Plan Member	401,590
Other	3,111
Total Contributions	<u>1,925,640</u>
Investment Income	
Net Appreciation in Fair Value of Investments	5,816,932
Interest Income	318,877
Income from Alternative Investments	36,201
Dividend Income	450,503
Securities Lending Income	17,148
Other Investment Income	35,030
Real Estate Operating Income, Net	113,889
Investment Income	6,788,580
Investment Expense	(128,652)
Securities Lending Expense	(2,350)
Net Investment Income	<u>6,657,578</u>
TOTAL ADDITIONS	<u>8,583,218</u>
DEDUCTIONS	
Benefit Payments	2,327,845
Refunds of Member Contributions	24,971
Administrative Expenses	37,043
TOTAL DEDUCTIONS	<u>2,389,859</u>
CHANGE IN NET POSITION	
Benefit Pension Plans	5,365,435
Disability Plan	(1,378)
Death Benefit Plan	1,050
Postemployment Healthcare Plans	828,252
TOTAL CHANGES IN NET POSITION	<u>6,193,359</u>
Net Position Held in Trust for Pension and Postemployment Benefits, July 1	
Benefit Pension Plans	33,183,977
Disability Plan	46,455
Death Benefit Plan	25,020
Postemployment Healthcare Plans	4,177,415
NET POSITION HELD IN TRUST FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30	<u><u>\$ 43,626,226</u></u>

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

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements (Notes) include disclosures considered necessary for a better understanding of the accompanying basic financial statements. An index to the Notes follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The City of Los Angeles (City) was incorporated in 1850 under the provisions of a city charter. The current Charter was approved by the electorate on June 8, 1999 and became operative on July 1, 2000.

The City operates under a mayor-council form of government. As Executive Officer, the Mayor supervises the administrative process of the City and works with the Council in matters relating to legislation, budget, and finance. As governing body of the City, the 15-member full-time Council enacts ordinances, levies taxes, approves utility rates, authorizes contracts and public improvements, adopts zoning and other land use controls, and provides the necessary resources for the budgetary departments and offices of the City. Council action is subject to the approval or veto of the Mayor and Council may override a mayoral veto by a two-thirds vote. The Charter provides for an independently elected City Attorney and independently elected City Controller.

Public services provided by the City include: police; fire and paramedics; residential refuse collection and disposal, wastewater collection and treatment, street maintenance, and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries; recreation and parks; community development; housing and aging services; planning; airports; harbor; power and water services; and the convention center.

B. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units

Although the following are legally separate from the City, they have been "blended" as though they are part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Los Angeles Convention and Exhibition Center Authority (Authority)

The Authority was formed under a joint exercise of powers agreement between the City and the County of Los Angeles (County) for the purpose of providing financial assistance with respect to the financing, acquisition and construction of convention and exhibition hall and related facilities within the boundaries of the City. The Authority is composed of 15 members, 10 are appointed by the City's Mayor and five are appointed by the County Board of Supervisors. Capital financing activities are included in the nonmajor governmental funds. Completed capital assets are contributed to the Convention Center Enterprise Fund.

Los Angeles Harbor Improvement Corporation (LAHIC)

LAHIC is a nonprofit public benefit corporation organized under the laws of the state of California for public purposes. LAHIC was formed to assist the Port of Los Angeles (Harbor) in undertaking financing third party capital expenditures at potentially advantageous terms that the Board of Harbor Commissioners (Harbor Board) deems necessary for the promotion and accommodation of commerce. LAHIC board of directors consists of five members. Election of the LAHIC board of directors occurs by vote of the Harbor Board. The Harbor Board is financially responsible for LAHIC's activities. Further, although LAHIC is legally separate from the Harbor, it is reported as it were part of the Harbor, because its sole purpose is to help finance and construct facilities and improvements related to Harbor activities. LAHIC is included in the reporting entity of Harbor, and accordingly, the operations of LAHIC are blended in the Harbor Enterprise Fund.

Municipal Improvement Corporation of Los Angeles

The Municipal Improvement Corporation of Los Angeles (MICLA) is a non-profit corporation formed in 1984 for the sole purpose of providing financial assistance to the City for the acquisition of property and equipment, and the construction of buildings and other improvements, for the benefit of the public, through the issuance of revenue bonds, certificates of participation and commercial paper notes. MICLA's Board of Directors (MICLA Board) consists of five members initially appointed by the Mayor in 1984. Appointments to fill subsequent vacancies are made by the MICLA Board, subject to City Council approval. The Board members do not receive compensation. The City indemnifies the Board members for any liabilities occurring in connection with the performance of their duties. MICLA is reported as a major special revenue and debt service fund.

Investment in Joint Ventures

The following entities are joint ventures of the Department of Harbor:

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)
Alameda Corridor Transportation Authority (ACTA)

Excluded OrganizationsJointly Governed Organizations

The Los Angeles Memorial Coliseum Commission (Commission) was created by a joint powers agreement between the City, County, and the California Museum of Science and Industry. Its purpose is to provide for the operation and maintenance of the Coliseum and Sports Arena. The Commission is not a City function and operates independent of City oversight and financial accountability. The City appointees comprise 33% of the Commission.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Los Angeles Homeless Services Authority (LAHSA) was created by a joint exercise of powers agreement with the County to provide homeless services to residents. It is governed by ten-member commission. Five members are appointed by the City and five by the County Board of Supervisors. LAHSA operates independently of City oversight and financial accountability.

Related Organization

The Housing Authority of the City of Los Angeles (Housing Authority) is an organization for which the City has appointed the voting majority of the members of the governing body but for which the City is not financially accountable.

The City retains and exercises its authority over the entity only as provided by the municipal code and Federal laws. The entity is fiscally independent from the City. The City is unable to impose its will on the daily operations of the entity. The City's accountability to this entity is limited to removal of a commissioner by the Mayor or the entire board by the City Council for cause and under due process.

Separately Audited Financial Statements**City Departments and Component Unit**

Separately audited financial statements may be obtained through the Office of the City Controller, 200 North Main Street, Room 300, Los Angeles, California 90012, for the following:

- Department of Airports (Airports)
- Department of Harbor (Harbor)
- Department of Water and Power (DWP)
- Sewer Construction and Maintenance Fund (Sewer)
- Los Angeles City Employees' Retirement System (LACERS)
- Fire and Police Pension System (Pensions)
- Water and Power Employees' Retirement, Disability and
Death Benefit Insurance Plans (DWP Plans)
- Municipal Improvement Corporation of Los Angeles (MICLA)

Jointly Governed and Related Organizations

- Commission: 3911 South Figueroa Street, Los Angeles, CA 90037
- LAHSA: 811 Wilshire Blvd., 6th Floor, Los Angeles, CA 90017
- Housing Authority: 2600 Wilshire Blvd., Los Angeles, CA 90057

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's business-type activities and certain other governmental functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Included in the direct expenses are indirect costs, such as fringe benefits, administrative overhead, and liability claims, which were automatically allocated to the specific function or program. Charges for workers' compensation, information technology services, telephone, postage, and fleet services are not allocated and are included as part of the general government functional activity. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided; operating and capital grants and contributions, including special assessments, that are restricted to meeting operational or capital requirements of a particular function or segment. Revenues that do not meet the criteria to be reported as program revenues are reported as general revenues. All taxes, even those levied for a specific purpose, are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Funds and Pension and Other Postemployment Benefits Trust Funds financial statements. Agency funds do not have a measurement focus but are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due, while expenditures related to compensated absences, claims and judgments, and landfill closure and postclosure care costs are recognized to the extent that they are normally expected to be liquidated with expendable available resources and are due and payable at year-end.

Revenues susceptible to accrual are property taxes, business taxes, sales taxes, utility users' taxes, transient occupancy tax, charges for services, special assessments, franchise income, licenses and permits, interest income, Federal and State grants and subventions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from Federal and State grants and subventions are recognized when applicable eligibility requirements, including time requirements, are met and the resources are available.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services while operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The *MICLA Special Revenue and Debt Service Funds* account for the activity of the City's public financing entity component unit which finances the acquisition of real property and equipment, the construction of buildings, and other improvements for the benefit of the public. The assets acquired or constructed by MICLA are leased to the City under long-term capital lease agreements and become property of the City at the termination of the lease. The effects of the capital lease arrangements have been eliminated from the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Proposition A Local Transit Assistance Special Revenue Fund* accounts for the City's 25% share of the additional one-half cent sales tax within the County to (a) improve and expand existing public transit Countywide, including reduction of transit fares, (b) construct and operate a rail rapid transit system, and (c) more effectively use State and Federal funds, benefit assessments, and fares.

The *Recreation and Parks Special Revenue Fund* accounts for the revenues and expenditures of the Department of Recreation and Parks in operating and maintaining parks, playgrounds, swimming pools, public golf courses, recreation centers, recreation camps and educational facilities, and structures of historical significance.

The *Solid Waste Resources Special Revenue Fund* accounts for the solid waste collection, transfer, recycling, recovery of waste resources, and disposal fee imposed on all single dwellings in the City and on multiple (up to four) unit dwellings for which the City provides refuse collection services. The fees collected are to cover costs associated with the City's solid waste collection, recycling and disposal activities.

The City reports the following major enterprise funds:

The *Airports Fund* accounts for the operation, maintenance and development of City airports, namely: Los Angeles International Airport, LA/Ontario International Airport, and Van Nuys Airport.

The *Harbor Fund* accounts for the operations of Harbor formed for the purpose of providing shipping, fishing, recreational, and other resources for the enjoyment of the citizens of California.

The *Power and Water Funds* account for the operations of DWP in supplying the City and its inhabitants with water and electric power by constructing, operating, and maintaining facilities located throughout the City, and Inyo and Mono Counties.

The *Sewer Fund* accounts for the construction, operations, and maintenance of the City's wastewater collection and treatment system.

Additionally, the City reports the following fund types:

The *Pension Trust and Other Postemployment Benefits Trust Funds* account for the activities of the City's three single-employer defined benefit pension plans namely: Fire and Police Pension Plan; Los Angeles City Employees' Retirement Plan; and Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan; and, defined benefit postemployment healthcare plans provided through the defined benefit pension plans namely: Fire and Police Health Subsidy Plan, Los Angeles City Employees' Postemployment Healthcare Plan, and Water and Power Employees' Retiree Health Benefits Plan, respectively.

The *Agency Funds* account for assets held by the City as an agent for others, for example: Federal and State income taxes withheld from employees; and assessments for payments of certain conduit debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position****Cash and Cash Equivalents**

For purposes of the statement of cash flows, all proprietary fund cash and pooled investments with the City Treasurer, cash deposits and other short-term investments that are both readily convertible to known amounts of cash and have maturities of three months or less at the time of purchase, are considered to be cash and cash equivalents. At June 30, 2014, the proprietary funds' investments held by escrow and fiscal agents of \$742.7 million and other investments of \$9.4 million have maturities beyond three months; and therefore, are not considered cash and cash equivalents. These were reported in the proprietary funds statement of net position as restricted noncurrent assets.

Inventories

Inventories for materials and supplies, valued at average cost for the governmental activities and governmental funds, consist of expendable supplies held for consumption and are recorded as expenditures when purchased in the fund financial statements, but are recorded as expenses when consumed in the government-wide statement of activities.

For the business-type activities and proprietary funds, inventories for materials and supplies are stated at lower of average cost or market except for Airports, which uses cost on a first-in, first-out basis. Fuel is recorded at lower of cost or market on average cost basis.

Restricted Assets

For governmental activities and governmental funds, assets that are restricted for specific uses by bonded debt requirements, grant provisions or other requirements are classified as restricted because their use is limited by applicable bond covenants or agreements, including debt service, capital construction projects, capital lease, and section 108 loan guarantees.

Business-type activities' and proprietary funds' restricted assets include amounts restricted for accumulated resources for debt service payments, nuclear decommissioning trust, natural gas trust, hazardous waste treatment trust, Southern California Public Power Authority (SCPPA) Palo Verde Investment Fund, self-insurance, bond security, and construction funds.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g. streets and bridges) are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Generally, assets with an individual cost of at least \$5,000 and an estimated useful life of more than one year are capitalized. Purchased or constructed capital assets, and intangible assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by donation are recorded at estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The business-type activities and proprietary funds capitalize interest costs as well as preliminary development costs of capital projects incurred prior to the finalization of formal construction contracts. The Power and Water Enterprise funds provide an "allowance for funds used during construction (AFUDC)", which represents the cost of borrowed funds used for the construction of utility plant. Capitalized interest and AFUDC capitalized during the fiscal year ended June 30, 2014 were \$95.0 million and \$23.1 million, respectively.

Depreciation, which includes amortization of assets under capital leases, is computed using the straight-line method over the estimated useful or service lives of the related assets, except as noted below.

Depreciation for the Power Enterprise Fund (Power) facilities completed prior to July 1, 1973 is computed using the 5% sinking fund method based on estimated service lives. Decommissioning of a nuclear power plant, in which the City has an ownership interest, is expected to commence subsequent to the year 2044. The total cost to decommission the City's interest in the nuclear plant is estimated to be \$137.0 million in 2013 dollars. During fiscal year 2000, Power suspended contributing additional amounts to the decommissioning trust funds, as management believes that contribution to date combined with reinvested earnings, will be sufficient to fully fund Power's share of decommissioning costs. As of June 30, 2014, Power has recorded \$146.1 million to accumulated depreciation to provide for the decommissioning liability.

Power's nuclear fuel is amortized and charged to fuel for generation on the basis of actual thermal energy produced relative to total thermal energy expected to be produced over the life of the fuel.

In July 2005, Power acquired approximately a 74.5% ownership interest in gas properties located in Pinedale, Wyoming. Power uses the successful efforts method of accounting for its investment in gas producing properties. Costs to acquire the mineral interest in gas producing properties, to drill and equip exploratory wells that find proven reserves, and to drill and equip development wells are capitalized. Costs to drill exploratory wells that do not find proven reserves are expensed. Capitalized costs of gas producing properties are depleted by the unit-of-production method based on the estimated future production of the proven wells. Depletion expense related to the gas field is recorded as a component of fuel for generation expense. During fiscal year 2014, Power recorded \$23.6 million of depletion expense.

The estimated useful lives of the primary government's capital assets are as follows:

Category	Governmental Activities	Business-type Activities
Infrastructure	10 - 138 years	--
Buildings and facilities	20 - 40 years	10 - 75 years
Equipment and vehicles	3 - 20 years	3 - 20 years
Wastewater collection system	--	80 years
Landplane ports	--	10 - 35 years
Power distribution, hydraulic and steam production, transmission plants	--	4 - 75 years
Treatment and pumping plants	--	5 - 50 years
Wharves and sheds	--	15 - 30 years
Intangible assets	5 - 22 years	20 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City's collection of artwork, certain scientific equipment, and zoo animals are not capitalized or depreciated. These capital assets are maintained for public exhibition, education or research, and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for collection.

The City's infrastructure assets and the reporting methods the City has elected are as follows:

Infrastructure	Reporting Method
Bridges	Modified
Stormwater system	Depreciation
Streets	Depreciation
Traffic signals	Depreciation
Automated traffic signal and control	Depreciation
Bikepaths	Depreciation
Fiber optic telecommunication system	Depreciation
Street lighting system	Depreciation
Street pavement markings	Depreciation
Traffic signs	Depreciation

The modified approach is used in reporting the City's bridges infrastructure system. A comprehensive bridge database system, the Bridges and Tunnel System, enables the City to track the entire bridge inventory, the structural condition of various bridge elements, and bridge sufficiency ratings. Condition assessments of these structures are completed in a three-year cycle. The latest assessment report was as of July 1, 2013. A system of letter grades identifies the condition of each structure. Letter grades "A" through "D" represent the condition of the structure as Very Good, Good to Fair, Fair to Poor, and Very Poor. "F" rating symbolizes a failed condition where replacement of the structure is necessary. These letter grades are based on sufficiency ratings, or the overall condition of the structure based on the last inspection. It is the City's policy that at least 70% of the bridges are rated "B" or better and that no bridge shall be rated less than "D". It is also the intent of the City that at least 80% of bridges be rated "B" or better by 2017.

The City performs regular inspection and maintenance of the various structural elements for any defects. Funds for annual estimated inspection, maintenance and repair costs are provided in the City's budget. Bridges infrastructure system is excluded in the determination of depreciation provisions for capital assets, while preservation and maintenance costs are charged to expense. Additional information for the condition ratings of City bridges, sufficiency ratings, estimated and actual maintenance, and preservation costs are found in the Required Supplementary Information.

Pension and Other Postemployment Benefits Trust Funds' capital assets represent Pensions' land and building, which were acquired in July 2013 for \$12.7 million and will serve as its headquarters. Improvements to the building are in progress before it will be put to use and depreciated. It also includes LACERS' office furniture and equipment and the costs for developing its Pension Administration System (PAS). Office and equipment acquisitions of at least \$5,000 are capitalized and depreciated over five years. Certain PAS costs were classified as intangible assets, and accordingly, capitalized and amortized over its estimated useful life of 15 years, using the straight-line method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Compensated Absences**Accrued Vacation and Sick Leave

Eligible employees accumulate vacation leave up to a maximum of 400 hours depending on the length of service. Sworn employees of the Police and Fire departments accumulate from 256 hours to 400 hours. All employees are paid their accumulated leave upon termination or retirement.

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary funds financial statements. For the governmental funds, earned vacation is recorded as expenditures to the extent that they are normally expected to be liquidated with expendable available resources and are due and payable at year-end. Also, for governmental activities, earned vacation is generally liquidated by the General Fund.

City employees (except those of the DWP) are entitled to 96 hours of sick leave at full pay and 40 hours at 75% of full pay for each calendar year of employment. Sworn employees are entitled also to 40 hours at 50% of full pay. Employees may accumulate sick leave up to 800 hours at full pay and 800 hours at 75% of full pay. The City pays 50% of the excess over the maximum accumulated 800 hours at full pay in the subsequent calendar year. Upon retirement, the City pays 50% of the accumulated sick time at full pay. There is no provision for the payment of the accumulated sick time at 75% of full pay. Firefighters under Memorandums of Understandings (MOU) 22 and 23 may accumulate 1,088 hours at full pay. In fiscal year 2014, excess sick leave hour payments for MOUs representing police officers and certain civilian employees were converted to banked time to be used similar to vacation, or to be cashed out at the time of retirement. Accrued and accumulated sick leave at 50% of full pay was frozen for any credits or withdrawals. However, the City will pay 25% of the balance upon retirement.

DWP employees accumulate 40 hours of sick leave per year to a maximum of 80 hours. Any excess over the maximum is paid to the employee at 100% of their current salary rate. The employee goes on disability after taking two consecutive days of sick leave.

Vacation and sick leave are accrued as determined by the agreement between the City and the respective employees' collective bargaining group. For governmental funds, compensated absence obligations are recorded in the appropriate governmental funds when due. The portion not currently due is recorded in the government-wide financial statements. For proprietary funds, compensated absences are expensed when earned by employees. At year-end, the accrued but unpaid compensated absence obligations are recorded as current and non-current liabilities in the appropriate proprietary funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Accumulated Compensated Time-Off**

The MOUs with the unions representing police officers at the rank of Lieutenant and below, and certain civilian employees, provide that these employees will accrue compensated time-off for accumulated overtime to certain limits. Whenever an employee resigns, retires or is discharged from the Police Department, the employee shall be paid in cash for all compensated time-off due. In case of death, payment will be made to the estate.

Accrued compensated time-off is reported in the government-wide financial statements. For governmental funds, expenditures are recognized to the extent that they are normally expected to be liquidated with expendable available resources and are due and payable at year-end. Also, for governmental activities, accrued compensated time-off is generally liquidated by the General Fund.

Risk Management

The City is self-administered and self-funded for workers' compensation, most property damage, and the majority of tort liability exposures. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Indemnity and insurance protection is also required from all City contractors, vendors, lessees and permit holders.

Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for incurred but not reported (IBNR) liabilities for workers' compensation, tort cases and liabilities for allocated expenses. For the governmental funds, only that portion of the liability is recognized to the extent that it is normally expected to be liquidated with expendable available resources and is due and payable at year-end. Also, for governmental activities, liability for claims and judgments is generally liquidated by the General Fund.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Property Taxes

Secured property taxes are levied on or before the first business day of 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 that 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 years, the property can 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 payments and delinquent dates but are generally due within one year. Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1 and become delinquent, if unpaid, on August 31. The County assesses, bills, and collects property taxes for all jurisdictions within its borders and remits the applicable portion less an administrative fee to the City throughout the year. Payments are normally remitted on the 20th day of the month.

Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination in the government-wide financial statements. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

Fund Equity

In the fund financial statements, governmental funds report fund balances based on the extent to which the City is bound to observe constraints on the use of the governmental funds' resources. Fund balances are classified as follows:

- **Nonspendable** - includes amounts that are either 1) not in spendable form, or 2) legally or contractually required to be maintained intact. Inventories, prepaid items and certain advances to other funds are classified as nonspendable fund balances.
- **Restricted** - includes amounts that can only be used for specific purposes due to constraints imposed by external resource providers or by enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed - includes amounts that can be used for specific purposes pursuant to an ordinance passed by the Council and approved by the Mayor. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- Assigned - includes amounts that are not classified as nonspendable, restricted or committed, but are intended to be used by the City for specific purposes. Intent is expressed by action of the Council to assign amounts to be used for specific purposes. The Council may authorize executive officers to assign fund balances for specific purposes through Council files.
- Unassigned - includes amounts that are not assigned to other funds and do not meet the criteria for being classified as restricted, committed, or assigned in the General Fund. Fund balances that can be utilized for economic stabilization, emergencies and contingencies that do not qualify as restricted or committed are reported as unassigned. 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.

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

Comprehensive Annual Financial Report

Notes to the Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2014, were distributed as follows:

	MICLA			Special Revenue			Nonmajor Governmental	Totals
	General	Special Revenue	Debt Service	Prop A Local Transit Assistance	Recreation and Parks	Solid Waste Resources		
Nonspendable								
Inventories	\$ 18,643	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 18,643
Prepaid Items and Other Assets	14,569	1,778	--	--	--	--	9,168	25,515
Advances	9,934	--	--	--	--	--	--	9,934
	<u>43,146</u>	<u>1,778</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,168</u>	<u>54,092</u>
Restricted								
Capital Projects and Improvements	--	59,059	--	--	--	--	552,233	611,292
Community and Economic Development	--	--	--	--	--	--	744,339	744,339
Debt Service	--	--	188,567	--	--	--	214,665	403,232
General Government	--	--	--	--	--	--	808	808
Health and Sanitation	--	--	--	--	--	--	57,048	57,048
Library and Cultural Activities	--	--	--	--	--	--	28,504	28,504
Public Safety	--	--	--	--	--	--	51,043	51,043
Public Works and Transportation	--	--	--	216,787	--	--	312,673	529,460
Recreation and Parks	--	--	--	--	257,033	--	105,975	363,008
	<u>--</u>	<u>59,059</u>	<u>188,567</u>	<u>216,787</u>	<u>257,033</u>	<u>--</u>	<u>2,067,288</u>	<u>2,788,734</u>
Committed								
Capital Projects and Improvements	--	--	--	--	--	--	2,396	2,396
Community and Economic Development	--	--	--	--	--	--	162,585	162,585
General Government	--	--	--	--	--	--	74,650	74,650
Health and Sanitation	--	--	--	--	--	260,993	49,278	310,271
Library and Cultural Activities	--	--	--	--	--	--	10,651	10,651
Public Safety	--	--	--	--	--	--	151,124	151,124
Public Works and Transportation	--	--	--	--	--	--	33,310	33,310
Recreation and Parks	--	--	--	--	--	--	16,841	16,841
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>260,993</u>	<u>500,835</u>	<u>761,828</u>
Assigned								
Capital Projects and Improvements	5,004	--	--	--	--	--	--	5,004
Community and Economic Development	3,257	--	--	--	--	--	--	3,257
General Government	177,430	--	--	--	--	--	--	177,430
Health and Sanitation	1,887	--	--	--	--	--	--	1,887
Library and Cultural Activities	1,261	--	--	--	--	--	--	1,261
Public Safety	23,115	--	--	--	--	--	--	23,115
Public Works and Transportation	18,763	--	--	--	--	--	--	18,763
	<u>230,717</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>230,717</u>
Unassigned								
Reserve, Emergency and Contingencies	559,820	--	--	--	--	--	--	559,820
Economic Stabilization	62,388	--	--	--	--	--	--	62,388
Unassigned	--	--	--	--	--	--	(49,742)	(49,742)
	<u>622,208</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(49,742)</u>	<u>572,466</u>
TOTALS	<u>\$ 896,071</u>	<u>\$ 60,837</u>	<u>\$ 188,567</u>	<u>\$ 216,787</u>	<u>\$ 257,033</u>	<u>\$ 260,993</u>	<u>2,527,549</u>	<u>\$ 4,407,837</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Mayor and Council adopted a reserve fund policy per Council File (C.F.) 98-0459. Funds for urgent economic necessity based on a significant economic downturn after the budget is completed or an earthquake or other natural disaster were provided in the Emergency Reserve Account. To utilize funds from this account, a finding by the Mayor, with confirmation by the Council will be required, as well as a determination that no other viable sources of funds are available. In the event that there are unanticipated expenses or revenue shortfalls impacting programs approved in the current year budget, a Contingency Reserve Account was established to provide additional funding for those programs. Funds must be appropriated by a vote of at least a majority of the Council with mayoral concurrence, or by a super-majority of the Council in the event of a mayoral veto.

The reserve fund policy established a goal of increasing the Reserve Fund to 5% of the budgeted general receipts, with a minimum of 2.75% in the Emergency Account, and any additional funds allocated to the Contingency Reserve Account. In March 2011, voters approved Charter Amendment P, a measure that established the Reserve Fund's Emergency and Contingency Reserve as Charter accounts. The Reserve Fund is where unrestricted cash is set aside outside the budget for unforeseen expenditures and emergencies.

As of June 30, 2014, the City's Emergency and Contingency Reserve accounts were \$559.8 million.

Charter Amendment P also provided for the establishment of a budget stabilization fund (BSF) by ordinance. The intent of the BSF is to moderate fluctuations in revenue, prevent overspending during prosperous years, and provide resources to help maintain service levels during lean years.

On June 7, 2013, the Mayor and Council adopted a BSF Policy (C.F. 13-0455). The policy provides that the amount over 3.4% would be deposited into the BSF should grow in the City's seven general fund tax revenue sources exceeds 3.4% over the revenue in the prior year's adopted budget. The policy allows for that deposit not to be made when certain criteria are met, as follows: 1) to maintain the Reserve Fund level at 5% of the General Fund; 2) to meet the 1% infrastructure investment requirement (Capital Improvement Expenditure Program Policy); 3) in the event a fiscal emergency is declared by the Mayor and Council; and 4) if this policy is suspended or by a two-thirds vote by the Council after veto by the Mayor, based on findings that the best interest of the City require such suspension.

The BSF policy restricts expenditures from BSF to no more than 25% of the BSF in any one fiscal year during which there is no declared fiscal emergency, and would allow the City to use the BSF and Reserve funds which are in excess of 15% of the General Fund budget for certain one-time uses such as capital projects, infrastructure repairs, debt repayment, payment of litigation settlements, and equipment purchases. The amount transferred or appropriated may exceed 25% of the balance in the BSF if a fiscal emergency is declared by the Mayor and Council or if the policy is suspended based on same conditions in the preceding paragraph.

The City's BSF does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the BSF is reported as unassigned fund balance in the General Fund. As of June 30, 2014, the BSF was \$62.4 million.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Deferred Outflows/Inflows of Resources**

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

Unamortized portions of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows of resources are reported for the changes in the fair value of hedging derivative instruments. Deferred inflows of resources are reported for regulated business activities. In addition to this, when an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- Net investment in capital assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.
- Restricted net position –This category represents either external restrictions imposed by creditors (such as bond covenants), grantors, contributors, or laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, the governmental activities restricted net position totaled \$1,801.5 million, of which, \$600.9 million is restricted by enabling legislation. Business-type activities restricted net position totaled \$3,513.6 million, of which \$935.0 is restricted by enabling legislation.
- Unrestricted net position – This category represents net position of the City that are not “restricted” or “net investment in capital assets”.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

Reclassifications

Certain reclassifications have been made to amounts reported in the separately audited financial statements of certain proprietary funds, Pension and Other Postemployment Benefits Trust funds, and other component units to conform to the City reporting entity's report format and to account for transactions between the City's reporting entity and such entities in accordance with Generally Accepted Accounting Principles (GAAP).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Adoption of New GASB Pronouncements**

The primary government adopted the following:

GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities.” Issued in March 2012, the statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has adopted GASB Statement No. 65 for fiscal year 2014. The impact on the City's financial statements is discussed in Restatements and Effects of New Pronouncement.

GASB Statement No. 66, “Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62.” Issued in March 2012, this statement improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, and Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. The statement has no material impact on the City's financial statements.

GASB Statement No. 67, “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.” Issued in June 2012, this statement replaces previously issued statements related to pension plans administered through trusts or similar arrangements that meet certain criteria. It builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position and a statement of changes in fiduciary net position. It also enhances note disclosures and required supplementary information (RSI), including the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013. The City's three retirement plans implemented the statement and the required changes and additions in the notes and in the required supplementary information are included in the plans' separately issued financial reports.

GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” Issued in April 2013, this statement establishes accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013. The statement has no material impact on the City's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Recent GASB Pronouncements**

GASB Statement No. 68, “Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27.” Issued in June 2012, this statement replaces previously issued statements related to governments that provide pensions through pensions plans administered as trusts or similar arrangements that meet certain criteria. It requires governments providing defined benefit pensions to report a net pension liability, the difference between the total pension liability and the net position of the plan; to recognize their long-term obligation for pension benefits as a liability for the first time; and to more comprehensively and comparably measure the annual costs of pension benefits. It also enhances accountability and transparency through revised and new note disclosures and RSI, including types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014.

GASB Statement No. 69, “Government Combinations and Disposals of Government Operations.” Issued in January 2013, this statement establishes accounting and financial reporting standards for government combinations and disposals of government operations. The provisions of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.” Issued in November 2013, this statement amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement should be applied simultaneously with the provisions of Statement No. 68.

Restatements and Effects of New Pronouncements

During fiscal year 2014, the City implemented GASB Statement No. 65. In the governmental fund statements, the City reclassified \$675.5 million of unavailable revenue previously reported as liabilities as deferred inflows of resources. In the government-wide statements, the City has written off \$18.9 million for governmental activities and \$84.0 million for business-type activities in prior year unamortized bond issuance costs, as these costs are now required to be recognized as an expense in the period incurred.

In addition, the City restated the workers' compensation liability at June 30, 2013, in the amount of \$2,184.2 million, to \$1,662.50 million based on the fiscal year 2013 actuarial estimate. Accordingly, the City's beginning net position for governmental activities was restated by \$521.7 million to reflect the lower workers' compensation estimated liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In fiscal year 2014, Harbor changed the method of amortizing bond premium and discount from straight line method to effective interest method. As a result, Harbor's beginning net position at July 1, 2013 was adjusted for the cumulative effect of this change in the amount of \$10.6 million and fiscal year interest expense was reduced by \$0.9 million.

As of July 1, 2013, the City restated its net position to write-off unamortized bond issuance costs previously reported as assets and to reflect other changes, as follows:

	Net Position, at Beginning of Year		
	Change in		
	June 30, 2013	Accounting	July 1, 2013
	As Previously Reported	Principle and Other Changes	
Governmental Activities	\$ 4,460,400	\$ 502,792	\$ 4,963,192
Business-type Activities			
Airports	4,573,644	(23,172)	4,550,472
Harbor	2,884,351	10,562	2,894,913
Power	5,191,221	(32,081)	5,159,140
Water	2,605,198	(17,114)	2,588,084
Sewer	1,674,556	(11,578)	1,662,978
Convention Center	488,510	-	488,510
Total Business-type Activities	17,417,480	(73,383)	17,344,097
Total City	\$ 21,877,880	\$ 429,409	\$ 22,307,289

For fiscal year 2014, Airports, Power, Water, and Sewer reclassified deferred charges on refunding from a contra liability account to deferred outflow of resources as a result of the implementation of GASB Statement No. 65 of \$2.6 million, \$26.8 million, \$32.6 million, and \$104.7 million, respectively.

Extraordinary and Special Items

An extraordinary item is an event or a transaction that is not within the control of management and is both unusual in nature and infrequent in occurrence. The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual and infrequent. Accordingly, the net transfer of assets totaling \$44.2 million, consisting of \$10.6 million in loans receivable and due from other governmental agencies, and \$33.6 million in land for redevelopment, from CRA – Designated Local Authority (CRA/LA) to the City was recorded as an extraordinary gain in the financial statements.

Harbor's special item pertains to the adjustment of its outstanding pollution remediation liabilities of \$15.0 million. Refer to 4Q Pollution Remediation Obligations for further information.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**A. Explanation of Certain Difference Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position**

The governmental funds balance sheet includes reconciliation between *total fund balances-governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$7,142,718 difference are as follows (in thousands):

Bonds, Certificates of Participation, and Notes	\$ 3,298,473
Add: Issuance Premium/Discount (to be amortized as interest income)	128,877
HUD Loans	184,985
Accrued Interest Payable	51,241
Accrued Compensated Absences	586,317
Estimated Claims and Judgments Payable	2,630,718
Accrued Landfill Liability	45,200
Estimated Pollution Remediation Liability	35,003
Net Pension Obligation	51,585
Net OPEB Obligation	130,319
Net adjustments to reduce governmental fund balance to arrive at governmental activities net position	<u>\$ 7,142,718</u>

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays 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. The details of this \$11,527 difference are as follows (in thousands):

Capital Outlay	\$ 345,432
Less: Not capitalized	(70,807)
Depreciation expense	<u>(263,098)</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	<u>\$ 11,527</u>

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)**

Another element of that reconciliation states that the issuance of long-term debt provides current financial resources to the governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The details of this \$278,744 difference are as follows (in thousands):

Debt issued or incurred:	
Special Assessments and Revenue Bonds	\$ 39,795
MICLA Commercial Paper Notes	109,684
HUD Loans	8,578
Principal repayments and bond refunding:	
General and Judgment Obligation Bonds	(118,130)
Certificates of Participation, Revenue Bonds, and Notes	(258,478)
MICLA Commercial Paper Notes	(38,000)
HUD Loans	<u>(22,193)</u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	<u>\$ (278,744)</u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$274,727 difference are as follows (in thousands):

Increase in Accrued Compensated Absences	\$ 15,406
Increase in Estimated Claims and Judgments	226,913
Decrease in Accrued Landfill Liability	(858)
Increase in Pollution Remediation Liability	31,108
Increase in Net Pension Obligation	619
Increase in Net OPEB Obligation	<u>1,539</u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	<u>\$ 274,727</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**A. Budgets and Budgetary Basis of Accounting**

Under the City Charter, the Mayor is required each year to submit to the Council a proposed budget by April 20th for the forthcoming fiscal year commencing July 1st. The proposed budget is based on the Mayor's budget priorities, the responses of the City Administrative Officer and City departments to the Mayor's Budget Policy Letter, which is distributed early in the fiscal year, and estimates of receipts from the City's various revenue sources. The Council's Budget and Finance Committee reviews the Mayor's Proposed Budget and reports its recommendations to the full Council. The Council must legally adopt the Mayor's Proposed Budget, as modified by the Council, by June 1st. The Mayor has five working days after adoption to approve or veto any items modified by the Council. The Council then has five working days to override by a two-thirds vote any items changed by the Mayor.

The City Council adopts an annual operating budget for 36 City departments, bureaus, and offices. The annual budget is essentially prepared on a departmental basis, with budgeted receipts and appropriations provided for the General Fund and certain Special Revenue, Debt Service, and Capital Projects Funds. Budgets are generally limited to funds, which in addition to the General Fund finance the operations of the City departments.

Furthermore, the budgeted receipts and appropriations for the Allocations from Other Governmental Agencies nonmajorspecial revenue fund (which includes ARRA Neighborhood Stabilization, Animal Sterilization, Audit Repayment, Bus Bench Advertising, Business Improvement District Trust, City Attorney Consumer Protection, City Planning Systems Development, Coastal Transportation Corridor Trust, Enterprise Zone Tax Credit Vouchers, Federal Emergency Shelter Grant, Fire Hydrant Installation and Main Replacement, GOB Series 2002A Fire/Pr. Construction, Industrial Development Authority, Integrated Solid Waste Management, Los Angeles Regional Agency Trust, Neighborhood Stabilization, Off-Site Sign Periodic Inspection, Office of Traffic Safety Program, Permit Parking Program Revenue, Pershing Square Trust, Planning Long-Range Plan, Repair and Demolition, Section 108 Loan Guarantee, Street Banners, State AB1290, Traffic Safety Education, Transportation Grants, Used Oil Collection, Ventura/Cahuenga Boulevard Corridor Specific Plan, Warner Center Transportation Trust, West LA Transportation Improvement and Mitigation, and Workforce Innovation Fund Special Revenue Funds) is not all-inclusive because the budget provides for only the portion of fund receipts that are expended to finance City department operations.

The City does not budget for the financial activities of all its Governmental Funds. The following Governmental Funds are not included in the City's legally adopted annual operating budget:

General Fund

Reserve and certain other account components

Special Revenue

Major Funds:

Municipal Improvement Corporation
Recreation and Parks

Nonmajor Funds:

Low and Moderate Income Housing
Economic Development Section 108 Loan Guarantee Program
Seismic Bond Reimbursement
Certain Other Transportation Grants
Certain Other Nonmajor Grant Funds
Certain Other Nonmajor Special Revenue Funds

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)Debt Service

Major Fund:

Municipal Improvement Corporation

Nonmajor Funds:

Certain Convention Center Funds

Solid Waste Resources

Certain Other Nonmajor Debt Service Funds

Capital Projects

Nonmajor Funds:

General Obligation Bonds Series 2003-A

General Obligation Bonds Series 2004-A

General Obligation Bonds Series 2005-A

General Obligation Bonds Series 2006-A

General Obligation Bonds Series 2008-A

General Obligation Bonds Series 2009-A

General Obligation Bonds Series 2011-A

Recreation and Parks Grant

Parks Assessment

Certain Other Nonmajor Capital Project Funds

For the majority of the funds listed above, expenditure authority is approved by Council action during the fiscal year.

The City's original adopted budget is subject to revision to reflect the changes in revenue projections and to make necessary adjustments to appropriations. Transfers of appropriations are approved by the Mayor subject to the following limitations and conditions. Funds appropriated in the general City budget or thereafter by the Council may be transferred to the Reserve Fund or Unappropriated Balance of the General Fund, or appropriated for the same or other purposes amending the budget and other spending authority, upon approval of the Mayor provided the amounts do not exceed \$50,000 and required notices are made by the City Clerk to the President of the Council, Controller and City Administrative Officer. Intra-Department transfers from one appropriated item to another may be approved by the Mayor provided the amount does not exceed the greater of \$35,000 or 1% of the budget for the account receiving the transfer but not exceeding \$100,000. The \$35,000 limit is subject to adjustment based on the consumer price index. For fiscal year ended June 30, 2014, the adjusted amount was \$48,702. Transfers that exceed the amount limits require the approval of the City Council.

During the fiscal year, capital related appropriations of \$72.8 million that were reappropriated from prior budget years were included in the current annual operating budget. Transfers from the Reserve Fund (a nonbudgeted General Fund component), unanticipated receipts, and available fund balances that were carried forward from the prior budget year financed these additional appropriations. In addition, non-capital related appropriations of \$1,232.9 million were automatically carried forward from the prior budget year.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Unused and unencumbered appropriations lapse at year-end except for non-capital related continuing appropriations for certain Special Revenue and Capital Projects Funds that are carried forward to the next budget year. Capital related appropriations that are unused and unencumbered at year-end are reappropriated in the subsequent budget year.

The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is as follows: The General Fund is by line item within each object by department, except for capital improvement program expenditures, which are controlled by projects. Object levels of expenditures are salaries, expense, equipment, special, capital outlay, and transfers. For the Special Revenue Funds, Debt Service Funds and Capital Projects Funds, the line items consist of departments, projects, debt service, equipment and programs. Because of the large volume of detail, the budget and actual schedules on a budgetary basis have been aggregated by fund and function in the combining and individual fund budgetary schedules in this CAFR. A separate budget and actual report by line item has been prepared. The budgetary documents are available to the general public in the Office of the City Controller.

The City's annual budget is prepared on a modified cash basis of accounting, which is different from GAAP. Revenues are recognized when cash is received, and expenditures include both cash disbursements and current year encumbered appropriations that have not been paid at the end of the budget year. Where no appropriation is adopted, payments of interfund borrowings (or payment of loans to other funds), though recorded as a component of other financing uses, are not treated as budgetary transactions and are excluded in the separate budget and actual statements.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the Governmental Funds, except for certain Special Revenue and Capital Projects Funds whose assets are managed by a third-party trustee. Encumbrances outstanding at year-end for specific purposes for which resources have been restricted, committed, or assigned will be included within those classifications. Encumbrances outstanding for which resources have not been previously restricted, committed, or assigned will be included within restricted, committed or assigned fund balance based on the source of the constraints as described in Note 1E. These commitments will be honored in the subsequent year carryforward appropriations.

B. Reconciliation of Operations on Budgetary Basis to the GAAP Basis

The actual results of operations on a budgetary basis compared to the appropriations adopted by the City Council for budgeted major governmental funds are included in the fund financial statements. The comparisons of actual results with the budget for nonmajor funds are presented as supplemental information in the combining schedules.

Because accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial information in accordance with GAAP, a reconciliation of the resultant basis and perspective differences on operations for the fiscal year ended June 30, 2014 is presented in the following pages for the City's budgeted major funds. The dollar amounts are expressed in thousands.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

	General Fund
Excess of Revenues and Other Financing	
Sources Over Expenditures and Other Financing	
Uses - Budgetary Basis	\$ 198,341
 Basis Differences	
Adjustment for net changes to accrued assets and liabilities. The budgetary basis operating statement reflects revenues when received and expenditures when paid (except for encumbrances as described below); whereas, the GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred and is due and payable. (GAAP)	 (57,559)
Interfund borrowings are recorded in the debtor fund as an other financing source "Loans from Other Funds" and in the creditor fund as an other financing use "Loans to Other Funds" (budgetary) as opposed to "Due to Other Funds" in the debtor fund and "Due from Other Funds" in the creditor fund (GAAP).	 (1,516)
Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budgetary), but not considered as expenditures in the GAAP basis operating statements (GAAP).	
Encumbrances reported as budgetary expenditures	319,159
Prior year encumbrances expended in current year	(248,588)
 Perspective Difference	
For purposes of the budget, the General Fund is a legal entity that is separate and distinct from the Reserve Fund and other accounts that are classified to have General Fund activity for GAAP purposes. This amount represents the change in fund balance of the Reserve Fund and other accounts.	 (37,150)
 Change in Fund Balance - GAAP Basis	 \$ 172,687

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

	Proposition A Local Transit Assistance Fund	Solid Waste Resources Fund
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - Budgetary Basis	\$ 24,586	\$ (6,888)
Basis Differences		
Adjustment for net changes to accrued assets and liabilities. The budgetary basis operating statement reflects revenues when received and expenditures when paid (except for encumbrances as described below); whereas, the GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred and is due and payable (GAAP).	2,045	(31,066)
Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budgetary), but not considered as expenditures in the GAAP basis operating statements (GAAP).		
Encumbrances reported as budgetary expenditures	16,773	23,707
Prior year encumbrances expended in current year	(6,545)	(9,707)
Perspective Difference		
Change in fund balances of unbudgeted accounts	--	(15,185)
Change in Fund Balances - GAAP Basis	\$ 36,859	\$ (39,139)

C. Deficit Fund Balances

At June 30, 2014, the Street Lighting Maintenance Assessment Fund (SLAF), Special Parking Revenue Fund (SPRF) and Workforce Investment Act Fund (WIA) had deficit fund balances of \$9.4 million, \$38.5 million, and \$1.6 million, respectively. In fiscal year 2013, SLAF had a deficit fund balance of \$14.1 million. The deficit fund balance for fiscal year 2014 was reduced to \$9.4 million because of excess revenues over expenditures in the current fiscal year. SLAF deficit fund balance will be repaid by SLAF's future revenue. SPRF fund balance deficit of \$38.5 million is primarily due to the redemption of its parking revenue bonds. Parking revenue bonds in the amount of \$71.1 million were primarily paid using \$44.7 million of advance received from MICLA and \$22.3 million of advance lease payment received from construction easements on certain property owned by SPRF. SPRF deficit fund balance will be repaid by SPRF's future revenue. WIA deficit fund balance will be repaid by collection of receivables and recognition of related deferred inflows of resources for eligible government expenditures that have been incurred.

NOTE 4 – DETAILED NOTES ON ALL FUNDS**A. Cash, Deposits and Investments****Summary of Cash and Investments**

At June 30, 2014, the summary of cash, pooled and other investments for governmental and business-type activities, and fiduciary funds is as follows (in thousands):

	Governmental Activities	Business- Type Activities	Fiduciary Funds		Total
			Pension and Other Postemployment Benefits Trust	Agency	
Cash and pooled investments	\$ 2,945,569	\$ 2,192,261	\$ 18,976	\$ 265,526	\$ 5,422,332
Other cash and investments	56,137	6,752	--	434	63,323
Restricted assets:					
Cash and pooled investments	951,944	2,433,634	--	--	3,385,578
Cash and investments with fiscal agents	112,130	1,342,421	--	--	1,454,551
Investments of retirement systems	--	--	47,683,308	--	47,683,308
Total deposits and investments	<u>\$ 4,065,780</u>	<u>\$ 5,975,068</u>	<u>\$ 47,702,284</u>	<u>\$ 265,960</u>	<u>\$ 58,009,092</u>
Cash on hand					\$ 280
Deposits					127,360
Investments					
Pooled					8,688,181
Other					49,193,271
Total deposits and investments					<u>\$ 58,009,092</u>

Cash and Pooled Investments Held by the City Treasurer. The City maintains a cash and investment pool governed by the City's investment policy (the Policy) and established pursuant to the California Government Code. Each fund's portion of this pool is displayed on the accompanying governmental fund balance sheets, proprietary fund and fiduciary fund statements of net position as "Cash and Pooled Investments " and "Restricted Assets".

Other Cash and Investments. The City has other investments outside the City Treasurer that are invested pursuant to various governing bond covenants and California Government Code provisions.

Other cash and investments consist primarily of deposits and investments with trustees related to the issuance of bonds, contractor agreements and to certain loan programs operated by the City. These investments are pledged for the payment or security of the bonds, and in lieu of retention upon pending satisfactory completion of a contract.

Investments of Retirement Systems. LACERS, Pensions and DWP Plans (Retirement Systems') funds are invested pursuant to the Los Angeles City Charter and the Retirement Systems' investment policies established by the Retirement Systems' Boards as required by Article XI Section 1106(d) of the City Charter. The Retirement Systems' Boards adopted an asset allocation policy on the types of investments to ensure a diversified portfolio. The objective of each investment policy is to maximize the expected return of the funds at an agreed upon level of risk.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Investment Risk. The investments are subject to certain types of risk, including interest rate risk, credit risk, concentration of credit risk, custodial credit risk and foreign currency risk. These risks are addressed separately for the investments related to governmental and business-type activities and those related to the Retirement Systems.

Deposits

At June 30, 2014, the book balance of the City's deposits was \$127.4 million and the balance per various financial institutions was \$123.5 million. The difference of \$3.9 million represents primarily deposits in transit and other reconciling items. Of the bank balance, \$3.3 million was covered by Federal Deposit Insurance Corporation (FDIC) and \$120.2 million was uninsured. The uninsured deposits of \$120.2 million are held by financial institutions that are legally required by the California Government Code Section 53630 to collateralize the City's deposits by pledging certain eligible securities with a market value of at least 110% of the City's deposits. The collateral is held by a third-party agent of the bank separate from the depository institution.

The City has a daylight overdraft facility with a bank that maintains the City's operating account, which may be used to facilitate intra-day transfers between City accounts. Any overdraft in the City's account, including any charges, must be repaid immediately without demand, except when the City and the bank agrees otherwise or when the bank advised otherwise in writing.

Pooled Investments

The cash balances of substantially all funds on deposit in the City Treasury are pooled and invested by the City Treasurer for the purpose of maximizing interest earnings through pooled investment activities but safety and liquidity still take precedence over return. Special pool participants include the City, Airports, DWP, Harbor, Sewer, and MICLA. Interest earned on pooled investments is allocated to and recorded in certain participating funds, as authorized by the Council and permitted by the City Charter and the California Government Code, based on each fund's average daily deposit balance. Unless allocation provisions are specifically stipulated in City ordinance, Council action, or funding source, interest earned on certain funds are allocated to and recorded in the General Fund. Investments in the City Treasury are stated at fair value based on quoted market prices except for money market investments that have remaining maturities of one year or less at time of purchase, which are reported at amortized cost.

Pursuant to California Government Code Section 53607 (State Code) and the Council File No. 94-2160, the City Treasurer shall render to the Council a statement of investment policy (the Policy) annually. Council File No. 11-1740 was adopted on February 12, 2014, as the City's investment policy. This Policy shall remain in effect until the Council and the Mayor approve a subsequent revision. The Policy governs the City's pooled investment practices. The Policy addresses soundness of financial institutions in which the City Treasurer will deposit funds and types of investment instruments permitted by California Government Code Sections 53600-53635 and 16429.1.

Examples of investments permitted by the Policy are obligations of the U.S. Treasury and agencies, local agency bonds, commercial paper notes, certificates of deposit (CD) placement service, bankers' acceptances, medium term notes, repurchase agreements, mutual funds, money market mutual funds, and the State of California Local Agency Investment Fund.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2014, the investments held in the City Treasury's General and Special Investment Pool Programs and their maturities are as follows (in thousands):

Type of Investments	Amount	Investment Maturities				
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days To 5 Years	Over 5 Years
U.S. Treasury Bills	\$ 248,766	\$ 248,746	\$ --	\$ 20	\$ --	\$ --
U.S. Treasury Notes	4,121,579	--	--	--	4,085,830	35,749
U.S. Agencies Securities	1,915,548	606,056	213,475	352,807	730,202	13,008
Medium Term Notes	1,443,640	--	--	191,976	1,231,654	20,010
Commercial Paper	904,407	867,252	26,998	10,157	--	--
Municipal Bonds	30,207	--	--	--	30,207	--
Certificates of Deposit	7,000	--	--	7,000	--	--
Short Term Investment Funds	5,609	5,609	--	--	--	--
Securities Lending Short-Term Repurchase Agreement	11,425	11,425	--	--	--	--
Total General and Special Pools	\$ 8,688,181	\$ 1,739,088	\$ 240,473	\$ 561,960	\$ 6,077,893	\$ 68,767

Interest Rate Risk. The Policy limits the maturity of its investments to five years for the U.S. Treasury and government agency securities, medium term notes, CD placement service, negotiable certificates of deposit, collateralized bank deposits, mortgage pass-through securities, and bank/time deposits; one year for repurchase agreements; 270 days for commercial paper; 180 days for bankers' acceptances; and 92 days for reverse repurchase agreements. The Policy also allows City funds with longer-term investments horizons, to be invested in securities that at the time of the investment have a term remaining to maturity in excess of five years, but with a maximum final maturity of thirty years.

Credit Risk. The Policy establishes minimum credit ratings requirement for investments. There is no credit quality requirement for local agency bonds, U.S. Treasury Obligations, State of California Obligations, California Local Agency Obligations, and U.S. Agencies (U.S. government sponsored enterprises) securities. The City's \$1.9 billion investments in U.S. government sponsored enterprises consist of securities issued by the Federal Home Loan Bank (Freddie Mac) - \$896.7 million, Federal National Mortgage Association (Fannie Mae) - \$675.8 million, Federal Home Loan Mortgage Corporation - \$279.7 million, Federal Farm Credit Bank - \$17.3 million, and Tennessee Valley Authority - \$46.2 million. Of the City's \$1.9 billion investments in U.S. Agencies securities, \$798.3 million were rated "AA+" by S&P and "Aaa" by Moody's; \$1,117.3 million were not rated individually by S&P nor Moody's (issuers of these securities are rated "AA+/A-1+" by S&P and "Aaa/P-1" by Moody's).

Medium term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium term notes must have at least an "A" rating at the time of purchase. The City's \$1.4 billion investments in medium term notes consist of securities issued by banks and corporations that comply with these requirements and were rated "A" or better by S&P and "A3" or better by Moody's. Subsequent to purchase, two issuers of \$38.7 million medium term notes were downgraded to "A-1" by S&P and "Baa1" by Moody's and one issuer of \$7.0 million medium term notes was downgraded to "BBB+" by S&P and "A3" by Moody's.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Commercial paper issues must have a minimum of “A-1” or equivalent rating. If the issuer has issued long-term debt, it must be rated “A” without regard to modifiers. Issuing corporation must be organized and operating within the United States and have assets in excess of \$500.0 million. The City’s \$904.4 million investments in commercial paper were rated “A-1+/A-1” by S&P and “P-1” by Moody’s.

Municipal bonds have no minimum rating requirement. The City’s \$30.2 million investments in municipal bonds were rated “AA/A” by S&P and “Aa2/Aa3” by Moody’s.

Concentration of Credit Risk. The Policy does not allow more than 40% of its investment portfolio be invested in commercial paper and bankers’ acceptances, 30% in certificates of deposit and medium term notes, 20% in mutual funds, money market mutual funds and mortgage pass-through securities. The Policy further provides for a maximum concentration limit of 10% in any one issuer including its related entities. There is no percentage limitation on the amount that can be invested in the U.S. Treasury and government agencies. The City’s pooled investments comply with these requirements. GAAP requires disclosure of certain investments in any one issuer that represent 5% or more of total investments. Of the City’s total pooled investments as of June 30, 2014, \$896.7 million (10%) was invested in securities issued by Federal Home Loan Bank, and \$675.8 million (8%) was invested in securities issued by Federal National Mortgage Association.

General Investment Pool Securities Lending Program. Securities lending is permitted and limited under provisions of California Government Code Section 53601. The Council approved the Securities Lending Program (the SLP) on October 22, 1991 under Council File No. 91-1860, which complies with the California Government Code. The objectives of the SLP in priority order are: safety of loaned securities; and prudent investment of cash collateral to enhance revenue from the investment program. The SLP is governed by a separate policy and guidelines.

The City’s custodial bank acts as the securities lending agent. In the event a counterparty defaults by reason of an act of insolvency, the bank shall take all actions which it deems necessary or appropriate to liquidate permitted investment and collateral in connection with such transaction and shall make a reasonable effort for two business days (Replacement Period) to apply the proceeds thereof to the purchase of securities identical to the loaned securities not returned. If during the Replacement Period the collateral liquidation proceeds are insufficient to replace any of the loaned securities not returned, the bank shall, subject to payment by the City of the amount of any losses on any permitted investments, pay such additional amounts as necessary to make such replacement.

Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the market value of the General Investment Pool (the Pool) is available for lending. The City loans out U.S. Treasury and U.S. agencies securities, i.e. Fannie Mae, Freddie Mac, Federal Home Loan Banks, Federal Agricultural Mortgage Corporation (Farmer Mac), Federal Farm Credit Bank and Tennessee Valley Authority. The City receives cash as collateral on the loaned securities, which is reinvested in securities permitted under the Policy. In addition, the City receives securities as collateral on loaned securities, which the City has no ability to pledge or sell without borrower default. In accordance with the California Government Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 60 days. Earnings from securities lending accrue to the Pool and are allocated on a pro-rata basis to all Pool participants.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

During the fiscal year 2014, collateralizations on all loaned securities were compliant with the required 102% of the market value. The City can sell collateral securities only in the event of borrower default. The lending agent provides indemnification for borrower default. There were no violations of legal or contractual provisions and no borrower or lending agent default losses during the fiscal year. There was no credit risk exposure to the City because the amounts owed to the borrowers exceeded the amounts borrowed. Loaned securities are held by the City's agents in the City's name and are not subject to custodial credit risk.

The following table provides information on securities lent and collateral received as of June 30, 2014 (in thousands):

Type of Investment Lent		
For Cash Collateral:		
U.S. Agencies Securities	\$	11,209
Total Lent for Cash Collateral		
For Non-Cash Collateral:		
U.S. Treasury Notes		299,010
U.S. Agencies Securities		7,034
Total Securities Lent	\$	<u>317,253</u>
Type of Collateral Received		
Cash Collateral *	\$	11,425
Non-Cash Collateral **		
For lent U.S. Treasury Notes and U.S. Agencies Securities		<u>315,237</u>
Total Collateral Received	\$	<u>326,662</u>

* Amount represents cash collateral received and reinvested in repurchase agreements that have the mark-to-market value of the cash collateral pool at 102% for the liquidity of the portfolio and 100% for the duration portfolio for the fiscal year 2014.

** The City has no ability to pledge or sell collateral securities without borrower default.

Other Investments

Other deposits and investments maintained outside the City Treasury are invested pursuant to policies adopted by the boards of commissioners of the City's pension systems and Water and Power, governing bond covenants or California Government Code provisions. Investments made under these provisions are reported as follows. Investments are stated at fair value. Pensions and other postemployment benefits investments are reported in accordance with GASB Statement Nos. 25 and 43, respectively. Real estate investments are recorded in the financial statements under the equity method, and are carried at fair value as determined by real estate fund managers based on a periodic appraisal. Investments denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange in effect at the statement of net position date, with resulting gains and losses recorded in the statement of changes in fiduciary net position.

The stated fair value of securities investments is generally based on published market prices or quotations from major investment dealers. Real estate values are taken from recent appraisals, and purchase prices and reports of investment advisors. The fair values of venture capital and alternative investments are estimated based on audited financial statements provided by the individual fund managers.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The City's other investments as of June 30, 2014 are as follows (in thousands):

DWP	\$ 673,484
Pensions	19,927,664
LACERS	15,163,492
DWP Plans	12,592,152
Others	836,479
Total	<u>\$ 49,193,271</u>

Department of Water and Power

The City Charter grants the Board of Water and Power Commissioners control over the investments of all financial assets of DWP.

At June 30, 2014, the investments of the Power and Water Enterprise funds outside of the City's investment pool programs and their maturities are as follows (in thousands):

Type of Investments	Amount	Investment Maturities				
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days To 5 Years	Over 5 Years
U.S. Government Securities	\$ 19,516	\$ --	\$ --	\$ 4,013	\$ 15,503	\$ --
U.S. Agencies Securities	322,519	--	--	55,966	209,977	56,576
Medium Term Notes	117,716	262	--	34,005	83,449	--
Commercial Paper	59,248	53,249	5,999	--	--	--
Certificate of Deposit	15,001	2,000	1,000	12,001	--	--
Municipal Bonds	5,024	1,000	2,025	500	1,499	--
California Local Agency Bonds	28,901	--	8,189	3,635	17,077	--
California State Bonds	18,638	--	--	3,478	15,160	--
Other State Bonds	55,807	320	596	6,004	48,887	--
Bankers' Acceptances	260	--	260	--	--	--
Money Market Funds	16,618	16,618	--	--	--	--
SCPPA Palo Verde Investment	14,236	--	--	--	14,236	--
Total	<u>\$ 673,484</u>	<u>\$ 73,449</u>	<u>\$ 18,069</u>	<u>\$ 119,602</u>	<u>\$ 405,788</u>	<u>\$ 56,576</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk. DWP's investment policy limits the maturity of its investments to a maximum of 30 years for U.S. Agencies Securities; 5 years for medium-term corporate notes, California local agency obligations, California state obligations, and other state obligations; 270 days for commercial paper; 397 days for certificates of deposits; 180 days for bankers' acceptances; and 45 days for repurchase agreements purchased with cash collateral from securities lending agreements.

Credit Risk. Under its investment policy, DWP is subject to the prudent investor standard of care in managing all aspects of its portfolios. The prudent investor standard requires that DWP "shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and in familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

The U.S. agencies in the portfolio consist of securities issued by government-sponsored enterprises, which are not explicitly guaranteed by the U.S. government. Of the U.S. agencies in the portfolio as of June 30, 2014, \$315.2 million (98%) was rated with either the highest or second highest possible credit ratings by the Nationally Recognized Statistical Rating Organizations (NRSROs) that rated them and \$7.3 million (2%) was not rated.

DWP's investment policy specifies that medium term notes must be rated in a rating category of "A" or its equivalent or better by a NRSRO. Of DWP's investments in corporate notes as of June 30, 2014, \$3.0 million (3%) was rated in the category of AAA, \$64.9 million (55%) was rated in the category of AA, and \$49.5 million (42%) was rated in the category of A by at least one NRSRO. The remaining \$0.3 million (less than 1%) of investments in corporate notes was not rated.

DWP's investment policy specifies that commercial paper must be of the highest ranking or of the highest letter and number rating as provided for by at least two NRSROs. As of June 30, 2014, all of DWP's investments in commercial paper were rated with at least the highest letter and number rating as provided by at least two NRSROs.

DWP's investment policy specifies that negotiable certificates of deposit must be of the highest ranking or letter and number rating as provided for by at least two NRSROs and that for nonnegotiable certificates of deposit, the full amount of principal and interest is insured by the FDIC or National Credit Union Administration. As of June 30, 2014, DWP's investments in certificates of deposits included \$14.0 million (93%) of negotiable certificates of deposit with at least the highest letter and number rating as provided by at least two NRSROs and \$1.0 million (7%) of nonnegotiable certificates of deposit fully insured by the FDIC.

DWP's investment policy specifies that California local agency obligations, which include municipal commercial paper, must be rated in a rating category of "A" or its equivalent or better by a NRSRO. Of DWP's investments in California local agency bonds as of June 30, 2014, \$25.8 million (89%) was rated in the category of AA; \$2.1 million (7%) was rated in the category of A; and \$1.0 million (3%) was rated with the highest short-term letter and number rating as provided by at least one NRSRO.

DWP's investment policy specifies that California state obligations must be rated in a rating category of "A" or its equivalent or better by a NRSRO. Of DWP's investments in State of California obligations as of June 30, 2014, \$3.6 million (20%) was rated in the category of AAA; \$14.0 million (75%) was rated in the category of AA; and \$1.0 million (5%) was rated in the category of A by at least one NRSRO.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

DWP's investment policy specifies that obligations of other states in addition to California must be rated in a rating category of "A" or its equivalent or better by a NRSRO. Of DWP's investments in other state obligations as of June 30, 2014, \$22.0 million (39%) was rated in the category of AAA, \$32.8 million (59%) was rated in the category of AA, and \$1.0 million (2%) was rated in the category of A by at least one NRSRO.

DWP's investment policy specifies that banker's acceptances must be of the highest ranking or letter and number rating as provided for by at least two NRSROs. As of June 30, 2014, all of DWP's investments in banker's acceptances were rated with at least the highest letter and number rating as provided by three NRSROs.

DWP's investment policy specifies that money market funds may be purchased as allowed under the California Government Code, which requires that the fund must have either (1) attained the highest ranking or highest letter and numerical rating provided by not less than two NRSROs or (2) retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience in managing money market mutual funds with assets under management in excess of \$500 million. As of June 30, 2014, each of the money market funds in the portfolio had the highest possible ratings by at least two NRSROs.

Concentration of Credit Risk. DWP's investment policy specifies that there is no percentage limitation on the amount that can be invested in U.S. Agencies Securities, except that a maximum of 30 percent of the cost value of the portfolio may be invested in the securities of any single U.S. Agencies Securities issuer. Of DWP's total investments as of June 30, 2014, \$108.8 million (16%) was invested in securities issued by the Federal Home Loan Mortgage Corporation; \$104.8 million (16%) was invested in securities issued by the Federal Home Loan Bank; and \$101.4 million (15%) was invested in securities issued by the Federal National Mortgage Association.

Derivative Instruments. In accordance with GASB Statement No. 53, DWP records the fair value of its hedging derivative instruments, financial natural gas hedges, on the statement of net position. As of June 30, 2014, the fair values of the financial natural gas hedges were approximately \$(48.5) million.

DWP enters into natural gas hedging contracts in order to stabilize the cost of gas needed to produce electricity to serve its customers. It is designed to cap gas prices over a portion of the forecasted gas requirements. DWP does not speculate when entering into financial transactions. Financial hedges are variable to fixed rate swaps and are layered by volumetric averaging. DWP is exposed to financial settlement risk if the counterparties default and/or the agreements are terminated.

As of June 30, 2014, DWP's financial natural gas hedges by fiscal year are the following (in thousands):

Derivative Description	Notional Amount (Total Contract Quantities*)	Contract Price Range Dollar per Unit	First Effective Date	Last Termination Date	Fair Value
Financial natural gas:					
FY 2014-15	5,384,500	\$ 6.37-9.38	07/01/14	06/30/15	\$ (16,366)
FY 2015-16	4,488,000	6.42-9.85	07/01/15	06/30/16	(15,647)
FY 2016-17	3,197,500	6.61-9.83	07/01/16	06/30/17	(10,831)
FY 2017-18	2,190,000	6.76-7.14	07/01/17	06/30/18	(5,673)
Total	15,260,000	6.37-9.85	07/01/13	06/30/18	\$ (48,517)

* Contract quantities in MMBtu - Million British Thermal Units

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The fair value of the natural gas hedges increased by \$18.8 million and is reported as a liability and is offset by a deferred outflow on the statement of net position. All fair values were estimated using forward market prices available from broker quotes and exchanges.

Credit Risk. DWP is exposed to credit risk related to nonperformance by its wholesale counterparties under the terms of contractual agreements. In order to limit the risk of counterparty default, DWP has implemented a Wholesale Marketing Counterparty Evaluation Policy, which was amended and renamed as Counterparty Evaluation Credit Policy (Counterparty Policy), and was approved by the DWP Board on May 6, 2008. Under the new policy, the scope has been expanded beyond physical power to include transmission, physical natural gas, and financial natural gas. Also, the credit limit structure has been categorized into short-term and long-term structures where the short-term structure is applicable to transactions with terms of up to 18 months and the long-term structure to cover transactions beyond 18 months.

The Counterparty Policy includes provisions to limit risk including: the assignment of internal credit ratings to all DWP's counterparties based on counterparty and/or debt ratings; the use of expected default frequency equivalent credit rating for short-term transactions; the requirement for credit enhancements (including advance payments, irrevocable letters of credit, escrow trust accounts, and parent company guarantees) for counterparties that do not meet an acceptable level of risk; and the use of standardized agreements, which allow for the netting of positive and negative exposures associated with a single counterparty.

As of June 30, 2014, the 10 financial natural gas hedge counterparties were rated by Moody's as follows: three at Aa3, four at A2, one at Baa1, one at Baa2, and one WR. The counterparties were rated by S&P as follows: two at AA-, one at A+, five at A, and two at A-.

Based on the International Swap Dealers Association agreements, DWP or the counterparty may be required to post collateral to support the financial natural gas hedges subject to credit risk in the form of cash, negotiable debt instruments (other than interest-only and principal-only securities), or eligible letters of credit. Collateral posted is held by a custodian. As of June 30, 2014, the fair values of the financial natural gas hedges are within the credit limits and collateral posting was not required.

Basis Risk. DWP is exposed to basis risk between the financial natural gas hedges, which are settled monthly at NW Rocky Mountains Index, and the hedged gas deliveries, which are daily spot purchases at Kern River, Opal prices. However, these pricing points are in the same region and are highly correlated.

Termination Risk. DWP or its counterparties may terminate the contractual agreements if the other party fails to perform under the terms of the contract. No termination events have occurred and there are no out-of-the-ordinary termination events contained in contractual documents.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Fire and Police Pension and Health Subsidy Plans

At June 30, 2014, the Pensions' investments are as follows (in thousands):

Investment Type	Pension Plan	Health Subsidy Plan	Total
Short Term Investments Funds	\$ 797,306	\$ 60,656	\$ 857,962
U.S. Government Obligations	1,871,172	142,350	2,013,522
Domestic Corporate Bonds	1,331,856	101,321	1,433,177
International Bonds	6,327	481	6,808
Domestic Stocks	6,935,870	527,648	7,463,518
International Stocks	3,378,350	257,009	3,635,359
Real Estate	1,319,437	100,377	1,419,814
Venture Capital and Alternative Investments	1,479,784	112,575	1,592,359
Security Lending Collateral	1,398,736	106,409	1,505,145
Total	<u>\$ 18,518,838</u>	<u>\$ 1,408,826</u>	<u>\$ 19,927,664</u>

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways Pensions manages its exposure to interest rate risk is by requiring a fixed income investment manager to maintain the effective duration of their portfolio within a specified range of (1) the Barclays US Aggregate Bond Index for core fixed income investments, (2) the Barclays US Government/Credit Long-Term Bond Index for long duration investments, and (3) the B of A ML High Yield Master II Index for high yield investments. The longer the duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the Pensions' investments to interest rate fluctuations is provided in the following table that shows the weighted average effective duration of the Pensions' fixed income investments by investment type:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
Asset Backed Securities	\$ 30,749	12.21
Commercial Mortgages	42,816	29.49
Corporate Bonds	1,327,268	16.54
Government Agencies Bonds	75,075	9.29
Government Bonds	780,898	8.09
Government Mortgage Backed Securities	355,297	25.66
Index Linked Government Bonds	810,769	9.53
Non-Government Backed Collateralized Mortgage Obligations	2,342	22.05
Bond Index Fund *	28,293	N/A
Total	<u>\$ 3,453,507</u>	

* Shares are in commingled fixed income funds.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Investments that are highly sensitive to interest rate risk at June 30, 2014 are as follows (in thousands):

Investment Type	Amount
Asset Backed Securities	\$ 30,749
Commercial Mortgages	42,816
Government Agencies Bonds	75,075
Government Mortgage Backed Securities	355,297
Index Linked Government Bonds	810,769
Non-Government Backed Collateralized Mortgage Obligations	2,342
Total	<u>\$ 1,317,048</u>

Credit Risk. Pensions seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk within this asset class. As of June 30, 2014, the quality ratings of Pensions' fixed income investments are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 1,551,036	51.63 %
AA	78,109	2.60
A	263,365	8.77
BBB	477,905	15.91
BB	214,404	7.13
B	232,554	7.74
CCC	55,108	1.83
CC	8,020	0.27
C	548	0.02
Not Rated	123,097	4.10
Subtotal	<u>3,004,146</u>	<u>100.00 %</u>
U.S. Government Issued or Guaranteed Securities	<u>449,361</u>	
Total Fixed Income Investments	<u>\$ 3,453,507</u>	

Concentration of Credit Risk. As of June 30, 2014, Pensions' investment portfolio has no concentration of investments of 5% or more of the total investment portfolio in any one entity except those issued or guaranteed by the U.S. Government.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk. For deposits, custodial credit risk for deposits is the risk that, in the event of a bank failure, Pensions' deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2014, Pensions' exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to \$15.8 million. For investment securities, custodial credit risk is the risk that, in the event of the failure of the counterparty, Pensions will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in Pensions' name, and held by the counterparty. As of June 30, 2014, Pensions' investments in publicly traded stocks and bonds were not exposed to custodial risk since they are all held by the custodian and are registered in Pensions' name. As of June 30, 2014, Pensions' investments in hedge funds of \$92.6 million, private equity of \$1,499.8 million, and commingled real estate funds of \$744.0 million, were exposed to custodial credit risk, respectively.

Foreign Currency Risk. The Pensions' asset allocation policy sets a target of 18% of the total portfolio for non-U.S. equity investments. The majority of Pensions' currency exposure comes from its holdings of foreign stocks. Pensions' foreign investment holdings, including foreign currencies in temporary investments at June 30, 2014 are as follows (in thousands):

Foreign Currency	Amount
Australian Dollar	\$ 132,010
Brazilian Real	59,566
British Pound Sterling	709,217
Canadian Dollar	44,200
Chilean Peso	5,024
Columbian Peso	3,126
Czech Koruna	4,785
Danish Krone	49,520
Euro	849,981
Hong Kong Dollar	245,200
Hungarian Forint	4,263
Indian Rupee	72,862
Indonesian Rupiah	31,451
Japanese Yen	623,545
Malaysian Ringgit	23,263
Mexican Peso	27,390
New Israeli Shekel	7,257
New Taiwan Dollar	119,040
New Zealand Dollar	3,587
Nigerian Naira	5,045
Norwegian Krone	18,469
Philippine Peso	6,215
Polish Zloty	12,759
Singapore Dollar	36,545
South African Rand	78,007
South Korean Won	153,263
Swedish Krona	88,204
Swiss Franc	181,747
Thai Baht	19,802
Turkish Lira	26,824
Total	<u>\$ 3,642,167</u>

The foreign currency total is comprised of foreign stocks and foreign bonds.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Money-Weighted Rate of Return. The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on Pensions' investments, gross of investment expense, for the year ended June 30, 2014, was 17.84%. The source for the rate of return was the June 30, 2014 Investment Hierarchy provided by the custodian bank, Northern Trust.

Securities Lending Transactions. Pensions has entered into various short-term arrangements with its custodian, whereby investments are loaned to various brokers, as selected by the custodian. The lending arrangements are collateralized by cash, letters of credit, and marketable securities held on Pensions' behalf by the custodian. These agreements provide for the return of the investments and for a payment of: a) a fee when the collateral is marketable securities or letters of credit, or b) interest earned when the collateral is cash on deposit.

Upon direction of the Pensions Board, the custodian may loan securities to brokers or dealers or other borrowers upon such terms and conditions, as it deems advisable. Collateral for the securities on loan will be maintained at a level of at least 102% of their fair value plus any accrued interest for U.S. securities lending and 105% of the fair value plus any accrued interest for non-U.S. securities lending. At year-end, Pensions has no credit risk exposure to borrowers because the amounts the Pensions owes the borrowers exceed the amounts the borrowers owe Pensions.

Borrowers of Pensions' securities have all incidents of ownership with respect to the borrowed securities and collateral including the right to vote and transfer or loan borrowed securities to others. Pensions is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify Pensions as a result of the custodian's failure to: (1) make a reasonable determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action, (2) demand adequate collateral, or (3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examinations Council Supervisory Policy on Securities Lending.

As of June 30, 2014, the fair value of securities lent was \$1,610.9 million and the fair value of collateral received was \$1,653.4 million. Of the \$1,653.4 million collateral received, \$1,505.1 million was cash collateral and \$148.3 million represented the fair value of non-cash collateral. Non-cash collateral, which Pensions does not have the ability to pledge or sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The following represents the balances relating to the security lending transactions as of June 30, 2014 (in thousands):

Fair value of collateral received for loaned securities as of June 30, 2014:

<u>Securities Lent</u>	<u>Cash</u>	<u>Non-Cash</u>	<u>Total Collateral Securities</u>
U.S. Government and Agency Securities	\$ 83,979	\$ 113,972	\$ 197,951
Domestic Corporate fixed Income Securities	94,044	674	94,718
International Stocks	1,327,123	33,666	1,360,789
	<u>\$ 1,505,146</u>	<u>\$ 148,312</u>	<u>\$ 1,653,458</u>

Fair value of loaned securities as of June 30, 2014:

<u>Securities Lent</u>	<u>Cash</u>	<u>Non-Cash</u>	<u>Total Fair Value of Underlying Securities</u>
U.S. Government and Agency Securities	\$ 78,551	\$ 106,817	\$ 185,368
Domestic Corporate fixed Income Securities	92,040	661	92,701
International Stocks	1,299,773	33,008	1,332,781
	<u>\$ 1,470,364</u>	<u>\$ 140,486</u>	<u>\$ 1,610,850</u>

Derivative Instruments. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments are as follows (in thousands):

<u>Type</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2014</u>		<u>Notional Amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Futures - Shorts		\$ --	Investment	\$ --	\$ (98)
Futures - Longs	Investment Revenue	(1,551)	Investment	--	1,571
Forwards	Investment Loss	393	Investment	6	--
Rights/Warrants	Investment Revenue	(934)	Investment	160	--

At June 30, 2014, Pensions held futures-shorts and futures-longs with a notional value of \$(0.1) million and \$(1.6) million, respectively, with a realized gain of \$1.6 million for the fiscal year. Pensions held forwards with a fair value of \$0.01 million and rights and warrants with a fair value of \$0.2 million. Loss of \$0.4 million for forwards and \$0.9 million earnings for rights and warrants were reported.

The fair values of the futures that are traded on various exchanges are determined by the price on that exchange. Fair values for the currency forward contracts are determined by the exchange rate of the reference currency on the last day of the reporting period.

Credit Risk. Pensions enters into futures and forward foreign currency contracts to manage portfolio risk or use them as substitutes for owning securities. Forward contracts are subject to credit risk if the counterparties to the contracts are unable to meet the terms of the contract. Futures contracts have little credit risk, as organized exchanges are the guarantors. Due to the level of risk associated with derivative investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amount reported in the financial statements.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Los Angeles City Employees' Retirement and Postemployment Health Care Plans

At June 30, 2014, LACERS' investments are as follows (in thousands):

Investment Type	Retirement Plan	Postemployment Health Care Plan	Total
Short Term Investments (non-U.S. of \$203,383)	\$ 578,463	\$ 102,138	\$ 680,601
U.S. Government Obligations	415,440	73,353	488,793
Municipal Bonds	5,394	952	6,346
Domestic Corporate Bonds	993,904	175,490	1,169,394
International Bonds	427,177	75,425	502,602
Bank Loan	1,408	249	1,657
Opportunistic Debt	10,877	1,921	12,798
Domestic Stocks	4,529,612	799,779	5,329,391
International Stocks	2,794,440	493,405	3,287,845
Mortgages-Backed Securities	564,050	99,592	663,642
Government Agencies	25,345	4,475	29,820
Real Estate	599,688	105,885	705,573
Derivative Instruments	152	27	179
Venture Capital and Alternative Investments	1,072,883	189,436	1,262,319
Security Lending Collateral	869,081	153,451	1,022,532
Total	<u>\$ 12,887,914</u>	<u>\$ 2,275,578</u>	<u>\$ 15,163,492</u>

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways LACERS manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. High Yield 2% Capped Index, the BC Intermediate Government Credit Index, the BC Aggregate Bond Index, or the J.P. Morgan EMBI Global Diversified Index, depending on the Board's mandates. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Information about the sensitivity of the fair values of LACERS' investments to market interest rate fluctuations is provided by the following table that shows the weighted average effective duration of LACERS' fixed income securities by investment type:

Investment Type	Fair Value (in thousands)	Weighted Average Duration (in years)
Asset Backed Securities	\$ 43,636	2.23
Bank Loan	1,657	2.38
Commercial Mortgage Backed Securities	115,997	2.38
Corporate Bonds	1,519,652	5.59
Government Agencies	39,864	6.14
Government Bonds	522,998	4.93
Government Mortgage Backed Securities	551,141	3.97
Index Linked Government Bonds	43,371	9.28
Municipal/Provincial Bonds	6,752	6.27
Nongovernment Backed Collateralized Mortgage Obligations	17,186	1.89
Opportunistic Debts	12,798	0.10
Total	<u>\$ 2,875,052</u>	

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by a NRSRO as of June 30, 2014, are as follows:

Credit Rating	Fair Value (in thousands)	Percentage
AAA	\$ 71,086	3.02 %
AA	696,056	29.61
A	426,587	18.15
BBB	676,298	28.77
BB	238,264	10.14
B	116,255	4.95
CCC	29,661	1.26
CC	1,478	0.06
C	249	0.01
D	3,542	0.15
Not Rated	91,410	3.88
Subtotal	<u>2,350,886</u>	<u>100.00 %</u>
U.S. Government Issued or Guaranteed Securities *	<u>524,166</u>	
Total Fixed Income Investments	<u>\$ 2,875,052</u>	

*Consists of U.S. Government Bonds and GNMA Mortgage-Backed Securities which had the AA+ rating.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk. LACERS' investment portfolio as of June 30, 2014, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure of depository financial institution, LACERS would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. As of June 30, 2014, LACERS has exposure to such risk in the amount of \$26.0 million, or 0.65% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 16 different investment managers, and held outside of LACERS custodial bank. LACERS' policy requires each individual publicly traded equities investment managers to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, LACERS would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not insured, or are not registered in LACERS' name, and held by the counterparty. LACERS' investments are not exposed to custodial credit risk if they are insured or registered in LACERS' name. LACERS' investments were not exposed to custodial credit risk because all securities were held by LACERS' custodial bank in LACERS' name.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERS' Asset Allocation policy sets a target of 29% of the total portfolio for non-U.S. investments in equities. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce the foreign currency risk. LACERS' non-U.S. currency investment holdings as of June 30, 2014, which represent 21.6% of the fair value of total investments, are as follows:

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Foreign Currency	Fair Value
Argentine peso	\$ 33
Australian dollar	149,423
Brazilian real	41,054
British pound sterling	595,506
Canadian dollar	166,799
Chilean peso	2,487
Chinese yuan renminbi	737
Colombian peso	1,066
Czech koruna	737
Danish krone	65,421
Egyptian pound	847
Euro	922,130
Hong Kong dollar	152,723
Hungarian forint	2,893
Indian rupee	33,213
Indonesian rupiah	7,782
Japanese yen	488,338
Malaysian ringgit	10,305
Mexican peso	19,028
New Ghana cedi	159
New Israeli shekel	7,985
New Romanian leu	232
New Taiwan dollar	41,333
New Zealand dollar	3,515
Norwegian krone	37,298
Peruvian nuevo sol	460
Philippine peso	12,308
Polish zloty	6,302
Qatari rial	1,283
Russian ruble	4,115
Singapore dollar	45,571
South African rand	28,170
South Korean won	77,897
Swedish krona	70,970
Swiss franc	259,997
Thai baht	10,736
Turkish lira	9,583
United Arab Emirates dirham	1,545
Total	<u>\$ 3,279,981</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Highly Sensitive Investments. Highly sensitive investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. Terms include embedded options, coupon multipliers, benchmark indexes, and reset dates. LACERS' asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the fair value of LACERS' asset-backed investments by investment type (in thousands):

Investment Type	Fair Value
Asset Backed Securities	\$ 43,636
Commercial Mortgage Backed Securities	115,997
U.S Agencies Securities	39,864
Government Mortgage Backed Securities	551,141
Nongovernment Backed Collateralized Mortgage Obligations	17,186
Total	<u>\$ 767,824</u>

Money-Weighted Rate of Return. For the year ended June 30, 2014, the annual money-weighted rate of return on LACERS investments, net of investment expenses was 18.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Derivative Instruments. LACERS enters into derivative contracts for investment purposes and to manage risks associated with its investment portfolio. For financial reporting purposes, all of LACERS derivatives are classified as investment derivatives.

The notional amount and the fair value of derivative instruments as of June 30, 2014, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Equity Index	\$ 18,992	\$ 7	\$ (72)
Interest Rate	(34,604)	(145)	15
Currency Forward			
Contracts	23,480	(8)	14
Right / Warrants	N/A	180	96
Total Value		<u>\$ 34</u>	<u>\$ 53</u>

Credit Risk. Derivatives are subject to credit risk that the counterparty to a contract will default. LACERS is exposed to credit risk on reported assets of the investment derivatives that are traded over the counter. The credit risk of exchange traded derivatives for future contracts is considered minimal because the exchange clearing house is the counterparty and guarantees the performance.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

LACERS permits investment managers, under the terms of individual guidelines, to use derivative instruments as set forth in each manager's investment guidelines to control portfolio risk. It is the responsibility of these investment managers to actively monitor counterparties on their financial safety and ensure compliance with the investment restrictions. LACERS has no general investment policy with respect to netting arrangements or collateral requirements. However, these individual investment managers have set up the arrangements with the counterparties to net off the positive and negative contracts with the same counterparty in case of the counterparty's default.

As of June 30, 2014, without respect to netting arrangements, LACERS maximum loss on derivative instruments subject to credit risk, namely currency forward contracts, is as follows (in thousands):

S & P Ratings	Fair Value
AA-	\$ 33
A	30
Total Credit Risk	<u>\$ 63</u>

Securities Lending Transactions. LACERS has entered into various short-term arrangements with its custodian under Article XXXIV Section 504 of the City Charter, whereby securities are lent to various brokers. The custodian determines which lenders' accounts to lend securities from by using an impartial sequential system that matches loan requests with various lenders' accounts. All lenders are deemed to have relatively equal opportunity to profit from the lending of securities. Therefore, should a collateral deficiency occur beyond the custodian's responsibilities, the deficiency is allocated pro rata among all lenders.

Minimum collateralization is 102% of the fair value of the borrowed U.S. securities and 105% for international securities. Collateral consists of cash, government and corporate securities, and commercial bank obligations. Cash collateral may be invested separately or pooled in a separate fund for investing in money market or high quality short and intermediate term investments.

LACERS cannot pledge or sell non-cash collateral unless the borrower defaults. The cash collateral values of securities on loan to brokers are shown at their fair values on the Statement of Fiduciary Net Position. As of June 30, 2014, LACERS had no credit risk exposure to borrowers because the amounts LACERS owed the borrowers exceed the amounts the borrowers owed LACERS. All securities loans can be terminated on demand by either LACERS or the borrower. Because of this nature, their duration did not generally match the duration of the investment made with the cash collateral.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The following tables represent the balances of collateral received and loaned securities as of June 30, 2014 (in thousands):

Fair value of collateral received for loaned securities as of June 30, 2014:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	\$ 321,530	\$ --	\$ 321,530
Domestic Corporate Fixed Income Securities	187,673	29	187,702
International Fixed Income Securities	24,366	3,276	27,642
Domestic Stocks	440,547	1,465	442,012
International Stocks	48,416	438,546	486,962
	<u>\$ 1,022,532</u>	<u>\$ 443,316</u>	<u>\$ 1,465,848</u>

Fair value of loaned securities as of June 30, 2014:

Securities Lent	Cash	Non-Cash	Total Fair Value of Underlying Securities
U.S. Government and Agency Securities	\$ 315,286	\$ --	\$ 315,286
Domestic Corporate Fixed Income Securities	183,759	29	183,788
International Fixed Income Securities	23,269	3,115	26,384
Domestic Stocks	431,315	1,435	432,750
International Stocks	45,439	409,083	454,522
	<u>\$ 999,068</u>	<u>\$ 413,662</u>	<u>\$ 1,412,730</u>

As of June 30, 2014, the fair value of the lent securities was \$1.412.7 million. The fair value of associated collateral was \$1,465.8 million. Of this amount, \$1,022.5 million represents the fair value of cash collateral and \$443.3 million represents the fair value of the non-cash collateral. Non-cash collateral, which LACERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Water and Power Employees' Retirement, Disability, and Death Benefit Insurance; and Retiree Health Benefits Plans**

At June 30, 2014, DWP Plans' investments are as follows (in thousands):

Investment Type	Retirement, Disability, and Death Benefit Insurance Plan	Retiree Health Benefits Plan	Total
Domestic Stocks	\$ 4,285,393	\$ 728,475	\$ 5,013,868
International Stocks	2,139,410	365,501	2,504,911
Mortgage-Backed Securities	260,961	41,963	302,924
Domestic Corporate Bonds	597,534	104,463	701,997
International Bonds	5,819	--	5,819
Venture Capital and Alternative Investments	710,533	111,587	822,120
Real Estate	326,017	36,780	362,797
U.S. Treasuries	532,859	95,381	628,240
U.S. Agency Notes	637,727	105,964	743,691
Short Term Investments	294,820	36,213	331,033
Security Lending Collateral	999,882	174,870	1,174,752
Total	<u>\$ 10,790,955</u>	<u>\$ 1,801,197</u>	<u>\$ 12,592,152</u>

Credit Risk. DWP Plans' investment policy is to apply the "prudent-person" standards. Investments are made with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. DWP Plans' investment policy has been designed to produce the most favorable long-term total portfolio return consistent with reasonable levels of risks. Prudent risk-taking is warranted within the context of overall portfolio diversification. DWP Plans' investment policy for fixed income allows investment grade and high yield fixed income securities with minimum credit ratings of BBB- or Baa3 by two or more rating agencies. Investment managers shall notify DWP Plans' management of subsequent declines in ratings and shall develop an investment strategy for investments rated below Baa3 or BBB-. Active high yield fixed income investment is composed primarily of non-investment grade securities as rated by Moody's, S&P or Fitch.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The credit ratings of DWP Plans' fixed income investments at June 30, 2014 are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 202,569	15.10 %
AA+	24,135	1.80
A or better	227,998	16.99
B or better	470,633	35.07
C or better	34,213	2.55
D or better	97	0.01
Not Rated	382,128	28.48
Subtotal	1,341,773	100.00 %
U.S. Government Issued or Guaranteed Securities	1,371,931	
Total Fixed Income Investments	\$ 2,713,704	

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of a bank failure, DWP Plans' deposits may not be returned. As of June 30, 2014, DWP Plans' cash balances consist primarily of cash deposits in the City Treasury.

Concentration of Credit Risk. According to DWP Plans' investment policy, no more than 5% of investments shall be invested in any one issue, except for investment in the fixed income asset class where no more than 10% of investments shall be invested in any one issue. United States Treasury or United States Agency issues are exempted from this limitation. As of June 30, 2014, there were no investment holdings of more than 5% in any one issue in each of the Plans' net position or in DWP Plans' aggregate, except investments issued or guaranteed by the U.S. Government and investments in commingled funds.

Interest Rate Risk. As of June 30, 2014, DWP Plans' exposure to interest rate risk is as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 628,240	6.23
U.S. Agency Notes	743,691	19.23
Domestic Corporate Bonds	701,997	13.59
Mortgage-Backed Securities	302,924	11.64
International Bonds	5,819	11.45
Short Term Investments	331,033	0.06
Total	\$ 2,713,704	10.54

DWP Plans has a long-term investment horizon and utilizes an asset allocation that encompasses a long-run perspective of capital markets. DWP Plans maintains an interest rate risk consistent with its long-term investment horizon.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Foreign Currency Risk. DWP Plans' investment policy permits the investment in foreign currency of up to 21% of total investments in non-U.S. investments. As of June 30, 2014, DWP Plans' exposure to foreign currency risk is 13.16% of the fair value of total investments, as follows (in thousands):

Foreign Currency	Amount
Australian Dollar	\$ 67,673
Brazilian Real	30,263
Canadian Dollar	74,395
Chilean Peso	510
Danish Krone	22,482
Euro	452,069
Hong Kong Dollar	50,549
Indonesian Rupiah	10,063
Japanese Yen	293,829
Malaysian Ringgit	12,454
Mexican Peso	19,344
New Taiwan Dollar	3,903
New Turkish Lira	755
New Zealand Dollar	3,379
Norwegian Krone	8,267
Pound Sterling	350,502
S. African Comm Rand	41,935
Singapore Dollar	7,986
South Korean Won	5,265
Swedish Krona	32,979
Swiss Franc	157,737
Thailand Baht	11,279
Total	<u>\$ 1,657,618</u>

Money-Weighted Rate of Return. For the year ended June 30, 2014, the annual money-weighted rate of return on DWP Plans' investments, net of investment expense, was 17.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Derivative Instruments. The fair value balances and notional amounts of derivatives instruments outstanding at June 30, 2014, classified by type, and the changes in fair values of such derivative instruments are as follows (in thousands):

Type	Changes in Fair Value		Fair Value		Notional Amount
	Classification	Amount	Classification	Amount	
Forward Contracts	Investment				
	Income / (Loss)	\$ (5,164)	Investment	\$ 107	\$ 197,123
Call Options	Investment				
	Income / (Loss)	(1,877)	Investment	11,089	800,558

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2014, DWP Plans had direct commitments to purchase and/or sell foreign currency in the forms of forward contracts as part of the strategy of hedging its currency risk. The fair values of forward contracts were based on the market price. At June 30, 2014, DWP Plans also had written S&P 500 call options as part of its asset allocation strategy. The fair value of the call options is based on market prices.

Securities Lending Transactions. DWP Plans' custodial bank manages its securities lending program. DWP Plans or the borrowers can terminate the contract with advance notice. Prior to August 2013, the lending arrangements are collateralized by cash and marketable securities (guaranteed by the full faith and credit of the U.S. Government) at (i) 102% with respect to U.S. Securities; (ii) 105% with respect to foreign securities; or (iii) a mutually agreed percentage of the underlying securities' market value. In August 2013, DWP Plans Board adopted an amendment to the securities lending program to expand the acceptance of equities as non-cash collateral. Equities received are required to be collateralized at 110% with respect to loaned securities' value. The custodial bank will assume the equity risk and indemnify the Plan 100% for any shortfall if a loan position is not returned, and proceeds from the sale of equity collateral were insufficient to replace the loan position.

These arrangements provide for the return of the investments and a share of the interest earned on the collateral. The securities on loan to brokers remain the property of DWP Plans and continue to be included in their respective accounts on the Statement of Fiduciary Net Position. As of June 30, 2014, DWP Plans has no credit risk exposure because the value of the collateral received exceeded the value of the securities on loan.

DWP Plans' custodian is the authorized agent to handle DWP Plans securities lending activity. DWP Plans' custodian may invest the cash collateral received in connection with securities on loan in investments permitted by DWP Plans. DWP Plans bears sole risk of all losses of the invested collateral, including losses incurred in the event of liquidation of the permitted investments. The custodian bank is responsible for the return of loaned securities from borrowers. DWP Plans does not have the ability to pledge or sell collateral assets unless the borrower is in default of its obligation. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which has an average maturity of 24 days as of June 30, 2014.

The fair values of the underlying securities on loan, collateralized by cash and securities as of June 30, 2014 are (in thousands):

<u>Securities on Loan</u>	<u>Amounts</u>
Common Stock	\$ 778,759
Corporate Debt	112,553
U.S. Agency Notes	1,024
U.S. Treasuries	285,770
U.S. Treasury STRIPs	43,006
U.S. TIPS	120,337
	<u>\$ 1,341,449</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Others

Other investments are generally those required to be deposited in accounts established under various bond indentures and will be held, invested and reinvested by the trustees/fiscal agents in permitted investments as defined in the indentures. Investment maturities are scheduled to coincide with bond retirement and interest payments. At June 30, 2014, other investments are as follows (in thousands):

Investment Type	Amount	Investment Maturities			
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days To 5 Years
Short Term Investment Funds	\$ 383	\$ 383	\$ --	\$ --	\$ --
U.S. Agencies Securities	71,269	5,680	--	35,089	30,500
Mutual Funds	61,593	61,593	--	--	--
Money Market Funds	476,627	476,627	--	--	--
State of California LAIF	216,153	--	--	216,153	--
Guaranteed Investment Contracts	10,454	--	--	--	10,454
Total	<u>\$ 836,479</u>	<u>\$ 544,283</u>	<u>\$ --</u>	<u>\$ 251,242</u>	<u>\$ 40,954</u>

Credit Risk. At June 30, 2014, the investments in U.S. Agencies Securities have attained the highest possible ratings as follows: AA+ by S&P and Aaa by Moody's. The mutual funds and money market funds were rated AAAM by S&P, and AAa by Moody's. Short term investment funds and guaranteed investment contracts were not rated.

As of June 30, 2014, investments in the Local Agency Investment Fund (LAIF) held by fiscal agents totaled \$216.2 million. The total amount invested by all public agencies in LAIF at that date was \$21.1 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2014, the investments in the PMIA totaled \$64.9 billion, of which 98% is invested in non-derivative financial products and 2% in structured notes and asset-backed securities. The weighted average maturity of LAIF investments was 232 days as of June 30, 2014. LAIF is not rated.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not insured, or at not registered in the City's name, and held by the counterparty. City's investments with fiscal agents are not exposed to custodial risk since they are held by custodial banks and registered in the City's name.

Concentration of Credit Risk. According to the City's Investment Policy, no more than 10% of the portfolio, except U.S. Treasuries and Agencies, may be invested in securities of a single issuer including its related entities. There is no specific requirement in the agreements with fiscal agents that limits the amount fiscal agents may invest in any one issuer. At June 30, 2014, the City had no investment holdings of more than 10% in any one issuer except for the investments issued or guaranteed by the U.S. government.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**B. Receivables****Primary Government**

The primary government's net receivables at June 30, 2014 are as follows (in thousands):

	Governmental Activities	Business-type Activities
Gross Receivables		
Taxes	\$ 523,855	\$ --
Accounts	551,825	1,146,603
Special Assessments	13,107	--
Investment Income	11,093	7,590
Intergovernmental	288,523	58,885
Loans and Notes	2,117,152	774,643
Total	3,505,555	1,987,721
Allowance for Uncollectibles		
Taxes	(25,378)	--
Accounts	(355,264)	(132,327)
Loans and Notes	(1,570,188)	--
Total	(1,950,830)	(132,327)
Net Receivables	\$ 1,554,725	\$ 1,855,394
Net Receivables not scheduled for collection during the subsequent year:		
Loans, Notes and Intergovernmental	\$ 499,549	\$ 738,366

The majority of the governmental activities loans consist of grant funded loans provided as follows: 1) to property owners for the upgrading and rehabilitation of residential or rental properties to eliminate the spread of slums and blight and repair earthquake damage; 2) to businesses to carry out economic development projects; and 3) to community based organizations to acquire, construct or improve existing public facilities. Interest rates ranged from 0.5% to 14.0% for outstanding interest bearing loans. The principal and interest are paid either monthly, quarterly, annually (amortizing loans), or when residual receipts are generated in accordance with the loan agreements (residual receipts loans), or deferred until maturity, transfer of title or sale of property occurs (deferred loans).

The majority of business-type activities loans includes Power's long-term notes of \$703.6 million from Intermountain Power Agency (refer to Note 5C).

Loans Receivable

The City uses funds generated from the former CRA, state and federal funding sources to offer financial assistance and below-market interest rates to qualified developers, individuals and families primarily for housing development, rehabilitation, and economic development. Repayment terms on these loans can be classified in the following categories: 1) Deferred loans are due and payable only upon sale or transfer of title to the property; 2) Amortizing loans have a set monthly payment which may be interest bearing or principal only; 3) Service payback are loans which by their terms result in no money being paid to the City; 4) Forgivable loans may convert to grants depending on the terms of the loan agreements;

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

5) Residual receipts loans require repayments only when the properties have positive cash flows pursuant to a formula set forth in the loan agreement; 6) Renewal deferred loans have no scheduled debt service other than renewable maturity dates and may be routinely extended; 7) Terms loans are essentially balloon payment loans; and 8) Equity share loans have a 30-year term with the original principal amount plus a percentage share of the home appreciation paid upon sale, transfer or other repayment event.

In the financial statements, loans receivable are reported net of the allowance for uncollectibles. In estimating the allowance, the following were considered: a) composition of the loan portfolio; b) past write-off experience, c) past market valuation; and d) average year-end allowance balance as a percentage of the total portfolio. The allowance estimate is continually evaluated and adjusted to reflect what management believes to be the net realizable value of the total loan portfolio.

C. Restricted Assets

The primary government's restricted assets are composed of the following at June 30, 2014 (in thousands):

	Governmental Activities	Business-type Activities
Cash and Investments		
Cash and Pooled Investments	\$ 951,944	\$ 2,433,634
Cash and Investments with Fiscal Agents	112,130	1,342,421
Subtotal	1,064,074	3,776,055
Other Restricted Assets		
Investment Income Receivable	--	2
Total (Refer to Note 1E)	<u>\$ 1,064,074</u>	<u>\$ 3,776,057</u>

D. Joint Ventures**Intermodal Container Transfer Facility Joint Powers Authority**

Harbor and the City of Long Beach, California (Port of Long Beach) entered into a joint powers agreement to form the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) for the purpose of financing and constructing a facility to transfer cargo containers between trucks and railroad cars. Harbor contributed \$2.5 million to the ICTF as part of the agreement. The facility, which began operations in December 1986, was developed by Southern Pacific Transportation Company (SPTC, subsequently a wholly owned subsidiary of Union Pacific Corporation), which operates the facility under a long-term lease agreement. Harbor appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. Both Harbor and Port of Long Beach share income and equity distributions equally.

Pursuant to an indenture of trust dated November 1, 1984, the ICTF issued \$53.9 million in bonds (1984 Bonds) on behalf of the SPTC to construct the facility. In 1989, the ICTF issued \$52.3 million in refunding bonds (1989 Bonds) on behalf of the SPTC to advance refund all of the 1984 Bonds. In 1999, the ICTF, on behalf of the SPTC, again issued \$42.9 million of refunding bonds (1999 Bonds) to advance refund all of the 1989 Bonds. The 1999 Bonds are payable solely from payments by the SPTC under the lease agreement for use of the facility. The nature of the bonds is such that the indebtedness is that of the SPTC and not of the ICTF, Harbor, or Port of Long Beach.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The ICTF's operations are financed from lease revenues by ICTF activities. The ICTF is empowered to perform those actions necessary for the development of the facility, including acquiring, constructing, leasing, and selling any of its property. Harbor's share of the ICTF's net position at June 30, 2014 totaled \$5.2 million. Separate financial statements for ICTF may be obtained from the Executive Director, Port of Long Beach, 4801 Airport Plaza Drive, Long Beach, California 90815.

Alameda Corridor Transportation Authority

In August 1989, Harbor and the Port of Long Beach entered into a joint powers agreement and formed the Alameda Corridor Transportation Authority (ACTA) for the purpose of establishing a comprehensive transportation corridor and related facilities consisting of street and railroad rights-of-way and an improved highway and railroad network along Alameda Street between the Harbor and Long Beach Freeways and the Harbor and Port of Long Beach in San Pedro Bay linking the two ports to the central Los Angeles area.

Harbor has no share of the ACTA's net position and income at June 30, 2014, and accordingly, they have not been recorded in the accompanying financial statements. If in the future, ACTA become entitled to distribute income or make equity distributions, Harbor and the Port of Long Beach shall share such income and equity distributions equally. If ACTA revenues are insufficient to pay ACTA debt obligations, Harbor will severally but not jointly with the Port of Long Beach pay up to 20% of any shortfall of that obligation on an annual basis. Any payments made to ACTA are in the form of an advance and subordinated to other obligations of the Harbor. Shortfall payments are not expected to occur until fiscal year 2020, at which time, payments are projected to be made each year over a four-year period. If shortfall payments are required, Harbor does not expect such payments will have a material effect on its financial condition. Separate financial statements for ACTA may be obtained from the Chief Financial Officer, Alameda Corridor Transportation Authority, One Civic Plaza Drive, Suite 350, Carson, California 90745.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**E. Capital Assets****Governmental Activities**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2014 is as follows (in thousands):

Governmental Activities	Balance June 30, 2013	Additions / Transfers	Deductions / Transfers	Balance June 30, 2014
Capital Assets Not Depreciated				
Land	\$ 739,443	\$ 3,362	\$ --	\$ 742,805
Infrastructure	171,379	21,788	--	193,167
Construction in Progress	915,405	140,416	(177,401)	878,420
Intangible Assets	8,441	2,440	(536)	10,345
Total Capital Assets Not Depreciated	1,834,668	168,006	(177,937)	1,824,737
Capital Assets Depreciated				
Buildings and Improvements	4,459,462	60,478	--	4,519,940
Machinery, Furniture and Equipment	1,385,354	88,909	(25,403)	1,448,860
Infrastructure	2,955,242	134,314	(752)	3,088,804
Intangible Assets	106,996	855	--	107,851
Total Capital Assets Depreciated	8,907,054	284,556	(26,155)	9,165,455
Less: Accumulated Depreciation/Amortization				
Buildings and Improvements	(1,329,701)	(113,133)	25,403	(1,417,431)
Machinery, Furniture and Equipment	(1,017,286)	(83,697)	752	(1,100,231)
Infrastructure	(1,173,361)	(57,711)	--	(1,231,072)
Intangible Assets	(38,632)	(8,557)	--	(47,189)
Total Accumulated Depreciation/Amortization	(3,558,980)	(263,098)	26,155	(3,795,923)
Total Capital Assets Depreciated/Amortized, Net	5,348,074	21,458	--	5,369,532
Governmental Activities				
Capital Assets, Net	<u>\$ 7,182,742</u>	<u>\$ 189,464</u>	<u>\$ (177,937)</u>	<u>\$ 7,194,269</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation/amortization expense was charged to functions/programs of the governmental activities as follows (in thousands):

Function/Program	Amount
General Government	\$ 31,414
Protection of Persons and Property	70,598
Public Works	49,709
Health and Sanitation	22,238
Transportation	38,869
Cultural and Recreational Services	48,569
Community Development	1,701
Total Depreciation Expense - Governmental Activities	<u>\$ 263,098</u>

Business-type Activities

Capital asset activity for business-type activities for the fiscal year ended June 30, 2014 is as follows (in thousands):

Business-type Activities	Balance June 30, 2013	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2014
Capital Assets Not Depreciated				
Land	\$ 2,597,779	\$ 23,275	\$ (39,515)	\$ 2,581,539
Construction in Progress	5,397,119	2,181,762	(2,326,892)	5,251,989
Intangible Assets	65,793	--	--	65,793
Total Capital Assets Not Depreciated	<u>8,060,691</u>	<u>2,205,037</u>	<u>(2,366,407)</u>	<u>7,899,321</u>
Capital Assets Depreciated				
Buildings, Facilities and Equipment	35,797,894	3,147,497	(72,369)	38,873,022
Leased Property and Improvements	9,500	--	(9,169)	331
Intangible Assets	10,711	5,360	--	16,071
Total Capital Assets Depreciated	<u>35,818,105</u>	<u>3,152,857</u>	<u>(81,538)</u>	<u>38,889,424</u>
Less: Accumulated Depreciation				
Buildings, Facilities and Equipment	(15,873,000)	(1,086,191)	113,209	(16,845,982)
Capital Assets Depreciated, Net	<u>19,945,105</u>	<u>2,066,666</u>	<u>31,671</u>	<u>22,043,442</u>
Natural Gas Field, Net	<u>272,158</u>	<u>330</u>	<u>(23,565)</u>	<u>248,923</u>
Nuclear Fuel at Amortized Cost	<u>44,686</u>	<u>12,179</u>	<u>(13,934)</u>	<u>42,931</u>
Business-type Activities Capital Assets, Net	<u>\$ 28,322,640</u>	<u>\$ 4,284,212</u>	<u>\$ (2,372,235)</u>	<u>\$ 30,234,617</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Additions to accumulated depreciation are accounted for as follows (in thousands):

Depreciation expense charged to functions of business-type activities:	
Airports	\$ 165,960
Harbor	124,221
Power	466,526
Water	123,337
Sewer	144,250
Other Enterprise Fund	15,670
Capitalized depreciation expense:	
Power	29,840
Water	16,387
Total	<u>\$ 1,086,191</u>

DWP's capitalized depreciation pertains to depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment that may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation pursuant to Title 18 Code of Federal Regulations (CFR) Part 101, Account 403 – Depreciation Expense.

Power has direct interests in several electric generating stations and transmission systems, which are jointly owned with other utilities. Power will incur certain minimal operating costs related to the jointly owned facilities, regardless of the amount or its ability to take delivery of its share of energy generated. Power's proportionate share of the operating costs of the joint plants is included in the corresponding categories of operating expenses. The following schedule shows the ownership interest in each jointly owned utility plant as included in capital assets in the statement of net position at June 30, 2014:

	Ownership Interest	Share of Capacity (megawatts)	Plant in Service (in thousands)	
			Cost	Accumulated Depreciation
Palo Verde Nuclear Generating Station	5.7 %	224	\$ 623,893	\$ 403,329
Navajo Generating Station	21.2	477	349,781	320,216
Mohave Generating Station	10.0	--	65,550	57,852
Pacific Intertie DC Transmission Line	40.0	1,240	183,253	63,072
Other Transmission Systems	--	various	96,144	57,571
Total			<u>\$ 1,318,621</u>	<u>\$ 902,040</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**F. Interfund Receivables, Payables, and Transfers**

The following tables are summaries of the City's interfund balances at June 30, 2014 (in thousands):

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	MICLA Special Revenue	\$ 2,627
	Proposition A Local Transit Assistance	1,769
	Recreation and Parks	163
	Solid Waste Resources	61
	Nonmajor Governmental Funds	38,248
	Sewer	757
		<u>43,625</u>
Recreation and Parks	Nonmajor Governmental Funds	<u>1,895</u>
Solid Waste Resources	General	12,312
	Recreation and Parks	806
	Nonmajor Governmental Funds	23
		<u>13,141</u>
Nonmajor Governmental Funds	General	39,960
	MICLA Special Revenue	42
	Proposition A Local Transit Assistance	408
	Recreation and Parks	5
	Nonmajor Governmental Funds	33,162
		<u>73,577</u>
Airports	General	<u>2,606</u>
Harbor	General	<u>4,885</u>
Power	Water	<u>40,314</u>
Sewer	General	38,350
	Recreation and Parks	2
	Nonmajor Governmental Funds	206
		<u>38,558</u>
Total		<u><u>\$ 218,601</u></u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The receivable balances of the General Fund are mainly from the various governmental funds, which represent short-term loans to cover tardy receipts of revenues, while the payable balance is composed primarily of encumbered and unexpended budgetary transfers for certain costs allocated to the various funds. Power's receivable from the Water is related to outstanding costs of certain services provided by the fund. The receivable balance of Sewer pertains to reconciliation of related cost reimbursements as of June 30, 2014.

The receivable balance of Airports from the General Fund pertains to the current portion of two cases that were settled related with the Federal Aviation Administration (FAA) audit findings of improper payments made by Airports to the General Fund discussed in Note 5C, while the receivable balance of Harbor from the General Fund is related to the current portion of a litigation settlement also discussed in Note 5C.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	\$ 8,155
	Convention Center	1,779
		<u>9,934</u>
MICLA Debt Service	Nonmajor Governmental Funds	<u>100,636</u>
Nonmajor Governmental Funds	General	77
	Recreation and Parks	221
	Nonmajor Governmental Funds	2,133
		<u>2,431</u>
Airports	General	<u>11,235</u>
Harbor	General	<u>5,033</u>
Sewer	General	6,091
	Nonmajor Governmental Funds	2,268
		<u>8,359</u>
Agency Funds	Nonmajor Governmental Funds	<u>30,481</u>
Total		<u>\$ 168,109</u>

The above balances represent interfund borrowings payable beyond one year. Advances from the General Fund represent borrowings to cover temporary revenue shortfalls. The \$2.1 million advances from nonmajor governmental funds are mainly for funding of housing projects and activities. The \$100.6 million MICLA Debt Service advances to other funds such as the redemption of the SPRF bonds; the repayment of SLAF liabilities to DWP and the State of California Energy Resources and Development Commission (California Energy); and Sixth Street Viaduct Improvement Fund. The payable balance of the General Fund to Airports pertains to the noncurrent portion of two cases that were settled related with the FAA audit findings of improper payments made by Airports to the General Fund discussed in Note 5C, while the payable balance of the General Fund to Harbor is related to the noncurrent portion of a litigation settlement discussed in Note 5C.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Interfund Transfers**

Transfers In	Transfers Out	Amount
General	MICLA Debt Service	\$ 2,249
	Nonmajor Governmental Funds	39,134
	Power	253,000
		<u>294,383</u>
MICLA Debt Service	General	149,961
	MICLA Special Revenue	91,947
		<u>241,908</u>
Proposition A Local Transit Assistance	General	<u>48</u>
Recreation and Parks	General	151,900
	Nonmajor Governmental Funds	2,109
		<u>154,009</u>
Solid Waste	General	<u>174</u>
Nonmajor Governmental Funds	General	232,180
	Proposition A Local Transit Assistance	2,921
	Solid Waste Resources	52,432
	Nonmajor Governmental Funds	114,203
		<u>401,736</u>
Total		<u>\$ 1,092,258</u>

Transfers are used to 1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and 3) move unrestricted revenues collected in certain enterprise funds to partially finance various programs in the General Fund in accordance with budgetary authorizations.

In fiscal year 2014, significant transfers include the following: 1) \$253.0 million from Power to the General Fund; 2) \$150.0 million from General Fund to MICLA Debt Service for debt requirement obligations; 3) \$152.0 million from the General Fund to fund the operation and maintenance of parks and various recreation facilities or activities; 4) \$232.2 million budget allocation from the General Fund to finance various departmental programs including \$119.0 million to the Library Department and \$ 56.9 million for payments of debt service obligations.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**G. Accounts Payable and Accrued Expenses**

The primary government's accounts payable and accrued expenses at June 30, 2014 are broken down as follows (in thousands):

	Governmental Activities	Business-type Activities
Accounts, Contracts and Retainage Payable	\$ 240,106	\$ 914,745
Accrued Salaries and Overtime Payable	149,214	84,046
Intergovernmental Payable	2,705	--
Other Current Liabilities (excluding workers compensation, claims, and pollution remediation liability)	--	55,920
Total	<u>\$ 392,025</u>	<u>\$ 1,054,711</u>

H. Long-term Liabilities**Governmental Activities**Changes in Long-term Liabilities

The changes in the governmental activities long-term liabilities for the fiscal year ended June 30, 2014 are as follows (in thousands):

	Balance June 30, 2013 (Restated)	Additions	Deductions	Balance June 30, 2014	Due Within One Year
General Obligation Bonds	\$ 1,103,285	\$ --	\$ (111,345)	\$ 991,940	\$ 104,205
Judgment Obligation Bonds	51,360	--	(6,785)	44,575	7,055
Certificates of Participation and Lease Revenue Bonds	1,807,315	39,795	(142,858)	1,704,252	125,178
Commercial Paper Notes	184,197	109,684	(38,000)	255,881	--
Special Assessment and Revenue Bonds	417,445	--	(115,620)	301,825	35,210
Subtotal Bonds and Notes	<u>3,563,602</u>	<u>149,479</u>	<u>(414,608)</u>	<u>3,298,473</u>	<u>271,648</u>
Add: Unamortized Premium and Discount, Restated	<u>152,268</u>	<u>--</u>	<u>(23,391)</u>	<u>128,877</u>	<u>--</u>
Total Bonds and Notes	3,715,870	149,479	(437,999)	3,427,350	271,648
Claims and Judgments, restated	2,434,074	643,110	(411,451)	2,665,733	289,827
Loans Payable to HUD	198,600	8,578	(22,193)	184,985	13,512
Compensated Absences	586,461	400,718	(383,599)	603,580	172,577
Landfill Liability	46,058	--	(858)	45,200	--
Estimated Pollution Remediation Liability	3,895	37,262	(6,154)	35,003	6,963
Net Pension Obligation	50,966	619	--	51,585	--
Net OPEB Obligation	<u>128,780</u>	<u>1,539</u>	<u>--</u>	<u>130,319</u>	<u>--</u>
Governmental Activities Long-term Liabilities	<u>\$ 7,164,704</u>	<u>\$ 1,241,305</u>	<u>\$ (1,262,254)</u>	<u>\$ 7,143,755</u>	<u>\$ 754,527</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**General Obligation Bonds (GO Bonds)**

The voter authorizations for GO Bonds are summarized as follows (in thousands):

Election Date	Project	Amount Authorized	Amount Issued as of June 30, 2014	Amount Authorized But Unissued
April 1989	Branch Library Facilities	\$ 53,400	\$ 53,400	\$ --
April 1989	Police Facilities	176,000	176,000	--
April 1989	Fire Safety Facilities	60,000	60,000	--
June 1990	Seismic Safety Projects	376,000	376,000	--
November 1998	Library Facilities	178,300	178,300	--
November 1998	Zoo Facilities	47,600	47,600	--
November 2000	Fire, Paramedic, Helicopter and Animal Shelter Projects	532,648	532,648	--
March 2002	Emergency Operations, Fire, Dispatch and Police Facilities	600,000	600,000	--
November 2004	Stormwater Projects	500,000	439,500	60,500
Total		<u>\$ 2,523,948</u>	<u>\$ 2,463,448</u>	<u>\$ 60,500</u>

The bonds are general obligations of the City payable as to principal and interest from proceeds of ad valorem taxes that may be levied, without limitation as to rate or amount, upon property subject to taxation by the City. The GO Bonds outstanding as of June 30, 2014 and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates (Percentage)	Original Amount	Outstanding Balance
Series 1998-A, Refunding	9/1/15	4.00% - 5.25%	\$ 119,990	\$ 21,440
Series 2002-A	9/1/22	2.50 - 5.25	262,200	13,110
Series 2002-B, Refunding	9/1/14	2.00 - 5.00	79,055	7,430
Series 2004-A	9/1/24	3.00 - 5.00	360,540	18,025
Series 2005-A	9/1/25	3.00 - 5.00	126,800	12,680
Series 2005-B, Refunding	9/1/20	3.00 - 5.00	73,080	72,275
Series 2006-A	9/1/26	4.00 - 5.00	71,023	45,630
Series 2008-A	9/1/28	3.75 - 5.00	101,000	75,750
Series 2009-A	9/1/23	1.50 - 4.00	123,550	88,250
Series 2009-B	9/1/29	5.50 - 5.65	52,950	52,950
Series 2011-A	9/1/31	1.50 - 5.00	117,000	105,300
Series 2011-B, Refunding	9/1/23	2.00 - 5.00	259,660	253,250
Series 2012-A, Refunding	9/1/25	5.00	225,850	225,850
Total			<u>\$ 1,972,698</u>	<u>\$ 991,940</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Annual debt service requirements to maturity for the GO bonds are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 104,205	\$ 44,685	\$ 148,890
2016	97,350	40,176	137,526
2017	86,565	35,930	122,495
2018	86,540	31,842	118,382
2019	86,420	27,757	114,177
2020-2024	368,495	80,976	449,471
2025-2029	135,990	21,092	157,082
2030-2032	26,375	1,565	27,940
Subtotal	991,940	284,023	1,275,963
Unamortized Premium and Discount	77,769	--	77,769
Total	<u>\$ 1,069,709</u>	<u>\$ 284,023</u>	<u>\$ 1,353,732</u>

Judgment Obligation Bonds (JOBs)

The City issued JOBs in June 2009 and June 2010 to pay for judgments related to civil rights violations and claims under the Fair Labor Standards Act. The JOBs outstanding at June 30, 2014, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates (Percentage)	Original Amount	Outstanding Balance
Series 2009-A	6/1/19	2.00% - 5.00%	\$ 20,600	\$ 11,265
Series 2010-A	6/1/20	4.00 - 5.00	50,875	33,310
Total			<u>\$ 71,475</u>	<u>\$ 44,575</u>

Annual debt service requirements to maturity for the JOBs are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 7,055	\$ 1,973	\$ 9,028
2016	7,340	1,691	9,031
2017	7,635	1,397	9,032
2018	7,990	1,038	9,028
2019	8,365	662	9,027
2020	6,190	305	6,495
Subtotal	44,575	7,066	51,641
Unamortized Premium and Discount	1,314	--	1,314
Total	<u>\$ 45,889</u>	<u>\$ 7,066</u>	<u>\$ 52,955</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Certificates of Participation and Lease Revenue Bonds

In 1984, the Mayor and the City Council directed that a lease-purchase program for the acquisition and improvement of real property and capital equipment be established. This program was subsequently expanded to include real property projects. A 501(c)(4) nonprofit corporation, MICLA, was created to serve as the lessor. The City and MICLA have entered into a number of lease-purchase agreements funded through the sale of certificates of participation and lease revenue bonds.

The aggregate outstanding balance at June 30, 2014 and the aggregate original amount issued for MICLA's certificates of participation and lease revenue bonds are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
MICLA Various Projects	Various dates through 2042	1.500% - 7.842%	\$ 1,923,340	\$ 1,353,252

The City has pledged, as security for bonds issued by MICLA, revenues consisting of basic lease payments pursuant to the equipment lease and real property agreements and earnings from investment of money held. The City includes all necessary MICLA lease payments in its annual budget appropriations. Principal and interest paid by MICLA for the current year totaled \$214.8 million, while revenue from leases received and investment earnings totaled \$209.2 million.

Annual debt service requirements to maturity for MICLA certificates of participation and lease revenue bonds are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 89,518	\$ 65,034	\$ 154,552
2016	73,987	61,526	135,513
2017	74,830	58,312	133,142
2018	77,748	54,880	132,628
2019	79,600	51,100	130,700
2020 - 2024	289,474	203,505	492,979
2025 - 2029	241,285	137,399	378,684
2029 - 2034	222,215	80,407	302,622
2035 - 2039	191,020	25,717	216,737
2040 - 2042	13,575	968	14,543
Subtotal	1,353,252	738,848	2,092,100
Unamortized Premium and Discount	31,899	--	31,899
Total	\$ 1,385,151	\$ 738,848	\$ 2,123,999

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The City entered into a lease-purchase agreement with the Authority for the construction and expansion of the Los Angeles Convention Center. Certificates of participation debt were issued to provide funding for the expansion of the Los Angeles Convention Center, which is owned and operated by the City. The Authority also issued lease revenue bonds to partially finance the City's share for the development of the Staples Center.

Bond payments are secured primarily by revenues from base rental payments, revenues earned by the facility when available, and revenues collected pursuant to the Gap Funding Agreement relative to the Staples Development. Principal and interest paid for the current year and revenues were \$52.2 million and \$78.2 million, respectively. The Convention Center certificates of participation and lease revenue bonds outstanding at June 30, 2014, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates (Percentage)	Original Amount	Outstanding Balance
1998 Series A Staples	8/15/24	6.500% - 7.125%	\$ 45,580	\$ 29,125
2003 Series A, Refunding	8/15/15	2.000 - 5.000	226,045	68,815
2008 Series A, Refunding	8/15/22	4.250 - 5.125	253,060	253,060
Total			<u>\$ 524,685</u>	<u>\$ 351,000</u>

Annual debt service requirements to maturity for the Convention Center lease revenue bonds are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 35,660	\$ 16,463	\$ 52,123
2016	36,965	15,082	52,047
2017	37,555	13,413	50,968
2018	39,425	11,480	50,905
2019	41,350	9,479	50,829
2020 - 2024	156,400	16,375	172,775
2025	3,645	130	3,775
Subtotal	351,000	82,422	433,422
Unamortized Premium and Discount	111	--	111
Total	<u>\$ 351,111</u>	<u>\$ 82,422</u>	<u>\$ 433,533</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Commercial Paper Notes

In April 2004, the Mayor and City Council approved a \$200.0 million MICLA Commercial Paper Lease Financing Program (Program). The Mayor and City Council increased the Program by \$100.0 million in December 2009 and by an additional \$35.0 million in June 2013 for a total of \$335.0 million. This program supplements the MICLA equipment and real property lease program, and allows MICLA to access financial markets quickly; to obtain flexible, short-term maturities; to borrow only those amounts needed as invoices are received; and to borrow at more favorable rates. The notes issued mature at a specific time between one and 270 days of issuance. Upon maturity, they are either re-sold in the open market or refinanced with longer-term bonds. As a security to the notes, the City and MICLA entered into an asset-transfer lease agreement on certain capital assets with a carrying net book value as of June 30, 2014 of \$133.6 million and estimated fair value of \$365.8 million.

The notes are further secured by direct-pay letters of credit (LOCs) from four commercial banks. Should the City draw on the letters of credit and not repay the advance within ninety days, the advance is converted to a term loan with quarterly payments due for five years at interest rates ranging from 9.5% to 1.0% in addition to the highest rate per annum borne by any outstanding note in the continuing event of default. Since these commercial paper notes are secured by letters of credits with expiration dates in excess of one year after June 30, 2014, the City reported these commercial paper notes as long-term liabilities. MICLA pays a quarterly non-refundable facility fee corresponding to a specified level associated with the applicable lowest long-term rating assigned by Moody's and S&P to the City's unenhanced lease obligation debt. The primary terms of the letters of credit are as follows (amounts in thousands):

Series	Authorized Amount	Outstanding Amount	LOC Fee Rate	Expiration Date
Series A-1/B-1	\$130,000	\$114,469	0.57%	02/24/2016
Series A-2/B-2*	107,500	77,434	0.56%	06/13/2016
Series A-3/B-3	47,500	28,000	0.50% (utilized) 0.20%(unutilized)	06/13/2016
Series A-4/B-4	50,000	35,978	0.58%	06/13/2016
*includes callable and non-callable rates				

At June 30, 2014, outstanding commercial paper notes amounted to \$255.9 million with interest rates ranging from 0.06% to 0.15%, which includes \$69.7 million used to redeem the Special Parking Revenue Bonds.

Build America and Qualified Energy Conservation Bonds

The City has designated the GOB 2009-B as a "Build America Bond" under the provisions of the American Recovery and Reinvestment Act of 2009. The City expects to receive a direct subsidy of 35% of the interest due to bondholders from the United States Treasury. As of June 30, 2014, the City recorded \$0.7 million of the interest subsidy as revenues on the Statement of Activities.

The City has designated MICLA Series 2009-D, Series 2010-B, and Series 2010-C as "Recovery Zone Economic Development Bonds" and MICLA Series 2011-A as a "Qualified Energy Conservation Bond" under the provisions of the American Recovery and Reinvestment Act of 2009. The City expects to receive a direct subsidy of 45% and 70% of the interest due to bondholders from the United States Treasury for "Recovery Zone Economic Development Bonds" and "Qualified Energy Conservation Bond", respectively. As of June 30, 2014, the City recorded \$2.3 million of the interest subsidy as revenues on the Statement of Activities.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Due to the actions by Congress relative to sequestration on March 1, 2013, the subsidy amount of the interest due to bondholders was reduced by 7.2% to 8.7%. It is uncertain when the City will start receiving the full subsidy from the United States Treasury.

Special Assessment and Revenue Bonds

The special assessment and revenue bonds outstanding at June 30, 2014, and the original amounts issued are as follows (in thousands):

	<u>Final Maturity</u>	<u>Interest Rates (Percentage)</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Special Assessment Bonds				
2000 Series	3/01/20	4.70% - 5.65%	\$ 14,355	\$ 3,695
2001 Series	3/01/21	4.00 - 7.00	10,305	4,660
2002 Series	3/01/22	3.75 - 5.00	19,630	9,825
Subtotal			<u>44,290</u>	<u>18,180</u>
Solid Waste Resources				
Revenue Bonds				
2005-A Series	2/01/19	5.00	45,750	25,520
2006-A Series	2/01/24	3.75 - 5.00	58,370	44,770
2009-A Series	2/01/22	2.00 - 5.00	65,020	50,335
2009-B Series, Refunding	2/01/20	2.00 - 5.00	49,485	28,755
2013-A Series	2/01/27	2.00 - 5.00	73,665	67,665
2013-B Series, Refunding	2/01/29	2.00 - 5.00	78,780	66,600
Subtotal			<u>371,070</u>	<u>283,645</u>
Total			<u>\$ 415,360</u>	<u>\$ 301,825</u>

The special assessment bonds were issued to finance the acquisition and construction of, and improvements to certain park, recreation and community facilities owned by the City. The City levies annual assessments on the parcels located within the City in an amount sufficient to provide for the debt service of the bonds. The assessments, which constitute fixed liens on the parcels, are pledged to the payment of the bonds. The City has covenanted to take all steps necessary to assure the timely collection of the assessments, including without limitation, the enforcement of delinquent assessments.

Principal and interest paid for the current year and revenue from assessments excluding interest earnings were \$3.1 million and \$25.2 million, respectively.

Annual debt service requirements to maturity for the special assessment bonds are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,155	\$ 902	\$ 3,057
2016	2,255	802	3,057
2017	2,360	694	3,054
2018	2,480	580	3,060
2019	2,605	454	3,059
2020 - 2022	6,325	572	6,897
Total	<u>\$ 18,180</u>	<u>\$ 4,004</u>	<u>\$ 22,184</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The Solid Waste Resources (formerly Sanitation Equipment Charge) revenue bonds were issued to finance the acquisition of certain equipment and construction of certain facilities for the refuse collection and disposal system of the City. The bonds are payable from and secured by a pledge of revenues, which include the solid waste collection, transfer, recycling, recovery of waste resources and disposal fees, received by the Solid Waste Resources Revenue Fund. Principal and interest paid for the current year and total solid waste resources revenue were \$45.2 million and \$293.8 million, respectively.

Annual debt service requirements to maturity for the Solid Waste Resources revenue bonds are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 33,055	\$ 11,878	\$ 44,933
2016	30,980	10,622	41,602
2017	31,875	9,155	41,030
2018	33,320	7,642	40,962
2019	33,250	6,109	39,359
2019 - 2024	89,375	12,112	101,487
2024 - 2027	31,790	1,653	33,443
Subtotal	283,645	59,171	342,816
Unamortized Premium	17,784	--	17,784
Total	<u>\$ 301,429</u>	<u>\$ 59,171</u>	<u>\$ 360,600</u>

Parking System Revenue Bonds

In fiscal year 2014, the City issued taxable commercial paper notes to redeem parking revenue bonds of \$80.9 million with the resulting debt service to be paid from the Special Parking Revenue Nonmajor Special Revenue Fund (Council File No. 13-0600-S144).

Loans Payable to HUD

The Loans Payable to HUD consists of \$48.4 million fixed-rate loans and \$136.6 million interim financing loans. The loans will be repaid from program income generated by Home Partnership Act Grant (HOME) and Community Development Block Grant entitlements and the Section 108 Loan Program Funds. The debt service requirements to maturity are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 13,512	\$ 2,424	\$ 15,936
2016	11,851	2,117	13,968
2017	11,801	1,837	13,638
2018	8,724	1,634	10,358
2019	8,969	1,509	10,478
2020 - 2024	58,770	5,093	63,863
2025 - 2029	49,046	1,192	50,238
2030 - 2034	22,312	125	22,437
Total	<u>\$ 184,985</u>	<u>\$ 15,931</u>	<u>\$ 200,916</u>

The interest rates on the fixed-rate loans of \$48.4 million range from 0.56% to 7.21% and have maturity dates through 2029. The interim financing loans of \$136.6 million bear interest payable quarterly at 20 basis points above the applicable London Interbank Offered Rate (LIBOR). The loans mature on various dates through 2034. The interest rate in effect (LIBOR + 0.20%) as of June 30, 2014 of 0.431% was used in the debt service requirement schedule.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Business-type Activities****Changes in Long-term Liabilities**

The changes in the business-type activities long-term liabilities for the fiscal year ended June 30, 2014 are as follows (in thousands):

	Balance June 30, 2013 (Restated)	Additions	Deductions	Balance June 30, 2014	Due Within One Year
Airports Revenue Bonds and Notes	\$ 3,751,105	\$ 241,860	\$ (56,890)	\$ 3,936,075	\$ 76,240
Harbor Revenue Bonds and Loans	890,740	25,000	(26,235)	889,505	27,270
Power System Revenue Bonds and Revenue Certificates	7,390,779	522,000	(132,382)	7,780,397	227,575
Water System Revenue Bonds and Loans	3,487,227	509,249	(33,322)	3,963,154	59,670
Wastewater System Revenue Bonds, Notes, and Loans	2,613,674	110,000	(71,977)	2,651,697	84,675
Subtotal Revenue Bonds, Notes, and Loans	18,133,525	1,408,109	(320,806)	19,220,828	475,430
Add (Less): Net Unamortized Premiums and Discounts, Restated	927,317	103,008	(101,734)	928,591	--
Net Revenue Bonds , Notes, and Loans	19,060,842	1,511,117	(422,540)	20,149,419	475,430
Compensated Absences	166,561	31,051	(26,428)	171,184	108,783
Claims and Judgments	179,460	62,911	(36,349)	206,022	12,035
Estimated Pollution Remediation Liability	141,024	7,768	(55,177)	93,615	10,873
Net Pension Obligation	63,126	34,143	--	97,269	--
Business-type Activities Long-term Liabilities	<u>\$ 19,611,013</u>	<u>\$ 1,646,990</u>	<u>\$ (540,494)</u>	<u>\$ 20,717,509</u>	<u>\$ 607,121</u>

Airports Revenue Bonds and Notes

Revenue bonds, revenue refunding bonds, and commercial paper notes outstanding at June 30, 2014, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2043	2.00% - 7.053%	\$ 4,153,750	\$ 3,936,075
Commercial paper notes*	--	variable	52,160	52,160
Subtotal			<u>\$ 4,205,910</u>	<u>3,988,235</u>
Net unamortized bond premiums and discounts				112,534
Net revenue bonds and notes				<u>\$ 4,100,769</u>

* Commercial paper notes were reported as other current liabilities in the proprietary fund financial statements.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Airport bonds are subject to optional and mandatory sinking fund redemption prior to maturity. Airports has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that Airports' pledged revenues, as defined in the master senior and subordinate indentures, shall be the security and source of payment for the bonds. Airports has received approval from the Federal Aviation Administration to collect and use passenger facility charges (PFCs) to pay for debt service on bonds issued to finance the Tom Bradley International Terminal Renovations and Bradley West Projects. Airports Board authorized amount of \$96.5 million was used for debt service in fiscal year 2014.

The total principal and interest remaining to be paid on the bonds is \$7.2 billion. Principal and interest paid during fiscal year 2014 and the net pledged revenues, together with the \$96.5 million PFCs funds, were \$256.4 million and \$482.6 million, respectively. Airports' net pledged revenue is the difference between operating revenue and adjustments such as federally taxable Build America Bonds subsidy; interest income net of PFCs, customer facility charges and construction funds; rental credits; and maintenance and operating expenses net of PFCs funded. Airports' pledged revenue coverage is found in the Statistical Section-Debt Capacity.

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 76,240	\$ 203,227	\$ 279,467
2016	83,215	199,831	283,046
2017	86,930	195,997	282,927
2018	90,855	191,940	282,795
2019	95,160	187,499	282,659
2020 - 2024	544,635	861,596	1,406,231
2025 - 2029	705,845	702,169	1,408,014
2030 - 2034	893,750	499,570	1,393,320
2035 - 2039	1,105,890	241,823	1,347,713
2040 - 2043	253,555	14,722	268,277
Subtotal	3,936,075	3,298,374	7,234,449
Net unamortized bond premiums and discounts	112,534	--	112,534
Total	<u>\$ 4,048,609</u>	<u>\$ 3,298,374</u>	<u>\$ 7,346,983</u>

As of June 30, 2014, Airports had outstanding commercial paper (CP) notes of \$52.2 million, which was reported as other current liabilities in the proprietary fund financial statements. The average interest rates in effect as of June 30, 2014 was 0.24%. The CP notes mature no more than 270 days from the date of issuance. The CP notes were issued as a means of interim financing for certain capital expenditures and redemption of certain bond issues.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Airports entered into a letter of credit and reimbursement agreements with the following institutions to provide liquidity and credit support for the CP program: Bank of America for \$54.5 million to expire on March 6, 2015; Citibank for \$109 million to expire on March 6, 2015; Wells Fargo Bank for \$163.5 million to expire on March 6, 2015; and Barclays Bank for \$54.5 million which expired on March 7, 2014. Airports had the following CP activity during fiscal year 2014 (amounts in thousands):

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Series C	\$ 68,086	\$ 159	\$ (16,085)	\$ 52,160

Build America Bonds

Airports Subordinate Revenue Bonds 2009 Series C and 2010 Series C with par amounts of \$307.4 million and \$59.4 million, respectively, were issued as federally taxable Build America Bonds (BABs) under the American Recovery and Reinvestment Act of 2009. Airports receives a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs. The automatic cuts in spending (referred to as “sequestration”) for the federal fiscal year ended September 30, 2014 reduced the subsidy. The interest subsidy on the BABs was \$7.7 million for fiscal year 2014. The subsidy is recorded as a noncapital grant, a component of other nonoperating revenue.

Harbor Revenue Bonds and Loans

Revenue bonds, revenue refunding bonds, and notes outstanding at June 30, 2014, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2040	2.00% - 5.25%	\$ 1,164,050	\$ 764,505
Commercial paper notes	--	variable	125,000	125,000
Subtotal			<u>\$ 1,289,050</u>	<u>889,505</u>
Net unamortized bond premiums and discounts				16,488
Net revenue bonds and notes				<u>\$ 905,993</u>

Revenue bonds and refunding bonds are collateralized by the future revenues of the Harbor Enterprise Fund. Principal and interest paid for the current year and net pledged revenue were \$65.3 million and \$241.6 million, respectively. Harbor’s net pledged revenue is the difference between operating revenue, pledged pooled investment or interest income and non-capital grant revenues, and operating expenses excluding depreciation and amortization, interest and other nonoperating expenses. Information on Harbor’s pledged revenue coverage is found in the Statistical Section-Debt Capacity..

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

In fiscal year 2014, Harbor changed the method of amortizing bond premium and discount from straight line method to effective interest method. The effective interest method allocates bond interest expense over the life of the bonds in such a way that it yields a constant rate of interest, which in turn is the market rate of interest at the date of issue of bonds. With effective interest method, the amortization of bond discount/premium is calculated using the effective market interest rate versus the coupon rate used in straight-line method. As a result of this change, the beginning net position at July 1, 2013 was adjusted for the cumulative effect of this change in the amount of \$10.6 million and fiscal year interest expense was reduced by \$0.9 million.

Harbor has established a commercial paper program (Program) supported by bank credit lines to issue commercial paper notes (Notes) to provide interim financing primarily for the construction, maintenance, and replacement of Harbor's structures, facilities, and equipment needs. The total credit available under the credit facilities that support the Program stands at \$250.0 million. The term of the Program will expire at the end of July 2015. As of June 30, 2014, the total amount outstanding was \$125.0 million. Funds were used to finance the China Shipping and TraPac Container Terminal Projects. The Notes issued are being remarketed upon maturity and will be refunded through the issuance of long-term bonds, and are thus classified as long-term liabilities.

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 27,270	\$ 37,813	\$ 65,083
2016	31,505	36,385	67,890
2017	37,970	34,714	72,684
2018	40,300	32,807	73,107
2019	42,395	30,783	73,178
2020-2024	243,335	119,240	362,575
2025-2029	187,460	56,275	243,735
2030-2034	68,425	31,318	99,743
2035-2039	73,390	12,041	85,431
2040	12,455	327	12,782
Subtotal	764,505	391,703	1,156,208
Net unamortized bond premiums and discounts	16,488	--	16,488
Total	<u>\$ 780,993</u>	<u>\$ 391,703</u>	<u>\$ 1,172,696</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**DWP Power Bonds and Revenue Certificates**

Revenue bonds and revenue refunding bonds due serially in varying annual amounts are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2046	0.958% - 5.583%	\$ 7,751,116	\$ 6,411,097
Variable rate revenue bonds	2036	variable	1,169,300	1,169,300
Revenue certificates	--	variable	200,000	200,000
Subtotal			<u>\$ 9,120,416</u>	<u>7,780,397</u>
Net unamortized premiums and discounts				384,358
Net revenue bonds and notes				<u>\$ 8,164,755</u>

Revenue bonds generally are callable 10 years after issuance. DWP has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that the Power's net income, as defined, will be sufficient to pay certain amounts of future annual bond interest and of future annual aggregate bond interest and principal maturities. Revenue bonds and refunding bonds are collateralized by the future revenues of Power.

In May 2014, Power entered into a Continuing Covenant Agreement (CCA) with Wells Fargo Bank whereby the former will sell to the latter, \$200.0 million of Power System Revenue Bonds, 2014 Series A in an index-floating rate mode under a Direct Purchase structure. The Bonds will pay interest at a fixed spread of 20 basis points (0.20%) above the Securities Industry and Financial Markets Association (SIFMA) Index for the initial three-year term. At the end of the three-year term, Power would have the option to either renegotiate or renew a new index floating rate term with Wells Fargo or another bank, or convert the bonds to another mode, such as a fixed rate mode or a traditional variable rate mode that utilizes a Standby agreement. Under the terms of the CCA, Power has the option to call the bonds at par any time after one year with a 30-day notice.

As of June 30, 2014, Power had \$1.169 billion in variable rate bonds, respectively. The variable rate bonds currently bear interest at weekly and daily rates ranging from 0.01% to 0.26% as of June 30, 2014. Power can elect to change the interest rate period of the bonds with certain limitations. The bondholders have the right to tender the bonds to the tender agent on any business day with seven days' prior notice. Power has entered into standby and line-of-credit agreements with a syndicate of commercial banks in an initial amount of \$580.8 million and \$388.5 million to provide liquidity for the variable rate bonds. The extended standby bond purchase agreements (SBPA) expire in February 2015 for the \$268.8 million, February 2016 for the \$206 million, and February 2017 for the \$106 million for a total of \$580.8 million; and in June 2017 for the \$388.5 million. The SBPA for the \$268.8 million 2001 Series B, Subseries B-5 to B-8 bonds, scheduled to expire in February 2015, was successfully substituted effective February 4, 2015 with a commercial bank for a three-year term to expire on February 2, 2018. The substitution reduced the liquidity facility fee from 17.5 basis points to 12 basis points per annum, providing savings to Power of \$0.4 million over three years.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Under the agreements, the \$580.8 million variable rate bonds will bear interest that is payable quarterly at the greatest of: (a) the Prime Rate plus 1.00%; (b) the Federal Funds Rate plus 2.00%; and (c) 7.50%, while the \$388.5 million variable rate bonds will bear interest that is payable quarterly at the greatest of: (a) the Prime Rate plus 2.00%; (b) the Federal Funds Rate plus 2.00%; (c) the Daily One-Month LIBOR plus 0.5%; and (d) 7.50%. The unpaid principal of each liquidity advance made by the liquidity provider is payable in 10 equal semiannual installments ninety days immediately following the related liquidity advance. At its discretion, Power has the ability to convert the outstanding bonds to fixed rate obligations, which cannot be tendered by the bondholders.

The variable rate bonds have been classified as long-term in the statement of net position as the liquidity facilities give Power the ability to refinance on a long-term basis and Power intends to either renew the facility or exercise its right to tender the debt as a long-term financing. The portion that would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the standby agreements has been included in the current portion of long-term debt and was \$96.9 million at June 30, 2014.

Principal and interest paid for the current year and net pledged revenue were \$427.4 million and \$1,131.9 million, respectively. Power's net pledged revenue is the difference between operating revenue, net nonoperating revenue, AFUDC and capital contributions and operating expenses excluding depreciation and amortization expense. Information on Power's pledged revenue coverage is found in the Statistical Section-Debt Capacity.

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 110,645	\$ 334,408	\$ 445,053
2016	115,360	337,076	452,436
2017	118,751	344,258	463,009
2018	161,839	346,026	507,865
2019	169,526	343,535	513,061
2020–2024	996,903	1,584,486	2,581,389
2025–2029	1,270,846	1,310,545	2,581,391
2030–2034	1,496,990	972,400	2,469,390
2035–2039	1,336,296	673,950	2,010,246
2040–2044	1,450,700	290,901	1,741,601
2045–2049	352,541	12,922	365,463
Subtotal	7,580,397	6,550,507	14,130,904
Net Unamortized Premiums and Discounts	353,232	--	353,232
Total	<u>\$ 7,933,629</u>	<u>\$ 6,550,507</u>	<u>\$ 14,484,136</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The maturity schedule presented on the previous page reflects the scheduled debt service requirements for all of Power's long-term debt. The schedule is presented assuming that the tender options on the variable rate bonds will not be exercised and that the full amount of the revenue certificates will be renewed. Should the bondholders exercise the tender options and Power convert all of the revenue certificates under the line of credit, Power would be required to redeem the \$1,369.3 million in variable rate bonds and revenue certificates outstanding over the next six years, as follows: \$116.93 million in fiscal year 2015, \$233.86 million in fiscal year 2016, \$433.86 million in fiscal year 2017, \$233.86 million in each of the fiscal years 2018 through 2019, and \$116.93 million in fiscal year 2020. Accordingly, the statement of net position recognizes the possibility of the exercise of the tender options and reflects the \$116.93 million that could be due in fiscal year 2015 as a current portion of long-term debt payable. Interest and amortization include interest requirements for variable rate bonds. Variable debt interest rate in effect at June 30, 2014 averages 0.100%.

DWP Water Bonds and Loans

Revenue bonds, revenue refunding bonds due serially in varying annual amounts, and other long-term debt are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2051	2.483% - 5.118%	\$ 3,605,800	\$ 3,334,193
Variable rate revenue bonds	2036	variable	325,000	325,000
Loans payable to CDWR	2045	2.292% - 2.600%	632,806	303,961
Subtotal			<u>\$ 4,563,606</u>	<u>3,963,154</u>
Net unamortized premiums and discounts				<u>211,516</u>
Net revenue bonds, notes and loans				<u>\$ 4,174,670</u>

Revenue bonds generally are callable 10 years after issuance. DWP has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that Water's net income, as defined, will be sufficient to pay certain amounts of future annual bond interest and of future annual aggregate bond interest and principal maturities. Revenue bonds and refunding bonds are collateralized by the future revenues of Water.

The Safe Drinking Water State Revolving Fund (SDWSRF), administered by State of California's State Water Resources Control Board, provides low-interest loans and other assistance to public water systems for infrastructure needs and other drinking-water-related activities. The SDWSRF utilizes a prioritized project ranking system to ensure that program resources are applied to projects addressing public health risk problems; projects needed to comply with the Safe Drinking Water Act; and projects assisting public water systems most in need on a per household affordability basis. DWP has applied for and received funding from the SDWSRF for critical Water System capital projects required for compliance with federal drinking water regulations, specifically the Long-Term 2 Enhanced Surface Water Treatment Rule and the Stage 2 Disinfection By-Products Rule. This funding has been made available to the DWP in the form of low or zero percent interest loans with a repayment period of up to 30 years.

In December 2013, Water issued \$380.0 million of Water System Revenue Bonds, 2013 Series B. The net proceeds of \$425.30 million, including a \$45.30 million issue premium were deposited into the construction fund to be used for capital improvements.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

In June 2013, DWP entered into five loan agreements with the California Department of Water Resources (CDWR). The loan agreements, SRF13P110, SRF13P111, SRF13P112, SRF13CX104, and SRF13CX105 allow for a total maximum loan of \$0.5 million, \$0.5 million, \$0.5 million, \$100.97 million, and \$102.28 million, respectively, at a zero percent interest rate. As of June 30, 2014, DWP received \$0.5 million, \$0.5 million, \$0.5 million, \$2.44 million, and \$6.61 million, respectively, under the agreements. The proceeds are being used to fund water quality capital improvements. The remaining \$98.53 million and \$95.67 million under the last two agreements are expected to be received during fiscal year 2015. The loans are provided on a reimbursement basis and funds are not released until DWP provides qualified expenditures to the State. Water expects to begin making principal payments under these agreements beginning in fiscal year 2016. For loan agreements SRF10CX103, SRF11CX105, SRF12CX105 and SRF12CX106, DWP received \$15.0 million, \$11.0 million, \$82.6 million, and \$10.1 million during fiscal year 2014.

The variable rate bonds currently bear interest at daily and weekly rates ranging from 0.01% to 0.05% as of June 30, 2014. DWP can elect to change the interest rate period of the bonds, with certain limitations. The bondholders have the right to tender the bonds to the tender agent on any business day with seven days' prior notice. DWP has entered into SPBAs with a syndicate of commercial banks in initial amounts of \$225.0 million (2001B, Subseries B-1 to B-3) and \$100.0 million (2001B, Subseries B-4) to provide liquidity for these bonds. The SPBAs expire in February 2015 and July 2016, respectively. The SBPA for 2001B, Subseries B-1 to B-3 bonds was successfully amended to extend the term for three years, from January 26, 2015 to January 25, 2018. The SBPA amendment reduced the liquidity facility fee from 29 basis points to 18 basis points per annum, providing savings to Water of \$0.7 million over three years.

Under the agreements, the \$225.0 million variable rate bonds will bear interest that is payable quarterly at the greatest of (i) Prime Rate plus 1.00%; (ii) the Federal Funds Rate plus 2.00%; and (iii) 7.50%, while the \$100.0 million variable rate bonds will bear interest that is payable quarterly at the greater of (i) the Prime Rate; or (ii) the Federal Funds Rate plus 1.00%. The unpaid principal of each liquidity advance made by the liquidity provider is payable in ten equal semiannual installments ninety days immediately following the related liquidity advance. At its discretion, DWP has the ability to convert the outstanding bonds to fixed-rate obligations, which cannot be tendered by the bondholders.

The variable rate bonds have been classified as long-term on the statement of net position as the liquidity facilities give the DWP the ability to refinance on a long-term basis and DWP intends to either renew the facilities or exercise its right to tender the debt as a long-term financing. That portion, which would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the standby agreements, has been included in the current portion of long-term debt and remains unchanged at \$32.5 million as of June 30, 2014.

Principal and interest paid for the current year and net pledged revenue were \$109.7 million and \$436.2 million, respectively. Water's net pledged revenue is the difference between operating revenue, net nonoperating revenue, AFUDC and capital contributions and operating expenses excluding depreciation and amortization expense. Information on Water's pledged revenue coverage is found in the Statistical Section-Debt Capacity.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 30,458	\$ 179,472	\$ 209,930
2016	43,567	180,113	223,680
2017	57,981	181,041	239,022
2018	70,016	180,664	250,680
2019	72,923	179,157	252,080
2020-2024	412,521	846,371	1,258,892
2025-2029	515,180	743,808	1,258,988
2030-2034	639,380	621,377	1,260,757
2035-2039	783,679	454,457	1,238,136
2040-2044	881,493	231,482	1,112,975
2045-2049	313,412	89,262	402,674
2050-2054	142,544	4,809	147,353
Subtotal	3,963,154	3,892,013	7,855,167
Net Unamortized Premiums and Discounts	211,516	--	211,516
Total	<u>\$ 4,174,670</u>	<u>\$ 3,892,013</u>	<u>\$ 8,066,683</u>

The maturity schedule presented above reflects the scheduled debt service requirements for all of Water's long-term debt. The schedule is presented assuming that the tender options on the variable rate bonds, as previously discussed, will not be exercised. Should the bondholders exercise the tender options, Water could be required to redeem the \$325.0 million in variable rate bonds outstanding over the next six fiscal years as follows: \$32.5 million in fiscal year 2015, \$65.0 million in each of the fiscal years 2016 through 2019, and \$32.5 million in fiscal year 2020. Accordingly, the statements of net position recognize the possibility of the exercise of the tender options and reflect the \$32.5 million that could be due in fiscal year 2015 as a current portion of long-term debt payable.

Interest presented in the above schedule includes interest requirements for the variable rate debt over the regularly scheduled maturity period. Variable debt interest rate in effect at June 30, 2014 averages 0.04%. Should the tender options be exercised, the interest would be payable at the rate in effect at the time the standby agreements are activated.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Wastewater System Revenue Bonds, Notes, and Loans

Revenue bonds, revenue refunding bonds, commercial paper notes, and loans outstanding at June 30, 2014, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2043	1.00% - 6.00%	\$ 2,562,765	\$ 2,126,670
Variable rate revenue bonds	2032	variable	280,860	280,860
Loans payable to SWRCB	2024	1.80%	219,081	134,167
Commercial paper notes		variable	110,000	110,000
Subtotal			<u>\$ 3,172,706</u>	<u>2,651,697</u>
Net unamortized premiums and discounts				203,695
Net revenue bonds and notes				<u>\$ 2,855,392</u>

Wastewater revenue bonds and commercial paper notes are issued under Senior Lien and Subordinate Lien General Resolutions dated November 10, 1987 and March 26, 1991, respectively. Bonds were originally issued pursuant to voter authorization of up to \$3.5 billion. Bonds are currently issued pursuant to and in accordance with procedures set forth in the City Charter Article 6.7 of Chapter 1 of Division 11 of the Administrative Code effective June 10, 2013. Proceeds of wastewater revenue bonds and notes are restricted for the funding of the costs of construction, replacement and improvement of the sewerage system of the City. Under the terms of the General Resolution, the City has pledged Sewer's revenues (as defined) to secure the payment of all bonds issued under the General Resolution. Certain bond agreements provide for the early redemption of the revenue bonds at the City's option at various dates with redemption prices ranging from 100% to 102% of the principal amount of the bonds called for redemption.

On May 7, 2013, the City Council authorized the issuance of up to \$400.0 million maximum aggregate principal amount of commercial paper notes but the City has determined to limit the aggregate principal amount of Wastewater System Commercial Paper Revenue Notes to be issued to the principal amount supported by reimbursement agreements, which is \$200.0 million. On June 20, 2014, the City issued \$110.0 million in new commercial paper notes.

In 2003, the City Council adopted a resolution, approved by the Mayor, authorizing a State Revolving Fund Loan (Loan) from the State Water Resources Control Board (SWRCB) in the amount of \$262.9 million to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Project (Project). The Project fulfills certain requirements of the Cease and Desist Order issued by the Regional Water Quality Control Board. The Project is shared by other contract agencies.

As of June 30, 2014, the Loan balance amounted to \$134.2 million. The Loan matures in 2024 and annual repayment commenced in August 2005 based on a standard fully amortized loan calculation at an effective interest rate of 1.8%. The Loan is paid from Sewer's revenues subordinate to the Wastewater System revenue bonds and commercial paper notes. The contract agencies were billed beginning August 2005 for their proportionate share of the debt service costs. Payments received from the contract agencies are recorded as a capital contribution, which represents their proportionate share of the costs of the Project.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Commercial Paper Notes**

The City issues commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days under the commercial paper program on behalf of Sewer Enterprise Fund. The commercial paper notes are secured by LOCs from the Bank of New York and the Sumitomo Mitsui Banking Corporation that expire on December 18, 2015 and December 17, 2017, respectively. The aggregate maximum principal amount of the two LOCs is \$218.0 million, which consists of \$100.0 million in principal plus interest for each bank. Sewer Enterprise Fund is responsible for the payment of a non-refundable letter of credit fee for each LOC. Should the City draw on the letters of credit and not repay the advance within six months, the advance is converted to a term loan with semiannual payments due for three years at interest rates not too exceed 12.0% or the maximum rate as permitted by law. Since these commercial paper notes are secured by letters of credits with expiration dates in excess of one year after June 30, 2014, the City reported these commercial paper notes as long-term liabilities. The outstanding principal balance of the commercial paper notes as of June 30, 2014 was \$110.0 million.

Build America and Recovery Zone Economic Development Bonds

The City has designated the Senior Lien Bonds Series 2010-A and 2010-B as “Build America Bonds” and “Recovery Zone Economic Development Bonds”, respectively, under the provisions of the American Recovery and Reinvestment Act of 2009. The City expects to receive a direct subsidy of 35% and 45% of the interest due to bondholders from the United States Treasury for the Series 2010-A and 2010-B, respectively. As of June 30, 2014, Sewer recorded \$2.7 million of the interest subsidies as current other receivables and \$5.6 million other non-operating revenues.

Principal and interest paid for the current year and net pledged revenue were \$191.0 million and \$308.5 million, respectively. Sewer's net pledged revenue is the difference between operating revenues and investment income and operating expenses. Information on Sewer's pledged revenue coverage is found in the Statistical Section-Debt Capacity.

Scheduled annual principal maturities and interest are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 84,675	\$ 127,118	\$ 211,793
2016	87,633	123,857	211,490
2017	90,779	120,104	210,883
2018	94,889	116,273	211,162
2019	96,983	112,068	209,051
2020 - 2024	559,812	489,031	1,048,843
2025 - 2029	532,046	351,143	883,189
2030 - 2034	426,525	215,215	641,740
2035 - 2039	361,140	114,543	475,683
2040 - 2043	207,215	23,171	230,386
Subtotal	2,541,697	1,792,523	4,334,220
Net Unamortized Premiums and Discounts	203,695	--	203,695
Total	<u>\$ 2,745,392</u>	<u>\$ 1,792,523</u>	<u>\$ 4,537,915</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Interest presented in the above schedule includes requirements for the variable rate Refunding Series 2012-D Subordinated Revenue Bonds using the weighted average rate of 0.101% in effect as of June 30, 2014.

Fiduciary Funds

Following is a summary of notes payable activity for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Notes Payable	\$ 192,425	\$ 19,295	\$ 43,200	\$ 168,520

The notes payable of the Pensions are secured by real estate. Interest rates range from 2.94% to 7.50% per annum. The debt service payments to maturity for these notes are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2015	\$ 871	\$ 8,167	\$ 9,038
2016	11,734	7,865	19,599
2017	52,684	6,073	58,757
2018	15,940	4,798	20,738
2019	24,057	4,678	28,735
2020- 2024	56,726	8,336	65,062
2025 - 2029	4,368	1,318	5,686
2030 - 2034	2,141	134	2,275
Total	\$ 168,521	\$ 41,369	\$ 209,890

I. Current and Advance Refunding of Debt

No debt refunding activities occurred during the fiscal year that resulted in the defeasance of certain outstanding obligations.

J. Prior Years Defeasance of Debt

In prior years, the City defeased certain bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

At June 30, 2014, the following bonds are considered defeased (in thousands):

	Outstanding Balance June 30, 2014
Governmental Activities	
General Obligation Bonds	\$ 243,690
Business-type Activities	
Harbor Revenue Bonds	\$ 46,825
Power Revenue Bonds	22,685
Water Revenue Bonds	272,690
Sewer Revenue Bonds	211,355
Total	\$ 553,555

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**K. Tax and Revenue Anticipation Notes**

In July 2013, in anticipation of receiving taxes and other revenues, the City issued tax and revenue anticipation notes (TRAN) with an overall true interest cost of 0.213% and total premium of \$20.1 million, depositing the proceeds in a General Fund account. The notes were issued to pay the City's annual contributions to Pensions and the LACERS at the beginning of the fiscal year and to provide effective cash flow management of the General Fund. The additional interest earned by the pension funds from these early payments was used to discount the required City contribution without reducing the pension funds' annual receipts.

Short-term debt activity for the fiscal year ended June 30, 2014 was as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Notes	\$ --	\$ 1,324,550	\$ (1,324,550)	\$ --

L. Interest Rate Swaps**Wastewater System Subordinate Variable Rate Revenue Refunding Bonds**

Objective of the swaps. In March 2006, in order to protect against the potential of rising interest rates, Sewer entered into two separate pay-fixed, receive-variable interest rate swap agreements (Swap Agreements) on the \$316.8 million Wastewater System Subordinate Variable Rate Revenue Refunding Bonds Series 2006 A-D (Series 2006 A-D). The expected costs associated with the swaps are less than what Sewer would have paid if it had issued fixed-rate debt.

On May 1, 2008, Sewer refunded Series 2006 A-D with the issuance of \$314.8 million Wastewater System Subordinate Revenue Bonds Variable Rate Revenue Refunding Series 2008 A-H (Series 2008 A-H). The proceeds of this issue, as previously discussed, were used to current refund certain outstanding debt that included the outstanding balance of the Series 2006 A-D referred to in the preceding paragraph. The Series 2008 A-H issuance for \$444.6 million exceeded the Swap Agreement's notional amount; therefore, the Swap Agreements are only in connection with Series 2008 A-F1. On April 17, 2012, Sewer refunded a portion of the Series 2008 A-F1 and partially terminated the Swap Agreements by issuing the Series 2012-A Subordinate Bonds. On December 18, 2012, the Fund refunded the remaining outstanding Series 2008 A-H with the issuance of \$280.9 million Wastewater System Subordinate Revenue bonds, Variable Rate Refunding Series 2012-D. Of this amount, the swaps serve as a hedge for \$151.1 million of the Series 2012-D Bonds as of June 30, 2014.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The fair value and notional amounts of the interest rate swaps outstanding at June 30, 2014, classified by type, and changes in fair value for the year then ended as reported in the financial statements are as follows (dollar amounts in thousands):

Changes in Fair Value		Fair Value at June 30, 2014		Notional
Classification	Amount	Classification	Amount	
Cash flow hedges:				
Interest rate swaps	Deferred outflow of resources	Liabilities		
	\$ (724)		\$ (25,457)	\$ 151.086

Terms, fair values and credit risk. Under the interest rate swap agreements, Sewer owes interest to the counterparties calculated on a notional amount at a fixed rate and the counterparties owe Sewer interest on the same notional amount at a variable rate. Specific terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2014, are as follows (dollar amounts in thousands):

Notional Amount (in thousands)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value (in thousands)	Swap Termination Date	Counterparty Credit Ratings ⁽¹⁾
\$ 75,543	April 6, 2006	3.34 %	64.1% of LIBOR ⁽²⁾	\$ (12,729)	6/1/2028	Aa2/AA-/AA-
75,543	April 6, 2006	3.34	64.1% of LIBOR ⁽²⁾	(12,728)	6/1/2028	Baa2/BBB/A

⁽¹⁾ Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively as of June 30, 2014

⁽²⁾ One-month LIBOR reset monthly. One-month LIBOR as of June 30, 2014 was 0.16%.

The notional amounts of the swaps match the principal amount of the associated debt. The Swap Agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated debt.

Method of calculating fair value. Because swap interest rates were lower on June 30, 2014 than at the date the Swap Agreements were entered into, the swaps have a negative fair value as of June 30, 2014. The fair values were estimated using the zero-coupon method and include accrued interest. This method calculates the future net settlement payments required by the swap agreements, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Risks and description of risks that the swap agreements are exposed to that could give rise to financial loss are extant as of June 30, 2014.

Credit risk. The fair values of the swaps represented Sewer's credit exposure to the swap counterparties as of June 30, 2014. If a counterparty to a swap transaction failed to perform according to the terms of the swap contract, and Sewer chose to terminate the swap, Sewer would be owed a termination payment by the counterparty. If the swaps had a negative fair value at the time the counterparty failed to perform, Sewer would be required to make a payment to the counterparty. To mitigate credit risk, a counterparty must fully collateralize the fair value of the swap with U.S. government securities if two of its credit ratings fall below Moody's Investors Service Aa3, or AA- of Fitch Ratings or Standard & Poor's. Collateral would be posted with a third-party custodian. Dexia Credit Locale, New York Branch was rated below the specified requirements as of June 30, 2014; however, no collateralization

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

was necessary because the fair value of the swap indicated that Dexia Credit Locale would not be required to make a payment to Sewer in the event of a termination at that time.

Basis risk. Sewer is exposed to basis risk when the relationship between 64.1% of LIBOR and the actual rates on the associated variable rate bonds diverge. In this situation the expected savings may not be realized. As of June 30, 2014, the weighted average rate on the variable rate bonds was 0.10% whereas 64.1% of applicable LIBOR was equal to 0.10%.

Termination risk. Sewer or the counterparties may terminate the Swap Agreements if the other party fails to perform under the terms of the contract or if various other events occur. If at the time of the termination the swap has a negative fair value, Sewer would be liable to the counterparty for a payment equal to the swap's fair value. If any of the swaps were terminated and not replaced, Sewer would not receive a payment from the counterparty to offset its variable interest expense on the associated variable rate bonds. Annual net interest paid and or received started July 1, 2014 through termination date.

Swap Payments and Associated Debt. Using rates as of June 30, 2014, net swap payments and debt service requirements of the associated variable-rate debt are as follows (in thousands):

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net (2)	Total
	Principal	Interest (1)		
2015	\$ --	\$ 153	\$ 4,896	\$ 5,049
2016	--	153	4,896	5,049
2017	--	153	4,896	5,049
2018	--	153	4,896	5,049
2019	--	153	4,896	5,049
2020 - 2024	--	764	24,480	25,244
2025 - 2028	151,085	388	12,440	163,913
Total	<u>\$ 151,085</u>	<u>\$ 1,917</u>	<u>\$ 61,400</u>	<u>\$ 214,402</u>

(1) Assumes rate of 0.10% (the applicable rate on June 30, 2014), excluding fixed rate component

(2) Assumes swap rate of 3.34% less 0.10% (64.1% of applicable LIBOR on June 30, 2014)

As rates vary, variable-rate bond interest payments and net swap payments will vary.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**M. Electricity Swap and Forward Contracts**

In order to obtain the highest market value on energy that is sold into the wholesale market, DWP monitors the sales price of energy, which varies based on which hub the energy is to be delivered. There are three primary hubs within DWP's transmission region: Palo Verde, California Oregon Border, and Mead. DWP enters into various locational swap transactions with other electric utilities in order to effectively utilize its transmission capacity and to achieve the most economical exchange of energy purchased and sold.

DWP procures renewable energy resources located remotely. These resources provide intermittent and limited source of energy and these resources are not directly connected to DWP's transmission system. In order to receive firm renewable energy, DWP entered into a green-for-green energy exchange with the same or different Renewable Energy Credit source.

DWP enters into power and natural gas forward contracts in order to meet the electricity requirements to serve its customers. To assist DWP in achieving its Renewable Portfolio Standards (RPS) goal of 20.0%, some of the forward purchases made are renewable energy and biomethane gas. DWP is exposed to risk of nonperformance if the counterparties default or if the swap agreements are terminated.

DWP does not enter into swap and forward transactions for trading purposes. All of these transactions are intended to be used in DWP's normal course of operations.

As of June 30, 2014, Power had the following Electricity Swap and Forward Contracts, which are not recorded as derivative instruments in the Power's financial statements based on the criteria in GASB Statement No. 53 (amounts in thousands):

Description	Notional Amount (total contract quantities)	Contract price range dollar per unit	First effective date	Last Termination Date	Fair Value (in thousands)	Cash paid at inception (in thousands)
Electricity swaps:						
Purchases	284,960 MW	\$ 42.50 - 51.50	07/01/14	12/31/14	\$ (12,291)	\$ --
Sales	284,960 MW	45.00 - 55.00	07/01/14	12/31/14	13,023	--
Forward contracts:						
Electricity	676,157 MW	38.35 - 65.00	07/01/14	06/30/14	1,731	--
Natural gas	35,973,600 MMBtu	4.33 - 10.85	07/01/14	10/31/21	(162,738)	--

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**N. Leases****Governmental Activities**

The City leases a significant amount of property and equipment under operating leases. Total rental expenditures, incurred primarily in the General Fund, on the operating leases for the fiscal year ended June 30, 2014 were approximately \$30.8 million.

The future lease payments under non-cancellable operating lease agreements are as follows (in thousands):

Fiscal Year Ending June 30	
2015	\$ 10,513
2016	10,227
2017	8,995
2018	8,128
2019	7,162
2020 - 2024	29,954
2025 - 2029	34,718
2030 - 2034	12,932
2035 - 2039	11,083
2040 - 2044	12,849
2045 - 2049	14,895
2050 - 2054	17,267
2055 - 2057	<u>3,562</u>
Total	<u>\$ 182,285</u>

The City also leases certain property and equipment under capital leases with the following component units/funds.

Municipal Improvement Corporation of Los Angeles (MICLA)

The MICLA was formed to finance certain capital improvement projects of the City and enter into long-term capital lease agreements with the City. Under the lease agreements, title transfers to the City at the end of the lease term. If the City defaults under the Lease and Trust Agreements, the Trustee may terminate the lease and re-let the properties, except for the Streetlights Refinancing Series. Since MICLA is included in the City's reporting entity, the lease payments by the City are accounted for in the fund financial statements as transfers from the General Fund and certain special revenue funds to the MICLA Debt Service Fund. The leases have been eliminated in the government-wide financial statements.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Los Angeles Convention and Exhibition Center Authority

Pursuant to a Facility Lease between the City and the Authority, the Authority issued tax exempt certificates of participation and lease revenue bonds to provide financing for the acquisition and construction of certain improvements for the Los Angeles Convention Center, and taxable lease revenue bonds to finance the City's share of the development of the Staples Center. Under the lease, the City is obligated to make rental payments sufficient to pay the debt service requirements on the certificates and bonds. The City's General Fund made rental payments during fiscal year ended June 30, 2014. Since the Authority is included within the City's reporting entity, the lease payments by the City are accounted for in the fund financial statements as transfers from the General Fund to the Convention Center nonmajor debt service fund. The leases were eliminated in the government-wide financial statements.

Business-type ActivitiesAirports

Airports has entered into numerous rental agreements with concessionaires for food and beverage, gift and news, duty-free, rental car facilities, and advertisements. In general, the agreements provide for cancellation on a 30-day notice by either party; however, they are intended to be long-term in nature with renewal options. Accordingly, these agreements are considered operating leases for purposes of financial reporting.

The agreements provide for a concession fee equal to the greater of a minimum annual guarantee (MAG) or a percentage of gross revenues. Certain agreements are subject to escalation of the MAG. For the fiscal year ended June 30, 2014, revenue from such agreements was \$251.5 million, which was \$65.4 million over MAG. Minimum future rents or payments under these agreements over the next five years, assuming that current agreements are carried to contractual termination, are as follows (amounts in thousands):

Fiscal Year Ending June 30	
2015	\$ 137,924
2016	74,793
2017	73,590
2018	22,979
2019	21,059
Total	<u>\$ 330,345</u>

On March 1, 2012, Airports and Westfield Concession Management, LLC (Westfield) entered into a Terminal Commercial Management Concession Agreement (3-1-12 Agreement) for Westfield to develop, lease, and manage retail, food and beverage and certain passenger services in specified locations at the Tom Bradley International Terminal (TBIT), and Terminal 2 at Los Angeles International Airport (LAX) for a term of 17 years consisting of a two-year development period and a fifteen-year operational period. Westfield will select concessionaires subject to Airports approval. Concession agreements awarded by Westfield shall have a term no longer than ten years. The agreement requires Westfield and its concessionaires to invest no less than \$81.9 million in initial improvements and \$16.4 million in mid-term refurbishments. Such improvements are subject to Airports approval. The initial non-premises improvements, as defined, shall be acquired by and become the property of Airports by cash payment to Westfield or the issuance of rent credit.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Under the 3-1-12 Agreement, Westfield shall pay Airports the MAG of \$17.7 million (\$210 per square foot of concession area) in the first year of full operations. Beginning January 1, 2014, the MAG will be adjusted each year by the greater of (a) \$210 per square foot escalated by the Consumer Price Index, but not greater than 2% for any year, or (b) 85% of the prior year's Percentage Rent (as defined) paid to Airports.

For any year in which the number of enplaned passengers in TBIT and Terminal 2 is (a) less than the 2011 passenger enplanements, or (b) less than 90% of the prior year's passenger enplanements in these terminals, an additional adjustment to the MAG is calculated on a retroactive basis.

On June 22, 2012, Airports and Westfield entered into another Terminal Commercial Management Concession Agreement (6-22-12 Agreement) for Westfield to develop, lease, and manage retail, food and beverage and certain passenger services in specified locations at the Terminals 1, 3, and 6 at LAX. The term of this agreement is 17 years consisting of a two-year development period and a fifteen-year operational period. Westfield will select concessionaires subject to Airports approval. Concession agreements awarded by Westfield shall have a term no longer than ten years. The agreement requires Westfield and its concessionaires to invest no less than \$78.6 million in initial improvements and \$15.7 million in mid-term refurbishments. Such improvements are subject to Airports approval. The initial non-premises improvements, as defined, shall be acquired by and become the property of Airports by cash payment to Westfield or the issuance of rent credit.

Under the 6-22-12 Agreement, Westfield paid Airports the MAG of over \$17.0 million (\$240 per square foot of concession area) in the first year of full operations. Beginning January 1, 2014, the MAG will be adjusted each year by the greater of (a) \$240 per square foot escalated by the Consumer Price Index, but not greater than 2% for any year, or (b) 85% of the prior year's Percentage Rent (as defined) paid to Airports. For any year in which the number of enplaned passengers in Terminals 1, 3, and 6 is (a) less than the 2011 passenger enplanements, or (b) less than 90% of the prior year's passenger enplanements in these terminals, an additional adjustment to the MAG is calculated on a retroactive basis.

Minimum future rents under these two agreements with Westfield over the next five years are estimated as follows (amounts in thousands):

Fiscal Year Ending June 30		
2015	\$	26,793
2016		35,894
2017		36,611
2018		37,344
2019		38,091
Total	\$	<u>174,733</u>

Airports also leases land and terminal facilities to certain airlines and others. The terms of these long-term leases range from 10 to 40 years and generally expire between 2017 and 2025. Certain airlines and consortium of airlines at LAX also pay maintenance and operating charges (M&O Charges) that include direct and indirect costs allocated to all passenger terminal buildings, other related and appurtenant facilities, and associated land. Rates for M&O Charges are set each calendar year based on the actual audited M&O Charges for the prior fiscal year ending June 30. The land and terminal lease agreements are accounted for as operating leases. For the fiscal year ended June 30, 2014, revenues from these leases were \$440.8 million.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Future rents under these land and terminal lease agreements over the next five years were based on the following assumptions: (a) current agreements are carried to contractual termination, (b) airline agreement or tariffs with no definitive expiry dates are carried over for the next five years, and (c) non-airline agreements or tariffs with no definitive expiry dates are carried over for the next three years.

The future rents are as follows (in thousands):

Fiscal Year Ending June 30	
2015	\$ 459,183
2016	449,714
2017	443,065
2018	383,349
2019	359,384
Total	<u>\$ 2,094,695</u>

The carrying cost and the related accumulated depreciation of property held for operating leases as of June 30, 2014 are as follows (in thousands):

Buildings and facilities	\$ 3,350,207
Less: Accumulated Depreciation	<u>(614,881)</u>
Net	2,735,326
Land	<u>686,363</u>
Total	<u>\$ 3,421,689</u>

Airports leases office spaces under operating lease agreements that expire through 2032. Lease payments for the fiscal year ended June 30, 2014 amounted to \$6.2 million. Future minimum lease payments under the agreements are as follows (in thousands):

Fiscal Year Ending June 30	
2015	\$ 6,066
2016	6,001
2017	5,886
2018	5,886
2019	5,886
2020 - 2024	17,446
2025 - 2029	13,750
2030 - 2032	<u>5,513</u>
Total minimum lease payments	<u>\$ 66,434</u>

On June 25, 2013, Airports purchased a 17.6 acres commercial real estate property (known as Skyview Center) located adjacent to LAX. The \$111.5 million acquisition included the land, two 12 and 11 story office buildings, a parking structure, and a 14.4 acres parking lot. Prior to the purchase of the property, Airports leased certain areas of one of the buildings for office space.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Harbor

A substantial portion of harbor lands and facilities are leased to others. The majority of these leases provide for cancellation on a 30-day notice by either party and for retention of ownership by Harbor or restoration of the property at the expiration of the agreement; accordingly, no leases are considered capital leases for purposes of financial reporting.

MAG agreements relate to shipping services and certain concessions provide for the additional payment beyond the fixed portion, based upon tenant usage, revenues, or volumes.

Agreements relating to terminal operations tend to be long term in nature (as long as 30 years) and are made to provide Harbor with a firm tenant commitment. These agreements are subject to periodic review and reset of base amounts. For the fiscal year ended June 30, 2014, the minimum rental income from such lease agreements was approximately \$40.2 million, and MAG payments, approximately \$241.6 million, were reported under shipping services revenue.

The carrying cost and related accumulated depreciation of property held for operating leases as of June 30, 2014 are as follows (in thousands):

Wharves and sheds	\$ 881,299
Cranes/bulk facilities	52,441
Municipal warehouses	13,422
Port pilot facilities and equipment	7,910
Buildings and other facilities	774,710
Cabrillo Marina	<u>221,666</u>
Total	1,951,448
Less - Accumulated depreciation	<u>(1,003,238)</u>
Net	<u>\$ 948,210</u>

Assuming that current agreements are carried to contractual termination, minimum tenant commitments due to the Harbor over the next five years are as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Rental Income</u>	<u>MAG Income</u>
2015	\$ 40,557	\$ 258,815
2016	40,963	258,815
2017	41,372	258,815
2018	41,786	258,815
2019	<u>42,204</u>	<u>258,815</u>
Totals	<u>\$ 206,882</u>	<u>\$ 1,294,075</u>

Fiduciary Funds

Pensions leases an office space under an operating lease agreement that can be discontinued after April 2015. Lease payments for the fiscal year ended June 30, 2014 were \$0.9 million. The minimum annual lease commitment for fiscal year ending June 30, 2015 is \$0.9 million.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**O. Risk Management - Estimated Claims and Judgments Payable****Governmental Activities**

Because of its size and financial capacity, the City has long followed the practice of directly assuming virtually all insurable risks without procuring commercial insurance policies, except for specific exposures where legally required, contractually required or when judged to be the most cost effective method of risk financing. The extent and variety of City exposure is such that the cost of the premiums would outweigh the benefits of such coverage. The City administers, adjusts, settles, defends and pays claims from budgeted resources. Funds are budgeted annually to provide for claims and other liabilities based both on the City's historical record of payments and an evaluation of known or anticipated claims.

As discussed in the summary of significant accounting policies (Note 1E), the City recognizes a liability for claims and judgments when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Included in the account are amounts for tort liability and workers' compensation, which include IBNR liabilities, and provision for allocated expenses.

As of June 30, 2014, a number of lawsuits and claims were pending against the City that arose in the normal course of the City's general governmental operations. The City estimates the amount of tort and non-tort liabilities to be probable of occurring as of June 30, 2014 at approximately \$956.1 million. Of this amount, approximately \$131.5 million is estimated to be payable in the next fiscal year. The City Attorney also estimates that certain pending lawsuits and claims have a reasonable possibility of resulting in additional liability totaling \$505.8 million. However, no amount has been accrued in the accompanying financial statements because it is not probable that a loss has been incurred as of June 30, 2014.

The City's liability for tort cases was actuarially estimated. The total of the present value of the estimated outstanding losses and loss adjustment expenses was used to record the City's liability for tort cases. The present value of the estimated outstanding losses and loss adjustment expenses was calculated based on a 3.0% yield on investments.

The liability for workers' compensation was recorded using the present value of the actuarially estimated outstanding losses, which were based on an analysis of the City's historical loss and allocated loss adjustment expenses (ALAE). The present value of the estimated outstanding losses was calculated based on a 3.0% yield on investments. At June 30, 2014, the City estimates its workers' compensation liability at \$1,709.6 million. Of this amount, \$158.3 million is estimated to be payable in the next fiscal year.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Business-type Activities**

Airports' Risk Management Division (RMD) administers risk and claims management program. By implementing a comprehensive risk identification, assessment, and treatment process, the program addresses key risks that may adversely affect Airports' ability to meet its business goals and objectives. Airports maintains insurance coverage of \$1.3 billion for general aviation liability and \$1.0 billion for war and allied perils. Additional insurance coverage is carried for general all risk property insurance for \$2.3 billion, that includes \$250.0 million for boiler and machinery, and \$25.0 million for earthquake. Deductibles for these policies are \$10,000 per claim with a \$400,000 annual aggregate for general liability, and \$100,000 per occurrence and annual aggregate for general property. Historically, no liability or property claims have reached or exceeded the stated policy limits. Airports also maintains a separate owner controlled insurance program (OCIP) to cover risks associated with the Bradley West Improvement Project. The OCIP covers associated workers' compensation, general liability, and builder's risks exposures for the project and its contracted participants. The aggregate coverage level is \$300.0 million with a \$250,000 deductible per occurrence. The OCIP was in effect for the five-year construction period ending in 2014. Additionally, Airports maintains catastrophic loss fund for claims or losses that may exceed insurance policy limits. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. For fiscal years 2014, no claims were in excess of Airports' insurance coverage.

Harbor purchases insurance for a variety of exposures associated with property, automobiles, vessels, railroad, employment practices, travel, police, pilotage, and terrorism. The City is self-insured for workers compensation, and Harbor participates in the City's self-insurance program. Third party general liability exposures are self-insured by Harbor for \$1.0 million and the excess liability is maintained over the self-insured retention. There have been no settlements in the past three years that have exceeded Harbor's insurance coverage.

DWP is subject to certain business risks common to the utility industry. The majority of these risks are mitigated by external insurance coverage obtained by DWP. For other significant business risks, however, DWP has elected to self-insure. DWP believes that exposure to loss arising out of self-insured business risks will not materially impact Power's and Water's financial position, results of operations, or cash flows as of June 30, 2014.

Sewer has commercial insurance for risks of physical damage to real and personal properties and for business interruption expenses. Claims settlements have not exceeded commercial insurance coverage during the last three fiscal years.

The Enterprise Funds estimated claims and judgments payable of \$206.0 million consists of \$43.9 million litigation-type claims and \$162.1 million workers' compensation liability. The amount estimated to be payable in the next fiscal year is approximately \$12.0 million.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Claim Changes**

The changes in the City's total governmental and business-type estimated claims and judgments liability are as follows (in thousands):

	2014	2013
Unpaid Claims, July 1, Restated*	\$ 2,613,534	\$ 2,319,179
Provisions for current year's events and changes in provision for prior years' events*	706,021	1,075,236
Claims payments	(447,800)	(259,217)
Unpaid Claims, June 30	<u>\$ 2,871,755</u>	<u>\$ 3,135,198</u>

*July 1, 2014 reflects prior year adjustment of \$(521.7) million for City's workers' compensation liability based on the fiscal year 2013 actuarial estimate.

P. Accrued Landfill Liability

Until July 1996, the City operated the Lopez Canyon Sanitary Landfill under a Conditional Use Permit (CUP), which expired on July 1, 1996. State and Federal laws required the City to initiate closure work upon cessation of disposal activities and expiration of the CUP, and to monitor and maintain the site for thirty years after closure. The City recognized a portion of the estimated closure and postclosure care costs in each fiscal year based on landfill capacity used.

The City completed the final closure of the landfill as of March 30, 2012. On August 28 and September 14, 2012, all three regulatory agencies, the State of California Department of Resources Recycling and Recovery (CalRecycle), Regional Water Quality Control Board, and the City of Los Angeles Local Enforcement Agency, approved the final Closure Certification. As of June 30, 2014, the City's liability of \$45.2 million represents 100% of the estimated postclosure care costs of the landfill. The estimated costs of postclosure care are subject to changes due to inflation, postclosure remaining duration, changes in laws and regulations, or changes in technology.

As required by CalRecycle, the City had established and contributed to a trust fund to finance closure construction. Based on the acceptance of certification of closure, CalRecycle authorized disbursement of the remaining balance of \$3.5 million in the trust fund to the City. The City is not currently required to advance fund to finance the postclosure care costs.

The City owns or operated other landfills that were already closed before the State and Federal requirements became enforceable. Therefore, no liability was included in the financial statements for these landfills (Toyon Canyon, Gaffey, Branford, Bishops Canyon and Sheldon-Arleta). The Landfill Maintenance Special Trust Fund and Landfill Closure and Post-closure Maintenance Trust Fund reported as nonmajor other special revenue funds were set up to defray the closure and postclosure maintenance costs of City landfills.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Q. Pollution Remediation Obligations****Governmental Activities**

The pollution remediation obligations for governmental activities for the fiscal year ended June 30, 2014 are as follows (in thousands):

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Obligating Event				
Violation of pollution prevention-related permit or license	\$ 3,895	\$ 5,020	\$ (5,020)	\$ 3,895
Voluntary commencement	--	32,242	(1,134)	31,108
Total	\$ 3,895	\$ 37,262	\$ (6,154)	\$ 35,003
Pollution Type				
Soil and/or groundwater remediation	\$ 3,850	\$ 36,269	\$ (5,161)	\$ 34,958
Lead paint removal	--	444	(444)	--
Methane protection	45	207	(207)	45
Asbestos removal	--	278	(278)	--
Mold	--	64	(64)	--
	\$ 3,895	\$ 37,262	\$ (6,154)	\$ 35,003

The \$35.0 million liabilities for governmental activities include \$31.1 million for voluntary commencement and \$3.9 million for violation of pollution prevention-related permits or licenses. These obligations were determined based on construction contract amount, contract change orders, related direct costs and allocated indirect project costs. For fiscal year 2014, no remediation outlays were capitalized. Estimated expenditures for fiscal year 2015 and beyond are \$7.0 million and \$28.0 million, respectively. No recoveries are expected at this time. These estimates recognized potential changes due to additional work that may be required to remediate existing pollution projects, unanticipated site conditions that may necessitate modifications in project work plans, possible adoption or application of improved technologies that may require changes in estimates, and provision for additional unexpected pollution projects. Consequently, changes in estimates will be processed through change orders.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Business-type Activities**

The pollution remediation obligations for business-type activities for the year ended June 30, 2014 are as follows (in thousands):

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Obligating Event				
Named by a regulator as a potential party to remediation	\$ 95,364	\$ 3,223	\$ (18,353)	\$ 80,234
Voluntary commencement	45,660	4,545	(36,824)	13,381
Total	<u>\$ 141,024</u>	<u>\$ 7,768</u>	<u>\$ (55,177)</u>	<u>\$ 93,615</u>
Pollution Type				
Soil and/or groundwater remediation	\$ 134,161	\$ 7,768	\$ (55,177)	\$ 86,752
Asbestos removal	6,863	--	--	6,863
Total	<u>\$ 141,024</u>	<u>\$ 7,768</u>	<u>\$ (55,177)</u>	<u>\$ 93,615</u>

Airports bears full responsibility for the cleanup of environmental contamination on property it owns. However, if the contamination originated based on contractual arrangements, the tenants are held responsible even if they declare bankruptcy. As property owner, Airports assumes the ultimate responsibility for cleanup in the event the tenant is unable to make restitution. Under certain applicable laws, Airports may become liable for cleaning up soil and groundwater contamination on a property in the event that the previous owner does not perform its remediation obligations. Airports accrues pollution remediation liabilities when costs are incurred or amounts can be reasonably estimated based on expected outlays. The liability accrued at June 30, 2014 was \$12.8 million. Airports does not expect any recoveries reducing this obligation. Of the \$12.8 million liability, \$6.9 million was incurred for cleanup of asbestos in various sites, and \$5.9 million was for soil and/or groundwater contamination.

Harbor's estimated pollution remediation liability as of June 30, 2014 totaled \$80.8 million relating mostly to soil and ground water contamination on sites within Harbor's premises.

A Notice of Violation was issued to the former San Pedro Boat Works and Harbor by the County Fire Department to remove, dredge and properly dispose of hazardous chemicals found at the location where the company operated. Harbor entered into a Voluntary Cleanup Agreement (VCA) with the Department of Toxic Substances Control (DTSC) to oversee this cleanup. Harbor has provided the DTSC with testing results as well as maps of the dredging footprints. A majority of the dredging was conducted in conjunction with Harbor's main channel deepening, but one area remains to be dredged to comply with the VCA requirements. After further analysis, organotins (Tin with Hydrocarbons) no longer presented a threat to groundwater quality, thereby reducing the estimated liability to \$2.1 million as of June 30, 2014.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The Harbor Toxics Total Maximum Daily Load (Toxics TMDL) integrates all of the Clean Water Act-listed impairments in the Los Angeles Harbor. There are approximately 80 pollutant-water body combinations including but not limited to sediment chemistry and toxicity to fish tissue impairments. The Toxics TMDL establishes load allocations for existing sediments and waste load allocations for inputs such as storm water runoff. The Toxics TMDL has a 20-year compliance timeline, with several intermediate milestones. Harbor estimated a cost of \$2.3 million to be incurred for complying with one of these milestones, which involves assessment of sediments, water, fish, and pollutant inputs, as well as establishing an implementation plan for remediation action.

Additional estimated liabilities of \$3.3 million were provided in fiscal year 2014 for the following: \$1.1 million for ongoing monitoring, sampling, additional chemical injections and source removal at the Avalon Triangle site; \$0.5 million additional off-site investigation and remediation costs for the Hy C Tane Tank Farm site; \$1.4 million increased cost due to Polychlorinated Biphenyl requiring Toxic Substances Control Act labels at the Southwest Marine site; and \$0.3 million additional estimate for the Toxics TMDL monitoring.

In fiscal year 2014, Harbor adjusted the outstanding pollution remediation liabilities of \$15.0 million, and presented this as Special Item in the Harbor's financial statements.

Power has identified sites that require remediation work and the estimated liability for these sites for fiscal year 2014 is approximately \$25.6 million. This liability is recorded as part of accounts payable.

Water has identified underground storage tanks that require remediation work and is working with the Los Angeles Regional Water Quality Control Board, and the Lahontan Regional Quality Control Board, which have jurisdiction over these sites. Water's estimated liability for these sites is approximately \$2.8 million and includes remediation and ongoing operation and maintenance costs where estimable. There are no estimated recoveries. This liability is recorded as part of accounts payable.

The City was named as a potentially responsible party in a case of contamination which migrated in the soil and ground onto the adjacent property. Cross-claimants assert that their records show that hazardous material was transported to the site from the Hyperion Treatment Plant. There are more than 1,500 potentially responsible parties. The parties are still working on the investigation and extent of contamination. As of June 30, 2014, the City has not been served with a complaint.

The County has notified the City and other entities of potential liabilities for cleanup and maintenance of a public golf course, which was created over an old landfill due to environmental issues including leachate and gas migration. According to the County's review of prior customer records, Sewer used the site for disposal of grit waste from the Hyperion Treatment Plan. The City entered into a settlement with the County for \$0.2 million and remained an active participant in the site investigation. The next phase for site cleanup and maintenance is under review by the California Department of Toxic Substance Control (SDTSC) and, hence, additional remediation costs, if any, are not known at this time.

NOTE 5 – OTHER INFORMATION**A. Pension and Other Postemployment Benefit Plans****Plan Descriptions**

The City of Los Angeles contributes to three single-employer defined benefit pension plans: Pensions, LACERS, and DWP Plans. Pensions and LACERS provide retirement benefits to sworn and civilian (other than DWP) employees, respectively. The DWP Plans provide retirement, disability, and death benefits to DWP employees. The City also provides three single-employer substantive other postemployment benefits (OPEB) healthcare plans through the aforementioned defined benefit plans: Fire and Police Health Subsidy Plan (Pensions OPEB), Los Angeles City Employees' Postemployment Health Care Plan (LACERS OPEB), and Water and Power Employees' Retiree Health Benefits Plan (DWP OPEB).

For the year ended June 30, 2014, the LACERS, Pensions and DWP Plans implemented GASB Statement No. 67, *"Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25"*. Implementation of GASB 67 required changes and additions in the Notes to the Financial Statements, and Required Supplementary Information within each plan's financial report. Significant changes include the calculation of total and net pension liability for financial reporting, comprehensive footnote disclosure regarding pension liability, sensitivity of net pension liability to the discount rate, additional investment disclosure, expected long-term discount rate, and annual money-weighted rate of return on investment.

Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained online or by writing or calling the plans.

Department of Fire and Police Pensions
360 E. Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545
http://www.lafpp.com/LAFPP/documents/financial_reports/2014_financial_statement.pdf

Los Angeles City Employees' Retirement System
202 W. First Street, Suite 500
Los Angeles, CA 90012-4401
(800) 779-8328
<http://www.lacERS.org/aboutlacERS/reports/CAFRs/CAFR2013-14.pdf>

Department of Water and Power Retirement Office
111 N. Hope Street, Room 357
Los Angeles, CA 90012
(213) 367-1689
<http://retirement.ladwp.com/image/FY14%20DWPRetirement%20Audit%20Report%20FINAL.pdf>

Funding Policy

The City's fiscal year 2014 cost for each plan is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the applicable GASB Statements. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize unfunded actuarial liabilities over a period not to exceed thirty years. The City Administrative Code and related ordinances define member contributions. The City's ARC and net pension obligation for Pensions and LACERS are generally liquidated by the General Fund, Airports, and Harbor enterprise funds.

NOTE 5 – OTHER INFORMATION (Continued)**Benefit Pension Plans**Annual Pension Cost and Net Pension Obligation

The City's annual pension cost for the current year, net pension obligation at the end of the year, and related information for each plan are as follows (in thousands):

	Pensions	LACERS	DWP Plans
Contribution rates:			
City	31.40% of covered payroll	19.84% of covered payroll	47.30% of covered payroll
Plan members	6% - Tier 1 7% - Tier 2 8% - Tiers 3 & 4 9% - Tier 5 11% - Tier 6	<u>Tier 1:</u> 11% of salaries for most employees in accordance with: 1) 2009 Early Retirement Incentive Program (ERIP) ordinance which increased member contribution rate by 1% for all employees for a period of 15 years (or until ERIP cost obligation is fully paid, whichever comes first); 2) Effective 2011, an ordinance requiring additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy. 11% effective 6/29/16 for members from two bargaining groups who currently contribute 8%; 7% for members from only one bargaining group with no agreement for rate increases as of 6/30/14. <u>Tier 2:</u> 10% of salaries for the first 4 years; contribution rate will be established by the LACERS Board every 3 years thereafter, with the first such determination to be effective 7/1/17, for the following 3 years.	<u>Tier 1:</u> 6% of salaries upon becoming a member on or after June 1, 1984; prior to June 1, 1984, amount is based on entry age percentage rate. <u>Tier 2:</u> 10% of salaries upon becoming a member on or after January 1, 2014
Annual required contribution	\$ 440,698	\$ 357,649	\$ 425,785
Interest on net pension asset (obligation)	--	4,907	(6,401)
Adjustment to annual required contribution	--	(6,942)	9,698
Annual pension cost	440,698	355,614	429,082
Contributions made	440,698	357,649	384,641
Change in net pension obligation	--	2,035	(44,441)
Net pension obligation - beginning of year	--	(63,320)	(34,127)
Net pension obligation - end of year	\$ --	\$ (61,285)	\$ (78,568)

NOTE 5 – OTHER INFORMATION (Continued)

For fiscal year 2014, LACERS received total contributions of \$562.0 million for the Retirement Plan. The City and member contributions were \$357.8 million and \$204.2 million, respectively.

On October 26, 2012, the Council approved amending Chapters 10 and 11 of Division 4 of the Administrative Code to establish a second benefit tier (Tier 2) for new hires who become Members of the LACERS on or after July 1, 2013, except as provided otherwise in Section 4.1052(a) of the Administrative Code. On July 28, 2014, the City Employee Relations Board ruled that the City's action in creating the new civilian retirement tier was illegal because the City did not meet and confer with labor representatives on the matter. The City is considering its options in response to the decision, including appealing the ruling in State court.

For fiscal year 2014, Pensions received total contributions of \$565.1 million for the Pension Plan. The City and member contributions were \$440.7 million and \$124.4 million, respectively.

Pensions is composed of six tiers. Effective July 1, 2011, a new pension tier, Tier 6, was added for all firefighters, police officers, and Harbor port police officers hired on or after July 1, 2011. Tier 6 members are required to contribute 9% of salary for regular pension contributions. They are also required to make an additional pension contribution of 2% of salary to support the City's ability to fund retiree health benefits.

During fiscal year 2014, the City and DWP agreed to a new tier of retirement benefits for new hires to DWP. On December 11, 2013, DWP Plan Board adopted a DWP Plan amendment to create a new tier for DWP employees hired on or after January 1, 2014. In addition, the suspension of the reciprocity program between DWP Plan and the LACERS became effective on January 1, 2014.

The City's annual pension cost, the percentage of annual pension cost contributed to the plans, and the net pension asset (obligation) for fiscal year 2014 and the two preceding years for each of the plans are as follows (in thousands):

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
Pensions	6/30/12	\$ 321,593	100	\$ --
	6/30/13	375,448	100	--
	6/30/14	440,698	100	--
LACERS	6/30/12	304,657	101	(67,990)
	6/30/13	341,511	101	(63,320)
	6/30/14	355,614	101	(61,285)
DWP Plans	6/30/12	368,378	89	9,924
	6/30/13	412,225	89	(34,127)
	6/30/14	429,082	90	(78,568)

NOTE 5 – OTHER INFORMATION (Continued)**Funded Status and Funding Progress**

The following is funded status information for each plan as of June 30, 2014 (in thousands):

	Pensions	LACERS	DWP Plans
Actuarial Accrued Liability (AAL)	\$ 18,114,229	\$ 16,248,853	\$ 10,975,551
Actuarial Value of Assets	15,678,480	10,944,751	8,877,595
Unfunded AAL	<u>\$ 2,435,749</u>	<u>\$ 5,304,102</u>	<u>\$ 2,097,956</u>
Funded Ratio	86.6%	67.4%	80.9%
Covered Payroll	\$ 1,402,715	\$ 1,898,064	\$ 900,126
Unfunded AAL as a percentage of covered payroll	173.6%	279.4%	233.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made for the future. The schedule of funding progress provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. It was updated for the actuarial valuation date of June 30, 2014 for Pensions and LACERS and July 1, 2014 for DWP Plans and presented as RSI following the notes to financial statements.

NOTE 5 – OTHER INFORMATION (Continued)

The contribution rates for the LACERS and Pensions retirement plans for the City for the fiscal year ended June 30, 2014 were established in accordance with actuarially determined requirements based on actuarial valuations dated June 30, 2012, except for the DWP Plans retirement plan for DWP, which were based on the July 1, 2013 valuation.

Actuarial Methods and Assumptions

The significant actuarial methods and assumptions used to compute the actuarially determined Pensions' funded status and annual required contributions, are as follows:

	Pensions	
Actuarial valuation date	June 30, 2014	June 30, 2012
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar - Tier 1 Level percent of payroll - Tiers 2, 3, 4, 5 & 6	Level dollar - Tier 1 Level percent of payroll - Tiers 2, 3, 4, 5 & 6
Remaining amortization period	Multiple layers not exceeding 25 years, closed. Initial years range from 1 to 25 years. Years remaining range from 1 to 27 years.	Multiple layers not exceeding 25 years, closed
Asset valuation method	Market value of assets less unrecognized returns in each of the last 7 years	Before June 30, 2008, 5-year market related After June 30, 2008, 7-year market related
Actuarial assumptions: Investment rate of return	7.50%	7.75%
Projected salary increases	4.75% - 11.50%	5.25% - 12.25%
Inflation rate	3.25%	3.50%
Cost-of-living adjustments	3.25% - Tiers 1 & 2 3.00% - Tiers 3, 4, 5 & 6	3.50% - Tiers 1 & 2 3.00% - Tiers 3, 4, 5 & 6

NOTE 5 – OTHER INFORMATION (Continued)

The significant actuarial methods and assumptions used to compute the actuarially determined LACERS' funded status and annual required contributions, are as follows:

	LACERS	
Actuarial valuation date	June 30, 2014	June 30, 2012
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	Multiple layers not exceeding 30 years, closed. Initial years range from 15 to 30 years. Years remaining range from 5 to 28 years.	Multiple layers not exceeding 30 years, closed. Initial years range from 15 to 30 years. Years remaining range from 7 to 30 years.
Asset valuation method	Market value of assets less unrecognized returns in each of the last 7 years	Market value of assets less unrecognized returns in each of the last 7 years
Actuarial assumptions: Investment rate of return	7.50%	7.75%
Projected salary increases	4.40% - 10.50%	4.65% - 11.25%
Inflation rate	3.25%	3.50%
Cost-of-living adjustments	Based upon Consumer Price Index (CPI), increases with a 3.00% maximum for Tier 1 members, and 2.00% maximum for Tier 2 members	Based upon Consumer Price Index (CPI), increases with a 3.00% maximum

NOTE 5 – OTHER INFORMATION (Continued)

The significant actuarial methods and assumptions used to compute the actuarially determined DWP Plan's funded status and annual required contributions, are as follows:

	DWP Plans	
Actuarial valuation date	July 1, 2014	July 1, 2013
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar	Level dollar
Remaining amortization period	Multiple layers not exceeding 15 years, closed. Years remaining range from 5 to 15 years.	Multiple layers not exceeding 15 years, closed. Years remaining range from 6 to 15 years.
Asset valuation method	Market value of assets less unrecognized returns in each of the last 5 years	Market value of assets less unrecognized returns in each of the last 5 years
Actuarial assumptions: Investment rate of return	7.50%	7.75%
Projected salary increases	4.75% - 10.00%	5.35% - 10.50%
Inflation rate	3.25%	3.50%
Cost-of-living adjustments	Based upon CPI, increases with a 3.00% maximum for Tier 1 members and 2.00% maximum for Tier 2 members	Based upon CPI, increases with a 3.00% maximum

NOTE 5 – OTHER INFORMATION (Continued)**Other Postemployment Benefits (OPEB)**

The City Charter, the Administrative Code and related ordinance define the postemployment healthcare benefits. There are no member contributions for healthcare benefits. The City's OPEB and net OPEB obligations for LACERS and Pensions are generally liquidated by the General Fund, Airports and Harbor enterprise funds; and the General Fund and Harbor enterprise funds, respectively.

Annual OPEB Cost and Net OPEB Asset (Liability)

The City's annual OPEB cost for the current year, net OPEB asset (liability) at the end of the year, and related information for each plan are as follows (in thousands):

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
City contribution rates	9.8% of covered payroll	5.42% of covered payroll	6.49% of covered payroll
Annual required contribution	\$ 148,348	\$ 97,841	\$ 60,676
Interest on net OPEB asset (liability)	9,980	--	(76,461)
Adjustment to annual required contribution	<u>(8,441)</u>	<u>--</u>	<u>66,869</u>
Annual OPEB cost	149,887	97,841	51,084
Contributions made	<u>148,348</u>	<u>97,841</u>	<u>74,625</u>
Change in net OPEB asset (liability)	(1,539)	--	23,541
Net OPEB asset (liability)- beginning of year	<u>(128,780)</u>	<u>--</u>	<u>954,690</u>
Net OPEB asset (liability) - end of year	<u><u>\$ (130,319)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 978,231</u></u>

During the 2011 fiscal year, the City adopted an ordinance to freeze the maximum medical subsidy at \$1,190 for those LACERS' members who retire on or after July 1, 2011. However, LACERS' members, who at any time prior to retirement, contribute the additional 2% or 4% of pay are exempted from the freeze and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2014, approximately 99% of non-retired members were making the additional contributions, and therefore were not subject to the medical subsidy freeze. Postemployment healthcare benefits for the Tier 2 members differ from those for the Tier 1 members in their annual subsidy accrual after 10 years of service; Tier 1 earns 4% per year while Tier 2 earns 3% per year. Spouses/domestic partners of Tier 2 members are not entitled to LACERS's postemployment healthcare benefits.

For fiscal year 2014, the City contribution for LACERS and Pensions' OPEB was \$97.8 million and \$138.1 million, respectively.

NOTE 5 – OTHER INFORMATION (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB asset (liability) for fiscal year 2014 and the two preceding years for each of the plans are as follows (in thousands):

	Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset (Liability)
Pensions OPEB	6/30/12	\$ 159,777	83 %	\$ (127,024)
	6/30/13	144,569	99	(128,780)
	6/30/14	149,887	99	(130,319)
LACERS OPEB	6/30/12	115,209	100	--
	6/30/13	72,916	100	--
	6/30/14	97,841	100	--
DWP OPEB	6/30/12	41,620	244	923,874
	6/30/13	38,311	180	954,690
	6/30/14	51,084	146	978,231

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2014 (in thousands):

	Pensions OPEB	LACERS OPEB	DWP OPEB
Actuarial Accrued Liability (AAL)	\$ 2,783,283	\$ 2,662,853	\$ 1,947,912
Actuarial Value of Assets	1,200,874	1,941,225	1,485,140
Unfunded AAL	<u>\$ 1,582,409</u>	<u>\$ 721,628</u>	<u>\$ 462,772</u>
Funded Ratio	43.1%	72.9%	76.2%
Covered Payroll	\$ 1,402,715	\$ 1,898,064	\$ 900,126
Unfunded AAL as a percentage of covered payroll	112.8%	38.0%	51.4%

Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurring events far into the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. It was updated for the actuarial valuation date of June 30, 2014 for Pensions and LACERS and July 1, 2014 for DWP Plans and presented as RSI following the notes to financial statements.

NOTE 5 – OTHER INFORMATION (Continued)

Although no formal funding policy has been established for the future benefits to be provided under this plan, DWP has made significant contributions into the Retiree Health Benefits Fund (DWP Retiree Fund) during previous years. In fiscal year 2014, DWP paid \$74.6 million in retiree medical premiums. No additional transfer to the DWP Retiree Fund was made in fiscal year 2014. The Power and Water Enterprise Fund's portion of retiree medical premium payments was \$50.7 million and \$23.9 million, respectively.

The contribution rates for the LACERS and Pensions OPEB for the City for the fiscal year ended June 30, 2014 were established in accordance with actuarially determined requirements computed based on June 30, 2012 actuarial valuations, except for the DWP Plans OPEB, which was based on the July 1, 2013 valuation.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in AAL and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant actuarial methods and assumptions used to compute the actuarially determined Pensions' OPEB funded status and annual required contributions, are as follows:

NOTE 5 – OTHER INFORMATION (Continued)

	Pensions OPEB	
	June 30, 2014	June 30, 2012
Actuarial valuation date	June 30, 2014	June 30, 2012
Actuarial cost method	Entry age	Entry age
Amortization method	Closed amortization periods	Closed amortization periods
Remaining amortization period	Multiple layers, closed. Prior to June 30, 2012, 22 years. On or after June 30, 2012, 18 -19 years	Multiple layers, closed Prior to June 30, 2012, 24 years On or after June 30, 2012, 20 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last 7 years	Before June 30, 2008, 5-year market related After June 30, 2008, 7-year market related
Actuarial assumptions: Investment rate of return	7.50%	7.75%
Projected salary increases	4.00%	4.25%
Inflation rate	3.25%	3.50%
Healthcare cost trend rates		
Medical	7.00% decreasing by 0.25% for each year for 8 years until it reaches an ultimate rate of 5.00%	8.50% decreasing by 0.50% for each year for 7 years until it reaches an ultimate rate of 5.00%
Dental	5.00%	5.00%

NOTE 5 – OTHER INFORMATION (Continued)

The significant actuarial methods and assumptions used to compute the actuarially determined LACERS' OPEB funded status and annual required contributions, are as follows:

	LACERS OPEB	
	June 30, 2014	June 30, 2012
Actuarial valuation date	June 30, 2014	June 30, 2012
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	Multiple layers, closed. Initial years range from 15 to 30 years. Years remaining from 10 to 28 years.	Multiple layers, closed. Initial years range from 15 to 30 years. Years remaining from 12 to 30 years.
Asset valuation method	Market value of assets less unrecognized returns in each of the last 7 years	Market value of assets less unrecognized returns in each of the last 7 years
Actuarial assumptions:		
Investment rate of return	7.50%	7.75%
Projected salary increases	4.00%	4.25%
Inflation rate	3.25%	3.50%
Healthcare cost trend rates		
Medical	7.00% decreasing by 0.25% for each year for 8 years until it reaches an ultimate rate of 5.00%	8.25% decreasing by 0.50% for each year for 7 years until it reaches an ultimate rate of 5.00%
Dental	5.00%	5.00%

NOTE 5 – OTHER INFORMATION (Continued)

The significant actuarial methods and assumptions used to compute the actuarially determined DWP Plan's OPEB funded status and annual required contributions, are as follows:

	DWP Plans OPEB	
Actuarial valuation date	July 1, 2014	July 1, 2013
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	21 years, closed	22 years, closed
Asset valuation method	Market value of assets less unrecognized returns in each of the last 5 years	Before June 30, 2008, market value of asset After June 30, 2008, 5-year market related
Actuarial assumptions:		
Investment rate of return	7.50%	7.75%
Projected salary increases	4.00%	4.25%
Inflation rate	3.25%	3.50%
Healthcare cost trend rates		
Medical	7.00%, graded down to an ultimate rate of 5.00% over 8 years	8.00%, graded down to an ultimate rate of 5.00% over 6 years
Dental	5.00%	5.00%

Deferred Retirement Option Plan

Effective May 1, 2002, members of Pensions have the option to enroll in the Deferred Retirement Option Plan (DROP) under Section 4.2100 of the Administrative Code. Members of Tiers 2 and 4 who have at least 25 years of service, and members of Tiers 3 and 5 who have at least 25 years of service and who are at least age 50 are eligible for DROP. Participation in DROP by Tier 6 members is subject to amendment of the Administrative Code. Members who enroll continue to work and receive their active salary for up to five years. Enrolled members continue to contribute to Pensions until they have completed the maximum number of years required for their tier, but cease to earn additional retirement service and salary credits. Monthly pension benefits that would have been paid to enrolled members are credited to their DROP accounts. DROP account balances earn interest at an annual rate of 5%.

NOTE 5 – OTHER INFORMATION (Continued)

Once the DROP participation period ends, enrolled members must terminate active employment. They then receive proceeds from their DROP account and a monthly benefit based on their service and salary at the beginning date of their DROP participation, plus applicable COLAs. At June 30, 2014, 1,277 pensioners were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately \$284.9 million.

Two Percent Opt-In

On July 15, 2011, the City Council adopted an ordinance to permanently freeze the retiree health subsidies and reimbursements for members of Pensions who retired or entered DROP on or after July 15, 2011. This ordinance added language to the Los Angeles Administrative Code to freeze the maximum monthly non-Medicare subsidy at the July 1, 2011, rate of \$1,097.41 per month, and freeze the maximum monthly Medicare subsidy as of the January 1, 2011, rate of \$480.41 per month. However, the ordinance also provided that members may make an irrevocable election to contribute towards vesting increases in the maximum medical subsidy, as allowed by an applicable MOU. Members who opted-in to make additional pension contributions are entitled to the current maximum medical subsidy benefit and all future subsidy increases once they retire and become eligible to receive a subsidy. The opt-in period for the majority of the members began August 15, 2011 and closed September 29, 2011.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act (PPACA) of 2010 contains a provision that would impose a 40% excise tax on the annual value of health plan costs that exceed certain dollar thresholds beginning in 2018.

LACERS and Pensions did not include the projected excise tax in the June 30, 2014 actuarial valuation. Both LACERS and Pensions estimate that if there is no change in the law or plan provisions between now and 2018, and if the current medical cost trend stays substantially the same during the same period, some of their postemployment health care benefits will be subject to the excise tax in 2018.

The impact of this potential excise tax was reflected in the DWP Plans' actuarial valuation as of June 30, 2014. For the purpose of the actuarial valuation, the thresholds in 2019 are indexed and assumed to increase by 4.25% over those in 2018. After 2019, the thresholds are assumed to increase by 3.25% (assumed CPI inflation) per year. Also, in this valuation, the allocation of the excise tax between the DWP Plans and retirees was based on the proportion of the health care cost expected to be paid by each party. The allocation is subject to future change based on composition of participant data. The estimated impact of any potential excise tax imposed by PPACA is continually reflected in the actuarial valuation.

B. Early Retirement Incentive Program

The City's Early Retirement Incentive Program (ERIP) in 2009 provided incentives for 2,400 members of LACERS to retire in the form of retirement benefit enhancement and/or separation pay incentives. Total severance and separation payment costs of \$89.4 million were paid out in two installments in fiscal years 2011 and 2012. ERIP cost obligation shall be an obligation of the LACERS' members and shall be cost-neutral to the City. To this end, the retirement benefits of employees retiring under ERIP shall be reduced by 1.0%. The ERIP ordinance stipulated a 1.0% increase in member contribution rate for all employees effective July 1, 2011, for a period of 15 years, or until the ERIP cost obligation is fully paid, whichever comes first.

NOTE 5 – OTHER INFORMATION (Continued)**C. Commitments and Contingencies****Contingencies****Governmental Activities**Pledges of Future Revenues

The City has pledged certain future revenues for the payment of certain outstanding long-term obligations. Discussions about pledged revenues are included in Note 4H on Long-Term Liabilities.

Pending Lawsuits and Claims

As mentioned in Note 4O, certain pending lawsuits and claims have a reasonable possibility of resulting in additional liability totaling approximately \$495.8 million as described below. However, no amount has been accrued in the accompanying financial statements because it is not probable that a loss has been incurred as of June 30, 2014.

The City's telephone users' tax (TUT) ordinance was amended with the approval by the electorate of Proposition S, "Reduction of Tax Rate and Modernization of Communications Users Tax," on February 5, 2008. This measure replaced the prior telephone users' tax ordinance. The City's TUT ordinance has been the subject of litigation challenging application of the tax to certain telecommunications services as a result of outdated ordinance definitions or references to outdated federal laws. On issues related to a certain class action challenging the validity of the City's telephone users' tax based on a federal government interpretation of the federal excise tax, the California Supreme Court, on July 25, 2011, held that class actions against municipalities for refunds of local taxes are permitted under state law, and remanded the matter back to the trial court for consideration on the merits. No class has been certified. Various other lawsuits challenging the City's TUT are pending.

Jack Fry, Gary Cline, Sandra Carlsen, Yvette Moreno, and Los Angeles Retired Fire & Police Association, Inc. v. City of Los Angeles, is a lawsuit filed by individual sworn employees regarding the City's action to freeze retiree health benefits for sworn employees who elect not to contribute to these benefits. On July 28, 2014, a Superior Court issued an interim order ruling that the petitioners have a vested right to a "non-frozen" health subsidy in retirement. The City appealed the Superior Court's decision. On November 12, 2014, the Court of Appeal granted the City's application for a Writ of Supersedeas, which stays the Superior Court's order pending the City's appeals and required the LAFPP Board to continue applying the retiree health care freeze ordinance.

Because the City receives federal funds from the U.S. Department of Housing and Urban Development (HUD), which it uses to fund housing developments, HUD's Office of Fair Housing and Equal Opportunity (FHEO) separately monitors City compliance with federal law. During three visits in late 2011, FHEO purportedly reviewed compliance with such laws, including the Americans with Disabilities Act (ADA). FHEO has conducted additional site inspections, and City staff and its outside attorney have been communicating with HUD officials. Based on the results of the inspections, the City intends to retrofit and remediate all federally-funded properties to the appropriate standard.

The City Attorney was advised by letter dated November 30, 2011, that the Civil Fraud Section of the U.S. Department of Justice is investigating whether the City violated the False Claims Act in connection with certifications to HUD regarding compliance with federal accessibility laws and regulations for the disabled. The City has been cooperating with the investigation and continues to identify and locate documents requested by the U.S. Attorney. It is not possible to quantify the City's liability at this time.

NOTE 5 – OTHER INFORMATION (Continued)City Repayments to Airports Enterprise Fund

In December 2009, the City settled two unrelated cases with the Federal Aviation Administration (FAA) relative to FAA's audit findings of improper payments by Airports to the City. The cases involved compliance review by FAA of the transfer of Airports revenue funds to the City for the implementation of a joint strategic international marketing alliance, and the legality of the transfer of \$43.0 million out of approximately \$58.0 million representing condemnation proceeds received for certain City-owned property taken by the State for use in the construction of the Century Freeway. The settlement calls for a series of semi-annual payments over ten years through June 30, 2019 by the City to Airports totaling \$17.7 million plus a 3.00% interest for a total of \$21.3 million. To effect payment, the City will reduce the charges to Airports for future services rendered. As of June 30, 2014, the \$0.8 million installment payment has been offset against billings by the City for actual costs of services provided to Airports. The City reported the outstanding principal balance of \$11.2 million as an interfund payable beyond one year and \$2.6 million as payable within one year.

Business-Type Activities**Airports Enterprise Fund**Los Angeles International Airport (LAX) Master Plan

The LAX Master Plan was adopted by Airports Board and approved by the City Council in 2004. It is a broad policy statement regarding the conceptual strategic framework for future improvements at LAX and describes how LAX can accommodate its appropriate share of the region's aviation demand, while balancing those needs with environmental concerns, safety and security, and the concerns of LAX's neighbors.

Settlement agreements were entered into by the City and several entities that filed lawsuits in connection with the LAX Master Plan. Among other things, the agreements require Airports to limit the number of terminal gates; involve the surrounding communities in project planning; provide funding for traffic and noise mitigation and abatement, job training and opportunities, street and street lighting improvements, and air quality and environmental programs; and develop a regional initiative to encourage passenger and cargo activity at other airports. Airports is continuing to perform its obligations pursuant to these agreements conditioned upon FAA's approval of expenditures and use of airport revenues for the specified purposes.

In connection with the approval of the LAX Master Plan, the City Council amended the City's general plan to include a component specific to LAX, the LAX Plan. Along with the approval of the LAX Master Plan in 2004, the City Council also adopted the LAX Specific Plan, an ordinance that establishes zoning and development regulations consistent with the LAX Plan. The LAX Specific Plan required Airports to prepare a Specific Plan Amendment Study (SPAS) to address, among other things, security, traffic, aviation activity, and corresponding environmental analysis consistent with the California Environmental Quality Act (CEQA).

NOTE 5 – OTHER INFORMATION (Continued)

On February 5, 2013, the board certified the Environmental Impact Report (EIR) prepared for the LAX SPAS under CEQA and determined that the LAX SPAS was complete. It also selected the Staff-Recommended Alternative, including the proposed amendments to Section 7.H of the LAX Specific Plan and all amendments to the City's general plan, including the LAX Plan, and the LAX Specific Plan, as the best alternative to the problems that the so-called "Yellow Lights Projects" were designed to address, subject to future detailed planning, engineering, and project-level environmental review, such as project-level review of individual improvements under CEQA and the evaluation and approval processes of FAA. Approval of the SPAS Staff-Recommended Alternative would provide the platform from which the specific details of the proposed improvements would be further defined and evaluated in connection with current and future FAA standards.

On April 30, 2013, the City Council certified the LAX SPAS EIR and selected the Staff-Recommend Alternative, subject to the same provisions set forth above. On May 30, 2013, the Alliance for a Regional Solution to Airport Congestion, the City of Inglewood, the City of Culver City, the City of Ontario, the County of San Bernardino, and SEIU United Service Workers West (Petitioners) filed three separate petitions for writ of mandate in the Los Angeles Superior Court against the City alleging that the SPAS final environmental impact report (SPAS Final EIR) was not completed in compliance with CEQA and requested, among other things, the Court to set aside all approvals based upon the SPAS Final EIR. The three cases were deemed related on June 24, 2013, and consolidated on September 18, 2013. On February 28, 2014, they were transferred to the Ventura County Superior Court. No hearing date for the trial on the merits of the case has been set.

Over the course of the past 18 months, the parties have been preparing the record of proceedings (i.e., assembly of the documents upon which the merits of the case will be determined). A dispute has arisen regarding production of certain Airports records. On September 2, 2014, the Petitioners brought a motion to clarify the administrative record. The motion was set for hearing in Ventura County Superior Court on November 14, 2014. Once the parties have finalized the Administrative Record, a briefing schedule and hearing date will be set for the trial on the merits of the case.

On October 28, 2014, Petitioner Service Employees International Union (SEIU) United States Workers West dismissed its lawsuit without prejudice. Once the remaining parties have finalized the administrative record, a brief schedule and hearing date will be set for the trial on the merits of the case.

Terminal Leases

In January 2007, American Airlines, Inc. ("American") filed a complaint in Federal District Court alleging that Airports had imposed new maintenance and operation charges in violation of its lease at LAX. In 2008, Airports and American entered into an interim settlement agreement (the "ISA") and pursuant to the ISA, the parties filed a joint stipulation for dismissal of the litigation without prejudice to renew litigation. In January 2014, American and Airports entered into a settlement agreement ("Final Settlement") which settled, among other things, the maintenance and operation charges in the lease. Under the Final Settlement, Airports and American agreed that the dismissal filed in 2008 was deemed to be a dismissal with prejudice; American paid \$14 million in compromise and settlement of all disputes regarding the maintenance and operation charges for the period from January 2011 through December 2013; and Airports paid for the purchase of certain pavement and terminal improvements, busing credit related to the employee parking lot, and Terminal 4 connector design plans.

NOTE 5 – OTHER INFORMATION (Continued)Aviation Security

Concerns about the safety and security of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand, particularly in the light of existing international hostilities, potential terrorist attacks, and world health concerns. Intensified security precautions have been instituted by government agencies, airlines, and airport operators since the September 11, 2001 terrorist attacks. Intelligence reports have indicated that LAX was a target of a terrorist bombing plot as well as a potential terrorist target. Airports is unable to predict: (a) the likelihood of future incidents of terrorism and other airline travel disruptions; (b) the impact of the aforementioned security issues on its operations and revenues; and (c) financial impact to the airlines operating at Airports.

LA/ONT International Airport Local Control

In December 2011, the City of Ontario proposed to Airports that the operations of ONT be transferred from the City of Los Angeles to the City of Ontario under certain terms. The terms included, among others, paying the City of Los Angeles \$50.0 million and assumption by the City of Ontario of the existing bonded debt of ONT. In August 2012, the San Bernardino County Board of Supervisors approved the creation of the Ontario International Airport Authority (OIAA) to oversee ONT should the City of Los Angeles relinquish control. The OIAA is a joint powers arrangement between the County of San Bernardino and the City of Ontario.

In September 2012, as directed by the Trade, Commerce and Tourism Committee of the Los Angeles City Council, the City Administrative Officer (CAO) issued a report related to ONT. The report recommended that the Mayor and Council decline the December 2011 proposal of the City of Ontario. The CAO further recommended that Airports and the City shall negotiate with the City of Ontario, County of San Bernardino, OIAA, and other primary stakeholders to determine the most effective and appropriate ownership and management alternative, and the assigned value of such alternative for ONT.

On June 3, 2013, after rejecting Airports' offer to sell ONT at a certain price, the City of Ontario filed a complaint against the City alleging, among other things, breach of contract, breach of implied covenant of good faith and fair dealing, and breach of fiduciary duty in connection with the operation and management of ONT. The complaint seeks, among other things, unspecified damages and rescission or reformation of the agreements governing the City's acquisition, operation, and management of ONT.

The City filed a partial motion for summary adjudication on count 4 (rescission) and count 5 (reformation) of the complaint. On September 26, 2014, the City of Ontario filed a cross-motion for summary adjudication on counts 4 and 5 which was also scheduled for hearing on October 31, 2014. The City's partial motion for summary adjudication on count 4 (rescission) and count 5 (reformation) was granted and the court's order granting the City's motion was entered on February 26, 2015. There are now three remaining causes of action (breach of contract, breach of implied covenant of good faith and fair dealing, and breach of fiduciary duty). On February 17, 2015, the City filed its second motion for summary adjudication challenging the three remaining causes of action on the basis that the City of Ontario failed to file a timely Government Code claim. This motion is scheduled for a hearing on April 8, 2015. If City's motion is granted, the case will be over. If it is denied or only granted in part, the case is scheduled to begin trial on August 17, 2015. Airports is contesting the case vigorously but cannot predict the outcome of the lawsuit and at this time, the range of the potential loss is uncertain.

NOTE 5 – OTHER INFORMATION (Continued)Environmental Matters

The State Water Resources Control Board (SWRCB) issued a Notice of Violation (NOV) to LAWA generally alleging violations of underground storage tank (UST) construction, monitoring, and testing laws at facilities where LAWA owns and operates USTs. LAWA owns and/or operates 13 USTs (six at LAX, four at VNY and three at ONT). The NOV did not specify any particular violations but the SWRCB subsequently identified a number of alleged violations that are under review along with continued improvement of LAWA's overall UST compliance program.

The California Regional Water Quality Control Board, Lahontan Region (Water Board) issued a Notice of Revised Proposed Cleanup and Abatement Order (Order) to Los Angeles County Sanitation District No. 20 (District) and the City of Los Angeles (City), as Dischargers, with respect to discharges to underground water from the Palmdale Reclamation Plant (Reclamation Plant) owned by the District. The Order states that the discharges have resulted in violations of waste discharge requirements for the Reclamation Plant and prohibitions contained in the Water Quality Control Plan for the Lahontan Region, and that discharges from the Reclamation Plant to unlined ponds and to the Effluent Management Site (owned by the City and now known as the Agricultural Site) have adversely affected and polluted groundwater in the area of the discharges. The Water Board issued an order to the District and LAWA to submit technical reports that include feasibility and costs to remove nitrate from groundwater to certain acceptable levels. The costs and timeframe to perform the Order, along with the apportionment of liability, are uncertain at this time.

Harbor Enterprise FundAlameda Corridor Transportation Authority (ACTA) Agreement

In August 1989, Harbor and the Port of Long Beach (the Ports) entered into a joint exercise of powers agreement and formed ACTA for the purpose of establishing a comprehensive transportation corridor and related facilities consisting of street and railroad rights-of-way and an improved highway and railroad network along Alameda Street between the Santa Monica Freeway and the Ports in San Pedro Bay, linking the Ports to the central Los Angeles area. The Alameda Corridor began operating on April 15, 2002. ACTA is governed by a seven-member board, which comprises of two members from each Port, one each from the Cities of Los Angeles and Long Beach and one from the Metropolitan Transportation Authority. In 2003, ACTA agreed to an expanded mission to develop and support projects that more effectively move cargo to points around Southern California, ease truck congestion, improve air quality, and make roads safer. If in the future, ACTA becomes entitled to distribute income or make equity distributions, the Ports shall share such income and equity distributions equally.

In October 1998, the Ports, ACTA, and the railroad companies, which operate on the corridor, entered into a Corridor Use and Operating Agreement (Corridor Agreement). The Corridor Agreement obligates the privilege of using the corridor to transport cargo into and out of the Ports. ACTA negotiated with BNSF Railway Company (BNSF) and Union Pacific (UP) regarding certain types of cargo movements (transload movements) for which BNSF and UP are not paying use fees. In the Settlement and Release Agreement (the Agreement), dated July 5, 2006, ACTA, BNSF, and UP agreed to resolve the "Transloading Dispute." ACTA, the Ports, the City of Los Angeles, and the City of Long Beach (the ACTA Releasing Parties) each release, acquit, and discharge BNSF and UP of all liability and costs, as stated in the Agreement, arising from or relating to the Transloading Dispute. BNSF and UP (the Railroad Releasing Parties) each release, acquit, and discharge the ACTA Releasing Parties from any and all liability and costs, as stated in the Agreement, arising from or relating to any claim by the Railroad Releasing Parties. These use fees are used to pay

NOTE 5 – OTHER INFORMATION (Continued)

(a) the debt service that ACTA incurs on approximately \$1.2 billion of bonds, which ACTA issued in early 1999 and approximately \$686.0 million of bonds issued in 2004, and (b) for the cost of funding required reserves and costs associated with the financing, including credit enhancement and rebate requirements, if any (collectively, ACTA Obligations). Use fees end after 35 years or sooner if the ACTA Obligations are paid off earlier.

If ACTA revenues are insufficient to pay ACTA Obligations, the Corridor Agreement obligates each Port to pay up to twenty percent (20%) of the shortfall (Shortfall) on an annual basis. If this event occurs, the Ports' payments to ACTA are intended to provide cash for debt service payments and to assure that the Alameda Corridor is available to maintain continued cargo movement through the Ports. The Ports are required to include expected Shortfall payments in their budgets, but Shortfall payments are subordinate to other obligations of Harbor, including the bonds and commercial paper currently outstanding, Harbor does not and is not required to take Shortfall payments into account when determining whether it may incur additional indebtedness or when calculating compliance with rate covenants under their respective bond indentures and resolutions.

In 2012, ACTA obtained a Federal Railroad Administration loan for \$83.7 million under the Railroad Rehabilitation and Improvement Financing (RRIF) Program. The purpose of the loan which was in the form of 2012 Taxable Senior Lien Revenue Refunding Bonds, was to refinance a portion of ACTA's outstanding bonds. Furthermore, in 2013, ACTA refunded \$288.0 million of its 1999 Series A Bonds in the form of Tax-Exempt Senior Lien Revenue Refunding Bonds of Series 2013A, generating a present value savings of \$35.0 million or 12%. As a result of ACTA's 2012 and 2013 refunding transactions, it is projected that no shortfall advances will be required by the two ports until the year 2019.

Natural Resources Defense Council Settlement Judgment

In March 2003, Harbor settled a lawsuit entitled: Natural Resources Defense Council, Inc., et al. v. City of Los Angeles, et al., regarding the environmental review of a Harbor project at the China Shipping Terminal. The settlement called for a total of \$50.0 million in mitigation measures to be undertaken by Harbor. This \$50.0 million charge was recorded as expense in fiscal year 2003.

The terms of the agreement require that Harbor fund various mitigation activities in the amount of \$10.0 million per year over a five-year term ending in fiscal year 2007. As of June 30, 2009, a total of \$50.0 million were transferred from Harbor Revenue Fund to the restricted mitigation funds.

In June 2004, Harbor agreed to amend the original settlement to include, and transferred to the restricted mitigation fund, an additional \$3.5 million for the creation of parks and open space in San Pedro. Pursuant to the settlement agreement, Harbor is also obligated to expend up to \$5.0 million to retrofit customer vessels to receive shore-side power as an alternative to using on-board diesel fueled generators. Through the end of fiscal year 2009, Harbor has spent \$5.0 million for this program.

The settlement agreement also established a throughput restriction at China Shipping Terminal per calendar year. Actual throughput at the terminal exceeded the cap for calendar years 2008, 2007, 2006, and 2005, and payments of \$1.8 million, \$6.9 million, \$5.8 million, and \$3.9 million, respectively, were made for having exceeded the caps. Harbor charged to nonoperating expense and deposited in the restricted mitigation fund the said amounts in June 2009, June 2008, May 2007, and April 2006, respectively. Total deposits for the four years were \$18.3 million, with the June 2009 deposit for calendar year 2008 being the last payment for excess throughput required under the settlement agreement.

NOTE 5 – OTHER INFORMATION (Continued)

In April 2011, Harbor contributed \$3.2 million to the restricted mitigation funds as payment for four low profile cranes installed on Berth 102 designed to reduce visual impact by the use of a horizontal boom that does not need to be raised up when the crane is not in use.

As of June 30, 2014, Harbor has contributed a total of \$75.0 million to the restricted mitigation funds in accordance with the provisions of the settlement.

Settlement on Dispute on Nexus Study

On January 19, 2001, the City, along with Harbor and the California State Lands Commission (Commission), entered into a settlement and mutual release agreement to resolve their disputes concerning the City's entitlement to historic and future reimbursements for costs the City incurred or would incur providing services to Harbor. The settlement agreement provides that the City, as reimbursement for payments made by Harbor to the City for retroactive billings for City services provided during the period July 1, 1977 through June 30, 1994, inclusive, pay Harbor \$53.4 million in principal plus 3% simple interest over a 15-year period.

The settlement agreement also provides that the City reimburse Harbor for the payment differential, that amount representing the difference between the actual payments and the amount to which the City would have been entitled to reimbursement during fiscal year 1994–1995 through fiscal year 2000–2001, inclusive, had the reimbursement been computed during each of those fiscal years using the settlement formula. This amount is estimated at \$8.4 million. Payment for this period is to be reimbursed to Harbor over 15 years, including 3% simple interest. The agreement also states that at any time after five years from January 19, 2001, the City, Harbor, and the Commission may negotiate to amend this agreement to account for new or changed circumstances.

The State of California (the State), the City, and Harbor agreed to mutually release and discharge the other from any and all claims, demands, obligations, and causes of action, of whatever kind or nature pertaining in any way to the use, payment, transfer, or expenditure for any of the services or facilities identified in the Nexus Study or the 1997 MOU and provided for during the period July 1, 1977 through June 30, 2002.

Accordingly, Harbor had recorded the notes receivable due from the City. At June 30, 2014, long-term notes receivable amounted to \$5.0 million; and current portion of notes receivable amounted to \$4.9 million.

TraPac Project and Environmental Impact Report

On December 6, 2007, the Harbor Board certified the TraPac project, which involves the development and improvements to Berths 136-147, currently occupied by TraPac. Certain entities (Appellants) appealed the project approval under the provisions of the California Environmental Quality Act (CEQA). On April 3, 2008, the City and Harbor Board approved a Memorandum of Understanding (MOU) for the revocation of the appeals and the establishment of a Port Community Mitigation Trust Fund (PCMTF) to be operated by the Harbor Community Benefit Foundation (HCBF), a nonprofit entity.

Harbor had provided the first two years funding of \$12.0 million and \$4.0 million to the PCMTF for the identified TraPac projects in the MOU. Based on the volume of cargo processed in the third year, no additional funding has been necessary.

NOTE 5 – OTHER INFORMATION (Continued)

On October 26, 2010, Harbor Board approved the Operating Agreement of the TraPac MOU (Operating Agreement) which provided for more detailed procedures for the implementation of the MOU. The Operating Agreement also provided for the management of the PCMTF by California Community Foundation (CCF) or other appropriate independent financial manager. CCF managed the PCMTF funds pursuant to the Operating Agreement from 2011 to 2013.

In fiscal year 2013, Harbor and HCBF agreed that a change in financial manager was in the best interest of the PCMTF, and hence, terminated the financial management agreement with CCF. On October 18, 2013, Harbor Board approved the selection of J.P. Morgan Private Bank (JPMorgan) as the new independent financial manager to receive, manage, and disburse funds from the PCMTF. Approximately \$7.8 million in PCMTF funds being managed by CCF were transferred to a JPMorgan account in November 2013. Due to disbursements made in accordance with the MOU and Operating Agreement, the balance in the PCMTF account managed by JPMorgan as of July 2014 totaled \$6.3 million.

While the five-year MOU expired in April 2013, the Operating Agreement provided that Harbor shall continue to fund the PCMTF with contributions on account of certain expansion projects that have environmental impact reports certified within five years after the first HCBF Board of Directors meeting, which time expires in May 2016. The Operating Agreement provides that if the identified MOU expansion projects have EIRs certified and will proceed with construction; Harbor will make a one-time additional contribution at a rate of \$3.50 per TEU (or \$1.50 per cruise passenger, and 0.15 per ton of bulk cargo) per project for growth associated with such expansion projects. Funds will be transferred to the PCMTF within 21 days following award of a construction contract or commencement of construction of each project that had an EIR certified prior to May 19, 2016. There were no contributions made during fiscal year 2014.

As of June 30, 2014, a total of \$16.8 million has been disbursed from the PCMTF fund held by Harbor. The remaining fund balance including interest earned as of June 30, 2014 is \$0.1 million.

Power and Water Enterprise Funds

A number of claims and suits are also pending against DWP for alleged damages to persons and property and for other alleged liabilities arising out of DWP's operations. In the opinion of DWP management, any ultimate liability, which may arise from these actions, is not expected to materially impact the Power and Water Enterprise Funds' financial statements.

Power Enterprise Fund**Capital Facilities Fee Claims**

In June 2007, DWP received a tentative decision in favor of the State and a number of local government agencies that are electric customers of DWP. They claimed that rates that include a capital facilities' charge violates the State's statute. However, in October 2008, DWP settled the case and recorded the \$160.0 million settlement amount. Additionally, as permitted by generally accepted accounting principles, the DWP Board approved to defer all potential costs associated with the resolution of this litigation and establish a corresponding long-term deferred debt to be recovered through future revenues over a period of up to ten years, if necessary.

NOTE 5 – OTHER INFORMATION (Continued)Environmental Matters

Numerous environmental laws and regulations affect Power's facilities and operations. DWP monitors its compliance with laws and regulations and reviews its remediation obligations on an ongoing basis. The following topics highlight some of the major environmental compliance issues affecting Power:

Air Quality – Nitrogen Oxide Emissions. Power's generating station facilities are subject to the Regional Clean Air Incentives Market (RECLAIM) NO_x emission reduction program adopted by the South Coast Air Quality Management District (SCAQMD). In accordance with this program, SCAQMD established annual NO_x allocations for NO_x RECLAIM facilities based on historical emissions and type of emission sources operated. These allocations are in the form of RECLAIM trading emission credits (RTCs). Facilities that exceed their allocations may buy RTCs from other companies that have emissions below their allocations. DWP has a program of installing emission controls and purchasing RTCs, as necessary, to meet its emission requirements.

As a result of the installation of NO_x control equipment and the repowering of existing units, DWP has sufficient RTCs to meet its native load requirements for normal operations.

Air Quality – Greenhouse Gas Emissions. In September 2006, the state of California adopted two new laws designed to reduce greenhouse gas (GHG) emissions in California. The first, Assembly Bill 32, the California Global Warming Solutions Act of 2006, requires the California Air Resources Board (ARB) to develop regulations to reduce statewide GHG emissions back to 1990 levels by 2020.

In 2007, the ARB established California's 1990 GHG emissions baseline, and developed a mandatory reporting regulation to require California sources to report their GHG emissions annually starting with 2008 data. In December 2008, the ARB adopted its Initial AB 32 Climate Change Scoping Plan, which serves as California's blueprint for reducing GHG emissions.

The Initial Scoping Plan includes the following emission reduction measures applicable to the electricity sector: (1) increase renewable energy to 33%, (2) expand energy efficiency programs, (3) reduce SF₆ emissions from gas insulated electrical switchgear, and (4) establish a GHG cap-and-trade program. The cap-and-trade program sets a statewide cap on GHG emissions beginning in January 2013, with the cap declining two to three percent per year from 2013 to 2020. The cap-and-trade program covers GHG emissions from all electricity generated in California or imported from other states, in-state industrial and manufacturing facilities, as well as natural gas and transportation fuels consumed in California.

In May 2014, ARB adopted the First Update to the AB 32 Scoping Plan, which describes progress made to meet the near-term objectives of AB 32 and establishes California's climate change priorities and activities over the next several years. It also states activities and issues facing California as it develops an integrated framework for achieving climate goals and federal clean air standards in California beyond 2020.

NOTE 5 – OTHER INFORMATION (Continued)

The second bill adopted by the state of California is designed to reduce greenhouse gas emissions from the generation of electricity consumed in California. Senate Bill 1368 requires the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) to establish a GHG emissions performance standard and implement regulations governing long-term financial commitments in base load generation made by load serving entities (LSEs) including publicly owned electric utilities (POUs). These regulations are intended to prohibit any California LSE from entering into or renewing a long-term financial commitment with a base load generating resource that exceeds the GHG emissions performance standard, currently set at 1,100 pounds carbon dioxide per megawatt hour of electricity generated. This means that when existing contracts with high-emitting generating resources expire, those resources will be replaced by lower emitting generating resources that comply with the GHG emissions performance standard.

At the federal level, several legislative bills have been proposed or introduced, but none have passed Congress. However, the United States Environmental Protection Agency (EPA) adopted its Prevention of Significant Deterioration (PSD) and Title V Greenhouse Gas Tailoring Rule in June 2010, which established a phased timetable for implementing Clean Air Act permitting requirements for GHG emissions from new and modified major stationary sources. In June 2014, the U.S. Supreme Court held that the Clean Air Act does not permit EPA to adopt an interpretation of the Act requiring a source to obtain a PSD or Title V operating permit on the sole basis of its potential GHG emissions. The court also held that EPA reasonably interpreted the Clean Air Act to require sources that would need permits based on their emission of conventional pollutants to comply with Best Available Control Technology GHG requirements. Power's in-basin repowering projects would be subject to the permitting requirements under EPA's Tailoring Rule. Also, any new GHG requirements will be incorporated in Power's generating stations' Title V operating permits when the permits are renewed.

In addition to the PSD permit program, EPA is also in the process of developing a GHG regulatory program under the New Source Performance Standards (NSPS) provisions of the Clean Air Act. On December 23, 2010, the EPA entered a settlement agreement and agreed to issue NSPS and emissions guidelines for GHG emissions from new and modified fossil fuel fired electric generating units (EGUs). On April 13, 2012, the EPA published in the Federal Register its proposed rule for GHG NSPS for new EGUs. EPA received over 2.5 million comments, the most ever for a proposed EPA rule.

On June 25, 2013, President Obama announced initiatives addressing climate change. In his announcement, he directed EPA to repropose GHG emission standards for new EGUs by September 20, 2013. He also directed EPA to propose guidelines for existing EGUs by June 2014, and finalize them a year later.

EPA released the reproposed standards on September 20, 2013 and proposed to set an emission's limit of 1,100 pounds of CO₂ per megawatt-hour (MWh) of electricity generated by new coal-fired EGUs, and an emission limit of either 1,000 or 1,100 lb/MWh (depending on size) for new natural gas-fired EGUs. Written comments were due to EPA on May 9, 2014. LADWP cannot predict the outcome of this rulemaking.

NOTE 5 – OTHER INFORMATION (Continued)

On June 18, 2014, EPA's proposed Clean Power Plan for reducing CO₂ from existing power plants was published in the Federal Register. The proposal requires each state with fossil fuel-fired generation to meet state-specific rate-based (lb/MWh) CO₂ emission goals by 2030 as well as an interim reduction target, which is an average emission rate required to be met over the period 2020 to 2029. The proposal also allows states to convert their emission rate goals to a mass-based limit (tons CO₂/year) and provides guidelines for states to follow in developing plans to achieve the state-specific goals. Clean Air Act Section 111(d) provides states with the primary responsibility and authority to establish and implement performance standards for existing sources and states will have broad discretion to develop their plans. DWP cannot predict how the guidelines will impact its operations at this time.

EPA Coal Combustion Residuals Proposed Rules. On June 21, 2010, the U.S. Environmental Protection Agency (EPA) proposed to establish federal standards to regulate coal combustion residuals (coal ash). The two options being considered are to designate coal ash as either hazardous or nonhazardous. The hazardous waste proposal would phase out the disposal of ash in wet storage ponds. The nonhazardous designation would set federal guidelines for state disposal that require the installation of additional liners on new wet storage pond. Both options set new requirements for storing and monitoring the waste in dry landfills.

The worst-case scenario impact at the Intermountain Power Plant (IPP) would be \$483.0 million in capital cost plus \$110.0 million in annual operating cost for the hazardous option if the existing landfill has to be removed and coal ash has to be disposed of at an off-site facility. At this point, EPA has not proposed a clean closure of landfills and it is not a preferred option. For the nonhazardous option, the impact would be \$62.0 million in capital cost plus \$2.0 million in annual operating cost. For Mohave Power Plant, the worst-case scenario impact would be \$230.0 million in capital cost for the hazardous option if the existing landfill has to be removed and disposed of at an off-site facility. For the nonhazardous option, the impact would be \$6.0 million in capital cost plus \$0.25 million in annual operating cost. For the above facilities, the costs translate into electric rate impacts of about 1.4% for the hazardous option and 0.18% for the nonhazardous option. The EPA is under court order to take final action on a new rule by December 19, 2014. Subsequently, the EPA issued the pre-publication version of the rule to regulate the disposal and management of coal combustion residuals as non-hazardous under Subtitle D of the Resource Conservation and Recovery Act. The final rule will become effective six months after publication in the Federal Register, which is expected to occur in April 2015. DWP believes that IPP is structurally sound with respect to ash handling, storage, and disposal. DWP cannot definitively predict the potential scope or impact of the regulations until a thorough analysis of the rule and engineering studies are completed. However, in response to the EPA's related information collection activities with respect to IPP, DWP has estimated that the proposed coal combustion residuals rules could cost IPP up to \$40.0 million in capital costs if closure of ash ponds is required and up to \$2.0 million current present value in annual operating costs. These costs could change after issuance of the final, published regulation.

Power Plant Once-Through Cooling Water Systems. Once-through cooling (OTC) is the process where water is drawn from a source, pumped through equipment to provide cooling, and then discharged. Some type of cooling process is necessary for nearly every type of traditional electrical generating station, and the OTC process is utilized by many electrical generating stations located next to large bodies of water. Typically, the water used for cooling is not chemically changed in the process although its temperature is increased.

NOTE 5 – OTHER INFORMATION (Continued)

Due to the Second Circuit Court's decision to remand most of EPA's 316(b) Rule finalized in July 2004, EPA suspended this Rule and drafted a new rule that was signed by EPA on May 16, 2014, and a prepublished version was released on May 19, 2014. Once the rule is published in the Federal Register, it becomes effective within 60 days. The new rule requirements applies to cooling water intake structures for all existing power generating facilities that withdraw more than 2 million gallons per day of water from waters of the United States and use at least 25% of the water they withdraw exclusively for cooling purposes.

Under this rule, an owner or operator of an existing facility will be able to choose from seven different compliance options for impingement mortality (IM): Option 1 – operate a closed-cycle recirculating system; Option 2 – reduce the maximum design through screen velocity not to exceed 0.5 feet per second (fps) during minimum source water levels; Option 3 – demonstrate actual through screen velocity is less than or equal to 0.5 fps under all ambient conditions; Option 4 – Have an existing (minimum 800 feet offshore) velocity cap; Option 5 – install modified traveling water screens and optimize performance in a two-year study; Option 6 – integrated technologies, practices, and operational measures that are optimized in a two-year study; Option 7 – demonstrate that impingement mortality is reduced to no more than 24% annually based on monthly monitoring. In addition to these options, compliance requirements can be waived by the Permitting Director if it can be demonstrated that (1) impingement is de minimis, (2) if the capacity utilization rate is less than 8% averaged over a 24-month contiguous period, and (3) if the intake is located on a manmade lake or reservoir and the fishery is managed (but does not include any Federal threatened and endangered species or critical habitat). For entrainment mortality, the rule requires entrainment studies and evaluation of entrainment technologies (including closed cycle cooling, fine mesh/narrow slot screens, grey and reused water) as well as environmental impacts and benefits. Determination of compliance is by the permitting authority and could result in retrofitting to closed cycle cooling. The compliance schedule for both IM and E is on a "case by case" site-specific basis, determined by the Permitting Authority. DWP's compliance for IM and E and schedule has already been determined by its Permitting Authority, the State Water Resource Control Board, which is to eliminate the use of OTC by 2029 with closed cycle cooling. DWP is evaluating if there are any other potential impacts of the rule on its facilities.

During the absence of EPA's 316(b) Rule, the California State Water Resources Control Board (State Board) decided to move forward and adopted its own Statewide 316 b Policy (Policy) on May 4, 2010. The Policy became effective on October 1, 2010. This policy requires DWP's coastal power plants to reduce OTC by 93% – equivalent to wet cooling towers using seawater. This is referred to as the Track 1 compliance path. If the Track 1 compliance path is found to be infeasible, with concurrence from the State Board, a Track 2 compliance path can be pursued, which requires that the cooling water intake structure (CWIS) achieve an impingement mortality and entrainment (IM/E) reduction level of 90% of the Track 1 compliance standard or 83.7% on a unit-by-unit basis.

DWP has made a decision to pursue the Track 1 compliance path, in order to comply with the Policy and completely eliminate the use of OTC. DWP was successful in having the Policy amended to extend the compliance dates, for six out of the nine remaining OTC units, to 2024 for Scattergood, and 2029 for Haynes and Harbor. The other three OTC units are on schedule, due to an SCAQMD settlement, to be repowered with eliminating OTC by 2013 and 2015, respectively. The Amendment to the Policy was adopted on July 19, 2011. The Amendment required DWP to submit additional information responsive to the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS) resolution by December 31, 2012 in order for the State Board to decide whether or not modifications to the 2029 compliance dates were warranted. The additional information required by SACCWIS

NOTE 5 – OTHER INFORMATION (Continued)

was submitted by DWP and the State Board did not make any modifications to DWP's 2029 compliance dates.

Furthermore, the Amendment requires implementation of interim measures; these measures include a proposal to study new and/or viable existing technologies to reduce impingement and entrainment. The proposal must be submitted to the State Board no later than December 31, 2015. Upon approval of the proposal, the interim measures must be in place no later than December 31, 2020. These interim measures will include the funding of a mitigation project or the use of screens or an equivalent alternative measure at each OTC unit or intake until the facility is in full compliance.

In addition, other regulatory changes have been made that could significantly impact operations at the Haynes and Harbor Generating Stations. The Regional Water Quality Control Board reclassified the body of water that the OTC water is discharged to an enclosed bay for the Harbor Generating Station, and sent a letter of intent to reclassify the receiving water body of water as an estuary for the Haynes Generating Station discharge. Even though the Haynes Generating Station will be repowering existing units, should there be a reclassification for the water body discharges at the Haynes Generating Station, there will be requirements that cannot be met with its existing cooling or future repowered configuration. DWP is in the process of reviewing the regulations and conducting studies. Once the studies are reviewed, DWP will determine an appropriate course of action.

Water Enterprise Fund**Surface Water Treatment Rule**

The State of California Surface Water Treatment Rule (SWTR) imposed increased filtration requirements at any open distribution reservoir exposed to surface water runoff. DWP had four major reservoirs in its system subject to SWTR: Upper and Lower Hollywood, Lower Stone Canyon, and Encino. To comply with SWTR, DWP designed projects to remove these reservoirs from regular service through construction of larger pipelines and alternate covered storage facilities.

The Hollywood Water Quality Improvement Project was completed in July 2002. Upper and Lower Hollywood Reservoirs were removed from service and functionally replaced by two 30 million gallon tanks and additional pipelines. Construction of the Encino project was completed in December 2007. Construction of the Lower Stone Canyon Water Quality Improvement Project was completed in November 2008. DWP believes it is now in compliance with the SWTR.

Stage 2 Disinfectants and Disinfection Byproduct Rule

In January 2006, the EPA published the Stage 2 Disinfectants and Disinfection Byproduct Rule (Stage 2 DBP Rule) in the Federal Register. The Stage 2 DBP Rule strengthens public health protection for customers by tightening compliance-monitoring requirements for two groups of disinfection byproducts (DBPs): trihalomethanes (TTHM), and haloacetic acids (HAA5). DBPs form when naturally occurring materials in water (e.g., decomposing plant material) combine with chemicals added to disinfect the water. DBPs are associated with cancer.

NOTE 5 – OTHER INFORMATION (Continued)

In order to comply with the requirements of the Stage 2 DBP Rule, DWP must change its primary disinfectant from chlorine to chloramines, a less reactive disinfectant, by April 1, 2014. In order to convert to chloramines, DWP constructed an ultraviolet filtration plant, two chloramination stations, six ammoniation stations, three chlorination stations and has and will continue to install mixers in tanks and reservoirs. The cost of Stage 2 DBP compliance-related engineering studies and construction activities is expected to be approximately \$433.0 million at completion. The actual expenditures to date are \$293.0 million.

Long Term 2 Enhanced Surface Water Treatment Rule

In January 2006, EPA published the Long-Term 2 Enhanced Surface Water Treatment Rule (LT2) in the Federal Register. The LT2 builds upon the Safe Drinking Water Act and other earlier water quality rules to strengthen protection against microbial contaminants, especially *Cryptosporidium*. *Cryptosporidium* is a significant concern in drinking water because it contaminates most watersheds used for the collection of drinking water and can cause gastrointestinal illness. DWP has six reservoirs in its system subject to LT2: Ivanhoe, Silver Lake, Elysian, Upper Stone Canyon, Santa Ynez, and Los Angeles. In order to comply with the requirements of the LT2, DWP is proposing to cover, bypass, or build alternate covered storage for the aforementioned reservoirs and to install additional pipelines and related facilities. Santa Ynez Reservoir has now been covered and Silver Lake Reservoir has been removed from service. The remainder of these projects are in different stages of planning, design, and construction. The cost of LT2 compliance-related engineering studies and construction activities is expected to reach \$1.35 billion at completion in 2020. The actual cost spent to date has been \$579.0 million.

Owens Lake

During 1997, the Great Basin Unified Air Pollution Control District (the District) adopted an initial State Implementation Plan, as amended, and an implementing order requiring DWP to initiate pollution control measures to control particulate matter emitting from the Owens Dry Lake bed. DWP disputed the remediation measures imposed by the original order; however, in July 1998, the DWP and the District entered into a Memorandum of Agreement (MOA) to mitigate the dust problem. The MOA delineated the dust producing areas on the lakebed that needed to be controlled, specified what measures must be used to control the dust, and specified a timetable for implementation of the control measures. The MOA called for phased implementation to permit the effectiveness of the control measures to be evaluated and modifications to be made as the control measures were being installed.

The MOA was incorporated into a formal air quality State Implementation Plan (SIP) by the District. This SIP was approved by the EPA on October 4, 1999. The District revised and adopted the SIP in November 2003. The revised SIP defines the additional boundaries and areas required to be controlled on the lakebed. DWP was allowed to examine the District's methodology to determine the additional areas to be controlled. As a result of those efforts, the District ordered in the revised SIP that 29.8 square miles required control including the areas DWP agreed to and completed. The revised SIP demonstrated that upon completion of the DWP's work, emissions from Owens Lake bed should be reduced so that the Owens Valley Planning Area would attain and maintain the Federal Clean Air Act ambient air quality standards for particulate matter. The Federal Clean Air Act requires that Owens Lake meet ambient air quality standards by the end of 2006.

NOTE 5 – OTHER INFORMATION (Continued)

The MOA specified that DWP must choose from among three control measures the District has certified as Best Available Control Measures for Owens Lake (BACM). The three measures are Shallow Flooding, Managed Vegetation, and Gravel. The first phase of dust control implementation, completed in December 2001, consists of 13.5 square miles of Shallow Flooding. Shallow Flooding involves flooding the area to be controlled until either it is inundated with a few inches of water or the soil becomes thoroughly saturated to the surface with water.

The second phase of dust control implementation, completed in July 2002, consists of about four square miles of Managed Vegetation. Managed Vegetation involves growing native vegetative cover that will hold the shifting and emissive lakebed in place, locking up the dust. The third and fourth phases of dust control implementation, completed in March 2003 and September 2005, respectively, consist of a total of 5.6 square miles of additional Shallow Flooding. The fifth phase completed the remainder of the required 29.8 square miles of dust control in December 2006 with Shallow Flooding. The total capital-related costs of implementing the 29.8 square miles of dust control measures through 2008 are approximately \$413.0 million.

In November 2006, DWP and the District entered into an agreement to settle their disputes arising from supplemental dust control measures proposed to be ordered upon DWP by the District (Settlement Agreement). The Settlement Agreement largely defines DWP's activities moving forward in terms of new dust control measure development and air quality regulatory and research activities. The essence of the agreement calls for the City to construct 12.7 square miles of dust control measures by April 2010, 9.2 square miles must be Shallow Flooding and the remaining 3.5 square miles can be of the City's own choosing, including a new low to zero water using method called moat and row. Following a successful demonstration project, DWP moved forward with plans to implement moat and row on 3.5 square miles. In turn, the agreement allows for new opportunities for water savings and a marked improvement as to how DWP will be regulated in the future.

The District issued a new revised SIP in February 2008 that included an order to control the additional dust control areas agreed to in the Settlement Agreement. DWP completed construction of 9.2 square miles of shallow flooding at a cost of \$120.0 million in April 2010. DWP is now diverting up to 95,000 acre-feet per year of water from the Los Angeles Aqueduct for dust mitigation activities on Owens Lake. Due to concerns expressed by the California State Lands Commission and the California Department of Fish and Wildlife, construction of moat and row on 3.5 square miles was delayed with a new required completion date of October 1, 2010 in order to conduct additional environmental analysis. This additional environmental analysis was completed in August 2009.

However, the California State Lands Commission would only issue a lease for 0.4 square miles leaving 3.1 square miles unmitigated. In March 2011, DWP entered into a Stipulated Order of Abatement with the District requiring construction of BACM on the remaining 3.1 square miles with provisions for converting three square miles of existing shallow flooding dust control measures to a hybrid of shallow flooding, managed vegetation, and gravel in order to free up sufficient water for operation of the new areas without increasing water diversions from the Los Angeles Aqueduct. This project is known as Phase 7a, and was required to be completed by December 2013. However, due to unanticipated discovery of significant cultural resources, progress on the Phase 7a project was deterred and DWP requested more time to complete the project.

NOTE 5 – OTHER INFORMATION (Continued)

Additionally, DWP certified the Environmental Impact Report in June 2013 approving an avoidance alternative, which avoids construction of dust control on approximately 350 acres containing significant cultural resources contingent upon the District removing these areas from the Stipulated Order of Abatement. In January 2014, DWP Board awarded a \$230.0 million contract for the construction of Phase 7a project. An agreement was reached between the District and DWP in August 2013 extending the deadline for the Phase 7a project to December 2015, and removing 277 acres of significant cultural resources from the Stipulated Order of Abatement to be evaluated with stakeholders to determine the best course of action for these areas after which the District may issue orders for what would be the Phase 7b project. In May 2014, an additional 63 acres were removed from Phase 7a project and placed into Phase 7b project by the District due to cultural sensitivity of the area.

DWP also agreed to provide \$10.0 million to the District to construct dust control measures on the Keeler Dunes as a public benefit project, (the District had been preparing to order DWP to control dust at the Keeler Dunes). In exchange, the District agreed that it would take full responsibility for the Keeler Dunes mitigation, and would not issue future dust control orders to DWP for the Swansea or Olancho sand dunes.

DWP was also required to construct Phase 8 of the Owens Lake Dust Mitigation Program consisting of 2 square miles of Gravel Cover, a District-approved waterless dust control measure. DWP obtained a lease from the California State Lands Commission for Phase 8 in December 2010, and completed construction prior to the November 2012 deadline at a cost of \$60.0 million.

In August 2011, the District issued a Final 2011 Supplemental Control Requirements Determination ordering dust control measures on 2.86 square miles and 30% design of 1.87 square miles (the 2011 Final SCRD), which was challenged by DWP. After mediation between DWP and the District failed to result in an agreement between the parties, GBUAPCD issued a final order for the Phase 9 Project in November 2011. DWP appealed GBUAPCD's final order with respect to the Phase 9 Project with the California Air Resources Board (CARB). A hearing with respect to DWP's appeal with CARB was heard in June 2012. CARB upheld the 2011 SCRD, and DWP filed a lawsuit challenging the 2011 Final SCRD. DWP cannot predict the ultimate outcome of the dispute with respect to the 2011 Final SCRD.

In November 2012, the District issued a Final 2012 Supplemental Control Requirements Determination (the 2012 Final SCRD) ordering dust control measures on an additional 0.76 square miles of Owens Lake and 30% design of 0.05 square miles (the Phase 10 Project). DWP has filed an appeal to the Phase 10 project with CARB. The hearing by CARB was held in May 2014. CARB is expected to render its determination in September 2014.

In August 2013, the District issued its preliminary 2013 Supplemental Control Requirements Determination (preliminary 2013 SCRD). In April 2014, the District issued its Final 2013 Supplemental Control Requirements Determination (the 2013 Final SCRD). No additional Lone or Watch areas beyond the 2011 Final SCRD and 2012 SCRD were identified for control.

DWP is in the process of conducting the environmental analysis for implementation of the 2011 Final SCRD and the 2012 Final SCRD. DWP is currently anticipating finalizing the environmental analysis for the 2011 Final SCRD by December 2015 and completing the construction of dust mitigation measures by May 2016.

NOTE 5 – OTHER INFORMATION (Continued)

In August 2014, the District issued its preliminary 2014 SCRD. Based on the information contained in the preliminary 2014 SCRD, it does not appear that additional dust control measures will be ordered in 2014 beyond the Lone areas, which were identified in the 2011 Final SCRD and the 2012 Final SCRD. The District, however, suggested that DWP look into controlling dust emissions from a 19.5 acres area adjacent to T11 Dust Control Area as a precautionary measure.

In November 2014, DWP reached a tentative agreement (subject to court approval) with the District that would provide several benefits to DWP, including provisions: (1) permitting the use of less water-intensive and completely waterless measures to control dust at the lakebed, resulting in more water available for customer use; (2) limiting the City's liability for dust mitigation to no more than 53.4 square miles; (3) forming an Owens Lake Scientific Advisory Panel that will be staffed by the National Academy of Sciences to study the effectiveness of using waterless- and low-water methods to control dust at the dry lake; (4) addressing the discovery of Native American artifacts on or around the lakebed, and (5) allowing dust control measures to be delayed without a penalty if more are discovered.

Sewer Enterprise Fund (Sewer)

Certain claims and lawsuits are pending against Sewer for construction claims and other alleged liabilities arising during the ordinary course of operations. Sewer recognizes liabilities for claims and lawsuits when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The City Attorney estimates the amount of liabilities that are probable of occurring from these claims and lawsuits. For fiscal year 2014, \$31.8 million was accrued as claims payable.

NOTE 5 – OTHER INFORMATION (Continued)**Commitments****Governmental Activities**

The City uses encumbrance accounting under which contracts and other commitments for expenditures are recorded to reserve applicable appropriations. Encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2014, the City's encumbrances totaled \$581.1 million of which \$245.2 million were contractual commitments for various capital projects.

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Totals</u>
General Fund	\$ --	\$ --	\$ 149,357	\$ 149,357
MICLA Special Revenue Fund	2,551	--	--	2,551
Proposition A Local Transit Assistance Fund	7,061	--	--	7,061
Recreation and Parks Fund	32,531	--	--	32,531
Solid Waste Resources Fund	--	3,617	--	3,617
Nonmajor Governmental Funds	344,898	41,129	--	386,027
	<u>\$ 387,041</u>	<u>\$ 44,746</u>	<u>\$ 149,357</u>	<u>\$ 581,144</u>

Business-Type Activities

As of June 30, 2014, the following Enterprise Funds have commitments for construction contracts and open purchase orders in the following approximate amounts (in thousands):

Airports	\$ 150,000
Harbor	22,100
Sewer	105,400

Harbor Enterprise Fund

In 1985, Harbor received a parcel of land, with an estimated value of \$14.0 million from the federal government, for the purpose of constructing a marina. Harbor has agreed to reimburse the federal government up to \$14.0 million from excess revenues, if any, generated from marina operations after Harbor has recovered all costs of construction. No such payment was made in fiscal year 2014.

NOTE 5 – OTHER INFORMATION (Continued)**Power Enterprise Fund****Purchase Power Commitments**

DWP has entered into a number of energy and transmission service contracts which involve substantial commitments as follows (in thousands):

	Agency	Agency Share (Percentage)	DWP's Interest in Agency Share		
			Interest (Percentage)	Capacity (Megawatts)	Outstanding Principal
Intermountain Power Project	IPA	100.0 %	69.1 %	1,244	\$ 922,144
Palo Verde Nuclear Generating Station	SCPPA	5.9	67.0	151	31,798
Mead-Adelanto Project	SCPPA	68.0	35.7	313	45,043
Mead-Phoenix Project	SCPPA	17.8 - 22.4	24.8	148	9,521
Southern Transmission System	SCPPA	100.0	59.5	1,429	421,566
Milford I Wind	SCPPA	100.0	92.5	188	197,622
Windy Point	SCPPA	100.0	92.4	262 *	467,171
Linden Wind Energy	SCPPA	100.0	90.0	50 *	129,030
Milford II Wind	SCPPA	100.0	95.1	102 *	148,165
Apex Power Project	SCPPA	100.0	100.0	531	318,860

* Power will receive 100%, unless City of Glendale exercises its option to repurchase any of its contract output entitlement share.

IPA: The Intermountain Power Agency is an agency of the State of Utah established to own, acquire, construct, operate, maintain, and repair the Intermountain Power Project (IPP). Power serves as the Project Manager and Operating Agent of IPP.

SCPPA: The Southern California Public Power Authority, a California joint powers agency, finances the construction or acquisition of generation transmission, and renewable energy projects

The above agreements require Power to make certain minimum payments, which are based primarily upon debt service requirements. In addition to average annual fixed charges of approximately \$300.0 million during each of the next five years, Power is required to pay for operating and maintenance costs related to actual deliveries of energy under these agreements (averaging approximately \$613.0 million annually during each of the next five years). Power made total payments under these agreements of approximately \$827.0 million in fiscal year 2014. These agreements are scheduled to expire from 2027 to 2040.

Power earned fees under the IPP project manager and operating agent agreements totaling \$24.1 million in fiscal year 2014.

Long-term Notes Receivable

Under the terms of its purchase power agreement with Intermountain Power Agency (IPA), DWP is charged for its output entitlements based on its share of IPA's costs, including debt service. During fiscal year 2000, DWP restructured a portion of this obligation by transferring \$1.1 billion to IPA in exchange for long-term notes receivable. The funds transferred were obtained from the debt reduction trust funds and through the issuance of new variable rate debentures. IPA used the proceeds from these transactions to defease and to tender bonds with par values of approximately \$618.0 million and \$611.0 million, respectively.

NOTE 5 – OTHER INFORMATION (Continued)

On September 7, 2000, DWP paid \$187.0 million to IPA in exchange for additional long-term notes receivable. IPA used the proceeds to defease bonds with a face value of \$198.0 million. On July 20, 2005, DWP paid \$97.0 million to IPA in exchange for additional long-term notes receivable. IPA used the proceeds to defease bonds with a face value of \$92.0 million.

The IPA notes are subordinate to all of IPA's publicly held debt obligations. Power's future payments to IPA will be partially offset by interest payments and principal maturities from the subordinated notes receivable. The net IPA notes receivable balance totaled \$773.0 million as of June 30, 2014. The IPA notes pay interest and principal monthly and mature on July 1, 2023. The interest rates range from 1.7% to 5.9%, subject to adjustments related to IPA bond refundings.

Energy Entitlement

DWP has a contract through 2017 with the U.S. Department of Energy for the purchase of available energy generated at the Hoover Power Plant. DWP's contractual share of contingent capacity at Hoover is 491 MW (maximum rated capability). The cost of power (approximately 455 MW of capacity and 599,000 MWH of energy) purchased under this contract, including the Lower Colorado River Basin Development Fund Contribution Charge, was approximately \$17.3 million as of June 30, 2014.

On December 20, 2011, the President signed H.R. 470, the "Hoover Power Allocation Act of 2011," into law. The legislation reallocates, for 50 more years, power from the Hoover Dam Power Plant to existing contractors while creating an additional pool of 5.0% power for new entrants. DWP has a contract through 2026 with SCPA for the purchase of available energy generated at the Pebble Springs Wind Project located in Gilliam County, Oregon. Power's share of capacity at Pebble Springs is approximately 69 MW (maximum capacity). The cost of power purchased under this contract was \$18.5 million as of June 30, 2014.

Palo Verde Nuclear Generating Station Matters

As a joint project participant in Palo Verde Nuclear Generating Station (PVNGS), DWP has certain commitments with respect to nuclear spent fuel and waste disposal. Under the Nuclear Policy Act, the Department of Energy (DOE) is to develop facilities necessary for the storage and disposal of spent fuel and to have the first such facility in operation by 1998; however, the development of the repository designated at Yucca Mountain in the state of Nevada was postponed indefinitely for political reasons after DOE spent billions of dollars conducting feasibility studies. A Blue Ribbon Committee was formed by the Federal Government to look into other alternatives for nuclear waste disposal. In 2012, the Committee submitted a final list of recommendations which include prompt efforts to develop a new geological disposal facility and one or more consolidated storage facilities, and early preparation for eventual large-scale transport of spent fuel to storage and disposal facilities.

Capacity in existing fuel storage pools at PVNGS was exhausted in 2003. A Dry Cask Storage Facility (also called the Independent Spent Fuel Storage Installation, ISFSI) was built and completed in 2003 at a total cost of \$33.9 million (about \$1.9 million for DWP). The facility has the capacity to store all the spent fuel generated by the plant until the end of its life in 2027. With the current operating license extension granted by the Nuclear Regulatory Commission, PVNGS is allowed to operate until 2047. The Dry Cask Storage Facility will be expanded as needed to accommodate additional spent fuel until it is removed by DOE.

NOTE 5 – OTHER INFORMATION (Continued)

DWP accrues for current nuclear fuel storage costs as a component of fuel expense as the fuel is used. DWP's share of spent nuclear fuel costs related to its indirect interest in PVNGS is included in purchased power expense.

Because of DOE's inability to provide a disposal site, the PVNGS operating agent filed damages actions against the DOE to recover costs incurred by the PVNGS participants. A settlement was reached in August 2010 in the amount of \$30.2 million from DOE of which \$1.7 million is DWP's share of the settlement which covers costs incurred up to 2006. Additional cost recovery is being pursued for the period post-2006.

The Price Anderson Act (the Act) requires that all utilities with nuclear generating facilities share in payment for claims resulting from a nuclear incident. Participants in PVNGS currently insure potential claims and liability through commercial insurance with a \$375.0 million limit; the remainder of the potential liability is covered by the industry-wide retrospective assessment program provided under the Act. This program limits assessments to a maximum of \$118.0 million per reactor for each licensee for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$18.0 million per reactor, per incident, per year. Based on DWP's 5.70% direct interest, DWP would be responsible for a maximum assessment of \$20.0 million per incident for all 3 units, limited to payments of \$3.0 million per incident annually.

The NRC guidelines require improved security in immediate areas surrounding the reactor buildings. PVNGS has enlarged the protected area with the inclusion of an outage support facility, a new warehouse, a minor vehicle maintenance facility, and a fuel depot to reduce vehicular traffic in and out of the protected area. While some of these facilities have already been constructed and are currently in service, the estimated cost for the remaining facilities is approximately \$1.1 million to DWP.

Other major capital projects that are currently in progress include the digital upgrade of the Generex generator excitation system, the life extension of the Water Reclamation Facility's clarifiers, the spray pond concrete replacement, the Nuclear Administrative and Technical Manual replacement, and the construction of the Learning Center-In Processing facility. These, along with other regulatory plant modifications, are currently estimated at \$235.0 million in 2014, which translates to approximately \$13.4 million for DWP. Also anticipated in the long range plan are \$224.0 million (\$12.7 million for DWP) worth of capital projects which include the cooling tower life extension long range plan, upgrades to the high-pressure turbines and electro-hydraulic controls, and the replacement of the reactor coolant pumps, Control Element Drive Mechanism Control System (CEDMCS), plant cooling water pipelines, and the Site Work Management System (SWMS).

In response to the nuclear event in Fukushima, Japan, the NRC has required PVNGS to increase the redundancy in its power supply to emergency cooling systems, reinforce its spent fuel pool, accelerate the transfer of spent fuel from the pool to the dry cask storage, and add pipelines and associated equipment necessary for supplying additional cooling water to the reactors. To date, the station has purchased additional diesel generators, pumps, and fire trucks, and has also accelerated the movement of its spent fuel casks to the ISFSI. In addition to these, Palo Verde has allotted approximately \$82.0 million (approximately \$4.7 million for DWP) for Fukushima initiatives, which include fuel building modifications, an emergency equipment storage facility, temporary power connections, seismic and flood hazards validation, and corresponding mitigating strategies, among several others. Additional NRC-mandated requirements are anticipated, but the costs associated with these future projects are unknown at this time.

NOTE 5 – OTHER INFORMATION (Continued)

Fire and Police Pension System

Pensions has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately \$1,419.0 million at June 30, 2014.

All members of Pensions who were active on or after July 1, 1982, have vested rights to their past contributions and accrued interest in the event of termination prior to retirement, except Tier 4 members. At June 30, 2014, the total amount subject to this right was \$1,674.3 million.

Los Angeles City Employees' Retirement System

At June 30, 2014, LACERS was committed to future purchases of real estate and private equity investments at an aggregate cost of approximately \$885.6 million.

NOTE 5 – OTHER INFORMATION (Continued)**D. Third-Party Obligations**

The City participated in the issuance of the following indebtedness to provide financing to private-sector entities for the acquisition, construction and improvements of housing, commercial, educational, medical, and other facilities deemed to be in the public interest (in thousands):

Issue	Outstanding June 30, 2014
Multifamily Housing Bonds - 107 Issues	\$ 790,387
Multifamily Housing Bonds transferred from CRA - 24 Issues	537,419
Home Mortgage Revenue Bonds - 6 Issues	5,313
Bond proceeds were used to provide mortgage loans for the construction and financing of multi-family rental and single-family residences in the City. The indebtedness is secured solely by the property financed by the respective bond issues and by credit guarantees by reinvestment-grade financial institutions.	
Industrial Development Bonds - 17 Issues	145,513
The proceeds were used to provide manufacturers low cost financing to expand industrial capacity and stimulate job creation in the City. The City has no financial obligation as each bond is secured through a letter of agreement between the borrower and the bank.	
Community Facilities District No. 3 Special Tax Bonds	4,315
The proceeds were used to fund acquisition and construction of certain public improvements for the Cascade Business Park and Golf Course. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Community Facilities District No. 4 Special Tax Bonds	97,985
The proceeds were used to fund acquisition and construction of public improvements for the Playa Vista Development project. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Community Facilities District No. 8 Special Tax Bonds	5,890
The proceeds were used to fund acquisition and construction of public improvements for the Legends at Cascades Development. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Street Improvement Assessment 1911/1913 Act Bonds	1,327
The proceeds were used to finance certain public improvements for the Westwood Village Streetscape Assessment District. The City's obligation is limited to collecting the assessments annually levied for debt service payment.	
	<u>\$ 1,588,149</u>

The City is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the accompanying financial statements.

NOTE 5 – OTHER INFORMATION (Continued)**E. Other Matters****Airports Enterprise Fund**Terminal Rates and Charges

On September 17, 2012, the Board approved a new methodology of calculating rates and charges for airlines and airline consortia using passenger terminals at Los Angeles International Airport (LAX). The new rates, which will recover the costs of acquiring, constructing, operating and maintaining terminal facilities, are as follows: terminal building rate, federal inspection services area (FIS) rate, common use holdroom rate, common use baggage claim rate, common use outbound baggage system rate, common use ticket counter rate, and terminal special charges for custodial services, outbound baggage system maintenance, terminal airline support systems, and loading bridge capital and maintenance.

The new rates were effective January 1, 2013 to airlines and airline consortia agreeing to the new methodology and executing a rate agreement with Airports (signatory airlines). Agreements with signatory airlines terminate on December 31, 2022.

The new rate agreement provides a Signatory Transitional Phase-in (STP) program that allows for reduced rates during the first five years of the implementation period. In addition, signatory airlines will share in the concession revenue derived from the terminals based on prescribed two-tiered formulae. Tier One Revenue Sharing had the effect of reducing the calculated terminal building rate (beginning calendar year 2014) and FIS rate (beginning calendar year 2016). Tier Two Revenue Sharing was distributed to signatory airlines in the form of a credit at the end of each calendar year beginning in 2014, subject to certain conditions.

Airlines with existing leases that opt not to sign an agreement under the new methodology (nonsignatory tenant airlines) will continue to pay rates and charges based on their current leases until they sign the new rate agreement. Airlines with no existing leases that opt not to sign the new rate agreement (non-signatory tariff airlines) are charged the tariff rates effective January 1, 2013. Nonsignatory airlines are not eligible to participate in the STP and revenue sharing programs.

LA/ONT International Airport (ONT) uses a “*residual method*” to determine terminal rates and fees. Under this method, ONT sets the airlines’ terminal rental rates and charges so that those fees provide the revenue needed to offset the difference between ONT’s total expenses allocable to the terminal area and the revenues collected from other sources such as concession, parking and other rental revenue.

NOTE 5 – OTHER INFORMATION (Continued)Passenger Facility Charges (PFCs)

PFCs are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers. Both the fee and the intended projects are reviewed and approved by the Federal Aviation Administration (FAA). Airlines operating at LAX and ONT have been collecting PFCs on behalf of Airports. PFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. Airports has received approvals from FAA to impose PFCs at LAX and ONT for various projects. The current PFCs at LAX is \$4.50. On October 19, 2012, the FAA approved Airports' application to reduce the PFCs at ONT from \$4.50 to \$2.00 effective January 1, 2013. The application did not change ONT's collection authority of \$242.4 million but extended the collection period through October 2021. Airports has received approval from the FAA to collect and use PFCs to pay for debt service on bonds issued to finance the Tom Bradley International Terminal Renovations and Bradley West Projects. Airports Board authorized \$96.5 million for debt service in fiscal year 2014. PFCs collected and the related interest earnings through June 30, 2014 were \$1,978.3 million and \$232.2 million, respectively. As of June 30, 2014, cumulative expenditures to date on approved PFCs projects totaled \$1.5 billion.

Customer Facility Charges (CFCs)

In November 2001, Airports Board approved the collection of a state-authorized CFCs from car rental agencies serving LAX and ONT. State law allows airports to collect a fee of \$10 per on-airport rental car agency transaction to fund the development of consolidated car rental facility and common-use transportation system. CFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. CFCs collected and the related interest earnings through June 30, 2014 were \$222.8 million and \$10.2 million, respectively. As of June 30, 2014, cumulative expenditures to date on approved CFC projects totaled \$51.0 million.

NOTE 5 – OTHER INFORMATION (Continued)**Power Enterprise Fund**Regulatory Matters Affecting the Power System

Federal Energy Legislation of 2005

On August 8, 2005, the Energy Policy Act of 2005 (EP Act) was enacted, the first comprehensive energy legislation in over a decade. One of the most significant provisions of EP Act empowers the Federal Energy Regulatory Commission (FERC) to certify an Electric Reliability Organization (ERO) to improve the reliability of the nation's "bulk power system" through mandatory and enforceable electric reliability standards (in contrast to the long-standing voluntary system). The definition of "bulk power system" does not include facilities used in the local distribution of electric energy. The ERO is to file any proposed reliability standard or modification with FERC. "Reliability standards" are a set of criteria and requirements relating to the reliable operation of the bulk-power system. Such a standard includes requirements for the operation of existing transmission facilities or the design of planned additions or modifications (to the extent necessary) to provide for reliable operation. It does not include, and the ERO may not impose, any requirement to enlarge existing or to construct new transmission or generation facilities. All users, owners, and operators of the bulk-power system are required to comply with the electric reliability standards. The ERO may impose a penalty on a user, owner, or operator for violating a reliability standard, and FERC may order compliance with such a standard and impose a penalty if it finds that a user, owner, or operator is about to engage in an act that would violate a reliability standard.

Based on the EP Act authority vested upon the FERC, the FERC approved the North American Electric Reliability Corporation (NERC) as the ERO. Currently, there are more than 100 mandatory NERC and Western Electricity Coordinating Council (WECC) reliability standards, all of which are subject to penalties ranging from \$1,000 to \$1,000,000, depending on the impact of the violation to reliability, and other factors. Power has implemented a NERC/WECC Reliability Standards Compliance Program to proactively prevent, monitor, and stop potential violations to these standards. Power currently complies with the mandatory NERC/WECC Reliability Standards.

Cybersecurity

Congress and the White House have been working to address the nation's cybersecurity concerns for a number of years. The last few years, the White House and the Senate Democrats have supported a comprehensive regulatory approach that defines critical infrastructure and regulates cybersecurity through the Department of Homeland Security. Senate Republicans have sought to address concerns through voluntary actions. Senate did not get the necessary support of 60 Senators to consider a comprehensive legislative approach twice in 2012. Power currently believes it complies with current cybersecurity NERC Reliability Standards.

NOTE 5 – OTHER INFORMATION (Continued)**Final Rule on Transmission and Cost Allocation – FERC Order No. 1000 (RM10-23-000)**

On July 21, 2011, the FERC issued its order on transmission planning and cost allocation (Order 1000). On May 17, 2012, FERC issued Order 1000-A, stating that nonjurisdictional entities (such as DWP) must formally enroll in a transmission planning region before it can be assessed costs under the regional cost allocation methodology. FERC also stated that nonjurisdictional entities must have a right to withdraw and avoiding cost allocations from the region. However, Order 1000 and 1000A contain language that would significantly broaden FERC's authority to allocate transmission costs. FERC takes the unprecedented position that transmission costs may be allocated to entities in the absence of a contract or service relationship.

Most jurisdictional transmission providers filed their compliance filings to amend their tariffs to include a regional planning process in October 2012. FERC has recently issued orders with findings that many of the compliance filings in planning regions did not meet the requirements of Order 1000 with respect to cost allocation. DWP as a nonjurisdictional entity was not required to make a filing. The Final Rule urges, but does not require, government-owned utilities such as DWP and cooperative utilities to participate in regional transmission planning and cost allocation. FERC indicates that if "nonjurisdictional" transmission owners do not comply with Order No. 1000, they may not meet reciprocity requirements, and thus may have access to third-party transmission services limited.

Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (Dodd-Frank) was signed into law. Dodd-Frank was enacted to minimize systemic risk to the U.S. financial system, in part by establishing new rules related to swaps and other derivatives.

- First, Dodd-Frank generally requires that parties to swap transactions provide collateral for their swaps. This "margining" requirement means that a party to a swap must set aside cash or other collateral to secure its obligations under the swap.
- Second, Dodd-Frank generally requires that swap transactions be conducted or "cleared" through financial intermediaries. This clearing requirement means that parties generally cannot enter into a swap that is customized to the needs of the parties, as is typically the case for public power and other electric utilities. Dodd-Frank did, however, provide exceptions to both the margining and clearing requirements for "end users" that are using swaps to hedge commercial risks.
- Third, Dodd-Frank is to impose reporting requirements on swap transactions, including additional reporting for end-user transactions.
- Finally, Dodd-Frank imposed additional limitations on swaps with "special entities," including public power and other governmental entities, to ensure that these special entities are being properly advised and dealt with fairly in consummating swap transactions. These rules require that swap counterparty ensure that a special entity has an independent swap advisor and impose on the advisor a duty to act in the best interests of the special entity.

The CFTC has recently finalized a swap dealer definition exempting entities doing less than \$3.0 billion (\$8.0 billion during a transition period) in swaps from being regulated as a "swap dealer," and has further exempted transactions done between not-for-profit utilities from being considered swaps. The initial swap dealer definition also included a \$25.0 million subthreshold over a 12-month period for entities doing business with "special entities".

NOTE 5 – OTHER INFORMATION (Continued)

Various organizations representing the “special entities” requested the CFTC to exclude government-owned utilities’ swap transactions related to utility operations from counting toward the \$25.0 million de minimis threshold, and rather be subjected to the overall \$3.0 billion threshold. The CFTC considered the request for special entities and amended the rules to now be consistent with threshold definitions similar to investor owned utilities. There is a proposed legislation (H.R.1038: Public Power Risk Management Act of 2013) that provides that the CFTC, in making a determination to exempt swap dealing activities below a de minimis threshold, cannot treat a utility operations-related swap with a utility special entity any differently than a utility operations-related swaps with an entity that is not a special entity. The overall impact of these CFTC rulings on DWP cannot be predicted at this time.

Harbor Enterprise FundCash Funding of Reserve Fund

As of June 30, 2014, Harbor had \$764.5 million of outstanding parity bonds. Harbor holds cash reserves for each Indenture of the outstanding bonds as the Harbor Board, on September 18, 2008, approved the full cash funding of the entire reserve requirement of \$61.5 million and transferred it to the Harbor’s bond trustee in December 2008. The cash funding of the reserve took place to reassure bond holders of the strong commitment of the Harbor to its financial wherewithal as rating agencies had reduced the AAA ratings of the surety companies that had provided insurance for the bonds that the Harbor had issued. As of June 30, 2014, the balance of the reserve funds totaled \$58.1 million. The required amount for the individual reserve fund will be reevaluated on a yearly basis. Any excess amounts in the Common Reserve resulting from principal repayments will be transferred to the interest fund and/or redemption fund to be used to pay interest and redeem bonds.

Special Item

In fiscal year 2014, Harbor reduced the pollution remediation liabilities by \$15.0 million primarily associated with remediation of the Wilmington Waterfront Park and Opp Street/Southerland Avenue sites. Harbor completed site development and cleanup at the Wilmington Waterfront Park and there are no additional regulation and remediation requirements from the Regional Water Quality Control Board (RWQCB). Harbor also determined that there is a lack of regulatory and remediation requirements from the RWQCB for the Opp Street/Southerland Avenue sites. These adjustments were presented as a Special Item in Harbor’s financial statements.

Sewer Enterprise FundJudicial Interpretation of Articles XIIC and XIID of Proposition 218

In Bighorn-Desert View Water Agency v. Beringson (Bighorn), the California Supreme Court held that fees and charges for ongoing water service through an existing connection were property related fees and charges imposed on a person as an incident of property ownership for purposes of Article XIID, whether the fees and charges are calculated based on consumption or are imposed as a fixed monthly fee.

NOTE 5 – OTHER INFORMATION (Continued)

The City believes that the Bighorn decision, which applied to water fees and charges, would apply equally to sewer service charges. As a result, if the sewer service charges are a “fee” or “charge” under Article XIID, any increase would require a public hearing, preceded by mailed notices, and would be subject to a majority written protest. The City currently provides written notices to all property owners and rate-payers receiving service in connection with proposed increases in sewer service charges and holds public hearings with respect to such increases.

Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.”

No assurance can be given that the voters of the City will not, in the future, approve an initiative, which reduces or repeals local taxes, assessments, fees or charges, including a reduction of all or any portion of the sewer service charge. The use of the initiative power is arguably limited in the case of levies directly pledged to bonded indebtedness, such as the sewer service charge. However, there is no assurance that the voters of the City will not approve an initiative that attempts to reduce the sewer service charge. The interpretation and application of Proposition 218 will likely be subject to further judicial determinations, and it is not possible at this time to predict with certainty the outcome of such determinations.

Revenue and Financial IssuesSewer Service Charge Revenues

DWP acts as the billing agent for the Sewer Service Charges (SSCs) assessed to customers who use the wastewater system. DWP transfers revenues to Sewer on a weekly basis, based on anticipated revenues. After the end of the month, a reconciliation between the transfers and the actual SSC revenues is made. The final SSC revenue for fiscal year 2014 was approximately \$50.9 million, or 9.4% below the budgeted revenue. Approximately 25.0% of this shortfall may be due to water conservation by the wastewater customers, but the remaining shortfall is due to billing and collection issues arising from implementation of DWP's new billing system, discussed below.

DWP transitioned to its new billing system in September 2013. As part of that transition, DWP encountered some problems with billings; for instance, the parameters for the system identifying if a water read was “too high” or “too low” were set too narrowly, resulting in some meter reads that were correct being replaced with an estimated read. While these billing issues were being resolved, DWP suspended the normal collections protocols. Certain customers who were not experiencing billing issues appear to have taken advantage of this suspension and have fallen in arrears with their payments. During the past few months, DWP has been returning to their collections protocols, which involve notifying customers of past due amounts, sending a final notice, and turning off power or water service, although it may be several months before these protocols are fully implemented for all residential customers.

NOTE 5 – OTHER INFORMATION (Continued)

Monthly revenue transfers to Sewer were significantly lower in fiscal year 2014 than budgeted. The shortfall of SSC collections by DWP has continued in fiscal year 2015, being 8.6% below budget in the first four months of the fiscal year. Approximately 30.0% of this shortfall may be due to water conservation. The City has estimated a revenue reduction of \$54.0 million, or 9.0%, below budget for the entire fiscal year 2015. However, the estimate of the impacts in the remainder of fiscal year 2015 is highly uncertain because it is unknown how many customers might leave the service area, resulting in the need to write-off their past due amounts, and how soon all residential past due customers will receive service shut-off notices. A positive feature of the new billing system is that past-due amounts will follow customers even if they move within the service area.

The City Council approved a 10-year series of SSC rate adjustments on February 29, 2012 and the Mayor concurred on March 1, 2012. The rates were increased by 4.5% on April 6, 2012, July 1, 2012 and July 1, 2013. The last rate adjustment increased revenue by \$9.0 million in fiscal year 2014. An additional 6.5% rate increase occurred on July 1, 2014. The rates will be further increased by 6.5% on July 1 in each of the following six years.

SSC rates will increase by 6.5% on July 1, 2015. However, the City has projected SSC revenues of \$556.0 million for budget fiscal year 2016, only 1.5% higher than estimated for fiscal year 2015. This is because of an assumed 5.0% further reduction in the amount of wastewater generated by the customers resulting from the Mayor's goal of reducing overall water consumption in the City by 20.0% by 2017. By fiscal year 2017, however, even with lower revenues, there will be no negative impact to the operations or capital program and debt service coverage ratios will remain high.

Sewerage Facilities Charge Credit

Effective April 6, 2012, the Council and Mayor authorized credits of past Sewerage Facilities Charges (SFCs) paid by Significant Industrial Users (SIUs) to offset Quality Surcharge Fees (QSFs) paid by the customers. It is anticipated that a small number of SIUs are eligible for this program. Granting of a credit will reduce the amount of wastewater an SIU is allowed to discharge, allowing that capacity to be used by other customers who will be required to pay the SFCs. A total of \$710,000 in credits were given in fiscal year 2014. Until all of the SIUs have been evaluated, the extent that QSF revenue after fiscal year 2014 will be reduced due to future credits is unknown, but will exceed \$950,000 due to credits already authorized, with \$900,000 projected to be credited in fiscal year 2015.

Receipt of Disaster Grant Reimbursements from the 1994 Northridge Earthquake

Since the January 17, 1994 Northridge earthquake, the City has systematically made repairs to its wastewater facilities that were damaged. Much of this work is eligible for reimbursement from the Federal Emergency Management Agency (FEMA) and the California Emergency Management Agency (CalEMA), formerly the Office of Emergency Services (OES). As of June 30, 2014, Sewer expended \$225.5 million in earthquake related repair costs, of which \$211.2 million is eligible for reimbursement from FEMA and CalEMA. Grants receivable from FEMA and CalEMA amounted to \$33.8 million at June 30, 2014. During fiscal year 2009, Sewer was informed of a de-obligation of the City's FEMA Northridge earthquake grant in the amount of \$35.7 million to offset a portion of the \$75.0 million advance from FEMA received by the City immediately after the Northridge earthquake. The advance was used for earthquake related costs incurred by various Council controlled departments. The de-obligation may result in FEMA and CalEMA withholding Sewer's outstanding grant receivables. Sewer continues to pursue this outstanding receivable and was informed by the Office of the City Administrative Officer that the City's Inspector General will focus on the final closeout and payment in fiscal year 2015.

NOTE 5 – OTHER INFORMATION (Continued)

Also, as a result of the de-obligation, \$10.3 million of the Sewer's grants receivable was reclassified from grants receivable to advances to other City funds in fiscal year 2010. In October 2011, the Council adopted Council File 10-1947 that provides for the offsetting of receivables between the Sewer and the General Fund in the amount of \$4.2 million. Consequently, the Fund's advances to other City funds that arose from the de-obligation of the City's FEMA Northridge earthquake grant decreased from \$10.3 million to \$6.1 million. The same Council File instructed the elimination of the remaining \$6.1 million General Fund obligation through write-offs or other similar means. The feasibility of the Council instruction for write-off is continually being determined by the City.

Contract Agencies

The City has entered into universal terms agreements with 20 contract agencies for which the City provides wastewater treatment services. The billings for the contract agencies under the universal terms include a reconciliation process. Billings for a fiscal year are estimated based on the City's budgeted costs and the agencies' projected wastewater flow and strength. After the close of the fiscal year, these bills are then reconciled based on actual costs, flows and strengths. Revenues from the estimated and reconciliation bills were \$5.5 million more than projected in fiscal year 2014. The projections had not included receipts from the City of Glendale for its share of costs at the Los Angeles-Glendale Water Reclamation Plant (LAGWRP) or agency payments pursuant to the reconciliation of the fiscal year 2013 expenses, which occurred after the projections were made. Reconciliation bills for service in fiscal year 2014 have not been completed at this time, so the City does not have sufficient data to determine if there is a likelihood of reconciliation amounts that would have a material impact to Sewer in fiscal year 2015.

The City has discovered a discrepancy between two gauging devices that monitor its wastewater flow into the City of Santa Monica. The City is working with its flow-monitoring vendor and with Santa Monica to identify the source of the discrepancy. The City has removed sediment in the area of the devices in an attempt to correct the discrepancy. Correction of the discrepancy could potentially reduce revenues from Santa Monica for wastewater service provided to Santa Monica in fiscal years 2010 to 2014 by \$1.1 million.

The contract agencies' share in Sewer's capital expenditures, billed to and paid by said contract agencies are recorded as capital contributions. A portion of the amount related to the capital contributions may not be capitalized at the end of the year as projects are later determined as either abandoned or maintenance costs. The capital contribution, as of fiscal year 2014, is stated at gross amount, without any adjustments for abandonment and maintenance costs.

The City's service agreements with 20 of the 29 contract agencies require the City to reimburse an agency the depreciated value of its capital contributions to the City's wastewater system in the event that the agency removes its wastewater from the system. This would require a reduction in the capital contributions in the equity of Sewer. None of the contract agencies has informed the City of its intent to cease utilizing the City's wastewater system and it is Management's opinion that such an event is very unlikely in the future.

NOTE 5 – OTHER INFORMATION (Continued)Front-funded Grants

Sewer has provided grant front-funding of \$2.0 million for the IRWM P – North Atwater Creek Restoration and Water Quality Enhancement Project. Sewer is reimbursed the funded amounts when the City receives the grant reimbursements. This grant is reduced by a 2.5% administrative fee, in accordance with the memorandum of understanding between the City and the Los Angeles County Flood Control District. A total of \$1.7 million, or 91.0% of the expected grant receipts have already been received. The remaining amount, which is retention, is expected to be received when the project is closed out in June 2015.

Front-funded Programs

In 2005, the City entered into a memorandum of understanding with the Los Angeles Regional Water Quality Control Board (LARWQCB) to regulate Onsite Wastewater Treatment Systems. During the time that the City has been developing this program, it has been front-funded by Sewer. The costs incurred as of June 30, 2014 were \$2.7 million. When the ordinance governing this program is adopted, a schedule of fees will be included. These fees will be required to recover the past program costs as well as the ongoing operational costs of the program in order to remain in compliance with Proposition 218. At this time it is unknown how long it may take for Sewer to fully recover these costs.

On August 11, 2014, the Mayor and City Council authorized a loan from Sewer to the Stormwater Pollution Abatement (SPA) Fund (CF 09-0914) in the amount of \$6.8 million for construction of the Ballona Creek Water Quality Improvement and Beneficial Use Project. The loan is to be repaid by grant proceeds and SPA funds and is contingent upon the City receiving a 2012 Clean Beaches Initiative Grant Program award of at least \$2.5 million from the State Water Resources Control Board (SWRCB).

The project will include construction of an inflatable rubber dam in the Ballona Creek channel for low-flow diversion, installation of a temporary pump station, and rehabilitation of the existing North Outfall Wastewater Treatment Facility to treat dry weather flow in Ballona Creek. The City is awaiting a draft grant agreement from the State for negotiation by the parties. Additionally, funding information will be included in a Board of Public Works report to award the project. At this time it is unknown how long it may take for Sewer to fully recover these costs.

Capital ProjectsCollection System Settlement Agreement (CSSA)

The CSSA has required the construction of several projects including, but not limited to, the Figueroa Meridian York Relief Sewer project, Air Treatment Facility - ECIS Mission and Jesse project, Central Outfall Sewer - 59th Street and Fourth Avenue project, Supplemental Environmental Projects (SEPs) and numerous projects in the Secondary Sewer Renewal Program. All of these projects were successfully completed on or before the end of the term of the agreement on June 30, 2014. The City's CSSA obligations are completed and the United States Environmental Protection Agency (USEPA), Department of Justice and Odor Advisory Board have been notified.

NOTE 5 – OTHER INFORMATION (Continued)**Air Treatment Facilities (ATFs)**

The CSSA required the construction of seven ATFs as a means of controlling odors that developed in areas of the City due to high pressures in the North Outfall Relief Sewer, North Outfall Sewer and East Central Interceptor. Two of the facilities have been constructed and the City has installed and is operating odor scrubbers at the remaining five locations. The City conducted a study to determine the necessity of constructing the remaining five ATFs. The study indicates that four of the ATFs are not required for odor treatment because the existing odor scrubbers are providing adequate treatment. The USEPA accepted the City's study on March 22, 2012 and now requires completion of only the ATF - ECIS Mission and Jesse project, as well as other odor measures identified in the study. The City has met the intent of the CSSA for the project by the CSSA due date. However, the total construction, including successful start-up of the facility, is currently scheduled to be completed by May 2015.

Hyperion Digester Gas Utilization Project

The City and DWP currently have energy exchange agreements whereby digester gas is transferred from the Hyperion Treatment Plant (HTP) to DWP's Scattergood Generating Station to be burned as fuel. In return, DWP provides HTP with electricity at a discounted rate and steam at a negotiated price. The City expects the current agreements to remain in effect through 2016.

In response to a request for proposals, various energy management firms provided proposals for projects that will beneficially reuse the digester gas to produce steam and electricity. A contractor was selected and the notice to proceed for the project was issued on February 19, 2014. The costs are anticipated to be \$227.0 million over the next thirteen years. The currently adopted schedule of rate adjustments and Sewer's bonding capacity are sufficient to fund this project.

Pending Construction Issues with Collection System Projects

Certain construction projects have pending construction issues that could exceed the project budgets. The aggregate amounts requested by the contractors are approximately \$1.0 million, not including the ATF - ECIS Mission and Jesse project discussed below; however, the City believes it has sufficient defenses to allow the resolution of the issues at a lower price. There is a good potential for an upward of \$1.0 Million claim from the ATF - ECIS Mission and Jesse contractor, mostly because of delays attributable to not receiving DWP power in a timely manner. The contractor has not yet filed a claim or lawsuit.

Regulatory and Legal Issues**Biosolids**

The City currently reuses biosolids, a byproduct and residual of wastewater treatment, as a soil amendment at the City-owned Green Acres Farm in Kern County. However, a Kern County voter-approved initiative (Measure E) was passed in July 2006 that prohibits biosolids land application in the unincorporated areas of the County, essentially eliminating the future use of the City's farm for biosolids management. The initiative was overturned by a trial court on August 10, 2007 and subsequently appealed by the Board of Supervisors of Kern County. On November 9, 2010, the United States District Court granted Kern County's motion to dismiss the remaining claims in the federal litigation challenging Measure E.

NOTE 5 – OTHER INFORMATION (Continued)

In January 2011, the City filed a state claim challenging Measure E. The court granted a preliminary injunction in July 2011 allowing the City to maintain biosolids operations at Green Acres while the litigation is pending. Kern County filed an appeal against the court's decision granting the preliminary injunction. The California Supreme Court heard the matter related to tolling in May 2014 and issued its ruling in July 2014 reversing the Appellate Court's decision on the statute of limitation for filing the State lawsuit on the Measure E litigation. The ruling went against the City. In September 2014, the City petitioned the Tulare Superior Court for a summary judgment motion on the case. Kern filed a summary judgment motion of its own, challenging only the federal cause of action (dormant commerce clause) in the case. Both the City's and Kern's petitions for summary judgment motions were rejected by the Court in January 2015. The trial is set for April 2015.

While the legal issues are ongoing, the City is investigating and evaluating new beneficial use options, including the Terminal Island Renewable Energy (TIRE) demonstration project, and composting operations at contract sites in the LA area. The City received a new permit to continue the TIRE demonstration project, which has been very successful, for another five years. If the provisions of the Measure E initiative are upheld, the City would no longer be able to land apply biosolids at its farm in Kern County and would have to landfill it, dispose of it out of state, or consider other use options at an increased cost of approximately \$3.0 million per year.

Total Maximum Daily Loads (TMDLs)

The USEPA and the LARWQCB are required to develop TMDLs for impaired water bodies. Various watersheds in the Los Angeles area have water body segments that are listed as impaired due to a variety of pollutants. Although some TMDLs have already been released, additional TMDLs will be under development and compliance with both existing and new TMDLs will continue into the next decade. At this time, it is difficult to predict the full impact of TMDLs on the National Pollutant Discharge Elimination System (NPDES) effluent limits at the City's four water reclamation and wastewater treatment plants. In addition, the proposed Greater Los Angeles County Municipal Separate Stormwater Sewer Systems (MS4) permit, adopted by the LARWQCB in November 2012, contains provisions that require compliance with all the adopted TMDLs. It is expected that significant capital improvements funded by Sewer may be required to comply with the TMDLs and their resulting impact on the City's NPDES permits.

NPDES Permits

The LARWQCB adopted new NPDES permits for the DC Tillman Water Reclamation Plant (DCTWRP) and LAGWRP on December 8, 2011. Currently, both DCTWRP and LAGWRP are complying with their final permit limits for copper, and neither plant is expected to experience difficulty meeting these final copper effluent limits. The Cities of Burbank and Los Angeles completed a Copper Site-Specific Objective Study for the Los Angeles River. The study was adopted by the LARWQCB on May 6, 2010. The study has been approved by the SWRCB, USEPA and the Office of Administrative Law. The study has been incorporated into the Los Angeles River heavy metal TMDL. Based upon the new copper effluent limit in the permits and the current level of copper removal achieved, it is anticipated that there will be no potential financial impact to the City.

The previous permits also required compliance with the Nitrogen TMDL and construction of Nitrification-Denitrification (NDN) facilities. NDN facilities have been constructed at DCTWRP and LAGWRP. DCTWRP and LAGWRP have been operating in full NDN mode since September 2007 and have met their final ammonia effluent limits. An Ammonia Site Specific Objective (SSO) Study was approved by the LARWQCB and recently was adopted by the SWRCB, Office of Administrative Law and USEPA. The final adoption of the SSO study into

NOTE 5 – OTHER INFORMATION (Continued)

the DCTWRP and LAGWRP NPDES's permits will allow adjustment of the final ammonia limits, allowing operators flexibility in the disinfection process. The LARWQCB re-opened the Nitrogen TMDL and revised the Waste Load Allocations for Ammonia.

Consideration to include the new limits in the permits is ongoing. The inclusion of the ammonia effluent limit in the NPDES permit is expected to take place in the next permit cycle; meanwhile, the City has received a Time Schedule Order from the LARWQCB for the ammonia effluent limit for the DCTWRP until the adoption of the new NPDES permit, when the new limits are expected to be included in the permit. If the results of the SSO study are not incorporated into the permits, then operator flexibility may be limited and additional modifications to the treatment process may be required. Potential costs for compliance are unknown at this time.

The SWRCB has initiated a process to develop a nutrient policy for inland surface waters in California. The proposed policy will establish methods to develop numeric or narrative water quality objectives for nutrients. Potential impacts of the policy for DCTWRP and LAGWRP may include significant upgrades to the facilities and increased energy demand. Potential cost impacts are unknown at this time.

On May 6, 2010, the LARWQCB adopted the Terminal Island Water Reclamation Plant's (TIWRP's) current NPDES permit, which will expire on June 25, 2015. The City has submitted a Report of Waste Discharge application for the renewal of TIWRP's NPDES permit. The permit has the goal of removing the discharge of treated municipal wastewater, except brine waste, from the Los Angeles Harbor by 2020. The NPDES permit is based upon Resolution 94-009 adopted by LARWQCB in 1994 and, as required by the 1974 Bay and Estuary policy, calls for the City to eliminate TIWRP tertiary discharge to the Harbor. Resolution 94-009 sets the goal of eliminating the effluent discharge by 2020 through expansion of the Advance Water Purification Facility (AWPF) and increasing water reuse. The City has submitted new NPDES and Water Recycling Requirements permit renewal applications to the RWQCB for expansion of the AWPF facility, including the future discharge of the AWPF recycled water to Machado Lake. Previous water recycling facilities constructed and operated at TIWRP received funding from the DWP. However, the City and DWP have agreed that the City will pay for and own the AWPF expansion and will recover the costs of the facility by selling the recycled water from the facility to DWP.

In the future, and if the plants cannot meet future permit requirements, it is possible that the City may be required to install new treatment processes at a substantial cost to the City. The City cannot currently estimate the cost of such permit requirements, and such permit requirements are not included in the current Capital Improvement Program.

Statute of Limitations with DWP

Currently, Sewer is experiencing inconsistencies with how the DWP applies statutes of limitations with regards to billing corrections and claims for damages. DWP has been denying claims filed by the City for damages that DWP crews or infrastructure have caused to the wastewater system on the basis that they were filed more than one year after the cause of action accrued. At the same time, they have submitted revised bills for power and steam provided to HTP, with the revisions going back several years.

NOTE 5 – OTHER INFORMATION (Continued)**Fire and Police Pension System Donations**

From 1999 to 2002, Pensions received donations of non-voting common stock of non-public corporations, pursuant to repurchase agreements between Pensions and the donors, structured entirely by the donors' tax advisers. Under the terms of the agreements, Pensions, although the owner of the donated common stock, acknowledged that: the non-voting common shares have not been registered under the Federal Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968; that no public market exists with respect to the non-voting common shares; and that the common shares are subject to a right of first refusal prohibiting Pensions from selling or otherwise disposing of any common shares without first offering to sell them to the donor. The shares are recorded at carry and market values of zero for the following reasons: (1) there is no public market for the shares, (2) Pensions does not have the right to sell or otherwise dispose of the shares until the agreed upon future date, and (3) the shares were received as a donation for no consideration. Donation income is only recorded if cash dividends are received from the stock while in the possession of Pensions or when the stock is sold.

As previously reported in fiscal year ending June 30, 2005, Pensions has been informed that the Internal Revenue Service is disputing the tax treatment claimed by the donors in connection with these donations of stock. There have been no allegations of inappropriate activity by Pensions. The last donation of private equity accepted by Pensions was in 2002. The System has sold or returned the majority of donation of private equity since August 2005. The System has received no income from these donations in 2014.

NOTE 5 – OTHER INFORMATION (Continued)**F. CRA/LA, a Designated Local Authority and Successor Agency for the former Community Redevelopment Agency (Former Agency) and Related Contingencies**

The enactment in June 2011 of the Assembly Bill 1X26 (Dissolution Act) resulted in the dissolution of all redevelopment agencies as of February 1, 2012. To help facilitate the winding down process, Successor Agencies have been established to manage redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties. On February 3, 2012, Governor Brown appointed three Los Angeles County residents as the governing board of CRA/LA-Designated Local Authority (CRA/LA), successor agency of the former agency.

On January 25, 2012, the City Council adopted a resolution wherein the City elected to opt-in as the Housing Successor Agency and designated the Housing and Community Investment Department (HACID) as the City's representative in carrying out the housing functions and responsibilities of the Former Agency.

Transfer of Properties

On March 8, 2011, the City Council approved the transfer of certain revenue-generating commercial properties with historical cost of \$3.7 million from the Former Agency to the City in repayment of CDBG no-terms obligations of \$50.7 million (C.F. 11-0354). The transfer included the fee interests in the California Plaza Towers One and Two, Omni Hotel and Martin Luther King, Jr. Shopping Center. The ground lease revenue generated from these properties is approximately \$3.3 million annually. Accordingly, the City recognized a loss on loan settlement of \$47.0 million as Special Item in fiscal year 2011.

On March 22, 2011, Council authorized the transfer of an additional 74 properties from the Former Agency to the City, in connection with the implementation of a Cooperation Agreement (C.F. 11-0086-S1). Since some properties have more than one assessor parcel number (APN), the City Attorney reviewed the Council Motion and identified 130 parcels based on their discrete APN. As of February 1, 2012, 52 grant deeds, including 106 parcels, with historical cost of \$93.4 million were transferred from the Former Agency to the City.

The enactment of Dissolution Act, among other things, directed the State Controller to review the propriety of transfers of assets between redevelopment agencies and other public bodies after January 1, 2011. As a result, the State Controller issued a written notice on April 20, 2012, requiring the reversal of prior asset transfers that are not contractually committed. In December 2012, the City returned the properties transferred in March 2011 and removed these properties from its Capital Assets in fiscal year 2013. Following the return of the properties, the City submitted a claim to CRA/LA for the repayment of the \$50.9 million CDBG loans. CRA/LA reviewed the City's claim and based on the specific requirements of AB 1X26 and AB 1484, it determined that the claim is not an enforceable obligation. In April 2014, the State Controller's Office (SCO) reviewed all asset transfers made by the Former Agency to the City or any other public agency after January 1, 2011 and concluded that no further action was necessary.

Return of CRA/LA Funds Deposited with the City

In September 2009, the City Council approved the sale of a surplus City-owned property to the Former Agency. Escrow was opened and the Former Agency deposited \$2.2 million with the City. The Former Agency was unable to secure additional funding and the escrow subsequently lapsed and the sale was not completed. CRA/LA requested the City to return the \$2.2 million. On October 1, 2013, the City paid CRA/LA the full amount.

NOTE 5 – OTHER INFORMATION (Continued)Housing Assets Transfer

As previously discussed, the City elected to retain the housing functions and responsibilities previously performed by the Former Agency. Pursuant to H&SC Section 34176 (a) (2), the Housing Asset Transfer Schedule (HATS) prepared by CRA/LA staff was submitted by the City's HACID to State Department of Finance (DOF) on August 1, 2012. DOF issued its final determination letters on March 27, 2013 and July 12, 2013, granting approval of most of the housing assets listed on HATS. Effective May 1, 2013, CRA/LA's housing assets including loans receivable, land held for redevelopment and land inventory unspent housing bond proceeds and functions were assumed by HACID.

In accordance with H&SC section 34176 (g)(1)(A), the Housing Successor is allowed to use or commit unspent housing bond proceeds for the purpose of affordable housing. DOF has advised the Housing Successor that, if it agrees to assume the obligations of the CRA/LA with respect to ensuring compliance with bond covenants and redevelopment objectives, it may drawdown the unspent bond proceeds in lump sum. A total of \$13.4 million is available at June 30, 2014. DOF is reviewing the Housing Bond Expenditure Agreement between CRA/LA and the Housing Successor. Upon approval from DOF, the unspent housing bond proceeds in its entirety will be listed on the Recognized Obligation Payment Schedule (ROPS) for distribution.

As required by H&SC Section 34176 (d), the City created the Low and Moderate Income Housing Fund to maintain housing assets transferred from the Former Agency. Housing assets primarily consist of loans receivable, due from other governmental agencies and land for redevelopment. In fiscal year 2014, the transfer of housing assets reflected as an Extraordinary Item in the City's financial statements was \$35.4 million.

Transfer of Commercial and Industrial Earthquake Recovery Loan Program

On June 16, 1995, the Former Agency and the City executed a Memorandum of Agreement through which the City provided \$28.6 million in CDBG funds to the Former Agency to implement the Commercial and Industrial Earthquake Loan Program (CIERLP), designed to enable businesses to quickly repair and reconstruct earthquake damaged commercial buildings. On June 13, 2013, the CRA/LA Oversight Board approved the transfer of the CIERLP loan portfolio and program responsibilities to the City. On December 4, 2013, the City Council and Mayor authorized the execution of the CIERLP Assignment Agreement and transfer of funds. CIERLP loans receivable amounting \$8.8 million was reflected as Extraordinary Item in the City's financial statements.

Other Loans from the City

At June 30, 2014, the federally funded loans from the City to the Former Agency amounted to \$6.4 million. These loans will be repaid from available sources including tax increment. AB 1X26 acknowledges that payments to the federal government are enforceable obligations and such contracts were not invalidated. In its determination letter dated December 26, 2012 DOF approved the affected ROPS line items and authorized the repayment of the obligation through the Redevelopment Property Tax Trust Fund (RPTTF). Future ROPS will include interest payments for the remaining outstanding loan, with a final payment of principal and interest due upon maturity in 2021.

NOTE 5 – OTHER INFORMATION (Continued)**Transfer of Properties for Government Use**

Pursuant to H&SC Section 34191, the Successor Agency must prepare a “Long-Range Property Management Plan” (LRPMP) that addresses the disposition and use of the real properties of the former redevelopment agencies. The report must be submitted to the Oversight Board and DOF for approval. The LRPMP must include an inventory of all properties in the Community Redevelopment Property Trust Fund, the repository of all real properties of the former redevelopment agency, and a proposal for how to use or dispose of each property. The LRPMP shall separately identify and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

On February 27, 2014, DOF approved the transfer from CRA/LA to the City of 31 real property interests, including 7 public parks, 14 public rights of way and parcel remnants, 2 government facilities and 8 access and use easements. In addition, the transfer of 4 real property interest representing approximately 5.6 million square feet of Transferable Floor Area Ratio development rights may become available for transfer to the City upon DOF approval. All received properties will be encumbered with restrictions that require that the properties continue to be used for government purposes in perpetuity, and will be conveyed by grant deed, quitclaim or easement transfer (Transfer Documents) at no cost to the City. On May 6, 2014, the City Council and Mayor approved actions to assume ownership of the 35 real property interests for Government Use (C.F. 13-1482).

G. Subsequent Events**Indebtedness**

Subsequent to June 30, 2014, the City issued the following indebtedness:

Issue Date	Description	Amount (in millions)	Interest Rate (Percentage)
July 10, 2014	2014 Tax and Revenue Anticipation Notes	\$ 1,369.2	1.500 %
September 24, 2014	MICLA Lease Revenue Bonds Series 2014 A (Real Property)	41.8	2.000 - 5.000
September 24, 2014	MICLA Lease Revenue Bonds Series 2014 B (Real Property)	51.7	2.000 - 5.000
November 19, 2014	MICLA Equipment Lease Purchase (Private Placement)	67.3	2.0651
October 8-16, 2014	Airports Commercial Paper, Multiple Series	200.0	0.090 - 0.130
September 3, 2014	Harbor Revenue Bonds Series 2014 A	203.3	2.000 - 5.000
September 3, 2014	Harbor Revenue Bonds Series 2014 B	89.1	3.000 - 5.000
September 3, 2014	Harbor Revenue Bonds Series 2014 C	44.9	2.000 - 5.000
August 5, 2014	Power System Revenue Bonds, Series 2014 C	198.8	2.936
October 23, 2014	Power System Revenue Bonds, Series 2014 D	450.0	3.785
November 20, 2014	Water System Revenue Bonds, Series 2014 A	271.0	3.987
January 8, 2015	Power System Revenue Bonds, Series 2014 E	229.0	3.850

NOTE 5 – OTHER INFORMATION (Continued)**Airports Enterprise Fund**

Between October 8 and October 16 of 2014, LAX issued \$200.0 million of Commercial Paper notes in multiple series to provide interim financing for capital expenditures at LAX. The CP notes carried interest rates of between 0.09% and 0.13% and had maturities of between 100 and 125 days.

Midfield Satellite Concourse Program

On July 21, 2014, Airports Board approved the Midfield Satellite Concourse (MSC) Program including the MSC North Project at LAX. The MSC Program consists of a new multi-level concourse located within the western portion of the airfield west of the existing TBIT and associated passenger processing space in proposed Central Terminal Processor (CTP). The MSC Program also includes conveyance systems connecting the MSC and CTP as well as a new taxilane, taxiway, apron, and utilities required to serve the MSC. The overall objective of the MSC Program is to provide Airports with the flexibility to accommodate existing demand for aircraft gates while modernizing other terminals at LAX and reducing reliance on the West Remote Gates. The new concourse facility will be designed to serve both domestic and international traffic with the ability to accommodate all sizes of the current aircraft fleet at LAX. Due to the size and scale of the MSC Program, Airports intends to develop the MSC Program in phases. The MSC Project represents Phase one of the overall MSC Program, and includes construction of the northern portion of the multi-story MSC facility and associated improvements. The MSC North Project is intended to improve the terminal operations, concession facilities, and overall passenger experience at LAX. On July 21, 2014, Airports Board awarded a \$50.0 million contract for the pre-construction and construction services for the MSC North Enabling Project. On December 18, 2014, the award of a two-phase design-build contract to Turner|PCL in the amount of \$961.3 million for the MSC North Project at LAX was approved.

West Aircraft Maintenance Area Project

In July 21, 2014, Airports Board awarded a \$63.7 million contract for the West Aircraft Maintenance Area (WAMA) Project at LAX. The purpose of the WAMA Project is to consolidate, relocate and modernize existing aircraft maintenance facilities at LAX.

Parking Garage Elevator Upgrades

On July 21, 2014, Airports Board awarded a \$39.7 million contract for the Parking Garage Elevator Upgrades Project at LAX, with the purpose to upgrade 26 parking garage elevators with new equipment and to update the interior and exterior finishes to improve the overall look of the Central Terminal Area at LAX.

Terminal 1 Renovations

In fiscal year 2014, LAX began an expansion and modernization program in Terminal 1 to improve efficiency and increase the passenger level of service while meeting evolving federal security requirements. The program includes reconfiguring the existing terminal uses to improve passenger services and amenities, better accommodate security requirements, and improve curbside circulation with a new façade and seismic retrofitting. Airports, under the expansion and modernization program envisioned in the September 16, 2014 amendment to Southwest's lease, is obligated to acquire up to \$509.8 million of the completed terminal improvements.

NOTE 5 – OTHER INFORMATION (Continued)Others

On December 18, 2014, the preparation of environmental analyses and documentation of the proposed LAX Landside Access Modernization Program was approved. Elements of the proposed program include a Consolidated Rent-A-Car Center, and LAX Automated People Mover connecting the LAX passenger terminals with a number of transportation facilities east of Sepulveda Boulevard, and Intermodal Transportation Facilities, and related roadway and other infrastructure improvements.

Barclays Bank PLC was approved to provide a three-year letter of credit for the LAX commercial paper program for up to \$150.0 million aggregate principal plus approximately \$13.5 million of interest.

On December 18, 2014, acquisition of 35 multi-family buildings located in Manchester Square, Los Angeles, adjacent to LAX, from the owners of record, as Batch 86 for an amount not to exceed \$104.2 million (including acquisition, demolition and relocation cost) was approved.

On February 24, 2015, issuance of LAX senior revenue bonds in the amount of \$315.4 million and LAX subordinate revenue bonds in the amount of \$181.8 million to fund capital projects at LAX was approved.

Harbor Enterprise FundCash Funding of the Reserve Fund

As of August 31, 2014, Harbor had \$49.4 million in the Reserve Funds. The issuance of the 2014 Series Bonds requires additional reserve funds of \$17.8 million. Hence, as of September 18, 2014, the balance of the Reserve Funds totaled \$67.2 million.

Fire at Berths 177 – 178

On September 23, 2014, a fire destroyed the wooden railroad wharf in front of the Berths 177-178 warehouse, the southerly 160 feet of warehouse, and damaged the remainder of the warehouse. Harbor has begun cleanup operations. In addition, Harbor has started recovery options including stabilizing portions of the building for access to assess damage and recovery of steel coils stored inside the warehouse. While the evaluation of the building and structure damage continues, preliminary damage assessments revealed that the south 160 feet of the warehouse was damaged beyond repair, the wooden railroad wharf in front of the warehouse on the water side must be repaired or replaced with a structure compliant with current design and code standards, and the remaining warehouse may need certain levels of repairs too. The amount of damage cannot be determined at this time. Harbor has an all risk property insurance policy with an additional excess layer of insurance coverage. Harbor believes that its insurance is and will remain adequate. As this incident is still under investigation, the amount of potential claims cannot be determined at this time. The insurance providers are working with Harbor for timely handling of this incident. As of March 18, 2015, the amount of damage cannot be determined; however, the amount of claims from third-parties is estimated to be approximately \$1.9 million.

NOTE 5 – OTHER INFORMATION (Continued)**Power**

In December 2014, the Board of Water and Power Commissioners approved, per Board Resolution 15-118, the fiscal year 2015 transfer from Power to the City of approximately \$265.6 million. Payment to the City is due by June 30, 2015.

Fire and Police Pension SystemRetiree Health Subsidy Freeze Litigation

Fry, et al. v. City of Los Angeles concerns the City's ordinance freezing the retiree health subsidy benefit by the City for those active Pensions members who retired or entered DROP on or after July 15, 2011, and who did not elect to contribute an extra 2% of their salary. At that time, approximately 30% of the active membership did not choose to contribute the extra 2% of salary. The petitioners sued the City and argued that the City's "freeze ordinance" illegally impaired their vested rights to a retiree health subsidy that would increase over time.

On July 28, 2014, the Court ruled that the petitioners have a vested right to a "non-frozen" health subsidy in retirement. The Court ruled that petitioners had a right to the Pensions Board exercising its discretion in setting the subsidy rate, but not a right to any particular amount of subsidy. However, the ruling did not address: 1) whether members who elected to contribute the additional 2% would be entitled to a refund, or 2) whether retirees who had to make up the difference in premiums in excess of the 2011 subsidy level would be entitled to a refund.

On September 5, 2014, the Los Angeles County Superior Court issued an official Writ restoring the Board's authority to provide the current "non-frozen" subsidy to pensioners who were impacted by the City's "freeze" ordinance. Accordingly, on the October 31, 2014 pension payments, Pensions provided the current "non-frozen" subsidy to pensioners who were impacted by the freeze. Subsequently, the City filed a Notice of Appeal on October 29, 2014, and a Verified Petition for Writ of Mandate and Request for Immediate Stay on November 3, 2014.

On November 12, 2014, the Court of Appeal granted a stay on the Writ issued by the trial court on September 5th. As a result of the stay, beginning with the November 30, 2014 pension payments and until otherwise ordered by the court, Pensions will once again provide a frozen subsidy to those pensioners and to any future retirees who did not elect to contribute the additional 2% of their salary.

Ordinance Allowing Former OPS Officer Service Purchases

The General Services Department's Office of Public Safety (OPS) was consolidated into the Los Angeles Police Department (LAPD) in July 2012 and these OPS officers are members of LACERS. However, these OPS officers were given the opportunity to transfer to regular LAPD police officer classifications following an abbreviated academy training period and to opt out of membership in LACERS to become members of Pensions Tier 6. In addition, pursuant to a March 2013 Charter amendment, in conjunction with their change in employment status, the members in question will be offered the option to purchase their years of LACERS service credit they earned while employed in specific OPS officer classifications. The Charter amendment requires these purchases to be cost neutral. Pursuant to the OPS service purchase ordinance, all employees who elect to become members of Pensions will have until June 30, 2015, to initiate an agreement to purchase their OPS service.

NOTE 5 – OTHER INFORMATION (Continued)**H. Other Matters Affecting the City's Future Operations**

The City's fiscal year 2015 total adopted budget is \$8.1 billion. Of this amount, \$3.9 billion, or 47.6%, is appropriated for departmental expenditures. The remainder of \$4.2 billion or 52.4% is appropriated for non-departmental expenditures. Estimated general receipts of \$5.1 billion, special receipts of \$2.2 billion, bond redemption and interest funds of \$0.2 billion, and special fund available balances of \$0.6 billion are sources of funds for the budget. The adopted budget included a Reserve Fund of \$284.1 million or 5.5% of the General Fund receipts, \$64.1 million for the Budget Stabilization Fund and met the goal of appropriating at least 1% of its General Fund to capital improvements.

The City addressed a projected \$433.0 million General Fund deficit for fiscal year 2015 primarily through \$216.0 million increased ongoing revenue due to improved economic conditions and growth in a number of economically-sensitive revenues, \$186.0 million in one-time revenues, the largest of which was a transfer of \$117.5 million from the City's Reserve Fund, and \$30.0 million in various ongoing reductions and efficiencies.

Potential challenges in fiscal year 2015 that may adversely impact the City's cash flows and will need to be addressed include insufficient funding to pay for the large sworn police banked overtime that have been accumulated by officers pursuant to the contract with the police union that allowed sworn employees to bank up to 800 overtime hours; the potential six-months funding gap for Fire Department's ambulance augmentation program should the program continue beyond the six-month period; and the disparity between the funding provided for 2,200 miles street resurfacing and repairs versus the budgeted 2,400 miles. In addition, the fiscal year 2015 budget assumes that all civilian employees will contribute 10% of the cost of health care premiums and no cost of living adjustments increases for over 85% of City employees who are working under expired labor agreements while the City negotiates new agreements with labor unions.

The City Administrative Officer (CAO) reports to the Mayor and City Council on the status of the budget. The CAO's on its First and Second Financial Status Reports released in October and December 2014, respectively, projected a deficit of \$46.6 million primarily due to \$16.2 million in unfunded sworn overtime and unfunded salary adjustments for certain sworn employees and \$24.0 million mainly due to the unfunded Fire ambulance augmentation program previously discussed and delayed implementation of 40-hour work week for sworn personnel assigned at the Fire Dispatch Center. Projected receipts such as property tax, license, permit, fee and fine revenue, and business tax revenue were below plan by \$28.7 million, \$8.6 million and \$1.8 million, respectively. However, as the majority of the revenues are received at the latter half of the year, the shortfalls are not yet indicative of a year-end deficit.

NOTE 5 – OTHER INFORMATION (Continued)

The Four-Year Budget Outlook (Outlook) is based on the adopted budget, known major expenditure commitments and projections of revenues and expenditures. The Outlook reflects a budget gap of \$165.1 million in fiscal year 2016 and \$185.9 million in fiscal year 2017 without corrective actions. Subsequent to the adoption of the fiscal year 2015 budget, the assumption that all civilian employees would contribute 10% towards health benefits is unlikely to occur. In addition, LACERS Board adopted changes to its actuarial assumptions, including a reduction in the assumed investment rate of return from 7.75% to 7.5%. The economic and demographic changes in the latest experience study would potentially impact the City's contribution to LACERS in fiscal year 2016. Pensions has adopted its latest experience study, including a reduction in the assumed investment rate of return from 7.75% to 7.5%. However, the City's contribution rate for fiscal year 2016 is 46.51% which is less than the 50.17% projected in the Outlook. While the Pensions contribution rate is less than previously anticipated, it will likely be offset by a higher projected sworn payroll which has been increased by recently approved sworn salary adjustments.

Da Vinci Fire

On December 8, 2014, a massive fire burned a seven-story apartment complex (Da Vinci) under construction in downtown Los Angeles. The fire caused extensive damage to the adjacent City-owned building located at 221 North Figueroa. It is anticipated that the destruction will have little to no financial impact to the City as any repairs and other costs will be covered by the proceeds from the insurance policy that the City carries for such event. The City is still in the process of estimating the costs to repair the building and other incidentals.

Transfer of Excess CRA/LA Non-Housing Bond Proceeds

In accordance with H&SC section 34191.4, remaining bond proceeds that cannot be spent in a manner consistent with the bond covenants will be used to defease the bonds or purchase those same bonds on the open market. CRA/LA has identified excess non-housing bond proceeds available in the amount of \$86.4 million, net of enforceable obligations and administrative fees. The City has requested to utilize CRA/LA's excess non-housing bond proceeds for redevelopment activities. CRA/LA's Governing Board and the Oversight Board approved a Bond Expenditure Agreement (BEA) with the City on November 6, 2014 and November 13, 2014, respectively. The BEA authorizes the listing of the agreement as an enforceable obligation on ROPS 14-15B and the transfer of the excess non-housing bond proceeds. On November 4, 2014, DOF partially approved the BEA and authorized the transfer of \$84.1 million after identifying \$2.3 million from bonds no longer outstanding and the bond covenants no longer exist.

Power Revenue Fund Surplus Transfer to City

On February 12, 2015, the DWP Board of Commissioners was served with a notice of a lawsuit relating to the DWP Power Revenue Fund transfer of surplus funds to the City General Fund. The lawsuit alleges that the Power Revenue Fund transfer to the General Fund violates the State Constitution. It also alleges that the transfer is not attributable to costs incurred by DWP for electric service and is therefore a tax requiring voter approval. The settlement is not anticipated to occur this year. The DWP and City Attorney are in the process of reviewing the summons and preparing a written response pursuant to Los Angeles Superior Court procedures.

Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Year Ended June 30, 2014
(Unaudited)

Benefit Pension Plans Schedule of Funding Progress (amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
Fire and Police Pension Plan						
6/30/12	\$ 14,251,914	\$ 17,030,833	\$ 2,778,919	83.7 %	\$ 1,341,914	207.1 %
6/30/13	14,657,713	17,632,425	2,974,712	83.1	1,367,237	217.6
6/30/14	15,678,480	18,114,229	2,435,749	86.6	1,402,715	173.6
Los Angeles City Employees' Retirement Plan						
6/30/12	9,934,959	14,393,959	4,459,000	69.0	1,819,270	245.1
6/30/13	10,223,961	14,881,663	4,657,702	68.7	1,846,970	252.2
6/30/14	10,944,751	16,248,853	5,304,102	67.4	1,898,064	279.4
Water and Power Employees' Retirement and Death Benefit Insurance Plan						
7/1/12	7,573,886	9,692,603	2,118,717	78.1	886,539	239.0
7/1/13	7,958,488	10,094,868	2,136,380	78.8	900,254	237.3
7/1/14	8,877,595	10,975,551	2,097,956	80.9	900,126	233.1

Other Postemployment Benefits Healthcare Plans Schedule of Funding Progress (amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
Fire and Police Health Subsidy Plan						
6/30/12	\$ 927,362	\$ 2,499,289	\$ 1,571,927	37.1 %	\$ 1,341,914	117.1 %
6/30/13	1,013,400	2,633,793	1,620,393	38.5	1,367,237	118.5
6/30/14	1,200,874	2,783,283	1,582,409	43.1	1,402,715	112.8
Los Angeles City Employees' Postemployment Healthcare Plan						
6/30/12	1,642,374	2,292,400	650,026	71.6	1,819,270	35.7
6/30/13	1,734,733	2,412,484	677,751	71.9	1,846,970	36.7
6/30/14	1,941,225	2,662,853	721,628	72.9	1,898,064	38.0
Water and Power Employees' Retiree Health Benefits Plan						
6/30/12	1,244,039	1,566,059	322,020	79.4	886,539	36.3
6/30/13	1,332,136	1,743,727	411,591	76.4	900,254	45.7
6/30/14	1,485,140	1,947,912	462,772	76.2	900,126	51.4

Condition Rating for City Bridges

As of July 1, 2013

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	428	202	83	111	31	1
Pedestrian	67	7	57	3	--	--
Tunnel	17	6	8	3	--	--
Bikeway	2	1	1	--	--	--
Total	514	216	149	117	31	1
Percentage	100%	42%	29%	23%	6%	0%

Condition Rating for City Bridges

As of July 1, 2010

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	425	207	83	104	31	--
Pedestrian	66	8	56	2	--	--
Tunnel	15	10	3	2	--	--
Bikeway	2	1	1	--	--	--
Total	508	226	143	108	31	--
Percentage	100%	42%	28%	21%	6%	0%

Condition Rating for City Bridges

As of July 1, 2007

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	425	214	73	117	21	--
Pedestrian	66	16	48	2	--	--
Tunnel	14	7	5	2	--	--
Bikeway	2	1	1	--	--	--
Total	507	238	127	121	21	--
Percentage	100%	42%	25%	24%	4%	0%

Comparison of Needed-to-Actual Maintenance/Preservation Costs
(amounts expressed in thousands)

	Fiscal Year Ended June 30				
	2010	2011	2012	2013	2014
Needed	\$ 73,772	\$ 98,794	\$ 92,769	\$ 44,328	\$ 150,988
Actual	39,818	41,003	37,726	36,646	56,313

The Bridges and Tunnel System is a comprehensive bridge database system that enables the City to track the entire bridge inventory, inspection data, repair records, structural condition of various bridge elements, bridge sufficiency rating, cost data, traffic data, and geometric data. The Sufficiency Rating given to each bridge is in accordance with national standards developed by the Federal Highway Administration. The Sufficiency Rating ranges from 0% to 100% and is composed of the following elements: Structural Safety and Adequacy ($S_1=55\%$), Serviceability and Functional Obsolescence ($S_2=30\%$), Essentiality for Public Use ($S_3=15\%$), and Special Reductions ($S_4=\text{up to a maximum of } 13\%$). The Special Reductions is provided for long detour distance, traffic safety features, and structure type. The Sufficiency Rating is computed by summing the four elements ($SR = S_1 + S_2 + S_3 - S_4$). It is the City's policy that bridges shall be maintained so that at least 70% of the bridges are rated "B" or better, and no bridge shall be rated less than "D." It is also the intent of the City that at least 80% of the City bridges are rated B or better by 2020. As of June 30, 2013, the overall ratings of the City's bridges meet these standards. The latest condition assessments, that are determined every three years, were completed in March 2013. Although one bridge, the Sixth Street Viaduct, received a rating of "F", its replacement is currently in the design phase. The next condition assessment will be completed in fiscal year 2016.

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Combining and Individual Fund Financial Statements and Schedules

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

The other governmental funds combining balance sheet and other governmental funds combining statement of revenues, expenditures and changes in fund balances provide the detail for the combined amounts presented in the financial statements. Subcombining statements are presented to provide the detail for the Nonmajor Special Revenue Funds, Nonmajor Debt Service Funds, and Nonmajor Capital Projects Funds. In addition, combining budgetary comparison schedules are presented for each of the Nonmajor Budgeted Funds.

The combining statements for the fiduciary funds are also presented for the Pension and Other Postemployment Benefits Trust Funds, and Agency Funds to provide the detail for the combined amounts presented in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position of the basic financial statements.

CITY OF LOS ANGELES

Combining Balance Sheet
Other Governmental Funds
June 30, 2014

(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
ASSETS				
Cash and Pooled Investments				
Unrestricted	\$ 1,198,165	\$ --	\$ 17,792	\$ 1,215,957
Restricted	--	159,710	644,636	804,346
Cash and Investments with Fiscal Agents				
Restricted	30,930	37,096	--	68,026
Other Investments	--	12,851	--	12,851
Taxes Receivable				
(Net of Allowance for Uncollectibles of \$2,459)	7,694	11,301	--	18,995
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$11,784)	59,925	--	--	59,925
Special Assessments Receivable	7,218	--	1,371	8,589
Investment Income Receivable	2,447	239	1,581	4,267
Intergovernmental Receivable	118,595	--	884	119,479
Loans Receivable				
(Net of Allowance for Uncollectibles of \$1,570,182)	546,964	--	--	546,964
Due from Other Funds	73,561	--	16	73,577
Prepaid Items and Other Assets	9,168	--	--	9,168
Advances to Other Funds	2,431	--	--	2,431
Properties Held for Housing Development	114,112	--	--	114,112
TOTAL ASSETS	<u>\$ 2,171,210</u>	<u>\$ 221,197</u>	<u>\$ 666,280</u>	<u>\$ 3,058,687</u>
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 94,913	\$ --	\$ 14,704	\$ 109,617
Obligations Under Securities Lending Transactions	1,472	168	942	2,582
Accrued Salaries and Overtime Payable	11,269	--	--	11,269
Accrued Compensated Absences Payable	34	--	--	34
Intergovernmental Payable	2,339	--	--	2,339
Due to Other Funds	65,913	--	7,621	73,534
Unearned Revenue	24,322	--	--	24,322
Deposits and Advances	20,610	--	4	20,614
Interest Payable	--	278	--	278
Advances from Other Funds	134,824	--	8,849	143,673
Other Liabilities	17,257	970	5,535	23,762
TOTAL LIABILITIES	<u>372,953</u>	<u>1,416</u>	<u>37,655</u>	<u>412,024</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	8,598	8,673	956	18,227
Taxes Other than Real Estate	987	--	--	987
Receivables from Other Government Agencies	55,848	--	562	56,410
Other Deferred Inflows of Resources	42,545	141	804	43,490
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>107,978</u>	<u>8,814</u>	<u>2,322</u>	<u>119,114</u>
FUND BALANCES				
Nonspendable	9,168	--	--	9,168
Restricted	1,230,018	210,967	626,303	2,067,288
Committed	500,835	--	--	500,835
Unassigned	(49,742)	--	--	(49,742)
TOTAL FUND BALANCES	<u>1,690,279</u>	<u>210,967</u>	<u>626,303</u>	<u>2,527,549</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,171,210</u>	<u>\$ 221,197</u>	<u>\$ 666,280</u>	<u>\$ 3,058,687</u>

CITY OF LOS ANGELES

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Other Governmental Funds**

For the Fiscal Year Ended June 30, 2014

(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
REVENUES				
Property Taxes	\$ 10,209	\$ 137,455	\$ --	\$ 147,664
Other Taxes	61,339	--	1,777	63,116
Licenses and Permits	42,883	--	22	42,905
Intergovernmental	694,974	673	13,482	709,129
Charges for Services	412,803	6,283	18,163	437,249
Services to Enterprise Funds	2,291	--	--	2,291
Fines	9,029	--	--	9,029
Special Assessments	102,942	--	25,076	128,018
Investment Earnings	12,983	2,553	8,045	23,581
Program Income	32,308	--	--	32,308
Other	32,303	101	490	32,894
TOTAL REVENUES	1,414,064	147,065	67,055	1,628,184
EXPENDITURES				
Current:				
General Government	22,272	--	--	22,272
Protection of Persons and Property	357,188	--	--	357,188
Public Works	198,546	--	--	198,546
Health and Sanitation	70,792	--	--	70,792
Transportation	216,361	--	--	216,361
Cultural and Recreational Services	163,733	--	--	163,733
Community Development	309,147	--	--	309,147
Capital Outlay	138,267	--	101,120	239,387
Debt Service:				
Principal	22,193	268,240	--	290,433
Interest	2,924	84,915	--	87,839
TOTAL EXPENDITURES	1,501,423	353,155	101,120	1,955,698
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(87,359)	(206,090)	(34,065)	(327,514)
OTHER FINANCING SOURCES (USES)				
Transfers In	212,873	186,705	2,158	401,736
Transfers Out	(145,824)	(3,915)	(5,707)	(155,446)
Loans from HUD	8,578	--	--	8,578
TOTAL OTHER FINANCING SOURCES (USES)	75,627	182,790	(3,549)	254,868
EXTRAORDINARY ITEM				
Transfer of Assets from CRA	44,155	--	--	44,155
NET CHANGE IN FUND BALANCES	32,423	(23,300)	(37,614)	(28,491)
FUND BALANCES, JULY 1	1,657,856	234,267	663,917	2,556,040
FUND BALANCES, JUNE 30	\$ 1,690,279	\$ 210,967	\$ 626,303	\$ 2,527,549

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General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. General Fund revenues are derived from such sources as Taxes, Licenses and Permits, Intergovernmental Revenues, Charges for Services, Fines, Special Assessments, Interest and Others. Expenditures are expended for function of General Government, Protection of Persons and Property, Public Works, Health and Sanitation, Transportation, Cultural and Recreational Services, Community Development, Capital Outlay, and Debt Service.

CITY OF LOS ANGELES
Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
City Administrative Officer	\$ 15,239	\$ 1,181	\$ 16,420	\$ 12,869	\$ 1,013	\$ 13,882	\$ 2,538
City Attorney	103,134	15,770	118,904	107,578	10,220	117,798	1,106
City Clerk	8,713	1,393	10,106	8,750	698	9,448	658
Controller	16,414	1,035	17,449	14,235	1,427	15,662	1,787
Council	16,182	20,345	36,527	26,338	1,594	27,932	8,595
Employee Relations Board	412	--	412	253	87	340	72
Ethics Commission	2,329	160	2,489	2,162	136	2,298	191
Finance	38,087	70	38,157	34,089	3,005	37,094	1,063
General Services	230,436	54,692	285,128	239,127	21,541	260,668	24,460
Information Technology Agency	81,970	7,056	89,026	63,464	23,222	86,686	2,340
Mayor	6,126	30,417	36,543	26,312	7,884	34,196	2,347
Neighborhood Empowerment	2,555	68	2,623	1,997	146	2,143	480
Personnel	53,523	438	53,961	46,619	4,339	50,958	3,003
Non-Departmental							
Capital Finance Administration	52,847	30	52,877	52,190	687	52,877	--
General City Purposes	100,657	(36,879)	63,778	42,856	14,449	57,305	6,473
Human Resources Benefits	600,430	(7,789)	592,641	555,438	28,766	584,204	8,437
Liability Claims	47,910	8,010	55,920	55,562	--	55,562	358
Unappropriated Balance	83,940	(70,525)	13,415	--	--	--	13,415
Water and Electricity	29,638	--	29,638	17,597	12,041	29,638	--
TOTAL GENERAL GOVERNMENT	1,490,542	25,472	1,516,014	1,307,436	131,255	1,438,691	77,323
PROTECTION OF PERSONS AND PROPERTY							
Animal Services	21,763	178	21,941	20,452	1,288	21,740	201
Building and Safety	38,622	42,061	80,683	72,802	3,292	76,094	4,589
Emergency Management	1,736	1,625	3,361	2,466	113	2,579	782
Fire	550,170	15,950	566,120	534,008	25,778	559,786	6,334
Police	1,310,821	35,019	1,345,840	1,247,232	81,417	1,328,649	17,191
TOTAL PROTECTION OF PERSONS AND PROPERTY	1,923,112	94,833	2,017,945	1,876,960	111,888	1,988,848	29,097
PUBLIC WORKS							
Public Works Bureaus							
Board of Public Works	14,721	4,335	19,056	16,423	1,889	18,312	744
Contract Administration	30,810	1,861	32,671	27,749	1,646	29,395	3,276
Engineering	73,340	7,846	81,186	67,343	3,330	70,673	10,513
Street Lighting	24,559	4,253	28,812	24,652	1,073	25,725	3,087
Street Services	170,958	19,963	190,921	140,933	29,221	170,154	20,767
Non-Departmental							
Water and Electricity	5,412	--	5,412	2,128	3,284	5,412	--
TOTAL PUBLIC WORKS	319,800	38,258	358,058	279,228	40,443	319,671	38,387
HEALTH AND SANITATION							
Public Works- Bureau of Sanitation	219,784	4,543	224,327	201,056	10,912	211,968	12,359
Non-Departmental							
Water and Electricity	1,058	--	1,058	709	349	1,058	--
TOTAL HEALTH AND SANITATION	220,842	4,543	225,385	201,765	11,261	213,026	12,359

Continued...

CITY OF LOS ANGELES
Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function
Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)
General Fund
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
TRANSPORTATION	\$ 131,085	\$ 9,047	\$ 140,132	\$ 129,783	\$ 7,222	\$ 137,005	\$ 3,127
CULTURAL AND RECREATIONAL SERVICES							
Convention Center	22,335	(498)	21,837	12,497	63	12,560	9,277
Cultural Affairs	8,962	367	9,329	6,304	2,138	8,442	887
El Pueblo De Los Angeles Historical Monument Authority	1,738	40	1,778	1,491	155	1,646	132
Zoo	18,228	22	18,250	16,405	1,087	17,492	758
Non-Departmental Water and Electricity	3,861	--	3,861	2,367	1,494	3,861	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	55,124	(69)	55,055	39,064	4,937	44,001	11,054
COMMUNITY DEVELOPMENT							
Aging	4,059	33	4,092	3,335	161	3,496	596
Economic and Workforce	16,764	3,056	19,820	16,371	1,024	17,395	2,425
Disability	1,898	--	1,898	1,576	236	1,812	86
Housing and Community Investment	59,673	4,922	64,595	55,217	3,092	58,309	6,286
Planning	73,429	(40,600)	32,829	25,805	3,380	29,185	3,644
TOTAL COMMUNITY DEVELOPMENT	155,823	(32,589)	123,234	102,304	7,893	110,197	13,037
PENSION AND RETIREMENT CONTRIBUTIONS							
Non-Departmental General City Purposes	2,075	(238)	1,837	1,720	117	1,837	--
CAPITAL OUTLAY							
Non-Departmental Capital Improvement Projects	23,990	43,517	67,507	6,655	4,144	10,799	56,708
TRANSFERS TO OTHER FUNDS							
Non-Departmental Capital Finance Administration	203,438	392	203,830	192,343	--	192,343	11,487
General	1,263,740	30,168	1,293,908	1,284,561	--	1,284,561	9,347
TOTAL TRANSFERS TO OTHER FUNDS	1,467,178	30,560	1,497,738	1,476,904	--	1,476,904	20,834
GRAND TOTAL	\$ 5,789,571	\$ 213,334	\$ 6,002,905	\$ 5,421,819	\$ 319,160	\$ 5,740,979	\$ 261,926

CITY OF LOS ANGELES
Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function and Object
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
CITY ADMINISTRATIVE							
OFFICER							
Salaries	\$ 13,301	\$ 150	\$ 13,451	\$ 11,598	\$ 516	\$ 12,114	\$ 1,337
Expenses	1,938	1,031	2,969	1,271	497	1,768	1,201
Subtotal	15,239	1,181	16,420	12,869	1,013	13,882	2,538
CITY ATTORNEY							
Salaries	95,807	8,219	104,026	98,598	4,325	102,923	1,103
Expenses	7,327	613	7,940	5,977	1,960	7,937	3
Special	--	6,938	6,938	3,003	3,935	6,938	--
Subtotal	103,134	15,770	118,904	107,578	10,220	117,798	1,106
CITY CLERK							
Salaries	8,229	1,090	9,319	8,431	390	8,821	498
Expenses	484	303	787	319	308	627	160
Subtotal	8,713	1,393	10,106	8,750	698	9,448	658
CONTROLLER							
Salaries	15,666	330	15,996	13,883	615	14,498	1,498
Expenses	748	705	1,453	352	812	1,164	289
Subtotal	16,414	1,035	17,449	14,235	1,427	15,662	1,787
COUNCIL							
Salaries	15,274	18,294	33,568	24,572	1,076	25,648	7,920
Expenses	908	2,051	2,959	1,766	518	2,284	675
Subtotal	16,182	20,345	36,527	26,338	1,594	27,932	8,595
EMPLOYEE RELATIONS							
BOARD							
Salaries	321	--	321	239	13	252	69
Expenses	91	--	91	14	74	88	3
Subtotal	412	--	412	253	87	340	72
ETHICS COMMISSION							
Salaries	1,992	270	2,262	2,052	90	2,142	120
Expenses	337	(110)	227	110	46	156	71
Subtotal	2,329	160	2,489	2,162	136	2,298	191
FINANCE							
Salaries	28,990	(1,265)	27,725	26,258	1,152	27,410	315
Expenses	9,083	1,195	10,278	7,831	1,729	9,560	718
Equipment	14	140	154	--	124	124	30
Subtotal	38,087	70	38,157	34,089	3,005	37,094	1,063
GENERAL SERVICES							
Salaries	105,988	29,121	135,109	114,674	4,934	119,608	15,501
Expenses	120,733	25,571	146,304	121,224	16,125	137,349	8,955
Equipment	120	--	120	--	116	116	4
Special	3,595	--	3,595	3,229	366	3,595	--
Subtotal	230,436	54,692	285,128	239,127	21,541	260,668	24,460

Continued...

CITY OF LOS ANGELES

Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function and Object
Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)

General Fund

For the Fiscal Year Ended June 30, 2014

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
INFORMATION							
TECHNOLOGY AGENCY							
Salaries	\$ 47,370	\$ 3,385	\$ 50,755	\$ 47,182	\$ 2,194	\$ 49,376	\$ 1,379
Expenses	17,933	3,057	20,990	10,723	9,570	20,293	697
Equipment	246	--	246	60	40	100	146
Special	16,421	614	17,035	5,499	11,418	16,917	118
Subtotal	81,970	7,056	89,026	63,464	23,222	86,686	2,340
MAYOR							
Salaries	5,737	6,557	12,294	11,146	492	11,638	656
Expenses	389	23,860	24,249	15,166	7,392	22,558	1,691
Subtotal	6,126	30,417	36,543	26,312	7,884	34,196	2,347
NEIGHBORHOOD EMPOWERMENT							
Salaries	2,044	201	2,245	1,849	87	1,936	309
Expenses	505	(127)	378	148	59	207	171
Special	6	(6)	--	--	--	--	--
Subtotal	2,555	68	2,623	1,997	146	2,143	480
PERSONNEL							
Salaries	44,824	120	44,944	41,181	1,991	43,172	1,772
Expenses	6,404	612	7,016	4,088	2,197	6,285	731
Equipment	30	--	30	--	21	21	9
Special	2,265	(294)	1,971	1,350	130	1,480	491
Subtotal	53,523	438	53,961	46,619	4,339	50,958	3,003
NON-DEPARTMENTAL							
Capital Finance							
Administration	52,847	30	52,877	52,190	687	52,877	--
General City Purposes	100,657	(36,879)	63,778	42,856	14,449	57,305	6,473
Human Resources Benefits	600,430	(7,789)	592,641	555,438	28,766	584,204	8,437
Liability Claims	47,910	8,010	55,920	55,562	--	55,562	358
Unappropriated Balance	83,940	(70,525)	13,415	--	--	--	13,415
Water and Electricity	29,638	--	29,638	17,597	12,041	29,638	--
Subtotal	915,422	(107,153)	808,269	723,643	55,943	779,586	28,683
TOTAL GENERAL GOVERNMENT							
	1,490,542	25,472	1,516,014	1,307,436	131,255	1,438,691	77,323
PROTECTION OF PERSONS AND PROPERTY							
ANIMAL SERVICES							
Salaries	20,269	(413)	19,856	18,813	850	19,663	193
Expenses	1,494	591	2,085	1,639	438	2,077	8
Subtotal	21,763	178	21,941	20,452	1,288	21,740	201
BUILDING AND SAFETY							
Salaries	37,482	40,877	78,359	71,201	3,182	74,383	3,976
Expenses	1,140	1,184	2,324	1,601	110	1,711	613
Subtotal	38,622	42,061	80,683	72,802	3,292	76,094	4,589

Continued...

CITY OF LOS ANGELES

**Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function and Object
Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)
General Fund**

**For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
EMERGENCY MANAGEMENT							
Salaries	\$ 1,665	\$ 1,632	\$ 3,297	\$ 2,407	\$ 108	\$ 2,515	\$ 782
Expenses	71	(7)	64	59	5	64	--
Subtotal	1,736	1,625	3,361	2,466	113	2,579	782
FIRE							
Salaries	519,120	13,708	532,828	507,967	21,502	529,469	3,359
Expenses	31,050	2,242	33,292	26,041	4,276	30,317	2,975
Subtotal	550,170	15,950	566,120	534,008	25,778	559,786	6,334
POLICE							
Salaries	1,241,369	26,929	1,268,298	1,203,269	51,982	1,255,251	13,047
Expenses	53,869	8,088	61,957	41,368	17,017	58,385	3,572
Equipment	15,583	2	15,585	2,595	12,418	15,013	572
Subtotal	1,310,821	35,019	1,345,840	1,247,232	81,417	1,328,649	17,191
TOTAL PROTECTION OF PERSONS AND PROPERTY	1,923,112	94,833	2,017,945	1,876,960	111,888	1,988,848	29,097
PUBLIC WORKS							
BOARD OF PUBLIC WORKS							
Salaries	6,601	712	7,313	6,532	283	6,815	498
Expenses	8,120	3,587	11,707	9,855	1,606	11,461	246
Equipment	--	36	36	36	--	36	--
Subtotal	14,721	4,335	19,056	16,423	1,889	18,312	744
BUREAU OF CONTRACT ADMINISTRATION							
Salaries	29,022	1,473	30,495	26,421	1,102	27,523	2,972
Expenses	1,788	292	2,080	1,328	456	1,784	296
Equipment	--	96	96	--	88	88	8
Subtotal	30,810	1,861	32,671	27,749	1,646	29,395	3,276
BUREAU OF ENGINEERING							
Salaries	69,861	8,561	78,422	66,012	2,938	68,950	9,472
Expenses	3,479	(732)	2,747	1,317	392	1,709	1,038
Equipment	--	17	17	14	--	14	3
Subtotal	73,340	7,846	81,186	67,343	3,330	70,673	10,513
BUREAU OF STREET LIGHTING							
Salaries	19,442	3,108	22,550	19,441	821	20,262	2,288
Expenses	1,318	633	1,951	1,071	157	1,228	723
Equipment	1	--	1	1	--	1	--
Special	3,798	512	4,310	4,139	95	4,234	76
Subtotal	24,559	4,253	28,812	24,652	1,073	25,725	3,087
BUREAU OF STREET SERVICES							
Salaries	78,455	5,462	83,917	72,396	3,443	75,839	8,078
Expenses	92,503	14,501	107,004	68,537	25,778	94,315	12,689
Subtotal	170,958	19,963	190,921	140,933	29,221	170,154	20,767

Continued...

CITY OF LOS ANGELES

**Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function and Object
Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)
General Fund**

**For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
NON-DEPARTMENTAL							
Water and Electricity	\$ 5,412	\$ --	\$ 5,412	\$ 2,128	\$ 3,284	\$ 5,412	\$ --
TOTAL PUBLIC WORKS	319,800	38,258	358,058	279,228	40,443	319,671	38,387
HEALTH AND SANITATION							
PUBLIC WORKS -							
BUREAU OF SANITATION							
Salaries	210,904	4,643	215,547	195,960	8,587	204,547	11,000
Expenses	8,880	(100)	8,780	5,096	2,325	7,421	1,359
Subtotal	219,784	4,543	224,327	201,056	10,912	211,968	12,359
NON-DEPARTMENTAL							
Water and Electricity	1,058	--	1,058	709	349	1,058	--
TOTAL HEALTH AND SANITATION	220,842	4,543	225,385	201,765	11,261	213,026	12,359
TRANSPORTATION							
Salaries	112,092	10,435	122,527	114,753	5,013	119,766	2,761
Expenses	18,993	(1,388)	17,605	15,030	2,209	17,239	366
TOTAL TRANSPORTATION	131,085	9,047	140,132	129,783	7,222	137,005	3,127
CULTURAL AND RECREATIONAL SERVICES							
CONVENTION CENTER							
Salaries	13,672	(4,499)	9,173	6,970	56	7,026	2,147
Expenses	8,053	4,001	12,054	5,464	7	5,471	6,583
Equipment	190	--	190	4	--	4	186
Special	420	--	420	59	--	59	361
Subtotal	22,335	(498)	21,837	12,497	63	12,560	9,277
CULTURAL AFFAIRS							
Salaries	4,532	128	4,660	4,244	176	4,420	240
Expenses	553	150	703	299	196	495	208
Equipment	10	--	10	--	--	--	10
Special	3,867	89	3,956	1,761	1,766	3,527	429
Subtotal	8,962	367	9,329	6,304	2,138	8,442	887
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT AUTHORITY							
Salaries	1,247	(45)	1,202	1,126	47	1,173	29
Expenses	331	146	477	347	44	391	86
Equipment	84	(11)	73	8	62	70	3
Special	76	(50)	26	10	2	12	14
Subtotal	1,738	40	1,778	1,491	155	1,646	132
ZOO							
Salaries	15,185	(26)	15,159	14,249	673	14,922	237
Expenses	3,043	48	3,091	2,156	414	2,570	521
Subtotal	18,228	22	18,250	16,405	1,087	17,492	758
NON-DEPARTMENTAL							
Water and Electricity	3,861	--	3,861	2,367	1,494	3,861	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	55,124	(69)	55,055	39,064	4,937	44,001	11,054

Continued...

CITY OF LOS ANGELES

**Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function and Object
Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)
General Fund**

**For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
COMMUNITY DEVELOPMENT							
AGING							
Salaries	\$ 3,926	\$ (89)	\$ 3,837	\$ 3,213	\$ 133	\$ 3,346	\$ 491
Expenses	133	122	255	122	28	150	105
Subtotal	4,059	33	4,092	3,335	161	3,496	596
ECONOMIC AND WORKFORCE DEVELOPMENT							
Salaries	15,359	64	15,423	13,551	577	14,128	1,295
Expenses	1,405	2,992	4,397	2,820	447	3,267	1,130
Subtotal	16,764	3,056	19,820	16,371	1,024	17,395	2,425
DISABILITY							
Salaries	1,491	(46)	1,445	1,340	71	1,411	34
Expenses	288	46	334	221	107	328	6
Special	119	--	119	15	58	73	46
Subtotal	1,898	--	1,898	1,576	236	1,812	86
HOUSING AND COMMUNITY INVESTMENT							
Salaries	53,183	2,676	55,859	48,526	2,164	50,690	5,169
Expenses	5,990	2,246	8,236	6,339	928	7,267	969
Special	500	--	500	352	--	352	148
Subtotal	59,673	4,922	64,595	55,217	3,092	58,309	6,286
PLANNING							
Salaries	66,227	(41,098)	25,129	21,754	965	22,719	2,410
Expenses	6,022	498	6,520	3,023	2,265	5,288	1,232
Equipment	1,180	--	1,180	1,028	150	1,178	2
Subtotal	73,429	(40,600)	32,829	25,805	3,380	29,185	3,644
TOTAL COMMUNITY DEVELOPMENT	155,823	(32,589)	123,234	102,304	7,893	110,197	13,037
PENSION AND RETIREMENT CONTRIBUTION							
Non-Departmental	2,075	(238)	1,837	1,720	117	1,837	--
CAPITAL OUTLAY							
Non-Departmental	23,990	43,517	67,507	6,655	4,144	10,799	56,708
TRANSFERS TO OTHER FUNDS							
Non-Departmental	1,467,178	30,560	1,497,738	1,476,904	--	1,476,904	20,834
GRAND TOTAL	<u>\$ 5,789,571</u>	<u>\$ 213,334</u>	<u>\$ 6,002,905</u>	<u>\$ 5,421,819</u>	<u>\$ 319,160</u>	<u>\$ 5,740,979</u>	<u>\$ 261,926</u>

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Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources that are designated to finance particular functions and activities of the City.

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources that are designated to finance particular functions and activities of the City. Four funds are reported as major funds and are presented in the basic financial statements. Fifteen funds are separately identified in the Nonmajor Special Revenue funds combining schedules and they account for 54.6% of the combined revenues of the Nonmajor Special Revenue funds. Three groupings of numerous smaller funds are reported for other grants, other special revenue, and allocations from other governmental agencies funds.

Building and Safety Permit Fund - Accounts for the fees collected for plan check, permitting, and inspection of new construction in the City; testing of construction materials and methods; and examining the licensing of welders, equipment operators, and registered deputy building inspector.

Citywide Recycling Fund – Accounts for compliance fees collected from private solid waste haulers. Monies deposited in the fund are used to pay for industrial, commercial, and multi-family recycling programs that include program administration, public education, technical assistance to private businesses, research, market development, development of material recovery/diversion facilities, and other programs designed to increase solid waste diversion rates.

Proposition C Anti-Gridlock Transit Improvement Fund – Accounts for the City's 20.0% share of the additional one-half cent sales tax within the County of Los Angeles to improve transit service and operations, reduce traffic congestion, improve air quality and the condition of streets and freeways utilized by public transit, and reduce foreign fuel dependence.

Special Parking Revenue Fund – Accounts for all monies collected from parking meters in the City, except those monies from meters located in established vehicle parking districts. Monies in this fund may be used for the purchase, installation and maintenance of parking meters; the policing of parking meters and parking meter spaces; the collection of monies deposited in parking meters; the purchase, improvement, and operation of off-street parking facilities; the painting and marking of streets and curbs for the direction of traffic and parking of vehicles; and the installation of traffic signs, signals and other traffic control devices.

Stormwater Pollution Abatement Fund – Accounts for the charge on all properties in the City in order to treat and abate stormwater. The charge is based on stormwater runoff and pollutant loading associated with property size and land use.

Street Lighting Maintenance Assessment Fund – Accounts for revenues received for maintenance and operation of the majority of the streetlights in the City. Revenues are derived from benefit assessments to properties that comprise the Los Angeles City Lighting District. Expenditures include payments of electricity bills, replacement and modernization of older lighting systems, all repairs, engineering and administrative costs, purchase of supplies and equipment, and other items associated with the operation and maintenance of the street lighting system.

Low and Moderate Income Housing Fund – Accounts for housing assets and functions transferred from the former Community Redevelopment Agency when the City elected to be the successor agency for the low and moderate income housing functions.

Measure R Local Return Funds – Accounts for an additional one-half cent sales tax for a period of 30 years. Monies in this fund shall be used to: expand the Metro rail system; make street improvements; enhance safety and improve the flow of traffic; and, make public transportation more convenient and affordable.

Community Development Fund – Accounts for the Block Grant funds allocated by the United States Department of Housing and Urban Development (HUD) for the development of viable urban communities, including: decent housing and suitable living environment; expanding economic opportunities, principally for persons of low and moderate income; and physical improvements to communities accompanied by supportive social services.

Economic Development Section 108 Loan Guarantee Program Fund – Accounts for loan guarantee funds from United States Department of Housing and Urban Development (HUD) for housing, commercial and industrial development projects.

Home Investment Partnership Program Fund – Accounts for the grants received from HUD to expand the supply of decent, safe, sanitary and affordable housing with the primary focus on rental housing, and to strengthen the abilities of state and local governments to provide housing to persons principally of low and very low income.

Seismic Bond Reimbursement Fund – Accounts for the funds received from the Federal government and other sources to reimburse the City for its seismic bond program.

Special Gas Tax Street Improvement Fund – Accounts for the revenues received from the State for the City's share of the gasoline tax and Traffic Congestion Relief Fund to be used for preservation, maintenance, and rehabilitation of local streets and road system. The fund also accounts for federal grants from the Surface Transportation Program to finance the upgrade of the most heavily traveled highways.

Transportation Fund – Accounts for grant funds from the Metropolitan Transit Authority (MTA) to implement the Transportation Improvement Program Call for Projects (TIP).

Workforce Investment Act Fund – Accounts for the grants received from the United States Department of Labor for the purpose of providing employment and training opportunities for the disadvantaged residents and dislocated workers of the City.

Nonmajor Other Grant Funds – Account for various grants received from the Federal and State governments used for a specific purpose, activity or facility. This group represents 19.6% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are eight annually budgeted funds: Community Services Block Grant, Disaster Assistance, Forfeited Assets Trust of Police Department, Household Hazardous Waste, Housing Opportunities for Persons with AIDS, Mobile Source Air Pollution Reduction, Older Americans Act, and Supplemental Law Enforcement Services.

Nonmajor Other Special Revenue Funds – Account for the activities of non-grant Special Revenue funds that represent 21.1% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are 21 annually budgeted funds: Arts and Cultural Facilities and Services, Arts Development Fee, City Employees Ridesharing, City Ethics Commission, City of Los Angeles Affordable Housing, Department of Neighborhood Empowerment, El Pueblo de Los Angeles Historical Monument, Landfill Closure and Postclosure Maintenance, Landfill Maintenance Trust, Local Public Safety, Los Angeles Convention and Visitors Bureau, Multi-Family Bulky Item Fee, Municipal Housing Finance, Planning Case Processing Special Fund, Rent Stabilization, Special Police Communications/911 System Tax, Street Damage Restoration Fee, Systematic Code Enforcement Fee, Telecommunications Liquidated Damages and Lost Franchise Fees, Traffic Safety, and Zoo.

Allocations From Other Governmental Agencies – Account for funds received by the City from various sources used for engineering design, fire protection, acquiring rights if any, construction and for various other programs. This group represents 4.7% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are 32 partially budgeted funds: ARRA Neighborhood Stabilization, Animal Sterilization, Audit Repayment, Bus Bench Advertising, Business Improvement District Trust, City Attorney Consumer Protection, City Planning Systems Development, Coastal Transportation Corridor Trust, Enterprise Zone Tax Credit Vouchers, Federal Emergency Shelter Grant, Fire Hydrant Installation and Main Replacement, GOB Series 2002A Fire Facilities Construction, Industrial Development Authority, Integrated Solid Waste Management, Los Angeles Regional Agency Trust, Neighborhood Stabilization, Off-Site Sign Periodic Inspection, Office of Traffic Safety Program, Permit Parking Program Revenue, Pershing Square Trust, Planning Long-Range Plan, Repair and Demolition, Section 108 Loan Guarantee, Street Banners, State AB1290, Traffic Safety Education, Transportation Grants, Used Oil Collection, Ventura/Cahuenga Boulevard Corridor Specific Plan, Warner Center Transportation Trust, West LA Transportation Improvement and Mitigation, and Workforce Innovation Fund Special Revenue Funds.

CITY OF LOS ANGELES
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)

	Building and Safety Permit	Citywide Recycling	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
ASSETS				
Cash and Pooled Investments				
Unrestricted	\$ 119,551	\$ 37,134	\$ 30,558	\$ 31,234
Cash and Investments with Fiscal Agents				
Restricted	--	--	--	--
Taxes Receivable	--	6,232	--	--
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$11,784)	3,505	--	--	264
Special Assessments Receivable	1,101	--	--	--
Investment Income Receivable	260	83	53	134
Intergovernmental Receivable	--	--	11,600	--
Loans Receivable				
(Net of Allowance for Uncollectibles of \$1,570,182)	--	--	--	595
Due from Other Funds	3,235	308	21,913	--
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	--
Properties Held for Housing Development	--	--	--	--
TOTAL ASSETS	\$ 127,652	\$ 43,757	\$ 64,124	\$ 32,227
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 1,885	\$ 1,600	\$ 1,618	\$ 2,120
Obligations Under Securities Lending Transactions	173	54	44	45
Accrued Salaries and Overtime Payable	3,182	227	--	--
Accrued Compensated Absences Payable	--	--	--	--
Intergovernmental Payable	2	--	--	--
Due to Other Funds	4,596	--	409	900
Unearned Revenue	--	--	--	22,342
Deposits and Advances	464	--	--	258
Advances from Other Funds	--	--	--	44,683
Other Liabilities	1,016	316	260	265
TOTAL LIABILITIES	11,318	2,197	2,331	70,613
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	1,091	--	--	--
Taxes Other than Real Estate	--	974	--	--
Receivables from Other Government Agencies	--	--	5,654	--
Other Deferred Inflows of Resources	1,755	44	1,087	69
TOTAL DEFERRED INFLOWS OF RESOURCES	2,846	1,018	6,741	69
FUND BALANCES				
Nonspendable	--	--	--	--
Restricted	--	40,542	55,052	--
Committed	113,488	--	--	--
Unassigned	--	--	--	(38,455)
TOTAL FUND BALANCES	113,488	40,542	55,052	(38,455)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 127,652	\$ 43,757	\$ 64,124	\$ 32,227

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)

					<u>Grant Funds</u>
	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Low and Moderate Income Housing	Measure R Local Return	Community Development
ASSETS					
Cash and Pooled Investments					
Unrestricted	\$ 12,023	\$ 24,654	\$ 10,282	\$ 51,359	\$ 4,792
Cash and Investments with Fiscal Agents					
Restricted	--	--	--	--	--
Taxes Receivable	--	--	--	--	--
Accounts Receivable					
(Net of Allowance for Uncollectibles of \$11,784)	--	2,655	--	--	--
Special Assessments Receivable	1,623	2,813	--	--	--
Investment Income Receivable	34	--	21	118	7
Intergovernmental Receivable	134	--	13,389	6,645	1,221
Loans Receivable					
(Net of Allowance for Uncollectibles of \$1,570,182)	--	--	165,168	--	118,064
Due from Other Funds	678	1,192	--	18,980	34
Prepaid Items and Other Assets	--	--	--	--	2,719
Advances to Other Funds	--	--	--	--	--
Properties Held for Housing Development	--	--	114,112	--	--
TOTAL ASSETS	<u>\$ 14,492</u>	<u>\$ 31,314</u>	<u>\$ 302,972</u>	<u>\$ 77,102</u>	<u>\$ 126,837</u>
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 968	\$ 1,264	\$ --	\$ 1,038	\$ 2,081
Obligations Under Securities Lending Transactions	17	--	15	74	7
Accrued Salaries and Overtime Payable	--	821	--	--	--
Accrued Compensated Absences Payable	--	--	--	--	--
Intergovernmental Payable	--	--	--	--	--
Due to Other Funds	--	--	224	--	3,052
Unearned Revenue	--	--	--	--	--
Deposits and Advances	--	31	--	--	39
Advances from Other Funds	--	34,673	750	--	--
Other Liabilities	102	--	4,656	436	50
TOTAL LIABILITIES	<u>1,087</u>	<u>36,789</u>	<u>5,645</u>	<u>1,548</u>	<u>5,229</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	1,086	2,002	--	--	--
Taxes Other than Real Estate	--	--	--	--	--
Receivables from Other Government Agencies	60	74	--	--	--
Other Deferred Inflows of Resources	15	1,887	13	59	4
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,161</u>	<u>3,963</u>	<u>13</u>	<u>59</u>	<u>4</u>
FUND BALANCES					
Nonspendable	--	--	--	--	2,719
Restricted	12,244	--	297,314	75,495	118,885
Committed	--	--	--	--	--
Unassigned	--	(9,438)	--	--	--
TOTAL FUND BALANCES	<u>12,244</u>	<u>(9,438)</u>	<u>297,314</u>	<u>75,495</u>	<u>121,604</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,492</u>	<u>\$ 31,314</u>	<u>\$ 302,972</u>	<u>\$ 77,102</u>	<u>\$ 126,837</u>

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)

	Grant Funds				
	Economic Development Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Special Gas Tax Street Improvement	Transportation
ASSETS					
Cash and Pooled Investments					
Unrestricted	\$ 521	\$ 6,221	\$ 28,751	\$ 66,810	\$ 73,103
Cash and Investments with Fiscal Agents					
Restricted	30,930	--	--	--	--
Taxes Receivable	--	--	--	--	--
Accounts Receivable					
(Net of Allowance for Uncollectibles of \$11,784)	--	--	--	--	9,727
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	1	16	77	136	181
Intergovernmental Receivable	--	2,382	7,231	11,655	6,480
Loans Receivable					
(Net of Allowance for Uncollectibles of \$1,570,182)	148,797	65,672	--	--	--
Due from Other Funds	14	55	--	16,719	--
Prepaid Items and Other Assets	--	6,055	--	--	--
Advances to Other Funds	--	--	--	--	--
Properties Held for Housing Development	--	--	--	--	--
TOTAL ASSETS	\$ 180,263	\$ 80,401	\$ 36,059	\$ 95,320	\$ 89,491
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 7,380	\$ 5,038	\$ 151	\$ 4,412	\$ 4,200
Obligations Under Securities Lending Transactions	1	9	42	97	106
Accrued Salaries and Overtime Payable	--	--	--	3,443	--
Accrued Compensated Absences Payable	--	--	--	--	--
Intergovernmental Payable	--	--	--	--	--
Due to Other Funds	--	74	753	--	36,347
Unearned Revenue	--	--	--	--	1,980
Deposits and Advances	1,192	277	--	--	1,143
Advances from Other Funds	--	--	--	1,168	--
Other Liabilities	448	53	244	567	621
TOTAL LIABILITIES	9,021	5,451	1,190	9,687	44,397
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	--	--	--	--	--
Taxes Other than Real Estate	--	--	--	--	--
Receivables from Other Government Agencies	--	--	6,415	56	14,763
Other Deferred Inflows of Resources	1	8	61	65	791
TOTAL DEFERRED INFLOWS OF RESOURCES	1	8	6,476	121	15,554
FUND BALANCES					
Nonspendable	--	6,055	--	--	--
Restricted	171,241	68,887	28,393	85,512	29,540
Committed	--	--	--	--	--
Unassigned	--	--	--	--	--
TOTAL FUND BALANCES	171,241	74,942	28,393	85,512	29,540
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 180,263	\$ 80,401	\$ 36,059	\$ 95,320	\$ 89,491

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)

	Grant Funds		Nonmajor	Allocations	
	Workforce	Nonmajor	Other	from Other	
	Investment	Other	Special	Governmental	
	Act	Grant	Revenue	Agencies	Total
		Funds	Funds		
ASSETS					
Cash and Pooled Investments					
Unrestricted	\$ 1,108	\$ 184,251	\$ 372,920	\$ 142,893	\$ 1,198,165
Cash and Investments with Fiscal Agents					
Restricted	--	--	--	--	30,930
Taxes Receivable	--	--	1,462	--	7,694
Accounts Receivable					
(Net of Allowance for Uncollectibles of \$11,784)	--	--	43,565	209	59,925
Special Assessments Receivable	--	--	1,681	--	7,218
Investment Income Receivable	4	382	634	306	2,447
Intergovernmental Receivable	5,717	41,540	10,252	349	118,595
Loans Receivable					
(Net of Allowance for Uncollectibles of \$1,570,182)	--	12,273	28,734	7,661	546,964
Due from Other Funds	42	2,617	6,655	1,119	73,561
Prepaid Items and Other Assets	252	8	134	--	9,168
Advances to Other Funds	--	621	1,602	208	2,431
Properties Held for Housing Development	--	--	--	--	114,112
TOTAL ASSETS	\$ 7,123	\$ 241,692	\$ 467,639	\$ 152,745	\$ 2,171,210
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 5,817	\$ 35,400	\$ 17,780	\$ 2,161	\$ 94,913
Obligations Under Securities Lending Transactions	2	186	405	195	1,472
Accrued Salaries and Overtime Payable	--	66	3,530	--	11,269
Accrued Compensated Absences Payable	--	--	34	--	34
Intergovernmental Payable	252	1,631	406	48	2,339
Due to Other Funds	763	15,962	2,364	469	65,913
Unearned Revenue	--	--	--	--	24,322
Deposits and Advances	--	3,480	11,922	1,804	20,610
Advances from Other Funds	--	41,894	11,656	--	134,824
Other Liabilities	10	1,396	5,672	1,145	17,257
TOTAL LIABILITIES	6,844	100,015	53,769	5,822	372,953
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	--	--	4,419	--	8,598
Taxes Other than Real Estate	--	--	13	--	987
Receivables from Other Government Agencies	1,874	26,948	4	--	55,848
Other Deferred Inflows of Resources	2	636	35,745	303	42,545
TOTAL DEFERRED INFLOWS OF RESOURCES	1,876	27,584	40,181	303	107,978
FUND BALANCES					
Nonspendable	252	8	134	--	9,168
Restricted	--	106,715	83,399	56,799	1,230,018
Committed	--	7,370	290,156	89,821	500,835
Unassigned	(1,849)	--	--	--	(49,742)
TOTAL FUND BALANCES	(1,597)	114,093	373,689	146,620	1,690,279
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,123	\$ 241,692	\$ 467,639	\$ 152,745	\$ 2,171,210

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Building and Safety Permit	Citywide Recycling	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
REVENUES				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	22,817	--	--
Licenses and Permits	39,342	--	--	--
Intergovernmental	--	14	55,335	--
Charges for Services	120,765	--	22,788	73,039
Services to Enterprise Funds	1,950	--	--	--
Fines	--	--	--	--
Special Assessments	--	--	--	--
Investment Earnings	1,190	436	2,355	571
Program Income	--	--	--	--
Other	173	--	73	1,451
TOTAL REVENUES	163,420	23,267	80,551	75,061
EXPENDITURES				
Current:				
General Government	--	--	--	--
Protection of Persons and Property	116,246	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	22,514	--	--
Transportation	--	--	92,486	30,617
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	165	3,058
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
TOTAL EXPENDITURES	116,246	22,514	92,651	33,675
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	47,174	753	(12,100)	41,386
OTHER FINANCING SOURCES (USES)				
Transfers In	3,968	--	--	--
Transfers Out	(79)	--	(90)	(106,215)
Loans from HUD	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	3,889	--	(90)	(106,215)
EXTRAORDINARY ITEM				
Transfer of Assets from CRA	--	--	--	--
NET CHANGE IN FUND BALANCES	51,063	753	(12,190)	(64,829)
FUND BALANCES, JULY 1	62,425	39,789	67,242	26,374
FUND BALANCES, JUNE 30	\$ 113,488	\$ 40,542	\$ 55,052	\$ (38,455)

Continued...

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

					Grant Funds
	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Low and Moderate Income Housing	Measure R Local Return	Community Development
REVENUES					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--	--
Licenses and Permits	--	180	--	--	--
Intergovernmental	3,799	1,355	--	50,593	40,315
Charges for Services	31,172	186	132	--	--
Services to Enterprise Funds	--	--	--	--	--
Fines	19	--	--	--	--
Special Assessments	--	44,383	--	--	--
Investment Earnings	162	--	84	739	2
Program Income	--	--	5,208	--	3,645
Other	30	5,165	237	--	257
TOTAL REVENUES	35,182	51,269	5,661	51,332	44,219
EXPENDITURES					
Current:					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	--	--	--
Public Works	--	44,159	--	--	--
Health and Sanitation	31,117	--	--	--	--
Transportation	--	--	--	47,156	--
Cultural and Recreational Services	--	--	--	--	--
Community Development	--	--	(50,031) *	--	75,247
Capital Outlay	919	2,375	--	24,578	42
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
TOTAL EXPENDITURES	32,036	46,534	(50,031)	71,734	75,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,146	4,735	55,692	(20,402)	(31,070)
OTHER FINANCING SOURCES (USES)					
Transfers In	491	--	--	1,000	21,933
Transfers Out	--	(37)	(57)	--	(4,477)
Loans from HUD	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	491	(37)	(57)	1,000	17,456
EXTRAORDINARY ITEM					
Transfer of Assets from CRA	--	--	35,332	--	8,823
NET CHANGE IN FUND BALANCES	3,637	4,698	90,967	(19,402)	(4,791)
FUND BALANCES, JULY 1	8,607	(14,136)	206,347	94,897	126,395
FUND BALANCES, JUNE 30	\$ 12,244	\$ (9,438)	\$ 297,314	\$ 75,495	\$ 121,604

Continued...

* The credit balance is the result of a change in estimate for uncollectible loans receivable.

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Grant Funds				
	Economic Development Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Special Gas Tax Street Improvement	Transportation
REVENUES					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--	--
Licenses and Permits	--	--	--	--	--
Intergovernmental	458	21,436	4,477	131,885	30,535
Charges for Services	--	--	--	--	290
Services to Enterprise Funds	--	--	--	--	--
Fines	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	12	18	371	819	(129)
Program Income	2,978	4,404	--	--	--
Other	1	1	2,253	35	1,821
TOTAL REVENUES	3,449	25,859	7,101	132,739	32,517
EXPENDITURES					
Current:					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	--	--	--
Public Works	--	--	5,283	106,488	--
Health and Sanitation	--	--	--	--	--
Transportation	--	--	--	--	22,507
Cultural and Recreational Services	--	--	--	--	--
Community Development	838	20,626	--	--	--
Capital Outlay	--	--	4,150	8,996	27,629
Debt Service:					
Principal	20,535	--	--	--	--
Interest	2,527	--	--	--	--
TOTAL EXPENDITURES	23,900	20,626	9,433	115,484	50,136
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,451)	5,233	(2,332)	17,255	(17,619)
OTHER FINANCING SOURCES (USES)					
Transfers In	2,565	3,112	--	--	--
Transfers Out	--	--	--	--	--
Loans from HUD	8,578	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	11,143	3,112	--	--	--
EXTRAORDINARY ITEM					
Transfer of Assets from CRA	--	--	--	--	--
NET CHANGE IN FUND BALANCES	(9,308)	8,345	(2,332)	17,255	(17,619)
FUND BALANCES, JULY 1	180,549	66,597	30,725	68,257	47,159
FUND BALANCES, JUNE 30	\$ 171,241	\$ 74,942	\$ 28,393	\$ 85,512	\$ 29,540

Continued...

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	<u>Grant Funds</u>		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	<u>Workforce Investment Act</u>	<u>Nonmajor Other Grant Funds</u>			
REVENUES					
Property Taxes	\$ --	\$ --	\$ 438	\$ 9,771	\$ 10,209
Other Taxes	--	--	35,052	3,470	61,339
Licenses and Permits	--	--	40	3,321	42,883
Intergovernmental	40,381	258,403	42,087	13,901	694,974
Charges for Services	--	6,638	138,850	18,943	412,803
Services to Enterprise Funds	--	191	--	150	2,291
Fines	--	--	9,010	--	9,029
Special Assessments	--	--	55,345	3,214	102,942
Investment Earnings	17	1,622	3,210	1,504	12,983
Program Income	--	3,783	1,481	10,809	32,308
Other	28	6,053	12,820	1,905	32,303
TOTAL REVENUES	<u>40,426</u>	<u>276,690</u>	<u>298,333</u>	<u>66,988</u>	<u>1,414,064</u>
EXPENDITURES					
Current:					
General Government	--	3,607	18,491	174	22,272
Protection of Persons and Property	--	135,485	95,419	10,038	357,188
Public Works	--	23,998	18,527	91	198,546
Health and Sanitation	--	9,395	5,712	2,054	70,792
Transportation	--	8,611	12,496	2,488	216,361
Cultural and Recreational Services	--	919	162,814	--	163,733
Community Development	42,228	76,800	109,406	34,033	309,147
Capital Outlay	--	56,616	9,689	50	138,267
Debt Service:					
Principal	--	1,658	--	--	22,193
Interest	--	252	145	--	2,924
TOTAL EXPENDITURES	<u>42,228</u>	<u>317,341</u>	<u>432,699</u>	<u>48,928</u>	<u>1,501,423</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,802)</u>	<u>(40,651)</u>	<u>(134,366)</u>	<u>18,060</u>	<u>(87,359)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	--	8,472	168,383	2,949	212,873
Transfers Out	(1)	(27,266)	(5,452)	(2,150)	(145,824)
Loans from HUD	--	--	--	--	8,578
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1)</u>	<u>(18,794)</u>	<u>162,931</u>	<u>799</u>	<u>75,627</u>
EXTRAORDINARY ITEM					
Transfer of Assets from CRA	--	--	--	--	44,155
NET CHANGE IN FUND BALANCES	<u>(1,803)</u>	<u>(59,445)</u>	<u>28,565</u>	<u>18,859</u>	<u>32,423</u>
FUND BALANCES, JULY 1	<u>206</u>	<u>173,538</u>	<u>345,124</u>	<u>127,761</u>	<u>1,657,856</u>
FUND BALANCES, JUNE 30	<u>\$ (1,597)</u>	<u>\$ 114,093</u>	<u>\$ 373,689</u>	<u>\$ 146,620</u>	<u>\$ 1,690,279</u>

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Building and Safety Permit			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	39,140	39,140
Intergovernmental	--	--	--	--
Charges for Services	115,655	115,655	120,784	5,129
Services to Enterprise Funds	--	--	1,950	1,950
Special Assessments	--	--	4	4
Interest	150	150	893	743
Program Income	--	--	--	--
Other	--	--	173	173
Total Revenues	115,805	115,805	162,944	47,139
Other Financing Sources				
Transfers from Other Funds	--	3,968	3,968	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	3,968	3,968	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	115,805	119,773	166,912	47,139
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	82,046	226,385	39,650	186,735
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	82,046	226,385	39,650	186,735
Other Financing Uses				
Transfers to Other Funds	76,218	89,240	74,883	14,357
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	76,218	89,240	74,883	14,357
TOTAL EXPENDITURES AND OTHER FINANCING USES	158,264	315,625	114,533	201,092
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(42,459)	(195,852)	52,379	248,231
FUND BALANCES (DEFICIT), JULY 1, RESTATED	42,459	42,459	54,840	12,381
Appropriation of Fund Balances and Carryforward				
Appropriations	--	153,393	--	(153,393)
Encumbrances Lapsed	--	--	40	40
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 107,259	\$ 107,259

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Citywide Recycling			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 21,106	\$ 21,106	\$ 22,984	\$ 1,878
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	13	13
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	500	500	420	(80)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	21,606	21,606	23,417	1,811
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	21,606	21,606	23,417	1,811
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	43,620	47,790	14,406	33,384
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	43,620	47,790	14,406	33,384
Other Financing Uses				
Transfers to Other Funds	6,980	6,991	5,529	1,462
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	6,980	6,991	5,529	1,462
TOTAL EXPENDITURES AND OTHER FINANCING USES	50,600	54,781	19,935	34,846
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(28,994)	(33,175)	3,482	36,657
FUND BALANCES (DEFICIT), JULY 1, RESTATED	28,994	28,994	22,955	(6,039)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	4,181	--	(4,181)
Encumbrances Lapsed	--	--	89	89
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 26,526	\$ 26,526

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Proposition C Anti-Gridlock Transit Improvement			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	50,000	50,000	55,481	5,481
Charges for Services	7,200	7,200	21,734	14,534
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	1,700	1,700	2,297	597
Program Income	--	--	--	--
Other	--	--	73	73
Total Revenues	58,900	58,900	79,585	20,685
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	58,900	58,900	79,585	20,685
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	38,548	59,353	35,320	24,033
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	189	21	168
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	38,548	59,542	35,341	24,201
Other Financing Uses				
Transfers to Other Funds	74,373	93,562	64,161	29,401
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	74,373	93,562	64,161	29,401
TOTAL EXPENDITURES AND OTHER FINANCING USES	112,921	153,104	99,502	53,602
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(54,021)	(94,204)	(19,917)	74,287
FUND BALANCES (DEFICIT), JULY 1, RESTATED	54,021	54,021	43,419	(10,602)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	40,183	--	(40,183)
Encumbrances Lapsed	--	--	571	571
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 24,073	\$ 24,073

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Special Parking Revenue			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	68,397	68,397	73,250	4,853
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	297	297	575	278
Program Income	--	--	--	--
Other	22,342	22,342	23,793	1,451
Total Revenues	91,036	91,036	97,618	6,582
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	91,036	91,036	97,618	6,582
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	42,357	49,061	29,894	19,167
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	1,250	5,701	46	5,655
Debt Service				
Principal	1,443	1,983	862	1,121
Interest	588	589	535	54
Total Expenditures	45,638	57,334	31,337	25,997
Other Financing Uses				
Transfers to Other Funds	62,573	68,352	64,428	3,924
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	62,573	68,352	64,428	3,924
TOTAL EXPENDITURES AND OTHER FINANCING USES	108,211	125,686	95,765	29,921
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(17,175)	(34,650)	1,853	36,503
FUND BALANCES (DEFICIT), JULY 1, RESTATED	17,175	17,175	23,550	6,375
Appropriation of Fund Balances and Carryforward				
Appropriations	--	17,475	--	(17,475)
Encumbrances Lapsed	--	--	350	350
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 25,753	\$ 25,753

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Stormwater Pollution Abatement			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	19	19
Intergovernmental	3,908	6,072	3,726	(2,346)
Charges for Services	28,750	31,450	31,240	(210)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	120	120	136	16
Program Income	--	--	--	--
Other	--	--	30	30
Total Revenues	32,778	37,642	35,151	(2,491)
Other Financing Sources				
Transfers from Other Funds	--	491	491	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	491	491	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	32,778	38,133	35,642	(2,491)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	15,008	22,763	14,105	8,658
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	2,210	5,870	829	5,041
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	17,218	28,633	14,934	13,699
Other Financing Uses				
Transfers to Other Funds	18,698	19,078	17,960	1,118
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	18,698	19,078	17,960	1,118
TOTAL EXPENDITURES AND OTHER FINANCING USES	35,916	47,711	32,894	14,817
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,138)	(9,578)	2,748	12,326
FUND BALANCES (DEFICIT), JULY 1, RESTATED	3,138	3,138	7,033	3,895
Appropriation of Fund Balances and Carryforward				
Appropriations	--	6,440	--	(6,440)
Encumbrances Lapsed	--	--	125	125
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 9,906	\$ 9,906

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Street Lighting Maintenance Assessment			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	1,115	1,115	180	(935)
Intergovernmental	300	300	1,355	1,055
Charges for Services	--	--	186	186
Services to Enterprise Funds	--	--	--	--
Special Assessments	43,764	43,764	44,493	729
Interest	--	--	--	--
Program Income	--	--	--	--
Other	3,937	3,937	643	(3,294)
Total Revenues	49,116	49,116	46,857	(2,259)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	6,226	6,226
Total Other Financing Sources	--	--	6,226	6,226
TOTAL REVENUES AND OTHER FINANCING SOURCES	49,116	49,116	53,083	3,967
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	26,294	36,365	23,238	13,127
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	5,817	7,082	2,547	4,535
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	32,111	43,447	25,785	17,662
Other Financing Uses				
Transfers to Other Funds	30,177	38,213	29,610	8,603
Payment of Loans to Other Funds	--	1,269	605	664
Total Other Financing Uses	30,177	39,482	30,215	9,267
TOTAL EXPENDITURES AND OTHER FINANCING USES	62,288	82,929	56,000	26,929
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(13,172)	(33,813)	(2,917)	30,896
FUND BALANCES (DEFICIT), JULY 1, RESTATED	13,172	13,172	10,445	(2,727)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	20,641	--	(20,641)
Encumbrances Lapsed	--	--	1,107	1,107
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 8,635	\$ 8,635

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Measure R Local Return			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	44,618	44,618	50,164	5,546
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	618	618	838	220
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	45,236	45,236	51,002	5,766
Other Financing Sources				
Transfers from Other Funds	--	1,010	1,010	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	1,010	1,010	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	45,236	46,246	52,012	5,766
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current	--	--	--	--
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	22,382	65,316	36,983	28,333
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	6,289	13,902	1,888	12,014
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	28,671	79,218	38,871	40,347
Other Financing Uses				
Transfers to Other Funds	37,806	46,879	39,072	7,807
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	37,806	46,879	39,072	7,807
TOTAL EXPENDITURES AND OTHER FINANCING USES	66,477	126,097	77,943	48,154
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(21,241)	(79,851)	(25,931)	53,920
FUND BALANCES (DEFICIT), JULY 1, RESTATED	21,241	21,241	72,673	51,432
Appropriation of Fund Balances and Carryforward				
Appropriations	--	58,610	--	(58,610)
Encumbrances Lapsed	--	--	120	120
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 46,862	\$ 46,862

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Home Investment Partnership Program			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	4,372	28,796	19,054	(9,742)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	3	3
Program Income	--	1,981	12,050	10,069
Other	--	--	1	1
Total Revenues	4,372	30,777	31,108	331
Other Financing Sources				
Transfers from Other Funds	--	--	3,112	3,112
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	3,112	3,112
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,372	30,777	34,220	3,443
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	1,851	90,875	22,850	68,025
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,851	90,875	22,850	68,025
Other Financing Uses				
Transfers to Other Funds	2,521	4,449	1,739	2,710
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,521	4,449	1,739	2,710
TOTAL EXPENDITURES AND OTHER FINANCING USES	4,372	95,324	24,589	70,735
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(64,547)	9,631	74,178
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	(23,564)	(23,564)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	64,547	--	(64,547)
Encumbrances Lapsed	--	--	824	824
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (13,109)	\$ (13,109)

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Community Development Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	26,878	92,650	41,976	(50,674)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	3	3
Program Income	--	--	22,468	22,468
Other	--	--	258	258
Total Revenues	26,878	92,650	64,705	(27,945)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	1,699	1,699
Total Other Financing Sources	--	--	1,699	1,699
TOTAL REVENUES AND OTHER FINANCING SOURCES	26,878	92,650	66,404	(26,246)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	8,094	136,009	41,329	94,680
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	8,094	136,009	41,329	94,680
Other Financing Uses				
Transfers to Other Funds	18,784	31,203	23,325	7,878
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	18,784	31,203	23,325	7,878
TOTAL EXPENDITURES AND OTHER FINANCING USES	26,878	167,212	64,654	102,558
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(74,562)	1,750	76,312
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	(18,392)	(18,392)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	74,562	--	(74,562)
Encumbrances Lapsed	--	--	908	908
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (15,734)	\$ (15,734)

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Special Gas Tax Street Improvement			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	105,055	105,055	127,797	22,742
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	500	500	784	284
Program Income	--	--	--	--
Other	--	--	35	35
Total Revenues	105,555	105,555	128,616	23,061
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	105,555	105,555	128,616	23,061
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	35,505	35,059	34,859	200
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	4,172	27,799	8,504	19,295
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	39,677	62,858	43,363	19,495
Other Financing Uses				
Transfers to Other Funds	78,874	93,282	77,818	15,464
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	78,874	93,282	77,818	15,464
TOTAL EXPENDITURES AND OTHER FINANCING USES	118,551	156,140	121,181	34,959
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(12,996)	(50,585)	7,435	58,020
FUND BALANCES (DEFICIT), JULY 1, RESTATED	12,996	12,996	48,924	35,928
Appropriation of Fund Balances and Carryforward				
Appropriations	--	37,589	--	(37,589)
Encumbrances Lapsed	--	--	17	17
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 56,376	\$ 56,376

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Workforce Investment Act			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	17,638	47,572	42,663	(4,909)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	40	15	(25)
Program Income	--	--	--	--
Other	--	--	28	28
Total Revenues	17,638	47,612	42,706	(4,906)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	17,638	47,612	42,706	(4,906)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	5,820	93,820	34,161	59,659
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	5,820	93,820	34,161	59,659
Other Financing Uses				
Transfers to Other Funds	11,818	37,688	9,456	28,232
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	11,818	37,688	9,456	28,232
TOTAL EXPENDITURES AND OTHER FINANCING USES	17,638	131,508	43,617	87,891
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(83,896)	(911)	82,985
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	(12,441)	(12,441)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	83,896	--	(83,896)
Encumbrances Lapsed	--	--	585	585
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (12,767)	\$ (12,767)

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Grant Fund - Disaster Assistance			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	11,799	36,832	29,996	(6,836)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	130	130	172	42
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	11,929	36,962	30,168	(6,794)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	11,929	36,962	30,168	(6,794)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	25,743	83,043	29,075	53,968
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	25,743	83,043	29,075	53,968
Other Financing Uses				
Transfers to Other Funds	275	486	275	211
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	275	486	275	211
TOTAL EXPENDITURES AND OTHER FINANCING USES	26,018	83,529	29,350	54,179
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(14,089)	(46,567)	818	47,385
FUND BALANCES (DEFICIT), JULY 1, RESTATED	14,089	14,089	12,745	(1,344)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	32,478	--	(32,478)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 13,563	\$ 13,563

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Grant Fund - Community Services Block Grant			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	1,519	5,492	6,077	585
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	11	11
Program Income	--	--	--	--
Other	--	--	2	2
Total Revenues	1,519	5,492	6,090	598
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,519	5,492	6,090	598
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	497	7,341	5,680	1,661
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	497	7,341	5,680	1,661
Other Financing Uses				
Transfers to Other Funds	1,022	2,313	775	1,538
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	1,022	2,313	775	1,538
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,519	9,654	6,455	3,199
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(4,162)	(365)	3,797
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	(1,285)	(1,285)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	4,162	--	(4,162)
Encumbrances Lapsed	--	--	61	61
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (1,589)	\$ (1,589)

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Grant Fund - Forfeited Assets Trust of Police Department				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	5,781	5,781
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	240	240
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	6,021	6,021
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	--	--	6,021	6,021
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	4,120	9,514	7,047	2,467
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	4,120	9,514	7,047	2,467
Other Financing Uses				
Transfers to Other Funds	199	1,125	526	599
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	199	1,125	526	599
TOTAL EXPENDITURES AND OTHER FINANCING USES	4,319	10,639	7,573	3,066
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(4,319)	(10,639)	(1,552)	9,087
FUND BALANCES (DEFICIT), JULY 1, RESTATED	4,319	4,319	12,328	8,009
Appropriation of Fund Balances and Carryforward				
Appropriations	--	6,320	--	(6,320)
Encumbrances Lapsed	--	--	45	45
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 10,821	\$ 10,821

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Household Hazardous Waste			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	3,365	3,365	2,036	(1,329)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	30	30	24	(6)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	3,395	3,395	2,060	(1,335)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,395	3,395	2,060	(1,335)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	2,444	2,444	210	2,234
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,444	2,444	210	2,234
Other Financing Uses				
Transfers to Other Funds	2,862	3,235	2,126	1,109
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,862	3,235	2,126	1,109
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,306	5,679	2,336	3,343
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,911)	(2,284)	(276)	2,008
FUND BALANCES (DEFICIT), JULY 1, RESTATED	1,911	1,911	1,999	88
Appropriation of Fund Balances and Carryforward				
Appropriations	--	373	--	(373)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 1,723	\$ 1,723

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Grant Fund - Housing Opportunities for Persons with AIDS			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	459	17,285	11,669	(5,616)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	40	40
Other	--	--	--	--
Total Revenues	459	17,285	11,709	(5,576)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	459	17,285	11,709	(5,576)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	200	36,438	14,436	22,002
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	200	36,438	14,436	22,002
Other Financing Uses				
Transfers to Other Funds	259	292	236	56
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	259	292	236	56
TOTAL EXPENDITURES AND OTHER FINANCING USES	459	36,730	14,672	22,058
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(19,445)	(2,963)	16,482
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	(3,347)	(3,347)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	19,445	--	(19,445)
Encumbrances Lapsed	--	--	1,901	1,901
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (4,409)	\$ (4,409)

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Mobile Source Air Pollution Reduction			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	4,708	4,708	4,658	(50)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	76	76	43	(33)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	4,784	4,784	4,701	(83)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,784	4,784	4,701	(83)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	3,567	4,956	3,784	1,172
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,567	4,956	3,784	1,172
Other Financing Uses				
Transfers to Other Funds	2,135	2,491	2,033	458
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,135	2,491	2,033	458
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,702	7,447	5,817	1,630
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(918)	(2,663)	(1,116)	1,547
FUND BALANCES (DEFICIT), JULY 1, RESTATED	918	918	2,771	1,853
Appropriation of Fund Balances and Carryforward				
Appropriations	--	1,745	--	(1,745)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 1,655	\$ 1,655

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Grant Fund - Older Americans Act			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	2,614	14,406	12,998	(1,408)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	2,614	14,406	12,998	(1,408)
Other Financing Sources				
Transfers from Other Funds	--	3,164	3,164	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	3,164	3,164	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,614	17,570	16,162	(1,408)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	22,673	14,601	8,072
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	22,673	14,601	8,072
Other Financing Uses				
Transfers to Other Funds	2,614	6,372	2,058	4,314
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,614	6,372	2,058	4,314
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,614	29,045	16,659	12,386
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(11,475)	(497)	10,978
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	341	341
Appropriation of Fund Balances and Carryforward				
Appropriations	--	11,475	--	(11,475)
Encumbrances Lapsed	--	--	1,083	1,083
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 927	\$ 927

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Grant Fund - Supplemental Law Enforcement Services			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	3,500	3,500	8,567	5,067
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	39	39	84	45
Program Income	--	--	--	--
Other	--	--	9	9
Total Revenues	3,539	3,539	8,660	5,121
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,539	3,539	8,660	5,121
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	66	--	66
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	66	--	66
Other Financing Uses				
Transfers to Other Funds	7,600	13,421	4,190	9,231
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	7,600	13,421	4,190	9,231
TOTAL EXPENDITURES AND OTHER FINANCING USES	7,600	13,487	4,190	9,297
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(4,061)	(9,948)	4,470	14,418
FUND BALANCES (DEFICIT), JULY 1, RESTATED	4,061	4,061	3,583	(478)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	5,887	--	(5,887)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 8,053	\$ 8,053

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Special Revenue Fund - Arts and Cultural Facilities and Services				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	194	375	265	(110)
Special Assessments	--	--	--	--
Interest	13	13	18	5
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	207	388	283	(105)
Other Financing Sources				
Transfers from Other Funds	13,417	14,167	14,167	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	13,417	14,167	14,167	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	13,624	14,555	14,450	(105)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	3,245	4,799	3,371	1,428
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,245	4,799	3,371	1,428
Other Financing Uses				
Transfers to Other Funds	10,452	10,976	9,304	1,672
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	10,452	10,976	9,304	1,672
TOTAL EXPENDITURES AND OTHER FINANCING USES	13,697	15,775	12,675	3,100
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(73)	(1,220)	1,775	2,995
FUND BALANCES (DEFICIT), JULY 1, RESTATED	73	73	1,116	1,043
Appropriation of Fund Balances and Carryforward				
Appropriations	--	1,147	--	(1,147)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 2,891	\$ 2,891

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Special Revenue Fund - Arts Development Fee				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	1,038	1,610	2,448	838
Special Assessments	--	--	--	--
Interest	105	105	133	28
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	1,143	1,715	2,581	866
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,143	1,715	2,581	866
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	1,837	10,149	281	9,868
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,837	10,149	281	9,868
Other Financing Uses				
Transfers to Other Funds	--	18	17	1
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	--	18	17	1
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,837	10,167	298	9,869
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(694)	(8,452)	2,283	10,735
FUND BALANCES (DEFICIT), JULY 1, RESTATED	694	694	8,937	8,243
Appropriation of Fund Balances and Carryforward				
Appropriations	--	7,758	--	(7,758)
Encumbrances Lapsed	--	--	55	55
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 11,275	\$ 11,275

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Special Revenue Fund - City Employees Ridesharing				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	6	4	4	--
Program Income	--	--	--	--
Other	3,475	3,193	3,192	(1)
Total Revenues	3,481	3,197	3,196	(1)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,481	3,197	3,196	(1)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	1	--	1
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	1	--	1
Other Financing Uses				
Transfers to Other Funds	3,496	3,196	3,181	15
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,496	3,196	3,181	15
TOTAL EXPENDITURES AND OTHER FINANCING USES	3,496	3,197	3,181	16
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(15)	--	15	15
FUND BALANCES (DEFICIT), JULY 1, RESTATED	15	15	--	(15)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(15)	--	15
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 15	\$ 15

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Special Revenue Fund - City Ethics Commission				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	--	--
Other Financing Sources				
Transfers from Other Funds	2,405	2,405	2,490	85
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	2,405	2,405	2,490	85
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,405	2,405	2,490	85
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	182	1,891	--	1,891
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	182	1,891	--	1,891
Other Financing Uses				
Transfers to Other Funds	2,329	5,177	2,288	2,889
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,329	5,177	2,288	2,889
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,511	7,068	2,288	4,780
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(106)	(4,663)	202	4,865
FUND BALANCES (DEFICIT), JULY 1, RESTATED	106	106	181	75
Appropriation of Fund Balances and Carryforward				
Appropriations	--	4,557	--	(4,557)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 383	\$ 383

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Nonmajor Other Special Revenue Fund - City of Los Angeles Affordable Housing				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	113	113
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	150	150	355	205
Program Income	--	--	513	513
Other	--	--	1	1
Total Revenues	150	150	982	832
Other Financing Sources				
Transfers from Other Funds	--	10,292	10,292	--
Loans from Other Funds	--	1,500	1,550	50
Total Other Financing Sources	--	11,792	11,842	50
TOTAL REVENUES AND OTHER FINANCING SOURCES	150	11,942	12,824	882
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	524	47,698	19,599	28,099
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	524	47,698	19,599	28,099
Other Financing Uses				
Transfers to Other Funds	810	3,868	3,774	94
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	810	3,868	3,774	94
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,334	51,566	23,373	28,193
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,184)	(39,624)	(10,549)	29,075
FUND BALANCES (DEFICIT), JULY 1, RESTATED	1,184	1,184	21,001	19,817
Appropriation of Fund Balances and Carryforward				
Appropriations	--	38,440	--	(38,440)
Encumbrances Lapsed	--	--	1,635	1,635
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 12,087	\$ 12,087

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Nonmajor Other Special Revenue Fund - Department of Neighborhood Empowerment				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	11	11
Total Revenues	--	--	11	11
Other Financing Sources				
Transfers from Other Funds	6,308	6,308	6,308	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	6,308	6,308	6,308	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,308	6,308	6,319	11
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	3,753	3,468	2,388	1,080
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,753	3,468	2,388	1,080
Other Financing Uses				
Transfers to Other Funds	2,555	2,835	2,302	533
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,555	2,835	2,302	533
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,308	6,303	4,690	1,613
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	5	1,629	1,624
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	434	434
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(5)	--	5
Encumbrances Lapsed	--	--	(418)	(418)
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 1,645	\$ 1,645

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Nonmajor Other Special Revenue Fund - El Pueblo de Los Angeles Historical Monument				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	2,574	2,574	2,676	102
Special Assessments	--	--	--	--
Interest	16	16	18	2
Program Income	--	--	--	--
Other	2,034	1,939	1,985	46
Total Revenues	4,624	4,529	4,679	150
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,624	4,529	4,679	150
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	873	1,192	1,130	62
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	873	1,192	1,130	62
Other Financing Uses				
Transfers to Other Funds	3,751	3,673	3,562	111
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,751	3,673	3,562	111
TOTAL EXPENDITURES AND OTHER FINANCING USES	4,624	4,865	4,692	173
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(336)	(13)	323
FUND BALANCES (DEFICIT), JULY 1, RESTATED	--	--	338	338
Appropriation of Fund Balances and Carryforward				
Appropriations	--	336	--	(336)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 325	\$ 325

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Nonmajor Other Special Revenue Fund - Landfill Maintenance				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	4,800	3,868	4,260	392
Special Assessments	--	--	--	--
Interest	37	37	7	(30)
Program Income	--	--	--	--
Other	--	--	15	15
Total Revenues	4,837	3,905	4,282	377
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,837	3,905	4,282	377
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	630	498	200	298
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	630	498	200	298
Other Financing Uses				
Transfers to Other Funds	4,743	3,842	3,829	13
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	4,743	3,842	3,829	13
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,373	4,340	4,029	311
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(536)	(435)	253	688
FUND BALANCES (DEFICIT), JULY 1, RESTATED	536	536	475	(61)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(101)	--	101
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 728	\$ 728

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Special Revenue Fund - Local Public Safety				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	38,121	38,121	38,753	632
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	38,121	38,121	38,753	632
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	38,121	38,121	38,753	632
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	39,709	58,946	39,709	19,237
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	39,709	58,946	39,709	19,237
TOTAL EXPENDITURES AND OTHER FINANCING USES	39,709	58,946	39,709	19,237
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,588)	(20,825)	(956)	19,869
FUND BALANCES (DEFICIT), JULY 1, RESTATED	1,588	1,588	2,102	514
Appropriation of Fund Balances and Carryforward				
Appropriations	--	19,237	--	(19,237)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 1,146	\$ 1,146

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Nonmajor Other Special Revenue Fund - Los Angeles Convention and Visitors Bureau				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive Negative
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 13,417	\$ 13,417	\$ 14,188	\$ 771
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>13,417</u>	<u>13,417</u>	<u>14,188</u>	<u>771</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>13,417</u>	<u>13,417</u>	<u>14,188</u>	<u>771</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	14,826	23,659	14,019	9,640
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>14,826</u>	<u>23,659</u>	<u>14,019</u>	<u>9,640</u>
Other Financing Uses				
Transfers to Other Funds	104	104	104	--
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>104</u>	<u>104</u>	<u>104</u>	<u>--</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>14,930</u>	<u>23,763</u>	<u>14,123</u>	<u>9,640</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(1,513)	(10,346)	65	10,411
FUND BALANCE (DEFICIT), JULY 1, RESTATED	1,513	1,513	2,773	1,260
Appropriation of Fund Balances and Carryforward				
Appropriations	--	8,833	--	(8,833)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,838</u>	<u>\$ 2,838</u>

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Special Revenue Fund - Multi-Family Bulky Item Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	6,300	6,300	6,662	362
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	67	67	87	20
Program Income	--	--	--	--
Other	--	--	95	95
Total Revenues	6,367	6,367	6,844	477
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,367	6,367	6,844	477
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	7,472	8,448	2,619	5,829
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	7,472	8,448	2,619	5,829
Other Financing Uses				
Transfers to Other Funds	3,430	3,430	2,947	483
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,430	3,430	2,947	483
TOTAL EXPENDITURES AND OTHER FINANCING USES	10,902	11,878	5,566	6,312
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	(4,535)	(5,511)	1,278	6,789
FUND BALANCE (DEFICIT), JULY 1, RESTATED	4,535	4,535	6,676	2,141
Appropriation of Fund Balances and Carryforward				
Appropriations	--	976	--	(976)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 7,954	\$ 7,954

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Special Revenue Fund - Municipal Housing Finance			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	4,438	4,438	2,434	(2,004)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	52	52
Program Income	--	--	324	324
Other	--	--	4	4
Total Revenues	4,438	4,438	2,814	(1,624)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,438	4,438	2,814	(1,624)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	2,255	3,290	1,491	1,799
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,255	3,290	1,491	1,799
Other Financing Uses				
Transfers to Other Funds	3,044	3,744	3,034	710
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,044	3,744	3,034	710
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,299	7,034	4,525	2,509
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(861)	(2,596)	(1,711)	885
FUND BALANCE (DEFICIT), JULY 1, RESTATED	861	861	1,915	1,054
Appropriation of Fund Balances and Carryforward				
Appropriations	--	1,735	--	(1,735)
Encumbrances Lapsed	--	--	49	49
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 253	\$ 253

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Special Revenue Fund - Planning Case Processing Special Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	16,076	18,286	20,577	2,291
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	79	79	160	81
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	16,155	18,365	20,737	2,372
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	16,155	18,365	20,737	2,372
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	7,077	10,855	2,673	8,182
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	7,077	10,855	2,673	8,182
Other Financing Uses				
Transfers to Other Funds	16,725	15,733	15,310	423
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	16,725	15,733	15,310	423
TOTAL EXPENDITURES AND OTHER FINANCING USES	23,802	26,588	17,983	8,605
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	(7,647)	(8,223)	2,754	10,977
FUND BALANCE (DEFICIT), JULY 1, RESTATED	7,647	7,647	8,294	647
Appropriation of Fund Balances and Carryforward				
Appropriations	--	576	--	(576)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 11,048	\$ 11,048

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Special Revenue Fund - Rent Stabilization				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	14,341	14,341	14,328	(13)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	24	24
Total Revenues	14,341	14,341	14,352	11
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	14,341	14,341	14,352	11
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	14,014	25,485	4,939	20,546
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	14,014	25,485	4,939	20,546
Other Financing Uses				
Transfers to Other Funds	9,926	13,487	8,367	5,120
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	9,926	13,487	8,367	5,120
TOTAL EXPENDITURES AND OTHER FINANCING USES	23,940	38,972	13,306	25,666
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(9,599)	(24,631)	1,046	25,677
FUND BALANCE (DEFICIT), JULY 1, RESTATED	9,599	9,599	9,234	(365)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	15,032	--	(15,032)
Encumbrances Lapsed	--	--	33	33
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 10,313	\$ 10,313

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Special Revenue Fund - Street Damage Restoration Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	5,535	5,535	8,805	3,270
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	7	7	22	15
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	5,542	5,542	8,827	3,285
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,542	5,542	8,827	3,285
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	60	2,718	33	2,685
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	60	2,718	33	2,685
Other Financing Uses				
Transfers to Other Funds	5,745	5,797	5,745	52
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	5,745	5,797	5,745	52
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,805	8,515	5,778	2,737
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(263)	(2,973)	3,049	6,022
FUND BALANCE (DEFICIT), JULY 1, RESTATED	263	263	886	623
Appropriation of Fund Balances and Carryforward				
Appropriations	--	2,710	--	(2,710)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 3,935	\$ 3,935

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Special Revenue Fund - Systematic Code Enforcement Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	57	57
Intergovernmental	--	--	--	--
Charges for Services	41,050	41,050	41,670	620
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	500	500	493	(7)
Program Income	--	--	--	--
Other	--	--	166	166
Total Revenues	41,550	41,550	42,386	836
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	41,550	41,550	42,386	836
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	43,804	78,907	10,439	68,468
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	43,804	78,907	10,439	68,468
Other Financing Uses				
Transfers to Other Funds	28,092	35,928	25,226	10,702
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	28,092	35,928	25,226	10,702
TOTAL EXPENDITURES AND OTHER FINANCING USES	71,896	114,835	35,665	79,170
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	(30,346)	(73,285)	6,721	80,006
FUND BALANCE (DEFICIT), JULY 1, RESTATED	30,346	30,346	30,799	453
Appropriation of Fund Balances and Carryforward				
Appropriations	--	42,939	--	(42,939)
Encumbrances Lapsed	--	--	2	2
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 37,522	\$ 37,522

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Nonmajor Other Special Revenue Fund - Telecommunications Liquidated Damages and Lost Franchise Fees			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 19,142	\$ 14,244	\$ 18,302	\$ 4,058
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	136	136
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	150	218	404	186
Total Revenues	19,292	14,462	18,842	4,380
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	19,292	14,462	18,842	4,380
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	26,115	32,059	5,271	26,788
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	26,115	32,059	5,271	26,788
Other Financing Uses				
Transfers to Other Funds	13,009	10,795	8,834	1,961
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	13,009	10,795	8,834	1,961
TOTAL EXPENDITURES AND OTHER FINANCING USES	39,124	42,854	14,105	28,749
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	(19,832)	(28,392)	4,737	33,129
FUND BALANCE (DEFICIT), JULY 1, RESTATED	19,832	19,832	28,202	8,370
Appropriation of Fund Balances and Carryforward				
Appropriations	--	8,560	--	(8,560)
Encumbrances Lapsed	--	--	191	191
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 33,130	\$ 33,130

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Nonmajor Other Special Revenue Fund - Traffic Safety				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	8,264	8,264	7,766	(498)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	8,264	8,264	7,766	(498)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	8,264	8,264	7,766	(498)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	44	44	--	44
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	44	44	--	44
Other Financing Uses				
Transfers to Other Funds	8,220	8,220	8,051	169
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	8,220	8,220	8,051	169
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,264	8,264	8,051	213
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	--	--	(285)	(285)
FUND BALANCE (DEFICIT), JULY 1, RESTATED	--	--	285	285
Appropriation of Fund Balances and Carryforward				
Appropriations	--	--	--	--
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ --	\$ --

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Nonmajor Other Special Revenue Fund - Zoo				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	24	24
Intergovernmental	--	--	100	100
Charges for Services	17,499	17,639	16,367	(1,272)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	45	45	50	5
Program Income	--	--	--	--
Other	--	--	2	2
Total Revenues	17,544	17,684	16,543	(1,141)
Other Financing Sources				
Transfers from Other Funds	284	284	284	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	284	284	284	--
EXPENDITURES AND OTHER FINANCING USES	17,828	17,968	16,827	(1,141)
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	64	519	111	408
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	64	519	111	408
Other Financing Uses				
Transfers to Other Funds	18,228	23,199	17,297	5,902
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	18,228	23,199	17,297	5,902
TOTAL EXPENDITURES AND OTHER FINANCING USES	18,292	23,718	17,408	6,310
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	(464)	(5,750)	(581)	5,169
FUND BALANCE (DEFICIT), JULY 1, RESTATED	464	464	4,694	4,230
Appropriation of Fund Balances and Carryforward				
Appropriations	--	5,286	--	(5,286)
Encumbrances Lapsed	--	--	4	4
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 4,117	\$ 4,117

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Allocations from Other Governmental Agencies			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 1,832	\$ 9,040	\$ 9,040	\$ --
Licenses, Permits and Fines	1,187	1,187	1,187	--
Intergovernmental	44,504	45,040	41,032	(4,008)
Charges for Services	17,372	17,946	20,092	2,146
Services to Enterprise	573	--	--	--
Special Assessments	1,913	2,220	1,254	(966)
Interest	879	879	619	(260)
Program Income	1,775	2,981	2,981	--
Other	1,196	1,196	3,018	1,822
Total Revenues	71,231	80,489	79,223	(1,266)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	71,231	80,489	79,223	(1,266)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	1,792	5,572	2,417	3,155
Public Works	--	--	--	--
Health and Sanitation	45	45	--	45
Transportation	43,692	47,255	46,729	526
Cultural and Recreational Services	--	--	--	--
Community Development	5,446	21,313	7,152	14,161
Capital Outlay	--	305	174	131
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	50,975	74,490	56,472	18,018
Other Financing Uses				
Transfers to Other Funds	20,265	28,853	22,964	5,889
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	20,265	28,853	22,964	5,889
TOTAL EXPENDITURES AND OTHER FINANCING USES	71,240	103,343	79,436	23,907
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(9)	(22,854)	(213)	22,641
FUND BALANCE (DEFICIT), JULY 1, RESTATED	9	9	16,702	16,693
Appropriation of Fund Balances and Carryforward				
Appropriations	--	22,845	--	(22,845)
Encumbrances Lapsed	--	--	77	77
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 16,566	\$ 16,566

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Total Annually Budgeted Nonmajor Special Revenue Funds			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 55,497	\$ 57,807	\$ 64,514	\$ 6,707
Licenses, Permits and Fines	10,566	10,566	48,373	37,807
Intergovernmental	363,358	543,812	504,009	(39,803)
Charges for Services	351,219	356,664	387,914	31,250
Services to Enterprise	573	--	1,950	1,950
Special Assessments	45,677	45,984	45,751	(233)
Interest	6,064	6,102	8,556	2,454
Program Income	1,775	4,962	38,376	33,414
Other	33,134	32,825	33,962	1,137
Total Revenues	867,863	1,058,722	1,133,405	74,683
Other Financing Sources				
Transfers from Other Funds	22,414	42,089	45,286	3,197
Loans from Other Funds	--	1,500	9,475	7,975
Total Other Financing Sources	22,414	43,589	54,761	11,172
TOTAL REVENUES AND OTHER FINANCING SOURCES	890,277	1,102,311	1,188,166	85,855
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	30,050	37,419	7,659	29,760
Protection of Persons and Property	113,745	324,624	78,189	246,435
Public Works	61,859	74,142	58,130	16,012
Health and Sanitation	72,786	86,944	35,324	51,620
Transportation	146,979	220,985	148,926	72,059
Cultural and Recreational Services	20,845	40,318	18,912	21,406
Community Development	89,582	574,704	179,350	395,354
Capital Outlay	19,738	60,848	14,009	46,839
Debt Service				
Principal	1,443	1,983	862	1,121
Interest	588	589	535	54
Total Expenditures	557,615	1,422,556	541,896	880,660
Other Financing Uses				
Transfers to Other Funds	630,421	800,493	606,045	194,448
Payment of Loans to Other Funds	--	1,269	605	664
Total Other Financing Uses	630,421	801,762	606,650	195,112
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,188,036	2,224,318	1,148,546	1,075,772
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(297,759)	(1,122,007)	39,620	1,161,627
FUND BALANCE (DEFICIT), JULY 1, RESTATED	297,759	297,759	403,621	105,862
Appropriation of Fund Balances and Carryforward				
Appropriations	--	824,248	--	(824,248)
Encumbrances Lapsed	--	--	9,454	9,454
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 452,695	\$ 452,695

CITY OF LOS ANGELES

Reconciliation of Operations on Budgetary Basis to the GAAP Basis
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary	\$	39,620

Basis Difference

Adjustments for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred; whereas, the budget basis operating statement reflects revenues when received and expenditures when paid.		(73,073)

Grant funded loans are recorded as expenditures when disbursed and as program income when repaid (budget), as opposed to adjustments to the loans receivable account balance (GAAP).		17,797

Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budget), as opposed to a reservation of net position (GAAP).

Encumbrances reported as budgetary expenditures	111,184
Prior year encumbrances expended in current year	(103,140)

Perspective Difference

Certain Nonmajor Special Revenue Funds are not included in the legally adopted budget; while for some, the budget provides for only the portion of fund receipts that are expended for City department operations.

40,035

Net Change in Fund Balances - Nonmajor Special Revenue Funds	\$	32,423

DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES

Fund Balances, July 1, as previously reported	\$	421,254

Adjustment for fund not budgeted in current year included in the Allocations from Other Government Agencies:

Lopez Canyon Community Amenities	(204)
Prop 1B Infrastructure Bond Fund	(143)
Sunshine Canyon Community Amenities	(1)

Adjustment for fund budgeted in current year included in the Allocations from Other Government Agencies:

Audit Repayment	53
Transportation Grant Fund - classified as Nonmajor Special Revenue Funds	2,233
GOB Series 2002A Fire Facilities Construction Fund - classified as Capital Projects	633

Adjustment for fund not budgeted in current year:

Special Police Communications/911 System Tax	(1,812)

Adjustment for fund budgeted as major fund in prior year:

Community Development Fund	(18,392)

Fund Balances, July 1, as restated	\$	403,621

CITY OF LOS ANGELES
Supplemental Schedule of Appropriations,
Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Budgetary Basis)
All Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
MAJOR FUNDS							
PROPOSITION A LOCAL TRANSIT ASSISTANCE							
Current - Special Purpose	\$ 171,465	\$ 97,602	\$ 269,067	\$ 84,343	\$ 16,773	\$ 101,116	\$ 167,951
Transfers to Other Funds	7,535	1,469	9,004	6,894	--	6,894	2,110
TOTAL	179,000	99,071	278,071	91,237	16,773	108,010	170,061
SOLID WASTE RESOURCES							
Current - Special Purpose	156,648	22,246	178,894	101,561	20,709	122,270	56,624
Debt Service							
Principal	32,625	--	32,625	32,625	--	32,625	--
Interest	12,582	--	12,582	12,582	--	12,582	--
Capital Outlay	93,581	13,359	106,940	4,658	2,997	7,655	99,285
Transfers to Other Funds	125,877	1,843	127,720	125,211	--	125,211	2,509
TOTAL	421,313	37,448	458,761	276,637	23,706	300,343	158,418
NONMAJOR FUNDS							
BUILDING AND SAFETY PERMIT							
Current - Special Purpose	82,046	144,339	226,385	30,303	9,347	39,650	186,735
Transfers to Other Funds	76,218	13,022	89,240	74,883	--	74,883	14,357
TOTAL	158,264	157,361	315,625	105,186	9,347	114,533	201,092
CITYWIDE RECYCLING							
Current - Special Purpose	43,620	4,170	47,790	6,617	7,789	14,406	33,384
Transfers to Other Funds	6,980	11	6,991	5,529	--	5,529	1,462
TOTAL	50,600	4,181	54,781	12,146	7,789	19,935	34,846
PROPOSITION C ANTI-GRIDLOCK TRANSIT IMPROVEMENT							
Current - Special Purpose	38,548	20,805	59,353	29,567	5,753	35,320	24,033
Capital Outlay	--	189	189	21	--	21	168
Transfers to Other Funds	74,373	19,189	93,562	64,161	--	64,161	29,401
TOTAL	112,921	40,183	153,104	93,749	5,753	99,502	53,602
SPECIAL PARKING REVENUE							
Current - Special Purpose	42,357	6,704	49,061	26,041	3,853	29,894	19,167
Capital Outlay	1,250	4,451	5,701	46	--	46	5,655
Debt Service							
Principal	1,443	540	1,983	862	--	862	1,121
Interest	588	1	589	535	--	535	54
Transfers to Other Funds	62,573	5,779	68,352	64,428	--	64,428	3,924
TOTAL	108,211	17,475	125,686	91,912	3,853	95,765	29,921
STORMWATER POLLUTION ABATEMENT							
Current - Special Purpose	15,008	7,755	22,763	13,139	966	14,105	8,658
Capital Outlay	2,210	3,660	5,870	145	684	829	5,041
Transfers to Other Funds	18,698	380	19,078	17,960	--	17,960	1,118
TOTAL	35,916	11,795	47,711	31,244	1,650	32,894	14,817

Continued...

CITY OF LOS ANGELES
Supplemental Schedule of Appropriations,
Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Budgetary Basis)
All Budgeted Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
STREET LIGHTING MAINTENANCE ASSESSMENT							
Current - Special Purpose	\$ 26,294	\$ 10,071	\$ 36,365	\$ 9,465	\$ 13,773	\$ 23,238	\$ 13,127
Capital Outlay	5,817	1,265	7,082	640	1,907	2,547	4,535
Payment of Loans	--	1,269	1,269	603	2	605	664
Transfers to Other Funds	30,177	8,036	38,213	29,610	--	29,610	8,603
TOTAL	62,288	20,641	82,929	40,318	15,682	56,000	26,929
MEASURE R TRAFFIC RELIEF AND RAIL EXPANSION							
Current - Special Purpose	22,382	42,934	65,316	35,660	1,323	36,983	28,333
Capital Outlay	6,289	7,613	13,902	1,204	684	1,888	12,014
Transfers to Other Funds	37,806	9,073	46,879	39,072	--	39,072	7,807
TOTAL	66,477	59,620	126,097	75,936	2,007	77,943	48,154
HOME INVESTMENT PARTNERSHIP PROGRAM							
Current - Special Purpose	1,851	89,024	90,875	6,175	16,675	22,850	68,025
Transfers to Other Funds	2,521	1,928	4,449	1,739	--	1,739	2,710
TOTAL	4,372	90,952	95,324	7,914	16,675	24,589	70,735
COMMUNITY DEVELOPMENT							
Current - Special Purpose	8,094	127,915	136,009	31,603	9,726	41,329	94,680
Transfers to Other Funds	18,784	12,419	31,203	23,325	--	23,325	7,878
TOTAL	26,878	140,334	167,212	54,928	9,726	64,654	102,558
SPECIAL GAS TAX STREET IMPROVEMENT							
Current - Special Purpose	35,505	(446)	35,059	34,859	--	34,859	200
Capital Outlay	4,172	23,627	27,799	1,897	6,607	8,504	19,295
Transfers to Other Funds	78,874	14,408	93,282	77,818	--	77,818	15,464
TOTAL	118,551	37,589	156,140	114,574	6,607	121,181	34,959
WORKFORCE INVESTMENT ACT							
Current - Special Purpose	5,820	88,000	93,820	26,342	7,819	34,161	59,659
Transfers to Other Funds	11,818	25,870	37,688	9,456	--	9,456	28,232
TOTAL	17,638	113,870	131,508	35,798	7,819	43,617	87,891
DISASTER ASSISTANCE							
Current - Special Purpose	25,743	57,300	83,043	29,075	--	29,075	53,968
Transfers to Other Funds	275	211	486	275	--	275	211
TOTAL	26,018	57,511	83,529	29,350	--	29,350	54,179
COMMUNITY SERVICES BLOCK GRANT							
Current - Special Purpose	497	6,844	7,341	3,069	2,611	5,680	1,661
Transfers to Other Funds	1,022	1,291	2,313	775	--	775	1,538
TOTAL	1,519	8,135	9,654	3,844	2,611	6,455	3,199

Continued...

CITY OF LOS ANGELES
Supplemental Schedule of Appropriations,
Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Budgetary Basis)
All Budgeted Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
FORFEITED ASSETS TRUST OF POLICE DEPARTMENT							
Current - Special Purpose	\$ 4,120	\$ 5,394	\$ 9,514	\$ 2,197	\$ 4,850	\$ 7,047	\$ 2,467
Transfers to Other Funds	199	926	1,125	526	--	526	599
TOTAL	4,319	6,320	10,639	2,723	4,850	7,573	3,066
HOUSEHOLD HAZARDOUS WASTE							
Current - Special Purpose	2,444	--	2,444	210	--	210	2,234
Transfers to Other Funds	2,862	373	3,235	2,126	--	2,126	1,109
TOTAL	5,306	373	5,679	2,336	--	2,336	3,343
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS							
Current - Special Purpose	200	36,238	36,438	11,052	3,384	14,436	22,002
Transfers to Other Funds	259	33	292	236	--	236	56
TOTAL	459	36,271	36,730	11,288	3,384	14,672	22,058
MOBILE SOURCE AIR POLLUTION REDUCTION							
Current - Special Purpose	3,567	1,389	4,956	2,254	1,530	3,784	1,172
Transfers to Other Funds	2,135	356	2,491	2,033	--	2,033	458
TOTAL	5,702	1,745	7,447	4,287	1,530	5,817	1,630
OLDER AMERICANS ACT							
Current - Special Purpose	--	22,673	22,673	11,953	2,648	14,601	8,072
Transfers to Other Funds	2,614	3,758	6,372	2,058	--	2,058	4,314
TOTAL	2,614	26,431	29,045	14,011	2,648	16,659	12,386
SUPPLEMENTAL LAW ENFORCEMENT SERVICES							
Current - Special Purpose	--	66	66	--	--	--	66
Transfers to Other Funds	7,600	5,821	13,421	4,190	--	4,190	9,231
TOTAL	7,600	5,887	13,487	4,190	--	4,190	9,297
ARTS AND CULTURAL FACILITIES AND SERVICES							
Current - Special Purpose	3,245	1,554	4,799	3,319	52	3,371	1,428
Transfers to Other Funds	10,452	524	10,976	9,304	--	9,304	1,672
TOTAL	13,697	2,078	15,775	12,623	52	12,675	3,100
ARTS DEVELOPMENT FEE							
Current - Special Purpose	1,837	8,312	10,149	97	184	281	9,868
Transfers to Other Funds	--	18	18	17	--	17	1
TOTAL	1,837	8,330	10,167	114	184	298	9,869
CITY EMPLOYEES RIDESHARING							
Current - Special Purpose	--	1	1	--	--	--	1
Transfers to Other Funds	3,496	(300)	3,196	3,181	--	3,181	15
TOTAL	3,496	(299)	3,197	3,181	--	3,181	16

Continued...

CITY OF LOS ANGELES
Supplemental Schedule of Appropriations,
Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Budgetary Basis)
All Budgeted Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
CITY ETHICS COMMISSION							
Current - Special Purpose	\$ 182	\$ 1,709	\$ 1,891	\$ --	\$ --	\$ --	\$ 1,891
Transfers to Other Funds	2,329	2,848	5,177	2,288	--	2,288	2,889
TOTAL	2,511	4,557	7,068	2,288	--	2,288	4,780
CITY OF LOS ANGELES							
AFFORDABLE HOUSING							
Current - Special Purpose	524	47,174	47,698	13,037	6,562	19,599	28,099
Transfers to Other Funds	810	3,058	3,868	3,774	--	3,774	94
TOTAL	1,334	50,232	51,566	16,811	6,562	23,373	28,193
DEPARTMENT OF							
NEIGHBORHOOD							
EMPOWERMENT							
Current - Special Purpose	3,753	(285)	3,468	2,981	(593)	2,388	1,080
Transfers to Other Funds	2,555	280	2,835	2,302	--	2,302	533
TOTAL	6,308	(5)	6,303	5,283	(593)	4,690	1,613
EL PUEBLO DE LOS ANGELES							
HISTORICAL MONUMENT							
Current - Special Purpose	873	319	1,192	1,130	--	1,130	62
Transfers to Other Funds	3,751	(78)	3,673	3,562	--	3,562	111
TOTAL	4,624	241	4,865	4,692	--	4,692	173
LANDFILL MAINTENANCE							
Current - Special Purpose	630	(132)	498	129	71	200	298
Transfers to Other Funds	4,743	(901)	3,842	3,829	--	3,829	13
TOTAL	5,373	(1,033)	4,340	3,958	71	4,029	311
LOCAL PUBLIC SAFETY							
Transfers to Other Funds	39,709	19,237	58,946	39,709	--	39,709	19,237
LOS ANGELES CONVENTION							
AND VISITORS BUREAU							
Current - Special Purpose	14,826	8,833	23,659	14,019	--	14,019	9,640
Transfers to Other Funds	104	--	104	104	--	104	--
TOTAL	14,930	8,833	23,763	14,123	--	14,123	9,640
MULTI-FAMILY BULKY ITEM FEE							
Current - Special Purpose	7,472	976	8,448	2,513	106	2,619	5,829
Transfers to Other Funds	3,430	--	3,430	2,947	--	2,947	483
TOTAL	10,902	976	11,878	5,460	106	5,566	6,312
MUNICIPAL HOUSING FINANCE							
Current - Special Purpose	2,255	1,035	3,290	956	535	1,491	1,799
Transfers to Other Funds	3,044	700	3,744	3,034	--	3,034	710
TOTAL	5,299	1,735	7,034	3,990	535	4,525	2,509
PLANNING CASE PROCESSING							
SPECIAL FUND							
Current - Special Purpose	7,077	3,778	10,855	2,673	--	2,673	8,182
Transfers to Other Funds	16,725	(992)	15,733	15,310	--	15,310	423
TOTAL	23,802	2,786	26,588	17,983	--	17,983	8,605

Continued...

CITY OF LOS ANGELES
Supplemental Schedule of Appropriations,
Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Budgetary Basis)
All Budgeted Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
RENT STABILIZATION							
Current - Special Purpose	\$ 14,014	\$ 11,471	\$ 25,485	\$ 4,106	\$ 833	\$ 4,939	\$ 20,546
Transfers to Other Funds	9,926	3,561	13,487	8,367	--	8,367	5,120
TOTAL	23,940	15,032	38,972	12,473	833	13,306	25,666
STREET DAMAGE RESTORATION							
Current - Special Purpose	60	2,658	2,718	33	--	33	2,685
Transfers to Other Funds	5,745	52	5,797	5,745	--	5,745	52
TOTAL	5,805	2,710	8,515	5,778	--	5,778	2,737
SYSTEMATIC CODE ENFORCEMENT FEE							
Current - Special Purpose	43,804	35,103	78,907	9,973	466	10,439	68,468
Transfers to Other Funds	28,092	7,836	35,928	25,226	--	25,226	10,702
TOTAL	71,896	42,939	114,835	35,199	466	35,665	79,170
TELECOMMUNICATIONS LIQUIDATED DAMAGES AND LOST FRANCHISE FEES							
Current - Special Purpose	26,115	5,944	32,059	4,248	1,023	5,271	26,788
Transfers to Other Funds	13,009	(2,214)	10,795	8,834	--	8,834	1,961
TOTAL	39,124	3,730	42,854	13,082	1,023	14,105	28,749
TRAFFIC SAFETY							
Current - Special Purpose	44	--	44	--	--	--	44
Transfers to Other Funds	8,220	--	8,220	8,051	--	8,051	169
TOTAL	8,264	--	8,264	8,051	--	8,051	213
ZOO							
Current - Special Purpose	64	455	519	98	13	111	408
Transfers to Other Funds	18,228	4,971	23,199	17,297	--	17,297	5,902
TOTAL	18,292	5,426	23,718	17,395	13	17,408	6,310
ALLOCATIONS FROM OTHER GOVERNMENTAL AGENCIES							
Current - Special Purpose	50,975	23,210	74,185	55,359	939	56,298	17,887
Capital Outlay	--	305	305	174	--	174	131
Transfers to Other Funds	20,265	8,588	28,853	22,964	--	22,964	5,889
TOTAL	71,240	32,103	103,343	78,497	939	79,436	23,907
TOTAL BUDGETED SPECIAL REVENUE FUNDS	\$ 1,788,349	\$ 1,172,801	\$ 2,961,150	\$ 1,404,298	\$ 152,601	\$ 1,556,899	\$ 1,404,251
ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS							
Current - Special Purpose	\$ 863,959	\$ 943,138	\$ 1,807,097	\$ 610,156	\$ 139,720	\$ 749,876	\$ 1,057,221
Capital Outlay	113,319	54,469	167,788	8,785	12,879	21,664	146,124
Debt Service							
Principal	34,068	540	34,608	33,487	--	33,487	1,121
Interest	13,170	1	13,171	13,117	--	13,117	54
Payment of Loans	--	1,269	1,269	603	2	605	664
Transfers to Other Funds	763,833	173,384	937,217	738,150	--	738,150	199,067
TOTAL	\$ 1,788,349	\$ 1,172,801	\$ 2,961,150	\$ 1,404,298	\$ 152,601	\$ 1,556,899	\$ 1,404,251

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Debt Service Funds

Debt Service Funds are used to account for the payment of maturing principal and interest on the City's general obligation and revenue bonds, and certificates of participation.

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CITY OF LOS ANGELES
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds				
	Series 2002-A	Series 2004-A	Series 2008-A	Series 2009-A	Series 2011-A
ASSETS					
Cash and Pooled Investments					
Restricted	\$ 15,397	\$ 21,217	\$ 8,020	\$ 14,995	\$ 10,040
Cash and Investments with Fiscal Agents					
Restricted	--	--	--	--	--
Other Investments	--	--	--	--	--
Taxes Receivable					
(Net of Allowance for Uncollectibles of \$2,459)	--	--	668	1,147	842
Investment Income Receivable	--	--	17	32	21
TOTAL ASSETS	\$ 15,397	\$ 21,217	\$ 8,705	\$ 16,174	\$ 10,903
LIABILITIES					
Obligations Under Securities Lending Transactions	\$ -	\$ -	\$ 12	\$ 22	\$ 15
Interest Payable	--	--	--	--	--
Other Liabilities	--	--	68	127	85
TOTAL LIABILITIES	--	--	80	149	100
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	--	--	512	880	646
Other Deferred Inflows of Resources	--	--	10	19	13
TOTAL DEFERRED INFLOWS OF RESOURCES	--	--	522	899	659
FUND BALANCES					
Restricted	15,397	21,217	8,103	15,126	10,144
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,397	\$ 21,217	\$ 8,705	\$ 16,174	\$ 10,903

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Debt Service Funds
June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds			Solid	Other	
	Refunding	Refunding	Convention	Waste	Nonmajor	
	Series 2011-B	Series 2012-A	Center	Resources	Debt Service	Total
					Funds	
ASSETS						
Cash and Pooled Investments						
Restricted	\$ 25,288	\$ 7,362	\$ 8,066	\$ --	\$ 49,325	\$ 159,710
Cash and Investments with Fiscal Agents						
Restricted	--	--	--	36,646	450	37,096
Other Investments	--	--	12,851	--	--	12,851
Taxes Receivable						
(Net of Allowance for Uncollectibles of \$2,459)	2,465	2,518	--	--	3,661	11,301
Investment Income Receivable	51	15	16	--	87	239
TOTAL ASSETS	\$ 27,804	\$ 9,895	\$ 20,933	\$ 36,646	\$ 53,523	\$ 221,197
LIABILITIES						
Obligations Under Securities Lending Transactions	\$ 37	\$ 11	\$ 12	\$ --	\$ 59	\$ 168
Interest Payable	--	--	--	--	278	278
Other Liabilities	214	63	68	--	345	970
TOTAL LIABILITIES	251	74	80	--	682	1,416
DEFERRED INFLOWS OF RESOURCES						
Unavailable Real Estate Tax	1,892	1,933	--	--	2,810	8,673
Other Deferred Inflows of Resources	31	9	9	--	50	141
TOTAL DEFERRED INFLOWS OF RESOURCES	1,923	1,942	9	--	2,860	8,814
FUND BALANCES						
Restricted	25,630	7,879	20,844	36,646	49,981	210,967
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 27,804	\$ 9,895	\$ 20,933	\$ 36,646	\$ 53,523	\$ 221,197

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds				
	<u>Series 2002-A</u>	<u>Series 2004-A</u>	<u>Series 2008-A</u>	<u>Series 2009-A</u>	<u>Series 2011-A</u>
REVENUES					
Property Taxes	\$ 12,378	\$ 17,509	\$ 7,727	\$ 12,220	\$ 11,002
Intergovernmental	--	--	--	673	--
Charges for Services	--	--	--	--	--
Investment Earnings	30	40	68	137	80
Other	-	-	-	-	-
TOTAL REVENUES	<u>12,408</u>	<u>17,549</u>	<u>7,795</u>	<u>13,030</u>	<u>11,082</u>
EXPENDITURES					
Debt Service:					
Principal	13,110	18,025	5,050	8,825	5,850
Interest	1,032	1,262	3,459	6,306	4,811
TOTAL EXPENDITURES	<u>14,142</u>	<u>19,287</u>	<u>8,509</u>	<u>15,131</u>	<u>10,661</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,734)</u>	<u>(1,738)</u>	<u>(714)</u>	<u>(2,101)</u>	<u>421</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	--	--	--	--	--
Transfer Out	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGES IN FUND BALANCES	<u>(1,734)</u>	<u>(1,738)</u>	<u>(714)</u>	<u>(2,101)</u>	<u>421</u>
FUND BALANCES, JULY 1	<u>17,131</u>	<u>22,955</u>	<u>8,817</u>	<u>17,227</u>	<u>9,723</u>
FUND BALANCES, JUNE 30	<u>\$ 15,397</u>	<u>\$ 21,217</u>	<u>\$ 8,103</u>	<u>\$ 15,126</u>	<u>\$ 10,144</u>

Continued...

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Nonmajor Debt Service Funds
June 30, 2014
(amounts expressed in thousands)

	<u>General Obligation Bonds</u>		<u>Convention Center</u>	<u>Solid Waste Resources</u>	<u>Other Nonmajor Debt Service Funds</u>	<u>Total</u>
	<u>Refunding</u>	<u>Refunding</u>				
	<u>Series 2011-B</u>	<u>Series 2012-A</u>				
REVENUES						
Property Taxes	\$ 23,895	\$ 10,609	\$ --	\$ --	\$ 42,115	\$ 137,455
Intergovernmental	--	--	--	--	--	673
Charges for Services	--	--	6,283	--	--	6,283
Investment Earnings	186	70	214	446	1,282	2,553
Other	--	98	3	--	--	101
TOTAL REVENUES	<u>24,081</u>	<u>10,777</u>	<u>6,500</u>	<u>446</u>	<u>43,397</u>	<u>147,065</u>
EXPENDITURES						
Debt Service:						
Principal	3,645	--	34,490	32,625	146,620	268,240
Interest	12,566	11,205	17,710	12,582	13,982	84,915
TOTAL EXPENDITURES	<u>16,211</u>	<u>11,205</u>	<u>52,200</u>	<u>45,207</u>	<u>160,602</u>	<u>353,155</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,870</u>	<u>(428)</u>	<u>(45,700)</u>	<u>(44,761)</u>	<u>(117,205)</u>	<u>(206,090)</u>
OTHER FINANCING SOURCES (USES)						
Transfer In	3,861	--	47,835	51,897	83,112	186,705
Transfer Out	--	--	--	--	(3,915)	(3,915)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,861</u>	<u>--</u>	<u>47,835</u>	<u>51,897</u>	<u>79,197</u>	<u>182,790</u>
NET CHANGES IN FUND BALANCES	<u>11,731</u>	<u>(428)</u>	<u>2,135</u>	<u>7,136</u>	<u>(38,008)</u>	<u>(23,300)</u>
FUND BALANCES, JULY 1	<u>13,899</u>	<u>8,307</u>	<u>18,709</u>	<u>29,510</u>	<u>87,989</u>	<u>234,267</u>
FUND BALANCES, JUNE 30	<u>\$ 25,630</u>	<u>\$ 7,879</u>	<u>\$ 20,844</u>	<u>\$ 36,646</u>	<u>\$ 49,981</u>	<u>\$ 210,967</u>

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	General Obligation Bonds Series 2002-A			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 14,142	\$ 14,142	\$ 12,712	\$ (1,430)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	101	101
Other	--	--	--	--
Total Revenue	14,142	14,142	12,813	(1,329)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	14,142	14,142	12,813	(1,329)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	13,110	13,110	13,110	--
Interest	1,032	1,032	1,032	--
Total Expenditures	14,142	14,142	14,142	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	14,142	14,142	14,142	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(1,329)	(1,329)
FUND BALANCE, JULY 1	--	--	16,726	16,726
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 15,397	\$ 15,397

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	General Obligation Bonds Series 2004-A			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 19,287	\$ 19,287	\$ 17,983	\$ (1,304)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	135	135
Other	--	--	--	--
Total Revenue	19,287	19,287	18,118	(1,169)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	19,287	19,287	18,118	(1,169)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	18,025	18,025	18,025	--
Interest	1,262	1,262	1,262	--
Total Expenditures	19,287	19,287	19,287	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	19,287	19,287	19,287	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(1,169)	(1,169)
FUND BALANCE, JULY 1	--	--	22,386	22,386
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 21,217	\$ 21,217

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	General Obligation Bonds Series 2008-A			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 8,509	\$ 8,509	\$ 7,777	\$ (732)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	68	68
Other	--	--	--	--
Total Revenue	8,509	8,509	7,845	(664)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	8,509	8,509	7,845	(664)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,050	5,050	5,050	--
Interest	3,459	3,459	3,459	--
Total Expenditures	8,509	8,509	8,509	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,509	8,509	8,509	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(664)	(664)
FUND BALANCE, JULY 1	--	--	8,575	8,575
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 7,911	\$ 7,911

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	General Obligation Bonds Series 2009-A and B			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 15,130	\$ 15,130	\$ 12,277	\$ (2,853)
Intergovernmental	--	--	951	951
Charges for Services	--	--	--	--
Interest	--	--	138	138
Other	--	--	--	--
Total Revenue	15,130	15,130	13,366	(1,764)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	15,130	15,130	13,366	(1,764)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	8,825	8,825	8,825	--
Interest	6,305	6,305	6,305	--
Total Expenditures	15,130	15,130	15,130	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	15,130	15,130	15,130	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(1,764)	(1,764)
FUND BALANCE, JULY 1	--	--	16,555	16,555
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 14,791	\$ 14,791

Continued..

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds Series 2011-A			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 10,662	\$ 10,662	\$ 11,099	\$ 437
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	76	76
Other	--	--	--	--
Total Revenue	10,662	10,662	11,175	513
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	10,662	10,662	11,175	513
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,850	5,850	5,850	--
Interest	4,812	4,812	4,812	--
Total Expenditures	10,662	10,662	10,662	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	10,662	10,662	10,662	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	513	513
FUND BALANCE, JULY 1	--	--	9,391	9,391
Appropriation of Fund Balance and				
Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 9,904	\$ 9,904

Continued..

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds Series 2011-B			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 16,211	\$ 16,211	\$ 23,952	\$ 7,741
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	127	127
Other	--	--	--	--
Total Revenue	16,211	16,211	24,079	7,868
Other Financing Sources				
Transfer from Other Funds	--	--	3,862	3,862
TOTAL REVENUES AND OTHER FINANCING SOURCES	16,211	16,211	27,941	11,730
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,645	3,645	3,645	--
Interest	12,566	12,566	12,566	--
Total Expenditures	16,211	16,211	16,211	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	16,211	16,211	16,211	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	11,730	11,730
FUND BALANCE, JULY 1	--	--	13,215	13,215
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 24,945	\$ 24,945

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	General Obligation Bonds Series 2012-A			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 11,205	\$ 11,205	\$ 10,294	\$ (911)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	69	69
Other	--	--	98	98
Total Revenue	11,205	11,205	10,461	(744)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	11,205	11,205	10,461	(744)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	11,205	11,205	11,205	--
Total Expenditures	11,205	11,205	11,205	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	11,205	11,205	11,205	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(744)	(744)
FUND BALANCE, JULY 1	--	--	8,006	8,006
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 7,262	\$ 7,262

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Convention Center - Staples Arena Account			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--
Charges for Services	4,000	4,000	5,283	1,283
Interest	49	49	61	12
Other	--	--	1,000	1,000
Total Revenue	4,049	4,049	6,344	2,295
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,049	4,049	6,344	2,295
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	3,623	6,882	--	6,882
Debt Service				
Principal	1,725	1,725	1,725	--
Interest	2,120	2,120	2,120	--
Total Expenditures	7,468	10,727	3,845	6,882
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	7,468	10,727	3,845	6,882
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,419)	(6,678)	2,499	9,177
FUND BALANCE, JULY 1	3,419	3,419	5,457	2,038
Appropriation of Fund Balance and Carryforward Appropriations	--	3,259	--	(3,259)
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 7,956	\$ 7,956

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Other Nonmajor Debt Service Fund - General Obligation Bonds Series Refunding Series 1998-A				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 12,363	\$ 12,363	\$ 11,010	\$ (1,353)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	110	110
Other	--	--	--	--
Total Revenue	12,363	12,363	11,120	(1,243)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	12,363	12,363	11,120	(1,243)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	10,950	10,950	10,950	--
Interest	1,413	1,413	1,413	--
Total Expenditures	12,363	12,363	12,363	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	12,363	12,363	12,363	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(1,243)	(1,243)
FUND BALANCE, JULY 1	--	--	14,327	14,327
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 13,084	\$ 13,084

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series 2002-B				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 18,324	\$ 18,324	\$ 4,727	\$ (13,597)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	126	126
Other	--	--	--	--
Total Revenue	18,324	18,324	4,853	(13,471)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	18,324	18,324	4,853	(13,471)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	17,600	17,600	17,600	--
Interest	724	724	724	--
Total Expenditures	18,324	18,324	18,324	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	18,324	18,324	18,324	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(13,471)	(13,471)
FUND BALANCE, JULY 1	--	--	21,897	21,897
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 8,426	\$ 8,426

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2003-A				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 11,962	\$ 11,962	\$ --	\$ (11,962)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	--	--
Other	--	--	--	--
Total Revenue	11,962	11,962	--	(11,962)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	11,962	11,962	--	(11,962)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	11,670	11,670	11,670	--
Interest	292	292	292	--
Total Expenditures	11,962	11,962	11,962	--
Other Financing Uses				
Transfers to Other Funds	--	--	2,475	(2,475)
TOTAL EXPENDITURES AND OTHER FINANCING USES	11,962	11,962	14,437	(2,475)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(14,437)	(14,437)
FUND BALANCE, JULY 1	--	--	14,437	14,437
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ --	\$ --

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series 2003-B				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 6,788	\$ 6,788	\$ --	\$ (6,788)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	--	--
Other	--	--	--	--
Total Revenue	6,788	6,788	--	(6,788)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,788	6,788	--	(6,788)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	6,655	6,655	6,655	--
Interest	133	133	133	--
Total Expenditures	6,788	6,788	6,788	--
Other Financing Uses				
Transfers to Other Funds	--	--	1,387	(1,387)
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,788	6,788	8,175	(1,387)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(8,175)	(8,175)
FUND BALANCE, JULY 1	--	--	8,175	8,175
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ --	\$ --

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2005-A				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 7,006	\$ 7,006	\$ 6,480	\$ (526)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	62	62
Other	--	--	--	--
Total Revenue	7,006	7,006	6,542	(464)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	7,006	7,006	6,542	(464)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	6,340	6,340	6,340	--
Interest	666	666	666	--
Total Expenditures	7,006	7,006	7,006	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	7,006	7,006	7,006	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(464)	(464)
FUND BALANCE, JULY 1	--	--	8,059	8,059
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 7,595	\$ 7,595

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series 2005-B				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 3,503	\$ 3,503	\$ 15,024	\$ 11,521
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	45	45
Other	--	--	--	--
Total Revenue	3,503	3,503	15,069	11,566
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,503	3,503	15,069	11,566
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	115	115	115	--
Interest	3,388	3,388	3,388	--
Total Expenditures	3,503	3,503	3,503	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	3,503	3,503	3,503	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	11,566	11,566
FUND BALANCE, JULY 1	--	--	2,509	2,509
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 14,075	\$ 14,075

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2006-A				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 5,603	\$ 5,603	\$ 5,139	\$ (464)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	45	45
Other	--	--	--	--
Total Revenue	5,603	5,603	5,184	(419)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,603	5,603	5,184	(419)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,510	3,510	3,510	--
Interest	2,093	2,093	2,093	--
Total Expenditures	5,603	5,603	5,603	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,603	5,603	5,603	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(419)	(419)
FUND BALANCE, JULY 1	--	--	5,730	5,730
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 5,311	\$ 5,311

Continued..

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Total Annually Budgeted Nonmajor Debt Service Funds			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 160,695	\$ 160,695	\$ 138,474	\$ (22,221)
Intergovernmental	--	--	951	951
Charges for Services	4,000	4,000	5,283	1,283
Interest	49	49	1,163	1,114
Other	--	--	1,098	1,098
Total Revenue	164,744	164,744	146,969	(17,775)
Other Financing Sources				
Transfer from Other Funds	--	--	3,862	3,862
TOTAL REVENUES AND OTHER FINANCING SOURCES	164,744	164,744	150,831	(13,913)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	3,623	6,882	--	6,882
Debt Service				
Principal	113,070	113,070	113,070	--
Interest	51,470	51,470	51,470	--
Total Expenditures	168,163	171,422	164,540	6,882
Other Financing Uses				
Transfers to Other Funds	--	--	3,862	(3,862)
TOTAL EXPENDITURES AND OTHER FINANCING USES	168,163	171,422	168,402	3,020
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,419)	(6,678)	(17,571)	(10,893)
FUND BALANCE, JULY 1	3,419	3,419	175,445	172,026
Appropriation of Fund Balance and				
Carryforward Appropriations	--	3,259	--	(3,259)
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 157,874	\$ 157,874

CITY OF LOS ANGELES

Reconciliation of Operations on Budgetary Basis to the GAAP Basis
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses - Budgetary	\$ (17,571)

Basis Difference

Adjustments for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred; whereas, the budget basis operating statement reflects revenues when received and expenditures when paid.	(1,420)

Perspective Difference

Certain Nonmajor Debt Service funds are not included in the legally adopted budget	<u>(4,309)</u>

Net Change in Fund Balances - Nonmajor Debt Service Funds	<u><u>\$ (23,300)</u></u>

Capital Projects Funds

Capital Projects Funds are used to account for major capital improvements which are financed from the City's general obligation bonds and certificates of participation issues, special assessments, certain Federal grants, and specific receipts.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for capital improvements which are financed from the City's and component units' general obligation bond, certificates of participation issues, special assessments, certain Federal grants and other specific receipts. All of the City's Capital Projects Funds are considered nonmajor funds. Nine funds are separately identified. These funds represent 92.2% of the combined revenues of the Capital Project Funds. The other smaller funds are grouped as other nonmajor capital project funds.

General Obligation Bonds – Series 2003-A, Series 2004-A, Series 2005-A, Series 2006-A, Series 2008-A, Series 2009-A and Series 2011-A – These funds account for the proceeds from the sales of bonds authorized by the voters in November 1998, November 2000, March 2002, and November 2004 for the acquisition, improvement, and construction of certain police and fire safety facilities and equipment, animal shelter, zoo facilities, and stormwater infrastructure assets.

Recreation and Parks Grant Fund – Accounts for grants received for major capital improvements undertaken by the City's Department of Recreation and Parks.

Parks Assessment Fund – Accounts for assessments levied pursuant to Proposition K – Los Angeles Kids program approved by City voters on November 5, 1996. The assessments from the City of Los Angeles Landscaping and Lighting District 96-1 will be used for the acquisition of land, construction of capital improvements and maintenance of facilities, and the repayment of bonds. The fund also accounts for the proceeds from the sale of special assessment bonds.

Other Nonmajor Capital Projects Funds - Account for the activities of smaller capital project funds and represent 7.8% of the combined revenues. Included in this group are two annually budgeted funds: Local Transportation and Park and Recreational Sites and Facilities.

CITY OF LOS ANGELES
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds				
	Series 2003-A	Series 2004-A	Series 2005-A	Series 2006-A	Series 2008-A
ASSETS					
Cash and Pooled Investments					
Unrestricted	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	40,650	68,679	23,122	49,493	12,052
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	98	175	56	123	29
Intergovernmental Receivable	--	--	--	--	--
Due from Other Funds	--	7	--	9	--
TOTAL ASSETS	\$ 40,748	\$ 68,861	\$ 23,178	\$ 49,625	\$ 12,081
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 607	\$ 1,410	\$ 9	\$ 86	\$ 105
Obligations Under Securities Lending Transactions	59	99	33	72	17
Due to Other Funds	222	895	60	510	164
Deposits and Advances	--	--	--	--	--
Advances from Other Funds	--	--	--	--	--
Other Liabilities	345	584	197	420	102
TOTAL LIABILITIES	1,233	2,988	299	1,088	388
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	--	--	--	--	--
Receivables from Other Government Agencies	--	--	--	--	--
Other Deferred Inflows of Resources	50	88	28	62	15
TOTAL DEFERRED INFLOWS OF RESOURCES	50	88	28	62	15
FUND BALANCES					
Restricted	39,465	65,785	22,851	48,475	11,678
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 40,748	\$ 68,861	\$ 23,178	\$ 49,625	\$ 12,081

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Capital Projects Funds
June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds		Recreation and	Parks	Other Nonmajor Capital Projects Funds	
	Series 2009-A	Series 2011-A	Parks Grant	Assessment		Total
ASSETS						
Cash and Pooled Investments						
Unrestricted	\$ --	\$ --	\$ --	\$ --	\$ 17,792	\$ 17,792
Restricted	74,626	134,801	88,089	123,220	29,904	644,636
Special Assessments Receivable	--	--	--	1,371	--	1,371
Investment Income Receivable	178	325	207	291	99	1,581
Intergovernmental Receivable	221	--	506	--	157	884
Due from Other Funds	--	--	--	--	--	16
TOTAL ASSETS	\$ 75,025	\$ 135,126	\$ 88,802	\$ 124,882	\$ 47,952	\$ 666,280
LIABILITIES						
Accounts, Contracts and Retainage Payable	\$ 6,091	\$ 1,507	\$ 1,449	\$ 1,764	\$ 1,676	\$ 14,704
Obligations Under Securities Lending Transactions	108	195	128	178	53	942
Due to Other Funds	4,394	100	2	158	1,116	7,621
Deposits and Advances	--	--	--	--	4	4
Advances from Other Funds	--	--	8,849	--	--	8,849
Other Liabilities	634	1,145	748	1,047	313	5,535
TOTAL LIABILITIES	11,227	2,947	11,176	3,147	3,162	37,655
DEFERRED INFLOWS OF RESOURCES						
Unavailable Real Estate Tax	--	--	--	956	--	956
Receivables from Other Government Agencies	221	--	249		92	562
Other Deferred Inflows of Resources	91	165	107	150	48	804
TOTAL DEFERRED INFLOWS OF RESOURCES	312	165	356	1,106	140	2,322
FUND BALANCES						
Restricted	63,486	132,014	77,270	120,629	44,650	626,303
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 75,025	\$ 135,126	\$ 88,802	\$ 124,882	\$ 47,952	\$ 666,280

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds				
	Series 2003-A	Series 2004-A	Series 2005-A	Series 2006-A	Series 2008-A
REVENUES					
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--
Intergovernmental	--	--	--	--	--
Charges for Services	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	500	903	294	630	188
Other	23	254	99	--	18
TOTAL REVENUES	523	1,157	393	630	206
EXPENDITURES					
Capital Outlay	1,936	11,544	1,199	3,852	2,180
TOTAL EXPENDITURES	1,936	11,544	1,199	3,852	2,180
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES	(1,413)	(10,387)	(806)	(3,222)	(1,974)
OTHER FINANCING SOURCES (USES)					
Transfers In	--	--	--	--	--
Transfers Out	--	--	--	(1,115)	--
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--	(1,115)	--
NET CHANGE IN FUND BALANCES	(1,413)	(10,387)	(806)	(4,337)	(1,974)
FUND BALANCES, JULY 1	40,878	76,172	23,657	52,812	13,652
FUND BALANCES, JUNE 30	\$ 39,465	\$ 65,785	\$ 22,851	\$ 48,475	\$ 11,678

Continued...

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	General Obligation Bonds		Recreation and Parks Grant	Parks Assessment	Other Nonmajor Capital Projects Funds	Total
	Series 2009-A	Series 2011-A				
REVENUES						
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ 1,777	\$ 1,777
Licenses and Permits	--	--	--	--	22	22
Intergovernmental	500	--	10,203	--	2,779	13,482
Charges for Services	6,826	--	7,437	3,900	--	18,163
Special Assessments	--	--	--	25,076	--	25,076
Investment Earnings	921	1,631	1,024	1,430	524	8,045
Other	--	--	--	--	96	490
TOTAL REVENUES	8,247	1,631	18,664	30,406	5,198	67,055
EXPENDITURES						
Capital Outlay	25,826	4,569	13,685	19,591	16,738	101,120
TOTAL EXPENDITURES	25,826	4,569	13,685	19,591	16,738	101,120
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,579)	(2,938)	4,979	10,815	(11,540)	(34,065)
OTHER FINANCING SOURCES (USES)						
Transfers In	--	--	1,043	--	1,115	2,158
Transfers Out	--	--	--	(4,566)	(26)	(5,707)
TOTAL OTHER FINANCING SOURCES (USES)	--	--	1,043	(4,566)	1,089	(3,549)
NET CHANGE IN FUND BALANCES	(17,579)	(2,938)	6,022	6,249	(10,451)	(37,614)
FUND BALANCES, JULY 1	81,065	134,952	71,248	114,380	55,101	663,917
FUND BALANCES, JUNE 30	\$ 63,486	\$ 132,014	\$ 77,270	\$ 120,629	\$ 44,650	\$ 626,303

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Local Transportation			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	1,979	4,359	2,792	(1,567)
Interest	88	89	53	(36)
TOTAL REVENUES	2,067	4,448	2,845	(1,603)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	4,498	8,890	2,313	6,577
Other Financing Uses				
Transfers to Other Funds	--	1,123	696	427
TOTAL EXPENDITURES AND OTHER FINANCING USES	4,498	10,013	3,009	7,004
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(2,431)	(5,565)	(164)	5,401
FUND BALANCE, JULY 1	2,431	2,431	1,947	(484)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,134	--	(3,134)
Encumbrances Lapsed	--	--	233	233
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 2,016	\$ 2,016

Continued...

CITY OF LOS ANGELES

**Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Capital Projects Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Park and Recreational Sites and Facilities			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 1,200	\$ 1,630	\$ 1,777	\$ 147
Intergovernmental	--	--	--	--
Interest	--	--	--	--
TOTAL REVENUES	1,200	1,630	1,777	147
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	1,200	8,545	(353)	8,898
Other Financing Uses				
Transfers to Other Funds	--	851	1	850
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,200	9,396	(352)	9,748
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	(7,766)	2,129	9,895
FUND BALANCE, JULY 1	--	--	8,343	8,343
Appropriation of Fund Balances and Carryforward				
Appropriations	--	7,766	--	(7,766)
Encumbrances Lapsed	--	--	41	41
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 10,513	\$ 10,513

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Capital Projects Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Total Annually Budgeted Nonmajor Capital Projects Funds			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 1,200	\$ 1,630	\$ 1,777	\$ 147
Intergovernmental	1,979	4,359	2,792	(1,567)
Interest	88	89	53	(36)
TOTAL REVENUES	<u>3,267</u>	<u>6,078</u>	<u>4,622</u>	<u>(1,456)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	5,698	17,435	1,960	15,475
Other Financing Uses				
Transfers to Other Funds	--	1,974	697	1,277
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,698</u>	<u>19,409</u>	<u>2,657</u>	<u>16,752</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(2,431)	(13,331)	1,965	15,296
FUND BALANCE, JULY 1	2,431	2,431	10,290	7,859
Appropriation of Fund Balances and Carryforward				
Appropriations	--	10,900	--	(10,900)
Encumbrances Lapsed	--	--	274	274
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,529</u>	<u>\$ 12,529</u>

CITY OF LOS ANGELES

Reconciliation of Operations on Budgetary Basis to the GAAP Basis
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Excess of Revenues Over Expenditures
and Other Financing Uses - Budgetary \$ 1,965

Basis Difference

Adjustments for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred; whereas, the budget basis operating statement reflects revenues when received and expenditures when paid. 44

Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budget), as opposed to a reservation of fund balance (GAAP).
Encumbrances reported as budgetary expenditures 1,595
Prior year encumbrances expended in current year (600)

Perspective Difference

Certain Nonmajor Capital Projects Funds are not included in the legally adopted budget; while for some, the budget provides for only the portion of fund receipts that are expended for City department operations. (40,618)

Net Change in Fund Balances - Nonmajor Capital Projects Funds \$ (37,614)

CITY OF LOS ANGELES

**Supplemental Schedule of Appropriations,
Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Budgetary Basis)
All Budgeted Capital Projects Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2014	Total Actual	Variance With Final Budget Positive (Negative)
LOCAL TRANSPORTATION							
Capital Outlay	\$ 4,498	\$ 4,392	\$ 8,890	\$ 775	\$ 1,538	\$ 2,313	\$ 6,577
Transfers to Other Funds	--	1,123	1,123	696	--	696	427
TOTAL	<u>4,498</u>	<u>5,515</u>	<u>10,013</u>	<u>1,471</u>	<u>1,538</u>	<u>3,009</u>	<u>7,004</u>
PARK AND RECREATION							
SITES AND FACILITIES							
Capital Outlay	1,200	7,345	8,545	(409)	56	(353)	8,898
Transfers to Other Funds	--	851	851	1	--	1	850
TOTAL	<u>1,200</u>	<u>8,196</u>	<u>9,396</u>	<u>(408)</u>	<u>56</u>	<u>(352)</u>	<u>9,748</u>
TOTAL BUDGETED CAPITAL PROJECTS FUNDS	<u>\$ 5,698</u>	<u>\$ 13,711</u>	<u>\$ 19,409</u>	<u>\$ 1,063</u>	<u>\$ 1,594</u>	<u>\$ 2,657</u>	<u>\$ 16,752</u>
ALL ANNUALLY BUDGETED CAPITAL PROJECTS FUNDS							
Capital Outlay	\$ 5,698	\$ 11,737	\$ 17,435	\$ 366	\$ 1,594	\$ 1,960	\$ 15,475
Transfers to Other Funds	--	1,974	1,974	697	--	697	1,277
TOTAL	<u>\$ 5,698</u>	<u>\$ 13,711</u>	<u>\$ 19,409</u>	<u>\$ 1,063</u>	<u>\$ 1,594</u>	<u>\$ 2,657</u>	<u>\$ 16,752</u>

Fiduciary Funds

Pensions and Other Employee Benefits Trust Funds are used to account for the activities of the City's defined contribution pension plans and other postemployment benefit plans. Agency Funds are used to account for assets held by the City as an agent for others.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the City in a trustee or agency capacity for others and therefore cannot be used to support the City government's programs. These include Pension Trust Funds, Other Postemployment Benefits Trust Funds, and Agency Funds.

Pension Trust Funds – These funds are used to report resources that are held in trust for the members and beneficiaries of the City's defined benefit pension plans namely: Fire and Police Pension Plan, Los Angeles City Employees' Retirement Plan, and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan.

Other Postemployment Benefits Trust Funds – These funds are used to report resources that are held in trust for the members of the City's postemployment healthcare plans namely: Fire and Police Health Subsidy Plan, Los Angeles City Employees' Postemployment Health Care Plan, and Water and Power Employees' Retiree Health Benefits Plan.

Agency Funds – These funds are used to account for assets held by the City as an agent for others, for example, federal and state income tax withheld from employees, and assessments for payments of certain conduit debt.

CITY OF LOS ANGELES

**Combining Statement of Fiduciary Net Position
Pension and Other Postemployment Benefits Trust Funds
June 30, 2014
(amounts expressed in thousands)**

	Pension Trust Funds	Other Postemployment Benefits Trust Funds	Total
ASSETS			
Cash and Pooled Investments	\$ 17,661	\$ 1,315	\$ 18,976
Prepaid Expense	4	-	4
Receivables:			
Contributions	62,622	--	62,622
Investment Income	100,074	12,903	112,977
Contingent Disability Benefit Advance	3,310	--	3,310
Other Receivables	16,123	2,155	18,278
Due from Brokers	547,916	71,227	619,143
Prepaid Health Subsidy	4	8,225	8,229
Other Investments:			
Short Term Investments	1,670,589	199,007	1,869,596
U. S. Government Obligations	3,457,198	417,048	3,874,246
Municipal Bonds	5,394	952	6,346
Domestic Corporate Bonds	2,923,294	381,274	3,304,568
International Bonds	439,322	75,906	515,228
Bank Loan	1,408	249	1,657
Opportunistic Debt	10,877	1,921	12,798
Domestic Stocks	15,750,875	2,055,902	17,806,777
International Stocks	8,312,200	1,115,915	9,428,115
Mortgage-backed Securities	825,011	141,555	966,566
Government Agencies	25,345	4,475	29,820
Derivative Instruments	152	27	179
Real Estate	2,245,143	243,042	2,488,185
Venture Capital and Alternative Investments	3,263,200	413,598	3,676,798
Security Lending Collateral	3,267,699	434,730	3,702,429
Capital Assets			
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$1,141)	14,103	1,300	15,403
TOTAL ASSETS	42,959,524	5,582,726	48,542,250
LIABILITIES			
Accounts Payable and Accrued Expenses	39,322	6,301	45,623
Accrued Investment Expenses	10,194	1,799	11,993
Benefits in Process of Payment	20,492	388	20,880
Derivative Instruments	123	22	145
Due to Brokers	844,438	121,898	966,336
Obligations Under Securities			
Lending Transactions	3,267,699	434,730	3,702,429
Mortgage Loan Payable - Current Portion	810	61	871
Mortgage Loan Payable - Noncurrent Portion	155,797	11,853	167,650
Security Deposits	90	7	97
TOTAL LIABILITIES	4,338,965	577,059	4,916,024
NET POSITION			
Held in Trust for Pension and Other Postemployment Benefits			
Benefit Pension Plans	38,549,411	--	38,549,411
Disability Plan	45,077	--	45,077
Death Benefit Plan	26,071	--	26,071
Postemployment Healthcare Plans	--	5,005,667	5,005,667
TOTAL NET POSITION	\$ 38,620,559	\$ 5,005,667	\$ 43,626,226

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Postemployment Benefits Trust Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Pension Trust Funds	Other Postemployment Benefits Trust Funds	Total
ADDITIONS			
Contributions			
Employer	\$ 1,210,276	\$ 310,663	\$ 1,520,939
Plan Member	401,590	--	401,590
Other	2,899	212	3,111
Total Contributions	<u>1,614,765</u>	<u>310,875</u>	<u>1,925,640</u>
Investment Income			
Net Appreciation in Fair Value of Investments	5,108,787	708,145	5,816,932
Interest Income	266,478	52,399	318,877
Income from Alternative Investments	33,625	2,576	36,201
Dividend Income	414,517	35,986	450,503
Securities Lending Income	15,273	1,875	17,148
Other Investment Income	30,223	4,807	35,030
Real Estate Operating Income, Net	103,285	10,604	113,889
Investment Income	<u>5,972,188</u>	<u>816,392</u>	<u>6,788,580</u>
Investment Expense	(114,877)	(13,775)	(128,652)
Securities Lending Expense	(2,059)	(291)	(2,350)
Net Investment Income	<u>5,855,252</u>	<u>802,326</u>	<u>6,657,578</u>
TOTAL ADDITIONS	<u>7,470,017</u>	<u>1,113,201</u>	<u>8,583,218</u>
DEDUCTIONS			
Benefit Payments	2,047,740	280,105	2,327,845
Refunds of Member Contributions	24,971	--	24,971
Administrative Expenses	32,199	4,844	37,043
TOTAL DEDUCTIONS	<u>2,104,910</u>	<u>284,949</u>	<u>2,389,859</u>
CHANGE IN NET POSITION			
Benefit Pension Plans	5,365,435	--	5,365,435
Disability Plan	(1,378)	--	(1,378)
Death Benefit Plan	1,050	--	1,050
Postemployment Healthcare Plans	--	828,252	828,252
TOTAL CHANGE IN NET POSITION	<u>5,365,107</u>	<u>828,252</u>	<u>6,193,359</u>
Net Position Held in Trust for Pension and Other Postemployment Benefits, July 1			
Benefit Pension Plans	33,183,977	--	33,183,977
Disability Plan	46,455	--	46,455
Death Benefit Plan	25,020	--	25,020
Post-employment Healthcare Plans	--	4,177,415	4,177,415
NET POSITION HELD IN TRUST FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30	<u><u>\$ 38,620,559</u></u>	<u><u>\$ 5,005,667</u></u>	<u><u>\$ 43,626,226</u></u>

CITY OF LOS ANGELES
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2014
(amounts expressed in thousands)

	Fire and Police Pension Plan	Los Angeles City Employees' Retirement Plan	Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan	Total
ASSETS				
Cash and Pooled Investments	\$ 1,347	\$ 874	\$ 15,440	\$ 17,661
Prepaid Expense	--	--	4	4
Receivables:				
Contributions	6,110	--	56,512	62,622
Accrued Investment Income	46,467	35,029	18,578	100,074
Contingent Disability Benefit Advance	--	--	3,310	3,310
Other Receivables	--	12,207	3,916	16,123
Due from Brokers	246,603	141,525	159,788	547,916
Prepaid Health Subsidy	4	--	--	4
Other Investments:				
Short Term Investments	797,306	578,463	294,820	1,670,589
U. S. Government Obligations	1,871,172	415,440	1,170,586	3,457,198
Municipal Bonds	--	5,394	--	5,394
Domestic Corporate Bonds	1,331,856	993,904	597,534	2,923,294
International Bonds	6,326	427,177	5,819	439,322
Bank Loan	--	1,408	--	1,408
Opportunistic Debt	--	10,877	--	10,877
Domestic Stocks	6,935,870	4,529,612	4,285,393	15,750,875
International Stocks	3,378,350	2,794,440	2,139,410	8,312,200
Mortgage-backed Securities	--	564,050	260,961	825,011
Government Agencies	--	25,345	--	25,345
Derivative Instruments	--	152	--	152
Real Estate	1,319,438	599,688	326,017	2,245,143
Venture Capital and Alternative Investments	1,479,784	1,072,883	710,533	3,263,200
Security Lending Collateral	1,398,736	869,081	999,882	3,267,699
Capital Assets				
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$962)	11,835	2,268	--	14,103
TOTAL ASSETS	18,831,204	13,079,817	11,048,503	42,959,524
LIABILITIES				
Accounts Payable and Accrued Expenses	9,876	15,197	14,249	39,322
Accrued Investment Expenses	--	10,194	--	10,194
Benefits in Process of Payment	17,646	--	2,846	20,492
Derivative Instruments	--	123	--	123
Due to Brokers	246,591	340,785	257,062	844,438
Obligations Under Securities Lending Transactions	1,398,736	869,081	999,882	3,267,699
Mortgage Loan Payable - Current Portion	810	--	--	810
Mortgage Loan Payable - Noncurrent Portion	155,797	--	--	155,797
Security Deposits	90	--	--	90
TOTAL LIABILITIES	1,829,546	1,235,380	1,274,039	4,338,965
NET POSITION				
Held in Trust for Pension and Other Postemployment Benefits				
Benefit Pension Plans	17,001,658	11,844,437	9,703,316	38,549,411
Disability Plan	--	--	45,077	45,077
Death Benefit Plan	--	--	26,071	26,071
TOTAL NET POSITION	\$ 17,001,658	\$ 11,844,437	\$ 9,774,464	\$ 38,620,559

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Fire and Police Pension Plan	Los Angeles City Employees' Retirement Plan	Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 440,698	\$ 357,818	\$ 411,760	\$ 1,210,276
Plan Member	124,395	204,136	73,059	401,590
Other	2,899	--	--	2,899
Total Contributions	567,992	561,954	484,819	1,614,765
Investment Income				
Net Appreciation in Fair Value of				
Investments	2,274,457	1,591,780	1,242,550	5,108,787
Interest Income	103,466	87,044	75,968	266,478
Income from Alternative Investments	33,418	--	207	33,625
Dividend Income	209,259	108,510	96,748	414,517
Securities Lending Income	7,947	4,785	2,541	15,273
Other Investment Income	3,759	25,481	983	30,223
Real Estate Operating Income, Net	59,874	24,917	18,494	103,285
Investment Income	2,692,180	1,842,517	1,437,491	5,972,188
Investment Expense	(65,243)	(21,546)	(28,088)	(114,877)
Securities Lending Expense	(793)	(705)	(561)	(2,059)
Net Investment Income	2,626,144	1,820,266	1,408,842	5,855,252
TOTAL ADDITIONS	3,194,136	2,382,220	1,893,661	7,470,017
DEDUCTIONS				
Benefit Payments	856,036	708,956	482,748	2,047,740
Refunds of Member Contributions	2,950	15,982	6,039	24,971
Administrative Expenses	13,865	12,438	5,896	32,199
TOTAL DEDUCTIONS	872,851	737,376	494,683	2,104,910
CHANGE IN NET POSITION				
Benefit Pension Plans	2,321,285	1,644,844	1,399,306	5,365,435
Disability Plan	--	--	(1,378)	(1,378)
Death Benefit Plan	--	--	1,050	1,050
TOTAL CHANGE IN NET POSITION	2,321,285	1,644,844	1,398,978	5,365,107
Net Position Held in Trust for Pension and				
Other Postemployment Benefits, July 1				
Benefit Pension Plans	14,680,373	10,199,593	8,304,011	33,183,977
Disability Plan	--	--	46,455	46,455
Death Benefit Plan	--	--	25,020	25,020
AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30	\$ 17,001,658	\$ 11,844,437	\$ 9,774,464	\$ 38,620,559

CITY OF LOS ANGELES

**Combining Statement of Fiduciary Net Position
Other Postemployment Benefits Trust Funds
June 30, 2014**

(amounts expressed in thousands)

	Fire and Police Health Subsidy Plan	Los Angeles City Employees' Postemployment Health Care Plan	Water and Power Employees' Retiree Health Benefits Plan	Total
ASSETS				
Cash and Pooled Investments	\$ 102	\$ 154	\$ 1,059	\$ 1,315
Receivables:				
Accrued Investment Income	3,535	6,185	3,183	12,903
Other Receivables	--	2,155	--	2,155
Due from Brokers	18,760	24,989	27,478	71,227
Prepaid Health Subsidy	8,225	--	--	8,225
Other Investments:				
Short Term Investments	60,656	102,138	36,213	199,007
U. S. Government Obligations	142,350	73,353	201,345	417,048
Municipal Bonds	--	952	--	952
Domestic Corporate Bonds	101,321	175,490	104,463	381,274
International Bonds	481	75,425	--	75,906
Bank Loan	--	249	--	249
Opportunistic Debt	--	1,921	--	1,921
Domestic Stocks	527,648	799,779	728,475	2,055,902
International Stocks	257,009	493,405	365,501	1,115,915
Mortgage-backed Securities	--	99,592	41,963	141,555
Government Agencies	--	4,475	--	4,475
Derivative Instruments	--	27	--	27
Real Estate	100,377	105,885	36,780	243,042
Venture Capital and Alternative Investments	112,575	189,436	111,587	413,598
Security Lending Collateral	106,409	153,451	174,870	434,730
Capital Assets				
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$170)	900	400	--	1,300
TOTAL ASSETS	1,440,348	2,309,461	1,832,917	5,582,726
LIABILITIES				
Accounts Payable and Accrued Expenses	688	2,683	2,930	6,301
Accrued Investment Expenses	--	1,799	--	1,799
Benefits in Process of Payment	388	--	--	388
Derivative Instruments	--	22	--	22
Due to Brokers	18,759	60,171	42,968	121,898
Obligations Under Securities				
Lending Transactions	106,409	153,451	174,870	434,730
Mortgage Loan Payable - Current Portion	61	--	--	61
Mortgage Loan Payable - Noncurrent Portion	11,853	--	--	11,853
Security Deposits	7	--	--	7
TOTAL LIABILITIES	138,165	218,126	220,768	577,059
NET POSITION				
Held in Trust for Postemployment Healthcare Benefits	\$ 1,302,183	\$ 2,091,335	\$ 1,612,149	\$ 5,005,667

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)**

	Fire and Police Health Subsidy Plan	Los Angeles City Employees' Postemployment Health Care Plan	Water and Power Employees' Retiree Health Benefits Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 138,107	\$ 97,841	\$ 74,715	\$ 310,663
Other	212	--	--	212
Total Contributions	138,319	97,841	74,715	310,875
Investment Income				
Net Appreciation in Fair Value of				
Investments	166,808	332,940	208,397	708,145
Interest Income	7,588	16,556	28,255	52,399
Income from Alternative Investments	2,451	--	125	2,576
Dividend Income	15,347	20,639	--	35,986
Securities Lending Income	583	910	382	1,875
Other Investment Income	276	4,531	--	4,807
Real Estate Operating Income, Net	4,391	4,583	1,630	10,604
Investment Income	197,444	380,159	238,789	816,392
Investment Expense	(4,785)	(4,506)	(4,484)	(13,775)
Securities Lending Expense	(58)	(149)	(84)	(291)
Net Investment Income	192,601	375,504	234,221	802,326
TOTAL ADDITIONS	330,920	473,345	308,936	1,113,201
DEDUCTIONS				
Benefit Payments	104,371	101,628	74,106	280,105
Administrative Expenses	1,017	3,327	500	4,844
TOTAL DEDUCTIONS	105,388	104,955	74,606	284,949
CHANGE IN NET POSITION	225,532	368,390	234,330	828,252
Net Position Held in Trust for Postemployment				
Healthcare Benefits, July 1	1,076,651	1,722,945	1,377,819	4,177,415
NET POSITION HELD IN TRUST FOR POSTEMPLOYMENT HEALTHCARE BENEFITS, JUNE 30	\$ 1,302,183	\$ 2,091,335	\$ 1,612,149	\$ 5,005,667

CITY OF LOS ANGELES
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014
(amounts expressed in thousands)

	Building and Safety	Internal Revenue Code Section 501 (c) Employee Benefits	Public Works	Other Agency Funds	Total
ASSETS					
Cash and Pooled Investments	\$ 22,134	\$ 28,077	\$ 50,890	\$ 164,425	\$ 265,526
Other Investments	--	--	--	434	434
Special Assessments Receivable	--	--	--	229	229
Investment Income Receivable	32	95	2	17	146
Advances to Other Funds	--	--	30,481	--	30,481
TOTAL ASSETS	<u>\$ 22,166</u>	<u>\$ 28,172</u>	<u>\$ 81,373</u>	<u>\$ 165,105</u>	<u>\$ 296,816</u>
LIABILITIES					
Fiduciary Liabilities	\$ --	\$ 28,018	\$ --	\$ 142,976	\$ 170,994
Obligations Under Securities					
Lending Transactions	9	154	1	54	218
Deposits and Advances	22,157	--	81,372	22,075	125,604
TOTAL LIABILITIES	<u>\$ 22,166</u>	<u>\$ 28,172</u>	<u>\$ 81,373</u>	<u>\$ 165,105</u>	<u>\$ 296,816</u>

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2014

(amounts expressed in thousands)

	Balance July 1, 2013	Additions	Deductions	Balance July 1, 2014
<u>BUILDING AND SAFETY</u>				
ASSETS				
Cash and Pooled Investments	\$ 23,005	\$ 63,690	\$ 64,561	\$ 22,134
Investment Income Receivable	--	32	--	32
TOTAL ASSETS	\$ 23,005	\$ 63,722	\$ 64,561	\$ 22,166
LIABILITIES				
Obligations Under Securities				
Lending Transactions	\$ --	\$ 9	\$ --	\$ 9
Deposits and Advances	23,005	63,713	64,561	22,157
TOTAL LIABILITIES	\$ 23,005	\$ 63,722	\$ 64,561	\$ 22,166
<u>INTERNAL REVENUE CODE SECTION 501(c)</u>				
<u>EMPLOYEE BENEFITS (FUND 899)</u>				
ASSETS				
Cash and Pooled Investments	\$ 27,323	\$ 82,126	\$ 81,372	\$ 28,077
Investment Income Receivable	119	95	119	95
TOTAL ASSETS	\$ 27,442	\$ 82,221	\$ 81,491	\$ 28,172
LIABILITIES				
Fiduciary Liabilities	\$ 27,329	\$ 82,180	\$ 81,491	\$ 28,018
Obligations Under Securities				
Lending Transactions	113	41	--	154
TOTAL LIABILITIES	\$ 27,442	\$ 82,221	\$ 81,491	\$ 28,172
<u>PUBLIC WORKS</u>				
ASSETS				
Cash and Pooled Investments	\$ 42,090	\$ 20,485	\$ 11,685	\$ 50,890
Investment Income Receivable	--	2	--	2
Advances to Other Funds	30,571	--	90	30,481
TOTAL ASSETS	\$ 72,661	\$ 20,487	\$ 11,775	\$ 81,373
LIABILITIES				
Obligations Under Securities				
Lending Transactions	\$ --	\$ 1	\$ --	\$ 1
Deposits and Advances	72,661	20,486	11,775	81,372
TOTAL LIABILITIES	\$ 72,661	\$ 20,487	\$ 11,775	\$ 81,373
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 184,915	\$ 28,290,679	\$ 28,311,169	\$ 164,425
Other Investments	291	143	--	434
Special Assessments Receivable	798	227	796	229
Investment Income Receivable	28	17	28	17
TOTAL ASSETS	\$ 186,032	\$ 28,291,066	\$ 28,311,993	\$ 165,105
LIABILITIES				
Fiduciary Liabilities	\$ 163,791	\$ 28,288,556	\$ 28,309,371	\$ 142,976
Obligations Under Securities				
Lending Transactions	42	12	--	54
Deposits and Advances	22,199	2,498	2,622	22,075
TOTAL LIABILITIES	\$ 186,032	\$ 28,291,066	\$ 28,311,993	\$ 165,105

Continued...

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds - (Continued)
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Balance July 1, 2013	Additions	Deductions	Balance July 1, 2014
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 277,333	\$ 28,456,980	\$ 28,468,787	\$ 265,526
Other Investments	291	143	--	434
Special Assessments Receivable	798	227	796	229
Investment Income Receivable	147	146	147	146
Advances to Other Funds	30,571	--	90	30,481
TOTAL ASSETS	<u>\$ 309,140</u>	<u>\$ 28,457,496</u>	<u>\$ 28,469,820</u>	<u>\$ 296,816</u>
LIABILITIES				
Fiduciary Liabilities	\$ 191,120	\$ 28,370,736	\$ 28,390,862	\$ 170,994
Obligations Under Securities				
Lending Transactions	155	63	--	218
Deposits and Advances	117,865	86,697	78,958	125,604
TOTAL LIABILITIES	<u>\$ 309,140</u>	<u>\$ 28,457,496</u>	<u>\$ 28,469,820</u>	<u>\$ 296,816</u>

STATISTICAL SECTION

A word cloud graphic featuring various terms related to financial and statistical operations. The words are arranged in a dense, overlapping cluster. The most prominent words are 'FINANCIAL', 'CONTROLLER', 'TAXES', 'GROWTH', and 'PUBLIC'. Other visible words include 'DEPARTMENTS', 'SERVICES', 'BUSINESS', 'REVENUE', 'EXPENSES', 'BUDGET', 'CASH', 'PERFORMANCE', 'OPERATIONS', 'FISCAL', 'BONDS', 'EXPENDITURES', and 'COMPREHENSIVE'. The words are in different sizes and orientations, creating a dynamic visual effect.

FINANCIAL
CONTROLLER
TAXES
GROWTH
PUBLIC
DEPARTMENTS
SERVICES
BUSINESS
REVENUE
EXPENSES
BUDGET
CASH
PERFORMANCE
OPERATIONS
FISCAL
BONDS
EXPENDITURES
COMPREHENSIVE

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

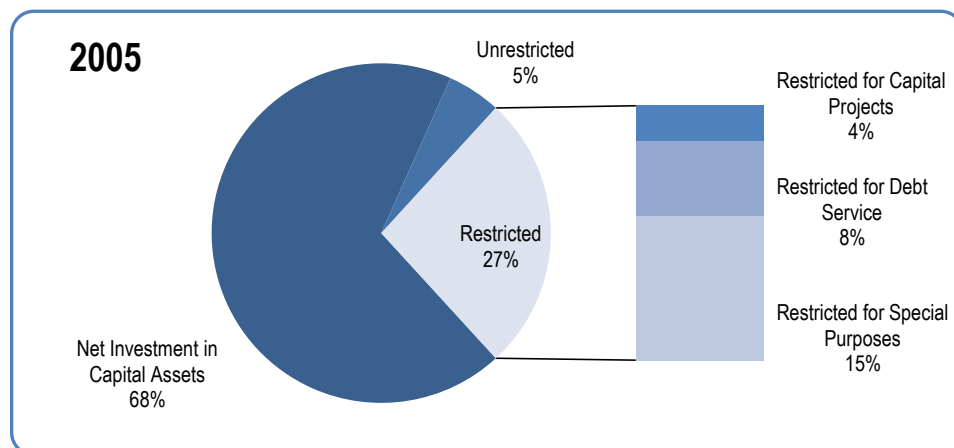
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CITY OF LOS ANGELES
Net Position by Category
Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities					
Net Investment in Capital Assets	\$ 1,562,198	\$ 2,946,666	\$ 3,189,365	\$ 3,415,049	\$ 3,633,548
Restricted for:					
Capital Projects	94,725	104,715	123,082	132,583	138,237
Debt Service	195,334	231,421	237,597	209,072	216,751
Special Purposes	1,270,095	1,419,754	1,582,551	1,736,490	1,639,594
Unrestricted (Deficit)	(1,192,219)	(1,019,029)	(1,223,123)	(1,455,537)	(1,707,447)
Subtotal Governmental Activities Net Position	1,930,133	3,683,527	3,909,472	4,037,657	3,920,683
Business-type Activities					
Net Investment in Capital Assets	8,405,535	8,777,029	8,974,991	9,372,493	9,148,381
Restricted for:					
Capital Projects	449,970	163,951	178,955	115,428	274,711
Debt Service	917,973	875,761	837,414	758,318	1,044,956
Special Purposes	915,466	1,102,949	1,375,876	1,606,749	1,750,093
Unrestricted	1,936,039	2,103,362	2,311,450	2,527,916	2,657,431
Subtotal Business-type Activities Net Position	12,624,983	13,023,052	13,678,686	14,380,904	14,875,572
Primary Government					
Net Investment in Capital Assets	9,967,733	11,723,695	12,164,356	12,787,542	12,781,929
Restricted for:					
Capital Projects	544,695	268,666	302,037	248,011	412,948
Debt Service	1,113,307	1,107,182	1,075,011	967,390	1,261,707
Special Purposes	2,185,561	2,522,703	2,958,427	3,343,239	3,389,687
Unrestricted	743,820	1,084,333	1,088,327	1,072,379	949,984
Total Primary Government Net Position	\$ 14,555,116	\$ 16,706,579	\$ 17,588,158	\$ 18,418,561	\$ 18,796,255

Continued...

Primary Government- Net Position by Category

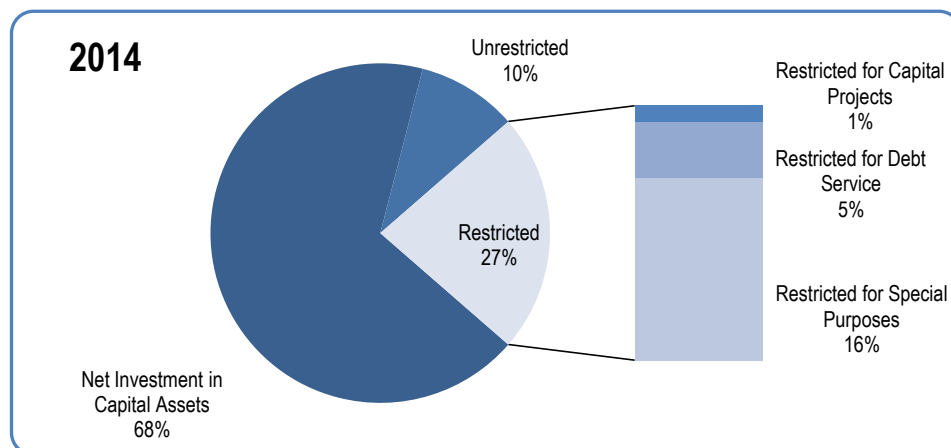


CITY OF LOS ANGELES
Net Position by Category
Accrual Basis of Accounting (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013 *	2014
Governmental Activities					
Net Investment in Capital Assets	\$ 3,798,442	\$ 4,140,258	\$ 4,416,934	\$ 4,452,921	\$ 4,646,514
Restricted for:					
Capital Projects	158,878	61,090	74,721	89,055	204,181
Debt Service	228,515	215,496	157,402	154,321	130,104
Special Purposes	1,679,989	1,753,510	1,853,933	2,193,433	1,467,249
Unrestricted (Deficit)	(1,564,473)	(1,794,315)	(1,782,463)	(2,429,330)	(1,276,678)
Subtotal Governmental Activities Net Position	4,301,351	4,376,039	4,720,527	4,460,400	5,171,370
Business-type Activities					
Net Investment in Capital Assets	9,135,266	9,186,620	9,940,457	10,135,052	11,113,795
Restricted for:					
Capital Projects	238,467	237,019	168,924	249,773	135,700
Debt Service	1,214,521	1,262,623	1,223,993	1,147,819	1,045,688
Special Purposes	2,026,244	2,086,775	2,232,788	2,264,948	2,332,259
Unrestricted	3,038,407	3,336,976	3,214,165	3,619,888	3,506,415
Subtotal Business-type Activities Net Position	15,652,905	16,110,013	16,780,327	17,417,480	18,133,857
Primary Government					
Net Investment in Capital Assets	12,933,708	13,326,878	13,326,878	14,587,973	15,760,309
Restricted for:					
Capital Projects	397,345	298,109	243,645	338,828	339,881
Debt Service	1,443,036	1,478,119	1,381,395	1,302,140	1,175,792
Special Purposes	3,706,233	3,840,285	4,086,721	4,458,381	3,799,508
Unrestricted	1,473,934	1,542,661	1,542,661	1,190,558	2,229,737
Total Primary Government Net Position	\$ 19,954,256	\$ 20,486,052	\$ 20,581,300	\$ 21,877,880	\$ 23,305,227

*Fiscal year 2013 was not restated for GASB 65 implementation and other adjustments as disclosed in Note 1 to the Basic Financial Statement.

Primary Government- Net Position by Category



CITY OF LOS ANGELES
Changes in Net Position
Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental Activities					
General Government	\$ 1,220,826	\$ 921,672	\$ 1,429,922	\$ 1,570,377	\$ 1,507,318
Protection of Persons and Property	2,156,914	2,117,147	2,414,058	2,741,492	2,552,413
Public Works	337,627	374,293	300,817	261,917	451,141
Health and Sanitation	298,777	357,574	402,730	381,406	416,247
Transportation	202,952	286,741	367,198	392,748	406,464
Cultural and Recreational Services	413,344	336,264	382,523	446,051	413,119
Community Development	318,119	297,308	308,700	405,859	373,244
Interest on Long-term Debt	181,113	173,930	195,925	217,073	189,966
Subtotal Governmental Activities Expenses	5,129,672	4,864,929	5,801,873	6,416,923	6,309,912
Business-type Activities					
Airports	599,483	657,358	684,853	755,983	782,036
Harbor	284,567	340,656	326,368	342,148	382,168
Power	2,233,084	2,458,667	2,462,202	2,658,634	2,544,032
Water	525,152	543,574	605,181	704,529	762,802
Sewer	480,392	497,699	513,377	554,447	553,251
Other- Convention Center	34,371	34,939	35,741	38,753	38,718
Subtotal Business-type Activities Expenses	4,157,049	4,532,893	4,627,722	5,054,494	5,063,007
Total Primary Government Expenses	9,286,721	9,397,822	10,429,595	11,471,417	11,372,919
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	254,101	250,111	256,524	260,540	278,800
Protection of Persons and Property	281,451	260,457	323,736	357,038	281,388
Public Works	144,037	138,345	160,213	173,774	166,387
Health and Sanitation	242,681	250,527	285,705	379,300	445,108
Transportation	65,729	76,785	79,961	90,588	94,832
Cultural and Recreational Services	98,808	133,073	130,399	116,853	119,180
Community Development	64,435	71,884	86,800	91,347	74,988
Operating Grants and Contributions	710,146	644,539	820,809	979,238	854,128
Capital Grants and Contributions	81,402	65,850	94,607	100,994	79,981
Subtotal Governmental Activities Program Revenues	1,942,790	1,891,571	2,238,754	2,549,672	2,394,792
Business-type Activities					
Charges for Services					
Airports	736,535	767,660	846,309	983,787	960,461
Harbor	379,637	433,223	458,785	467,161	424,036
Power	2,378,108	2,636,517	2,773,547	2,962,693	2,899,485
Water	579,134	614,620	698,773	777,110	798,664
Sewer	437,996	492,403	521,393	543,417	547,666
Other- Convention Center	20,409	24,261	26,449	26,162	26,798
Operating Grants and Contributions	11,971	17,281	11,776	10,490	--
Capital Grants and Contributions	53,276	130,885	150,991	201,299	153,142
Subtotal Business-type Activities Program Revenues	4,597,066	5,116,850	5,488,023	5,972,119	5,810,252
Total Primary Government Program Revenues	6,539,856	7,008,421	7,726,777	8,521,791	8,205,044

Continued...

CITY OF LOS ANGELES
Changes in Net Position
Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2010	2011	2012	2013 *	2014
Expenses					
Governmental Activities					
General Government	\$ 1,279,697	\$ 1,462,581	\$ 1,335,180	\$ 2,089,053	\$ 1,481,977
Protection of Persons and Property	2,618,138	2,641,343	2,707,892	2,789,023	2,963,882
Public Works	392,874	342,722	413,348	387,649	383,433
Health and Sanitation	382,127	393,827	416,894	405,934	519,519
Transportation	368,000	338,755	365,841	423,595	425,967
Cultural and Recreational Services	415,344	446,805	445,815	482,692	524,282
Community Development	349,203	429,695	437,229	386,346	321,263
Interest on Long-term Debt	186,711	190,424	194,513	179,588	159,991
Subtotal Governmental Activities Expenses	5,992,094	6,246,152	6,316,712	7,143,880	6,780,314
Business-type Activities					
Airports	765,513	834,071	897,380	922,914	984,754
Harbor	336,104	310,534	333,355	331,626	372,645
Power	2,843,642	2,964,399	2,870,609	2,928,377	3,092,108
Water	787,836	791,049	799,575	939,094	1,053,150
Sewer	552,006	557,269	542,850	572,425	542,007
Other- Convention Center	32,842	40,400	39,107	39,073	38,450
Subtotal Business-type Activities Expenses	5,317,943	5,497,722	5,482,876	5,733,509	6,083,114
Total Primary Government Expenses	11,310,037	11,743,874	11,799,588	12,877,389	12,863,428
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	204,372	241,681	246,357	305,545	246,641
Protection of Persons and Property	333,778	317,283	326,396	385,961	443,352
Public Works	170,997	162,551	166,061	169,473	165,229
Health and Sanitation	454,586	467,614	493,422	495,544	492,238
Transportation	92,390	99,797	125,392	121,374	143,103
Cultural and Recreational Services	108,822	128,170	152,434	149,237	153,544
Community Development	73,344	63,903	112,897	111,259	117,097
Operating Grants and Contributions	900,569	924,031	1,023,001	871,459	903,146
Capital Grants and Contributions	86,275	75,744	96,156	55,138	46,878
Subtotal Governmental Activities Program Revenues	2,425,133	2,480,774	2,742,116	2,664,990	2,711,228
Business-type Activities					
Charges for Services					
Airports	968,022	1,052,790	1,114,431	1,122,704	1,038,506
Harbor	424,321	406,606	435,291	416,974	425,951
Power	3,372,648	3,252,872	3,212,141	3,264,534	3,319,820
Water	831,039	783,056	849,122	1,073,948	1,141,823
Sewer	545,874	517,212	532,026	588,987	571,570
Other- Convention Center	22,501	26,535	27,355	27,255	24,937
Operating Grants and Contributions	--	--	--	--	--
Capital Grants and Contributions	151,346	174,574	158,114	109,407	367,841
Subtotal Business-type Activities Program Revenues	6,315,751	6,213,645	6,328,480	6,603,809	6,890,448
Total Primary Government Program Revenues	8,740,884	8,694,419	9,070,596	9,268,799	9,601,676

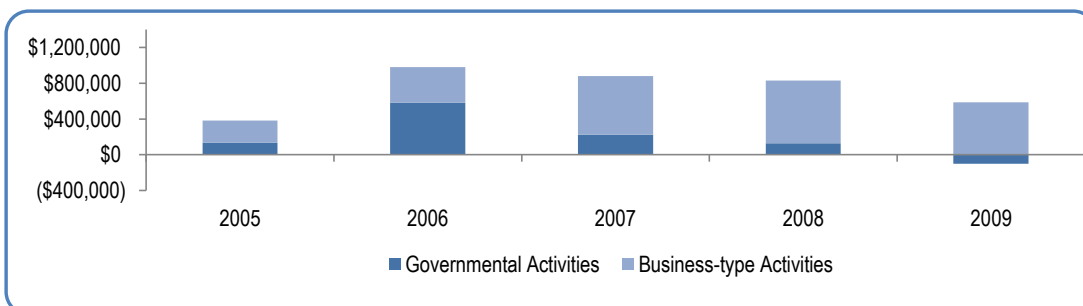
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CITY OF LOS ANGELES
Changes in Net Position
Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Net (Expense)/Revenue					
Governmental Activities	\$ (3,186,882)	\$ (2,973,358)	\$ (3,563,119)	\$ (3,867,251)	\$ (3,915,120)
Business-type Activities	440,017	583,957	860,301	917,625	747,245
Total Primary Government Net Expense	<u>(2,746,865)</u>	<u>(2,389,401)</u>	<u>(2,702,818)</u>	<u>(2,949,626)</u>	<u>(3,167,875)</u>
General Revenues and Other Change in Net Position					
Governmental Activities					
Taxes					
Property Taxes	1,145,863	1,288,126	1,389,511	1,483,049	1,603,209
Utility Users' Taxes	578,542	606,617	606,624	631,716	646,165
Business Taxes	396,316	436,621	465,353	534,272	450,848
Other Taxes	447,397	521,451	512,410	497,455	399,851
Unrestricted Grants and Contributions					
Sales Taxes	394,650	418,106	445,480	456,650	412,268
Motor Vehicle In-lieu Taxes	90,944	24,120	24,568	--	13,764
Other Grants and Contributions	16,059	14,297	33,525	32,064	19,703
Unrestricted Investment Earnings	29,828	21,555	72,559	80,538	46,772
Other General Revenues	30,687	38,795	34,367	64,285	60,879
Transfers	190,198	185,888	204,667	215,407	159,150
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	--	--	--	--
Transfer of Properties from CRA	--	--	--	--	--
Return of Properties to CRA	--	--	--	--	--
Transfer of Assets from CRA	--	--	--	--	--
Subtotal Governmental Activities	<u>3,320,484</u>	<u>3,555,576</u>	<u>3,789,064</u>	<u>3,995,436</u>	<u>3,812,609</u>
Business-type Activities					
Unrestricted Investment Earnings	--	--	--	--	--
Other General Revenues	--	--	--	--	--
Transfers	(190,198)	(185,888)	(204,667)	(215,407)	(159,150)
Pollution Remediation Liabilities Adjustment	--	--	--	--	--
Subtotal Business-type Activities	<u>(190,198)</u>	<u>(185,888)</u>	<u>(204,667)</u>	<u>(215,407)</u>	<u>(159,150)</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>3,130,286</u>	<u>3,369,688</u>	<u>3,584,397</u>	<u>3,780,029</u>	<u>3,653,459</u>
Change in Net Position					
Governmental Activities	133,602	582,218	225,945	128,185	(102,511)
Business-type Activities	249,819	398,069	655,634	702,218	588,095
Total Primary Government Change in Net Position	<u>\$ 383,421</u>	<u>\$ 980,287</u>	<u>\$ 881,579</u>	<u>\$ 830,403</u>	<u>\$ 485,584</u>

Continued...

Changes in Net Position



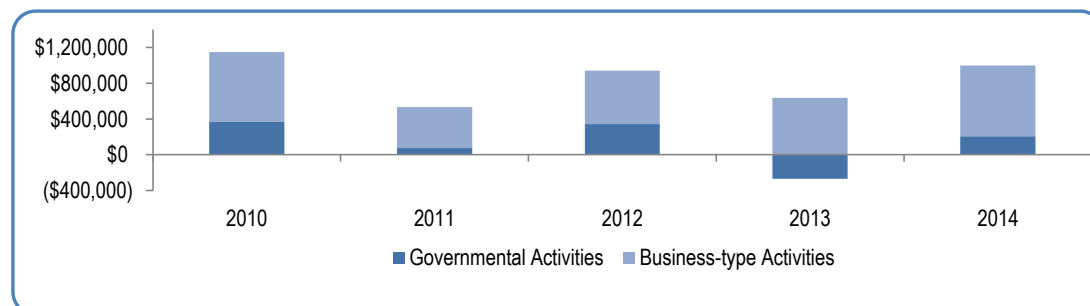
CITY OF LOS ANGELES

**Changes in Net Position
Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2010	2011	2012	2013 *	2014
Net (Expense)/Revenue					
Governmental Activities	\$ (3,566,961)	\$ (3,765,378)	\$ (3,574,596)	\$ (4,478,890)	\$ (4,069,086)
Business-type Activities	997,808	715,923	845,604	870,300	807,334
Total Primary Government Net Expense	(2,569,153)	(3,049,455)	(2,728,992)	(3,608,590)	(3,261,752)
General Revenues and Other Change in Net Position					
Governmental Activities					
Taxes					
Property Taxes	1,556,179	1,521,632	1,561,778	1,629,914	1,653,067
Utility Users' Taxes	658,110	628,028	623,721	627,707	626,919
Business Taxes	510,269	410,888	440,327	482,857	463,602
Other Taxes	457,473	392,405	458,741	523,308	565,567
Unrestricted Grants and Contributions					
Sales Taxes	399,330	434,539	425,397	460,086	478,291
Motor Vehicle In-lieu Taxes	11,496	7,631	2,026	2,099	1,737
Other Grants and Contributions	44,552	45,073	43,403	18,726	53,412
Unrestricted Investment Earnings	27,372	18,814	21,879	(298)	19,935
Other General Revenues	54,005	75,838	91,735	105,850	117,579
Transfers	220,475	258,815	250,077	246,534	253,000
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	(47,007)	--	--	--
Transfer of Properties from CRA	--	93,410	--	--	--
Return of Properties to CRA	--	--	--	(93,191)	--
Transfer of Assets from CRA	--	--	--	205,265	44,155
Subtotal Governmental Activities	3,939,261	3,840,066	3,919,084	4,208,857	4,277,264
Business-type Activities					
Unrestricted Investment Earnings	--	--	--	--	98,264
Other General Revenues	--	--	--	--	122,160
Transfers	(220,475)	(258,815)	(250,077)	(246,534)	(253,000)
Pollution Remediation Liabilities Adjustment	--	--	--	13,387	15,002
Subtotal Business-type Activities	(220,475)	(258,815)	(250,077)	(233,147)	(17,574)
Total Primary Government General Revenues and Other Changes in Net Position	3,718,786	3,581,251	3,669,007	3,975,710	4,259,690
Change in Net Position					
Governmental Activities	372,300	74,688	344,488	(270,033)	208,178
Business-type Activities	777,333	457,108	595,527	637,153	789,760
Total Primary Government Change in Net Position	\$ 1,149,633	\$ 531,796	\$ 940,015	\$ 367,120	\$ 997,938

*Fiscal year 2013 was not restated for GASB 65 implementation and other adjustments as disclosed in Note 1 to the Basic Financial Statement.

Changes in Net Position



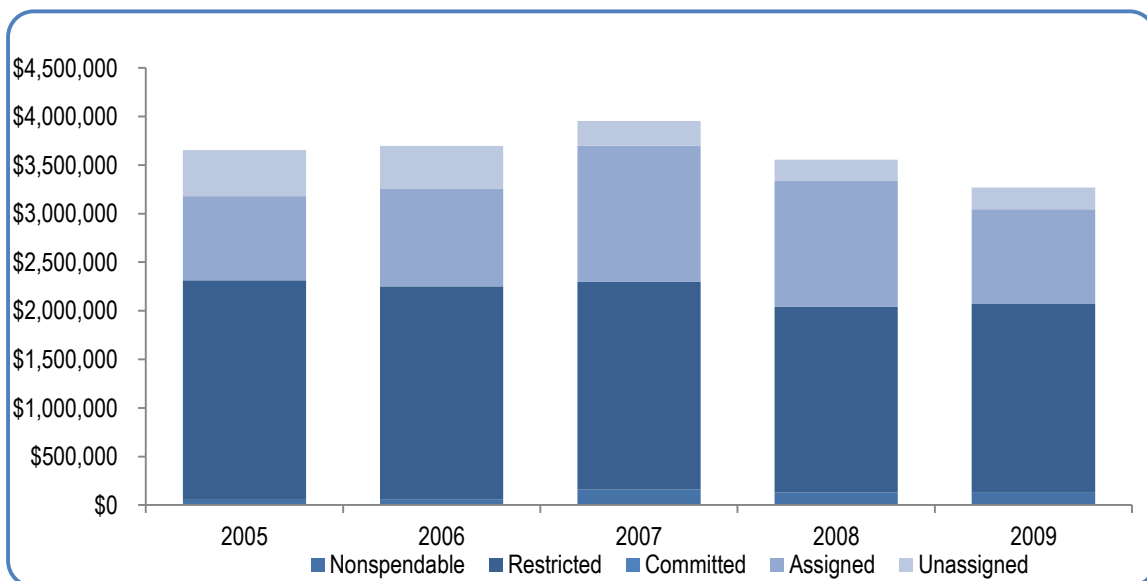
CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Nonspendable	\$ 43,665	\$ 41,449	\$ 59,638	\$ 30,304	\$ 27,879
Assigned	284,058	296,999	391,023	352,416	233,761
Unassigned	481,868	446,942	257,249	215,227	221,811
Subtotal General Fund	809,591	785,390	707,910	597,947	483,451
All Other Governmental Funds					
Nonspendable	10,772	18,073	98,568	97,966	98,048
Restricted	2,258,928	2,190,243	2,138,184	1,912,230	1,942,596
Committed	--	--	--	--	--
Assigned	584,112	711,750	1,011,697	948,735	743,720
Unassigned	(9,763)	(8,874)	(1,990)	(2,473)	712
Subtotal All Other Governmental Funds	2,844,049	2,911,192	3,246,459	2,956,458	2,785,076
All Governmental Funds					
Nonspendable	54,437	59,522	158,206	128,270	125,927
Restricted	2,258,928	2,190,243	2,138,184	1,912,230	1,942,596
Committed	--	--	--	--	--
Assigned	868,170	1,008,749	1,402,720	1,301,151	977,481
Unassigned	472,105	438,068	255,259	212,754	222,523
Total All Governmental Funds	\$3,653,640	\$3,696,582	\$3,954,369	\$3,554,405	\$3,268,527

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Fund Balances - Governmental Funds



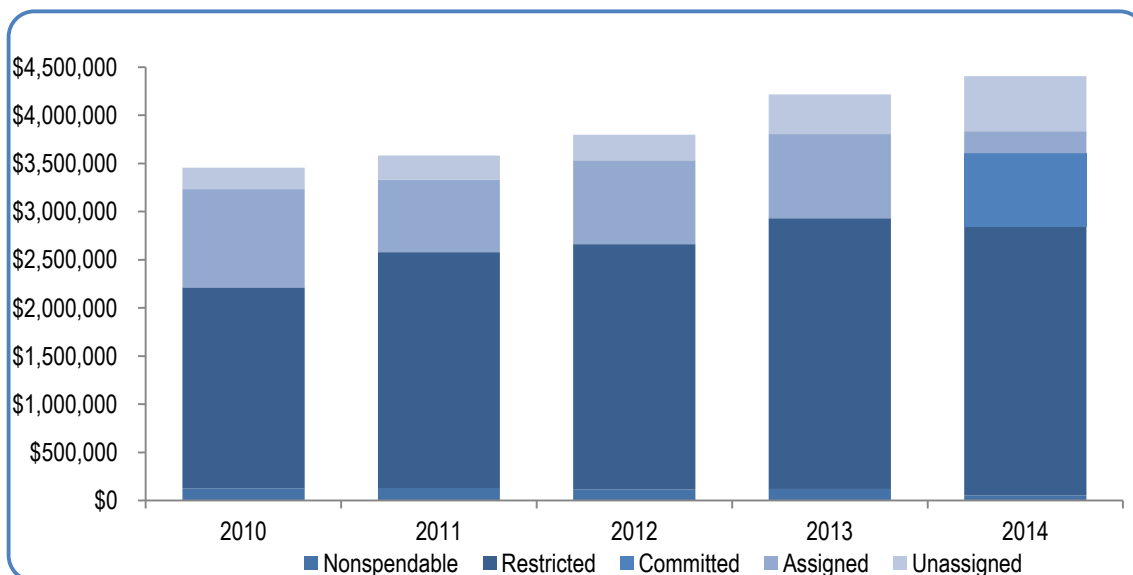
CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Nonspendable	\$ 29,771	\$ 26,299	\$ 31,134	\$ 43,115	\$ 43,146
Assigned	182,835	239,877	267,645	242,643	230,717
Unassigned	224,574	253,882	272,905	436,858	622,208
Subtotal General Fund	437,180	520,058	571,684	722,616	896,071
All Other Governmental Funds					
Nonspendable	97,785	104,175	82,397	75,204	10,946
Restricted	2,084,310	2,447,798	2,548,980	2,813,386	2,788,734
Committed	--	--	--	--	761,828
Assigned	838,014	512,650	603,657	631,529	--
Unassigned	(789)	(1,299)	(7,393)	(26,112)	(49,742)
Subtotal All Other Governmental Funds	3,019,320	3,063,324	3,227,641	3,494,007	3,511,766
All Governmental Funds					
Nonspendable	127,556	130,474	113,531	118,319	54,092
Restricted	2,084,310	2,447,798	2,548,980	2,813,386	2,788,734
Committed	--	--	--	--	761,828
Assigned	1,020,849	752,527	871,302	874,172	230,717
Unassigned	223,785	252,583	265,512	410,746	572,466
Total All Governmental Funds	\$3,456,500	\$3,583,382	\$ 3,799,325	\$4,216,623	\$4,407,837

Note: In fiscal year 2011, the City implemented GASB Statement No. 54. Fund Balances were restated to conform to the requirements of this Statement.

Fund Balances - Governmental Funds



CITY OF LOS ANGELES

**Changes in Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 2,960,621	\$ 3,259,718	\$ 3,407,996	\$ 3,480,296	\$ 3,506,089
Licenses and Permits	46,979	55,260	59,443	61,047	51,084
Intergovernmental	773,137	649,969	775,771	852,376	838,722
Charges for Services	966,187	1,031,895	1,134,205	1,254,704	1,375,875
Fines	136,761	132,574	150,059	154,600	156,211
Special Assessments	95,293	97,193	100,872	103,782	104,149
Investment Earnings	102,198	71,714	231,677	255,254	134,830
Other	73,136	81,227	101,009	134,564	114,336
Total Revenues	5,154,312	5,379,550	5,961,032	6,296,623	6,281,296
Expenditures					
General Government	1,033,826	1,102,270	1,243,090	1,268,572	1,339,379
Protection of Persons and Property	1,944,897	2,089,451	2,366,956	2,573,006	2,599,294
Public Works	334,381	357,695	373,107	379,026	422,994
Health and Sanitation	321,322	348,258	373,644	398,152	467,392
Transportation	268,801	276,616	306,853	357,301	361,371
Cultural and Recreational Services	294,423	334,671	351,536	387,727	376,869
Community Development	345,368	322,683	347,319	435,768	402,152
Capital Outlay	472,648	547,787	730,117	934,999	641,363
Debt Service:					
Principal	219,144	241,142	340,091	391,585	495,258
Interest	166,367	177,756	181,677	206,675	188,552
Cost of Issuance	2,744	2,053	5,745	2,604	6,285
Advance Refunding Loan Escrow	--	1,878	--	41,311	--
Total Expenditures	5,403,921	5,802,260	6,620,135	7,376,726	7,300,909
Excess (Deficiency) of Revenues over (under) Expenditures	(249,609)	(422,710)	(659,103)	(1,080,103)	(1,019,613)
Other Financing Sources (Uses)					
Transfers In	775,697	828,604	1,058,449	1,021,078	1,088,358
Transfers Out	(545,499)	(642,716)	(853,782)	(805,671)	(929,208)
Issuance of Long-term Debt	377,140	268,750	695,488	461,035	530,225
Loans from HUD	14,400	1	--	--	25,408
Discount on Issuance of Long-term Debt	--	--	--	--	(1,168)
Premium on Issuance of Long-term Debt	15,944	9,740	15,138	3,596	6,517
Issuance of Refunding Bonds	49,395	73,080	--	--	253,060
Premium on Issuance of Refunding Bonds	1,497	4,786	--	--	221
Payment to Refunded Bond Escrow Agent	--	--	--	--	(239,201)
Proceeds of Refunding Loan	--	--	--	24,110	--
Payment for Current Refunding of Loan	--	--	--	(24,110)	--
Total Other Financing Sources (Uses)	688,574	542,245	915,293	680,038	734,212
Extraordinary Items					
Loss on Loan Settlement	--	--	--	--	--
Transfer of Assets from CRA	--	--	--	--	--
Total Extraordinary Items	--	--	--	--	--
Net Change in Fund Balances	\$ 438,965	\$ 119,535	\$ 256,190	\$ (400,065)	\$ (285,401)
Debt Service as a Percentage of Noncapital Expenditures	7.8%	8.1%	8.9%	9.9%	10.3%

CITY OF LOS ANGELES

**Changes in Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 3,397,650	\$ 3,435,063	\$ 3,518,357	\$ 3,687,676	\$ 3,861,140
Licenses and Permits	48,186	51,691	60,474	61,605	66,915
Intergovernmental	876,470	920,809	937,817	866,749	842,540
Charges for Services	1,419,145	1,436,977	1,533,626	1,577,623	1,652,732
Fines	153,707	158,612	158,417	172,437	176,503
Special Assessments	105,998	106,514	123,383	128,762	130,459
Investment Earnings	104,365	65,978	72,411	5,438	53,628
Other	96,255	142,968	172,269	188,800	192,483
Total Revenues	6,201,776	6,318,612	6,576,754	6,689,090	6,976,400
Expenditures					
General Government	1,357,239	1,269,321	1,296,788	1,261,771	1,288,088
Protection of Persons and Property	2,551,225	2,477,648	2,532,262	2,667,236	2,919,246
Public Works	354,567	347,485	389,139	400,017	379,260
Health and Sanitation	449,083	459,785	453,681	438,220	500,921
Transportation	327,328	321,797	345,671	400,047	405,721
Cultural and Recreational Services	389,371	389,165	406,338	431,062	460,274
Community Development	383,256	463,920	465,984	417,285	345,905
Capital Outlay	491,187	362,867	523,931	352,685	345,432
Debt Service:					
Principal	366,663	367,206	410,333	326,913	436,801
Interest	181,495	189,902	182,171	168,497	158,206
Cost of Issuance	4,954	2,439	5,342	1,777	1,312
Advance Refunding Loan Escrow	--	--	--	--	--
Total Expenditures	6,856,368	6,651,535	7,011,640	6,865,510	7,241,166
Excess (Deficiency) of Revenues over (under) Expenditures	(654,592)	(332,923)	(434,886)	(176,420)	(264,766)
Other Financing Sources (Uses)					
Transfers In	1,041,071	1,086,218	1,004,650	951,062	1,092,258
Transfers Out	(820,596)	(827,403)	(754,573)	(704,528)	(839,258)
Issuance of Long-term Debt	545,155	219,186	318,530	116,665	149,479
Loans from HUD	63,904	7,388	52,521	29,003	8,578
Discount on Issuance of Long-term Debt	(370)	--	--	--	--
Premium on Issuance of Long-term Debt	15,479	2,216	24,672	5,096	--
Issuance of Refunding Bonds	49,485	18,705	595,240	78,780	--
Premium on Issuance of Refunding Bonds	3,824	1,198	100,885	9,096	--
Payment to Refunded Bond Escrow Agent	(54,463)	--	(694,326)	(94,781)	--
Proceeds of Refunding Loan	--	1,983	--	--	--
Payment for Current Refunding of Loan	--	(1,983)	--	--	--
Total Other Financing Sources (Uses)	843,489	507,508	647,599	390,393	411,057
Extraordinary Items					
Loss on Loan Settlement	--	(47,007)	--	--	--
Transfer of Assets from CRA	--	--	--	205,265	44,155
Total Extraordinary Items	--	(47,007)	--	205,265	44,155
Net Change in Fund Balances	\$ 188,897	\$ 127,578	\$ 212,713	\$ 419,238	\$ 190,446
Debt Service as a Percentage of Noncapital Expenditures	8.6%	9.0%	9.0%	7.5%	8.6%

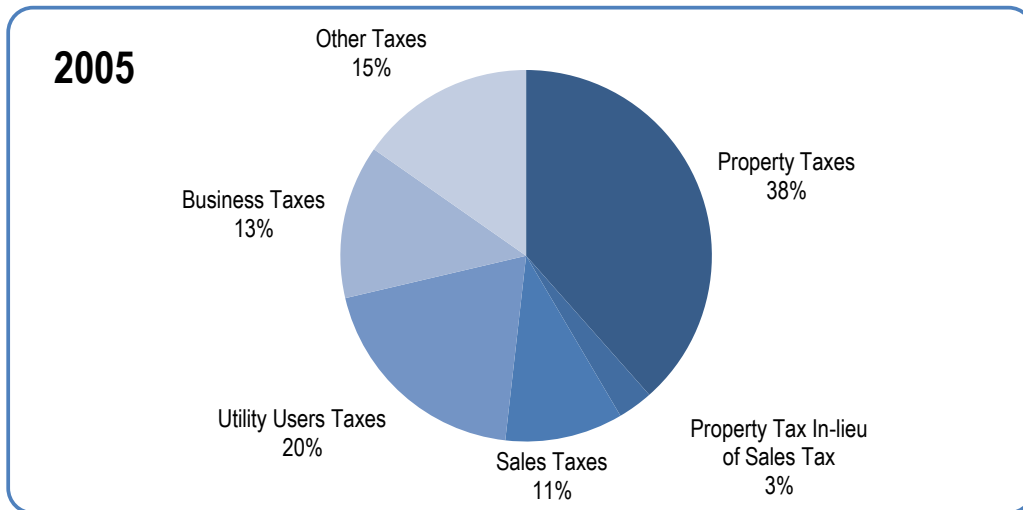
CITY OF LOS ANGELES

**Tax Revenues by Source - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Property Taxes	\$ 1,138,685	\$ 1,276,923	\$ 1,378,129	\$ 1,465,892	\$ 1,591,201
Property Tax In-lieu of Sales Tax	90,696	88,937	112,094	119,337	111,683
Sales Taxes	303,954	329,169	333,386	337,313	300,585
Utility Users' Taxes	578,542	606,617	606,624	617,199	646,256
Business Taxes	396,316	436,621	465,353	465,124	461,374
Other Taxes	452,428	521,451	512,410	475,431	394,990
Total Revenues	\$ 2,960,621	\$ 3,259,718	\$ 3,407,996	\$ 3,480,296	\$ 3,506,089

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Tax Revenue by Source - Governmental Funds

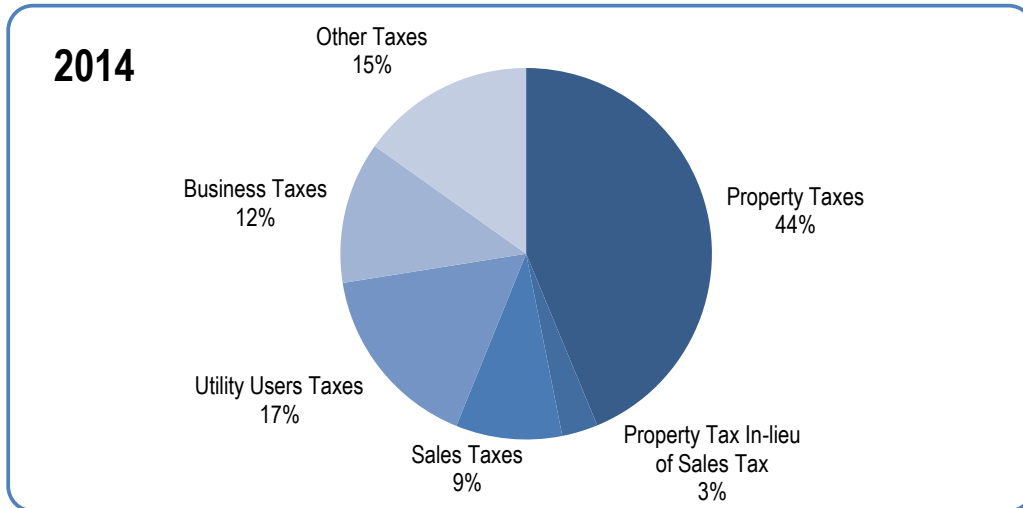


CITY OF LOS ANGELES

**Tax Revenues by Source - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year					Percent of Change 2005 - 2014
	2010	2011	2012	2013	2014	
Property Taxes	\$ 1,563,514	\$ 1,546,884	\$ 1,564,281	\$ 1,639,355	\$ 1,688,992	48 %
Property Tax In-lieu of Sales Tax	84,976	96,812	100,538	116,458	121,036	33
Sales Taxes	311,520	337,360	328,059	343,628	357,255	18
Utility Users' Taxes	628,484	618,307	634,629	623,794	631,492	9
Business Taxes	412,287	424,762	438,969	447,983	476,908	20
Other Taxes	396,869	410,938	451,881	516,458	585,457	29
Total Revenues	\$ 3,397,650	\$ 3,435,063	\$ 3,518,357	\$ 3,687,676	\$ 3,861,140	30 %

Tax Revenue by Source - Governmental Funds



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Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

CITY OF LOS ANGELES

**Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years**

Fiscal Year	Assessed and Estimated Actual Value ⁽¹⁾			Percent of Average Annual Growth	Total Direct Tax Rate ⁽³⁾ (per \$1,000 of assessed value)	Assessed Value Per Capita (\$ 000's)
	Real Property ⁽²⁾ (\$ 000's)	Personal Property (\$ 000's)	Total (\$ 000's)			
2005	\$ 268,163,573	\$ 16,304,721	\$ 284,468,294	7.94 %	1.055733	\$ 75
2006	296,325,286	16,343,009	312,668,295	9.91	1.051289	83
2007	331,032,179	15,950,614	346,982,793	10.97	1.045354	92
2008	363,755,025	17,398,206	381,153,231	9.85	1.038051	101
2009	392,197,205	18,938,019	411,135,224	7.87	1.038541	109
2010	391,747,407	19,008,923	410,756,330	-0.09	1.041220	108
2011	384,126,153	17,147,802	401,273,955	-2.31	1.038895	105
2012	389,768,424	16,688,249	406,456,673	1.29	1.038666	106
2013	399,640,203	16,899,247	416,539,450	2.48	1.037694	108
2014	420,939,047	17,041,404	437,980,451	5.15	1.029754	112

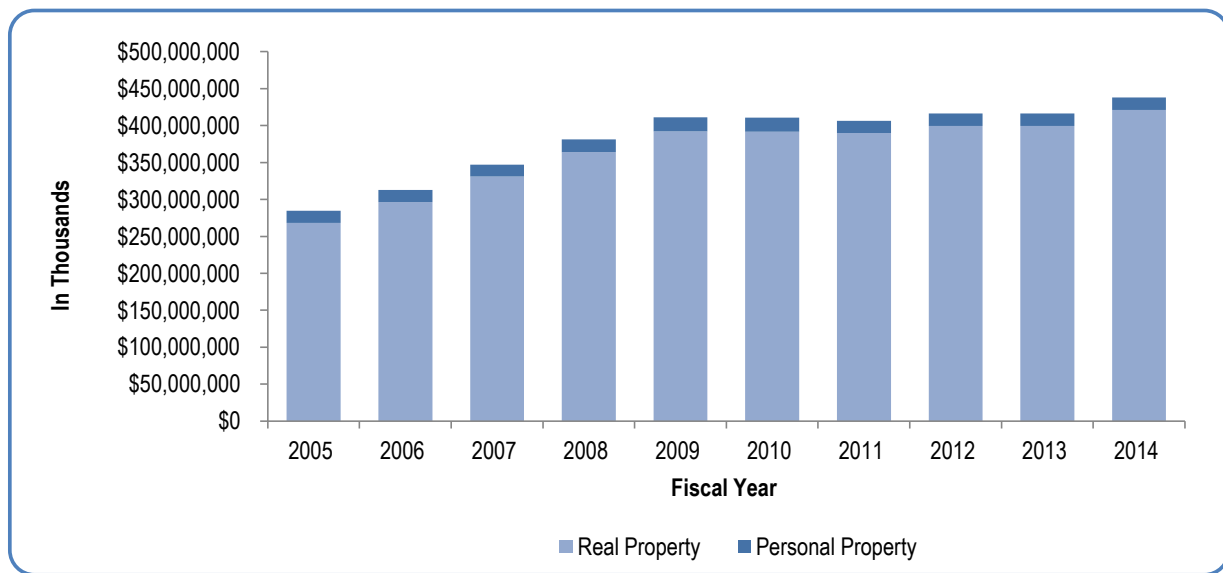
Source: Taxpayer's Guide - Auditor Controller, County of Los Angeles.

⁽¹⁾ Net of Homeowners' Exemption.

⁽²⁾ Assessed at 100% of estimated actual value.

⁽³⁾ Total Direct Tax Rate for Tax Rate Area # 4 is used as it applies to most properties within the City of Los Angeles. Since each property is subject to taxation by a number of taxing entities, the County groups all properties subject to taxation by the same entities into Tax Rate Areas (TRAs). There are over 274 TRAs in the City.

Total Assessed and Estimated Actual Value of Property



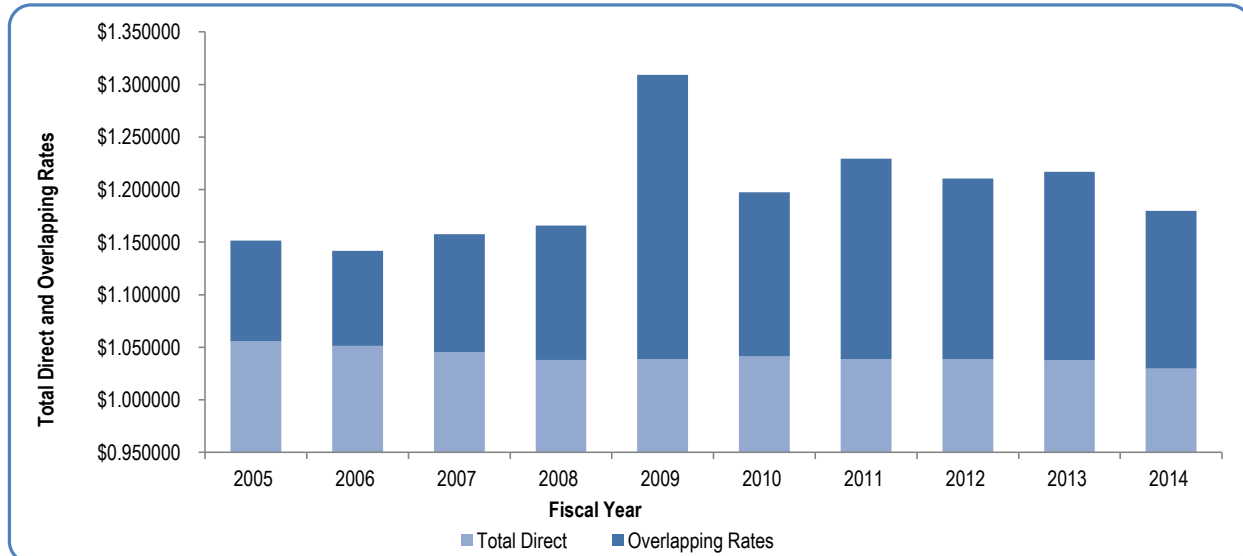
CITY OF LOS ANGELES
Direct and Overlapping Property Tax Rates
Tax Rate Area No. 4 ^(a)
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates				Total
	General		Total Direct	Los Angeles County	L.A. Unified	L.A. Unified	Metropolitan	Direct and Overlapping Rates
	Obligation Debt Service	School District			Flood Control District	Water District		
2005	1.000000	0.055733	1.055733	0.000923	0.088839	0.000245	0.005800	1.151540
2006	1.000000	0.051289	1.051289	0.000795	0.084346	0.000049	0.005200	1.141679
2007	1.000000	0.045354	1.045354	0.000663	0.106735	0.000052	0.004700	1.157504
2008	1.000000	0.038051	1.038051	0.000000	0.123302	0.000000	0.004500	1.165853
2009	1.000000	0.038541	1.038541	0.141730	0.124724	0.000000	0.004300	1.309295
2010	1.000000	0.041220	1.041220	0.000000	0.151809	0.000000	0.004300	1.197329
2011	1.000000	0.038895	1.038895	0.000000	0.186954	0.000000	0.003700	1.229549
2012	1.000000	0.038666	1.038666	0.000000	0.168187	0.000000	0.003700	1.210553
2013	1.000000	0.037694	1.037694	0.000000	0.175606	0.000000	0.003500	1.216800
2014	1.000000	0.029754	1.029754	0.000000	0.146439	0.000000	0.003500	1.179693

Source: Tax Rates, Los Angeles County Tax Collector.

^(a) Tax Rate Area # 4 is used to illustrate the breakdown of a tax rate within the City and applies to most properties within the City of Los Angeles. Since each property is subject to taxation by a number of taxing entities, the County groups all properties subject to taxation by the same entities into Tax Rate Areas (TRAs). There are over 274 TRAs in the City.

Total City Direct and Overlapping Property Tax Rates



CITY OF LOS ANGELES
Ten Largest Property Taxpayers
Secured Assessed Valuation
Current and Nine Years Ago

Taxpayer	2014			2005		
	Secured Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Secured Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Douglas Emmett LLC	\$ 2,393,458,404	1	0.57 %	\$ 804,672,869	1	0.30 %
Anheuser Busch Inc.	836,512,733	2	0.20	767,108,454	2	0.29
Valero Energy Corporation	828,316,149	3	0.20			
Donald T. Sterling	648,866,087	4	0.15			
BRE Properties Inc.	647,721,827	5	0.15			
Conocophillips Co.	618,211,962	6	0.15			
One Hundred Towers, LLC	605,746,600	7	0.14	521,447,324	3	0.19
Olympic and George Partners LLC	574,137,599	8	0.14			
APM Terminals Pacific Ltd.	550,437,546	9	0.13			
Tishman Speyer Archstone Smith	544,789,195	10	0.13			
Maguire Partners 355 S. Grand LLC				460,855,687	4	0.17
Paramount Pictures Corp.				353,499,554	5	0.13
Duesenberg Investment Company				341,228,392	6	0.13
Century City Mall LLC				336,758,548	7	0.13
1999 Stars LLC				315,670,600	8	0.12
AP Properties Ltd.				310,577,294	9	0.12
Twentieth Century Fox Film Corp.				287,958,493	10	0.11
Total	<u>\$ 8,248,198,102</u>		<u>1.96 %</u>	<u>\$ 4,499,777,215</u>		<u>1.68 %</u>
Total City Secured Assessed Valuation	<u>\$420,904,150,545</u>			<u>\$267,964,982,242</u>		

Source: California Municipal Statistics Inc
Taxpayers' Guides, 2013-2014 and 2004-2005

CITY OF LOS ANGELES

**Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)**

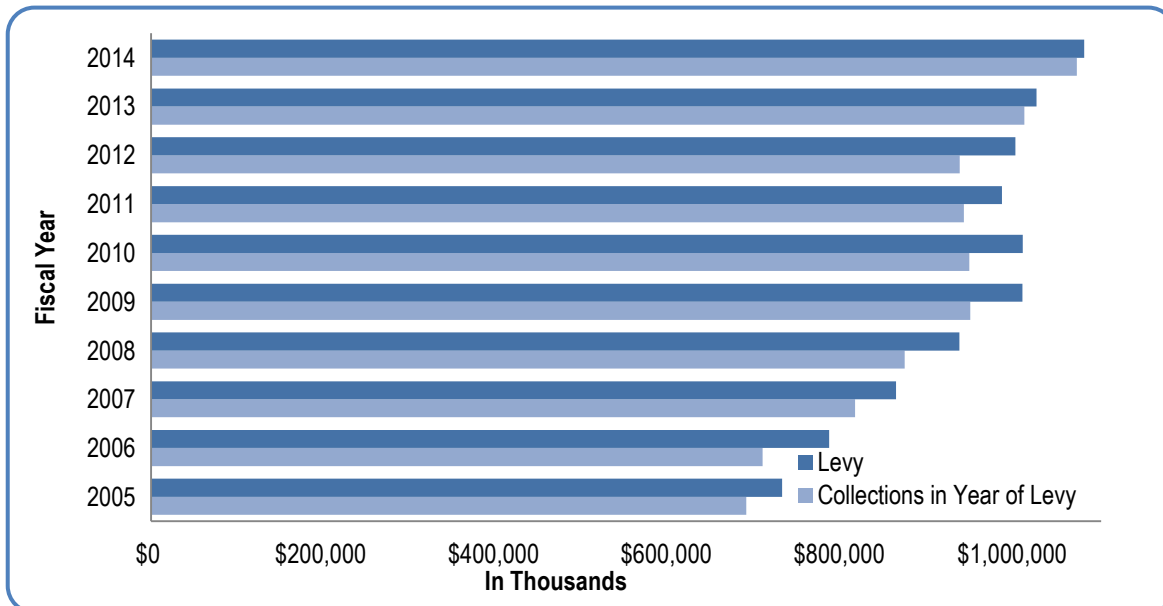
Fiscal Year	Total Tax Levy ^(a) for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^(b)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy ^(c)
2005	\$ 730,495	\$ 688,993	94.32 %	\$ 30,932	\$ 719,925	98.55 %
2006	784,864	708,009	90.21	45,693	753,702	96.03
2007	862,415	814,880	94.49	80,748	895,628	103.85
2008	935,881	872,254	93.20	64,845	937,099	100.13
2009	1,008,578	948,294	94.02	110,519	1,058,813	104.98
2010	1,009,256	947,165	93.85	86,089	1,033,254	102.38
2011	984,897	941,070	95.55	73,905	1,014,975	103.05
2012	1,000,689	936,265	93.56	30,763	967,028	96.64
2013	1,025,057	1,010,830	98.61	60,543	1,071,373	104.52
2014	1,080,159	1,071,795	99.23	12,558	1,084,353	100.39

^(a) One percent basic levy only, which is a General Fund revenue; excludes City levy for debt service.

^(b) Includes collections on adjustments for undetermined prior fiscal year(s).

^(c) The City needs more time to work with the County of Los Angeles to make the appropriate tax system changes to track delinquent taxes by levy year to determine which taxes remain unpaid by the taxpayer.

Property Tax Levies and Collections Within Fiscal Year of Levy



CITY OF LOS ANGELES

**Energy Sold by Type of Customer
Power Enterprise Fund
Last Ten Fiscal Years**

Fiscal Year	Sales of Energy (in thousands of megawatt hours)				Direct Rate per Kilowatt Hour	
	Commercial and				Commercial and	
	Residential	Industrial	All Other	Total	Residential	Industrial
2005	7,063	15,705	2,675	25,443	0.10	0.09
2006	7,252	16,085	2,726	26,063	0.10	0.09
2007	7,641	16,291	2,556	26,488	0.11	0.10
2008	7,664	16,482	2,206	26,352	0.11	0.10
2009	7,641	16,250	1,982	25,873	0.12	0.11
2010	7,434	15,485	3,396	26,315	0.14	0.13
2011	7,230	15,541	2,060	24,831	0.13	0.13
2012	7,316	15,456	1,843	24,615	0.13	0.13
2013	7,568	15,717	2,964	26,249	0.13	0.13
2014	7,819	15,778	2,593	26,190	0.13	0.14

**CITY OF LOS ANGELES
Average Number of Customers for Energy Sales
Power Enterprise Fund
Last Ten Fiscal Years**

Fiscal Year	Average Number of Customers (in thousands)			
	Commercial and			
	Residential	Industrial	All Other	Total
2005	1,237	197	3	1,437
2006	1,242	200	3	1,445
2007	1,247	199	2	1,448
2008	1,252	192	2	1,446
2009	1,257	193	2	1,452
2010	1,252	193	2	1,447
2011	1,263	196	2	1,461
2012	1,274	195	2	1,471
2013	1,280	197	2	1,479
2014	1,368	127	8	1,503

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Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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CITY OF LOS ANGELES
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year Ended June 30	Governmental Activities ⁽³⁾						
	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation and Lease Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable	HUD Loan
2005	\$ 1,451,359	\$ 28,140	\$ 865,712	\$ 34,160	\$ 918,523	\$52,973	\$ 135,903
2006	1,480,010	21,485	750,353	32,595	954,701	148,000	132,953
2007	1,446,530	15,340	1,115,610	31,025	973,525	176,000	129,657
2008	1,336,040	9,195	1,336,353	29,390	930,449	200,000	76,055
2009	1,331,103	26,219	1,503,277	27,685	894,574	107,735	98,035
2010	1,404,320	74,279	1,516,417	25,910	910,533	152,630	156,276
2011	1,288,707	66,891	1,521,095	24,095	851,323	206,173	157,781
2012	1,288,674	60,379	1,571,911	22,210	788,731	141,197	204,395
2013*	1,165,924	53,079	1,456,723	20,240	793,466	184,197	198,600
2014	1,069,709	45,889	1,385,151	18,180	652,540	255,881	184,985

Continued...

CITY OF LOS ANGELES
Ratios of Outstanding Debt By Type - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Business-Type Activities ⁽³⁾

Fiscal Year Ended June 30	Revenue Bonds	Commercial Paper	Notes Payable	Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
2005	\$ 8,242,961	\$ 366,561	\$ 4,495	\$ 166,684	\$ 53,793	\$ 12,321,264	3.45 %	\$ 3,269
2006	9,542,085	313,561	4,105	159,659	52,881	13,592,388	3.53	3,607
2007	9,617,666	498,745	3,697	242,122	51,855	14,301,772	3.59	3,800
2008	9,930,796	810,328	3,271	266,441	50,715	14,979,033	3.65	3,968
2009	11,563,845	446,989	2,826	255,723	49,518	16,307,529	4.12	4,312
2010	14,186,991	647,116	2,361	288,273	--	19,365,106	4.79	5,106
2011	16,762,101	415,012	1,874	274,869	--	21,569,921	5.07	5,667
2012	16,517,924	462,199	1,366	314,227	--	21,373,213	4.69	5,584
2013*	18,252,193	368,086	--	327,037	--	22,819,545	4.90	5,902
2014	19,276,291	435,000	--	438,128	--	23,761,754	N/A	6,085

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

⁽¹⁾ Personal income data can be found in the Statistical Section, Demographic and Economic Information.

⁽²⁾ Population data updated based on current estimates. See Statistical Section, Demographic and Economic Information.

⁽³⁾ Amounts were restated to agree with the amounts reported in the basic financial statements.

N/A - Data not available

*Fiscal year 2013 was not restated for GASB 65 implementation and other adjustments as disclosed in Note 1 to the Basic Financial Statement.

CITY OF LOS ANGELES

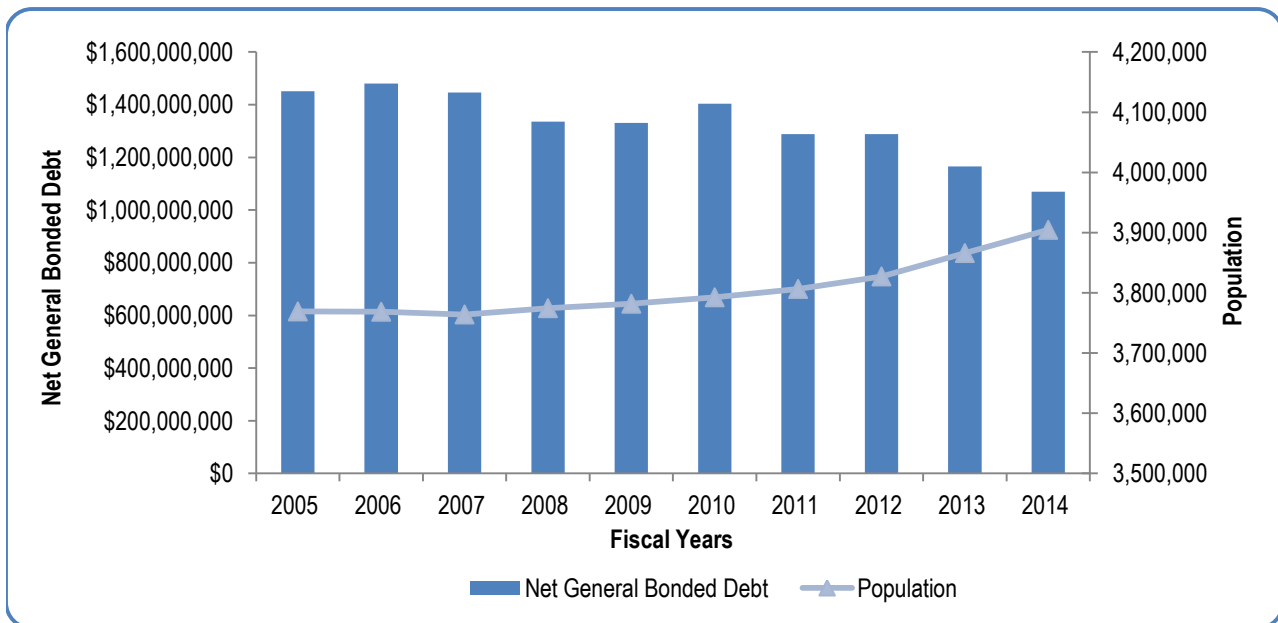
**Ratios of Net General Bonded Debt
to Assessed Value and Per Capita
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Net General Bonded Debt	Assessed Value⁽¹⁾	Net General Bonded Debt Ratio to Assessed Value	Population⁽²⁾	Net General Bonded Debt Per Capita⁽²⁾
2005	\$ 1,451,359,000	\$ 284,468,294,432	0.51 %	3,769,130	\$ 385
2006	1,480,010,000	312,668,294,401	0.47	3,768,645	393
2007	1,446,530,000	346,982,792,759	0.42	3,764,062	384
2008	1,336,040,000	381,153,231,570	0.35	3,774,497	354
2009	1,331,103,000	411,135,224,351	0.32	3,781,951	352
2010	1,404,320,000	410,756,330,048	0.34	3,792,621	370
2011	1,288,707,000	401,273,954,269	0.32	3,806,499	339
2012	1,288,674,000	406,456,672,926	0.32	3,827,240	337
2013	1,165,924,000	416,539,450,297	0.28	3,866,133	302
2014	1,069,709,000	437,980,451,025	0.24	3,904,657	274

⁽¹⁾ Net of homeowners exemptions.

⁽²⁾ Population data updated based on current estimates.

Net General Bonded Debt and Population



CITY OF LOS ANGELES
Direct and Overlapping Governmental Activities Debt
June 30, 2014

	Debt Outstanding June 30, 2014	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt June 30, 2014
Debt repaid with property taxes			
Los Angeles Flood Control District	\$ 17,480,000	39.883 %	\$ 6,971,548
Metropolitan Water District of Southern California	132,275,000	20.169	26,678,545
Los Angeles Community College District	3,642,560,000	70.450	2,566,183,520
Beverly Hills Unified School District	212,000,399	0.173	366,761
Inglewood Unified School District	130,230,000	1.059	1,379,136
Las Virgenes Joint Unified School District	157,579,487	0.945	1,489,126
Los Angeles Unified School District	10,533,960,000	87.409	9,207,629,096
Other School Districts	431,419,576	Various	348,387
City of Los Angeles Community Facilities District No. 3 (Estimate)	4,315,000	100.00	4,315,000
City of Los Angeles Community Facilities District No. 4	97,985,000	100.00	97,985,000
City of Los Angeles Community Facilities District No. 8	5,890,000	100.00	5,890,000
Mountains Recreation and Conservation Authority			
Assessment Districts	21,255,000	99.990-100.	21,253,876
Los Angeles County Regional Park and Open Space Assessment District	113,615,000	38.676	43,941,737
Other overlapping debt			
Los Angeles County General Fund Obligations	1,835,420,030	38.676	709,867,051
Los Angeles County Superintendent of Schools Certificates of Participation	9,529,882	38.676	3,685,777
Los Angeles County Sanitation District Nos. 1, 4, 5, 8 and 16 Authorities	74,168,932	0.002-11.506	4,657,867
Inglewood Unified School District Certificates of Participation	1,615,000	1.059	17,103
Las Virgenes Joint Unified School District Certificates of Participation	11,445,000	0.945	108,155
Los Angeles Unified School District Certificates of Participation	365,858,657	87.409	319,793,393
Less: Los Angeles County General Fund Obligations (supported by landfill revenues)			(1,947,428)
Less: Los Angeles Unified School District QZAB Bonds (supported by periodic payments to investment accounts)			(4,415,903)
Overlapping Tax Increment Debt:	587,004,999	100.00	587,004,999
Subtotal- overlapping debt			<u>13,603,202,746</u>
City of Los Angeles direct debt			
General Obligation Bonds			1,069,709,000
Judgment Obligation Bonds			45,889,000
Certificates of Participation and Lease Revenue Bonds			1,385,151,000
Special Assessment Bonds			18,180,000
Revenue Bonds			652,540,000
Notes Payable			255,881,000
HUD Loans			184,985,000
Subtotal- City of Los Angeles direct debt ⁽²⁾			<u>3,612,335,000</u>
Total direct and overlapping debt			<u><u>\$ 17,215,537,746</u></u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) Includes all long-term debt instruments of the governmental activities, including bonds, notes, certificates of participation and loans.

Source: KNN Public Finance, a division of Zions First National Bank, for overlapping debt.

CITY OF LOS ANGELES

**Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Assessed Valuation Net of Homeowners' Exemptions	\$ 284,468,294	\$ 312,668,295	\$ 346,982,793	\$ 381,153,232	\$ 411,135,224
Add: Homeowners' Exemptions	2,641,639	2,642,161	2,637,783	2,664,276	2,688,218
Gross Assessed Valuation	<u>\$ 287,109,933</u>	<u>\$ 315,310,456</u>	<u>\$ 349,620,576</u>	<u>\$ 383,817,508</u>	<u>\$ 413,823,442</u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 43,066,490	\$ 47,296,568	\$ 52,443,086	\$ 57,572,626	\$ 62,073,516
Less: General Obligation Bonds Outstanding	1,451,359	1,480,010	1,446,530	1,336,040	1,331,103
Legal Debt Margin	<u>\$ 41,615,131</u>	<u>\$ 45,816,558</u>	<u>\$ 50,996,556</u>	<u>\$ 56,236,586</u>	<u>\$ 60,742,413</u>
Legal Debt Margin as a Percentage of the Debt Limit	96.63%	96.87%	97.24%	97.68%	97.86%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.51%	0.47%	0.41%	0.35%	0.32%
Population ^(b)	3,769,130	3,768,645	3,764,062	3,774,497	3,781,951
General Obligation Bonds Outstanding Per Capita	\$385	\$393	\$384	\$354	\$352

Continued...

CITY OF LOS ANGELES

Ratios of General Bonded Debt Outstanding and Legal Debt Margin - (Continued)
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita)

	Fiscal Year				
	2010	2011	2012	2013	2014
Assessed Valuation Net of Homeowners' Exemptions	\$ 410,756,330	\$ 401,273,954	\$ 406,456,673	\$ 416,539,450	\$ 437,980,451
Add: Homeowners' Exemptions	2,707,745	2,696,221	2,674,226	2,629,357	2,588,592
Gross Assessed Valuation	<u>\$ 413,464,075</u>	<u>\$ 403,970,175</u>	<u>\$ 409,130,899</u>	<u>\$ 419,168,807</u>	<u>\$ 440,569,043</u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 62,019,611	\$ 60,595,526	\$ 61,369,634	\$ 62,875,321	\$ 66,085,357
Less: General Obligation Bonds Outstanding	<u>1,404,320</u>	<u>1,288,707</u>	<u>1,288,674</u>	<u>1,165,924</u>	<u>1,069,709</u>
Legal Debt Margin	<u>\$ 60,615,291</u>	<u>\$ 59,306,819</u>	<u>\$ 60,080,960</u>	<u>\$ 61,709,397</u>	<u>\$ 65,015,648</u>
Legal Debt Margin as a Percentage of the Debt Limit	97.74%	97.87%	97.90%	98.15%	98.38%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.34%	0.32%	0.31%	0.28%	0.24%
Population ^(b)	3,792,621	3,806,499	3,827,240	3,866,133	3,904,657
General Obligation Bonds Outstanding Per Capita	\$370	\$339	\$337	\$302	\$274

^(a) Debt limit provided in Section 43605 of the State of California Government Code.

^(b) Population data updated based on current estimates.

CITY OF LOS ANGELES
Pledged Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Operating Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽³⁾	Net Available Revenue Coverage	Net Operating Cash Flow	Net Operating Cash Flow Coverage ⁽⁴⁾
<u>Airports Enterprise Fund Revenue Bonds and Notes</u>							
2005	\$ 585,065	\$ 476,349	\$ 108,716	\$ 43,027	2.5	\$ 119,760	2.8
2006	630,036	520,170	109,866	41,452	2.7	72,531	1.7
2007	664,304	548,167	116,137	29,116	4.0	223,202	7.7
2008	757,015	595,408	161,607	28,621	5.6	196,534	6.9
2009	771,364	590,960	180,404	38,730	4.7	40,076	1.0
2010	758,594	596,802	161,792	54,948	2.9	122,946	2.2
2011	887,762	601,964	285,798	126,331	2.3	215,572	1.7
2012	952,129	639,355	312,774	138,010	2.3	313,774	2.3
2013	981,586	648,974	332,612	136,523	2.4	247,540	1.8
2014	1,145,668	663,104	482,564	218,021	2.2	411,984	1.9
<u>Harbor Enterprise Fund Revenue Bonds and Notes</u>							
2005	\$ 366,438	\$ 170,891	\$ 195,547	\$ 60,536	3.2	\$ 226,037	3.7
2006	406,043	184,132	221,911	61,574	3.6	201,575	3.3
2007	445,609	163,775	281,834	59,085	4.8	246,665	4.2
2008	465,648	221,752	243,896	61,318	4.0	252,898	4.1
2009	424,028	254,143	169,885	61,298	2.8	151,264	2.5
2010	424,306	210,235	214,071	66,851	3.2	185,416	2.8
2011	412,962	209,695	203,267	72,927	2.8	158,228	2.2
2012	435,291	199,806	235,485	71,609	3.3	217,113	3.0
2013	416,974	205,169	211,805	72,398	2.9	234,234	3.2
2014	446,910	205,354	241,556	65,488	3.7	131,284	2.0
<u>Power Enterprise Fund Revenue Bonds and Notes</u>							
2005	\$ 2,401,458	\$ 1,835,594	\$ 565,864	\$ 189,105	3.0	\$ 611,579	3.2
2006	2,665,535	2,016,080	649,455	223,678	2.9	559,157	2.5
2007	2,799,140	1,996,649	802,491	267,144	3.0	507,934	1.9
2008	2,989,725	2,176,056	813,669	250,484	3.2	469,188	1.9
2009	2,924,155	2,043,192	880,963	270,357	3.3	427,647	1.6
2010	3,387,361	2,287,434	1,099,927	309,349	3.6	741,881	2.4
2011	3,288,478	2,308,188	980,290	400,846	2.4	666,711	1.7
2012	3,267,679	2,235,522	1,032,157	343,093	3.0	851,613	2.5
2013	3,342,586	2,266,249	1,076,337	426,825	2.5	761,079	1.8
2014	3,495,731	2,363,857	1,131,874	451,253	2.5	942,757	2.1

Continued...

CITY OF LOS ANGELES
Pledged Revenue Coverage - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Operating Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽³⁾	Net Available Revenue Coverage	Net Operating Cash Flow	Net Operating Cash Flow Coverage ⁽⁴⁾
<u>Water Enterprise Fund Revenue Bonds and Notes</u>							
2005	\$ 590,751	\$ 387,264	\$ 203,487	\$ 71,851	2.8	\$ 210,129	2.9
2006	625,995	394,543	231,452	95,681	2.4	251,198	2.6
2007	717,145	442,962	274,183	122,928	2.2	231,297	1.9
2008	799,706	523,657	276,049	133,354	2.1	132,714	1.0
2009	825,168	581,587	243,581	116,026	2.1	189,718	1.6
2010	858,201	584,382	273,819	134,106	2.0	152,044	1.1
2011	831,771	540,041	291,730	167,371	1.7	290,206	1.7
2012	875,909	544,824	331,085	178,468	1.9	238,099	1.3
2013	1,091,710	672,462	419,248	192,885	2.2	347,264	1.8
2014	1,206,561	770,368	436,193	204,392	2.1	317,305	1.6
<u>Sewer Enterprise Fund Revenue Bonds and Notes</u>							
2005	\$ 437,411	\$ 212,051	\$ 225,360	\$ 125,309	1.8	\$ 200,550	1.6
2006	492,711	232,971	259,740	143,974	1.8	206,380	1.4
2007	518,393	240,840	277,553	160,005	1.7	262,994	1.6
2008	543,417	276,508	266,909	170,140	1.6	248,030	1.5
2009	543,318	287,135	256,183	151,996	1.7	237,586	1.6
2010	543,258	264,072	279,186	170,413	1.6	265,541	1.6
2011	510,214	256,664	253,550	174,804	1.5	214,662	1.2
2012	520,664	254,980	265,684	177,195	1.5	236,768	1.3
2013	576,552	279,587	296,965	206,965	1.4	284,783	1.4
2014	573,772	265,284	308,488	190,988	1.6	266,081	1.4

- (1) For Airports, operating revenues include pledged pooled investment interest income. For Power and Water, operating revenues include capital contributions, net nonoperating revenues and allowance for funds used during construction. For Sewer, operating revenues include interest income from pooled investments other than interest income from construction funds.
- (2) For Airports, Harbor and Sewer, operating expenses do not include interest, depreciation and amortization expenses. For Power and Water, operating expenses do not include depreciation and amortization expense.
- (3) Debt service includes principal and interest payments on bonds, and State loan for Sewer; excludes capitalized interest for Airports.
- (4) Net operating cash flow coverage is presented to show the Funds' ability to generate sufficient cash flow to cover debt service costs.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

CITY OF LOS ANGELES
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Estimated Population ⁽¹⁾	Personal Income (in thousands) ⁽²⁾	Personal Income Per Capita ⁽²⁾	Median Age ⁽³⁾	Public School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2005	3,769,130	\$ 357,594,039	\$ 36,540	33.3	891,252	5.9 %
2006	3,768,645	384,722,373	39,508	33.4	836,301	5.3
2007	3,764,062	398,281,877	41,058	33.9	819,576	5.6
2008	3,774,497	410,482,294	42,165	34.1	801,838	8.3
2009	3,781,951	395,372,354	40,396	33.7	784,457	12.8
2010	3,792,621	404,473,004	41,163	34.0	748,273	13.8
2011	3,806,499	425,673,042	43,062	34.4	738,113	13.5
2012	3,827,240	455,788,782	45,800	34.7	701,208	12.1
2013	3,866,133	466,098,988	46,530	34.7	632,133	10.9
2014	3,904,657	N/A	N/A	N/A	618,161	9.1

(1) Data based on California Department of Finance report E-4, population estimates with 2010 Benchmark, released May 1, 2014.

(2) U.S. Department of Commerce, Bureau of Economic Analysis - revised estimates of personal income for Los Angeles County updated on November 20, 2014 with revised estimates for 2005 to 2013.

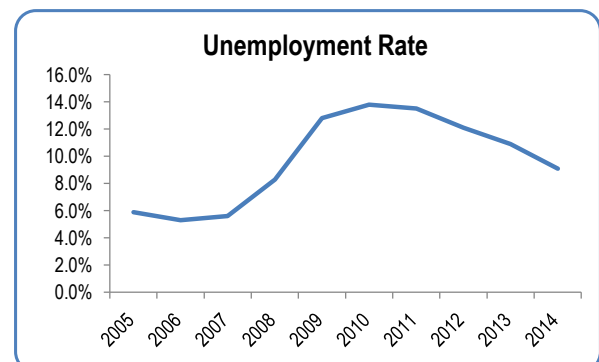
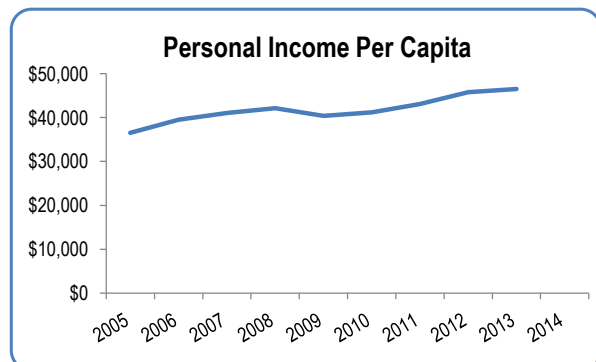
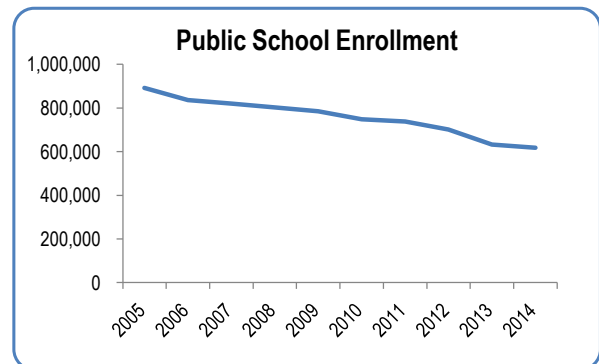
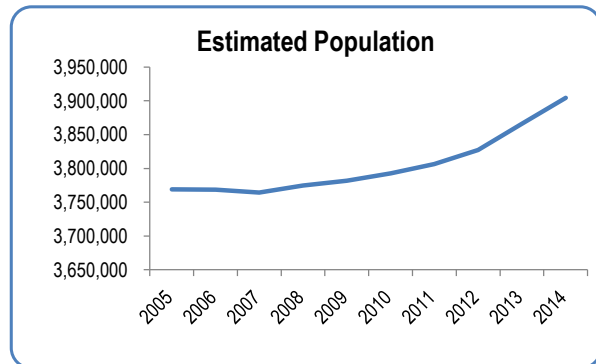
The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of "net earnings", rental income, dividend income, interest income, and transfer receipts. "Net earnings" is defined as wage and salary, supplements to wages and salaries, and proprietors' income, less contributions for government social insurance, before deduction of personal income and other taxes. Separate information for the City of Los Angeles are not available.

(3) US Census Bureau American Community Survey for the City. Source: <http://factfinder.census.gov>

(4) Enrollment data determined at the beginning of each school year (October). Data include the City and all or significant portions of a number of smaller cities and unincorporated territories.

(5) Data based on California Employment Development Department for City of Los Angeles, not seasonally adjusted.

N/A Not Available



CITY OF LOS ANGELES

Los Angeles County
Principal Employers (Non-Government)
Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kaiser Permanente	35,991	1	0.78 %	30,511	1	0.68 %
Northrop Grumman Corp.	17,000	2	0.37	21,000	2	0.47
Target Corporation	15,000	3	0.33	11,526	7	0.26
Providence Health & Services	15,000	4	0.33	--	--	--
University of Southern California ⁽¹⁾	14,722	5	0.32	14,768	4	0.33
Cedars-Sinai Medical Center ⁽²⁾	14,303	6	0.31	9,127	10	0.20
Bank of America Corp.	13,500	7	0.29	10,801	8	0.24
Ralphs/Food 4 Less (Kroger Co. Division)	13,500	8	0.29	13,862	5	0.31
Home Depot	10,600	9	0.23	--	--	--
Boeing Co.	10,500	10	0.23	18,558	3	0.41
Vons	--	--	--	11,744	6	0.26
AT&T Inc.	--	--	--	9,500	9	0.21
All Others	4,426,884		96.51	4,360,403		96.64
Total ⁽³⁾	4,587,000		100.00 %	4,511,800		100.00 %

Sources: Los Angeles Business Journal (LABJ) dated August 2014

⁽¹⁾ Information provided by University of Southern California, Office of Budget and Planning.

⁽²⁾ Information provided by Cedars-Sinai Medical Center., Human Resources Department

⁽³⁾ Total County employment per California EDD labor force report (<http://www.labormarketinfo.edd.ca.gov>)

This report was completed based on information from various sources and is intended for use as a general guide only.
The City does not warrant accuracy of this data. Inquiries should be directed to the individual employer.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent
Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental Activities	30,316	31,344	31,225	31,778	32,689
General Government					
City Administrative Officer	109	103	102	103	107
City Attorney	834	813	825	870	885
City Ethics Commission	20	18	17	18	22
Controller	143	146	152	157	156
Council	333	364	334	321	338
Employee Relations Board	3	3	3	3	3
General Services	1,309	1,430	1,630	1,707	1,881
Information Technology Agency	452	463	488	522	582
Mayor	146	173	175	171	195
Personnel	460	460	380	371	384
Neighborhood Empowerment	22	23	18	18	19
City Clerk	96	97	98	96	99
Commission on the Status of Women ⁽¹⁾	--	--	--	--	--
Human Relations Commission ⁽¹⁾	--	--	--	--	--
Office of Finance ⁽²⁾	326	336	345	326	324
Treasurer ⁽²⁾	--	--	--	30	34
Protection of Persons and Property					
Animal Services	312	318	311	319	343
Building & Safety	744	760	723	719	782
Fire-Civilian	293	297	298	296	298
Fire-Sworn	3,181	3,206	3,317	3,459	3,562
Police- Civilian	2,810	2,888	2,783	2,824	2,877
Police- Sworn	9,739	9,875	9,875	9,810	9,878
Emergency Management ⁽³⁾	21	31	22	24	21
Public Works					
Public Works- Contract Administration	278	294	287	293	306
Public Works- Engineering	710	701	718	737	738
Public Works- Street Lighting	194	209	192	200	198
Public Works- Street Services	869	931	982	1,011	1,073
Public Works- Board of Public Works	81	81	92	93	94
Health and Sanitation					
Public Works- Sanitation	2,318	2,317	2,333	2,430	2,427
Environmental Affairs ⁽⁴⁾	--	--	--	--	19
Transportation					
Transportation	1,268	1,287	1,307	1,355	1,414
Cultural and Recreational Services					
Cultural Affairs	34	34	34	39	45
El Pueblo de los Angeles Historical Monument	9	10	10	11	15
Library	653	999	655	664	699
Recreation and Parks	1,316	1,388	1,429	1,478	1,587
Zoo	198	213	205	201	186
Community Development					
Aging	34	34	41	41	42
Economic and Workforce Development ⁽⁵⁾	151	255	268	266	270
Disability	17	15	11	14	16
Housing and Community Investment ⁽⁶⁾	598	511	531	544	528
City Planning	235	261	234	237	242
Commission for Children, Youth and Their Families ⁽¹⁾	--	--	--	--	--

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent
Last Ten Fiscal Years**

	Fiscal Year				
	2009	2008	2007	2006	2005
Governmental Activities	36,074	36,100	36,101	34,846	35,499
General Government					
City Administrative Officer	128	128	122	126	125
City Attorney	986	978	984	963	808
City Ethics Commission	26	26	28	26	30
Controller	184	185	173	167	180
Council	350	355	367	336	108
Employee Relations Board	4	3	3	3	8
General Services	2,273	2,302	2,337	2,236	1,923
Information Technology Agency	714	728	734	739	748
Mayor	189	163	154	132	66
Personnel	477	495	492	478	440
Neighborhood Empowerment	42	42	47	40	62
City Clerk	140	146	135	130	137
Commission on the Status of Women ⁽¹⁾	2	9	12	12	12
Human Relations Commission ⁽¹⁾	10	15	16	16	21
Office of Finance ⁽²⁾	372	353	358	351	350
Treasurer ⁽²⁾	39	38	38	34	39
Protection of Persons and Property					
Animal Services	366	379	352	311	296
Building & Safety	958	992	944	864	835
Fire-Civilian	362	366	365	333	322
Fire-Sworn	3,708	3,730	3,673	3,572	3,423
Police- Civilian	3,256	3,278	3,337	3,166	3,592
Police- Sworn	9,973	9,704	9,509	9,310	10,213
Emergency Management ⁽³⁾	27	23	17	17	14
Public Works					
Public Works- Contract Administration	358	371	363	328	335
Public Works- Engineering	932	971	998	1,000	950
Public Works- Street Lighting	215	210	223	227	231
Public Works- Street Services	1,327	1,350	1,390	1,363	1,285
Public Works- Board of Public Works	131	155	161	160	153
Health and Sanitation					
Public Works- Sanitation	2,701	2,684	2,691	2,632	2,762
Environmental Affairs ⁽⁴⁾	28	31	31	34	43
Transportation					
Transportation	1,597	1,572	1,637	1,559	1,521
Cultural and Recreational Services					
Cultural Affairs	57	67	66	60	74
El Pueblo de los Angeles Historical Monument	18	19	17	20	25
Library	833	828	819	781	1,138
Recreation and Parks	1,904	1,980	2,070	1,929	1,905
Zoo	211	220	237	223	256
Community Development					
Aging	45	49	50	51	42
Economic and Workforce Development ⁽⁵⁾	236	254	265	291	273
Disability	19	20	22	22	23
Housing and Community Investment ⁽⁶⁾	526	528	528	464	403
City Planning	297	300	283	280	304
Commission for Children, Youth and Their Families ⁽¹⁾	53	53	53	60	24

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent
Last Ten Fiscal Years**

	Fiscal Year				
	2014	2013	2012	2011	2010
Business-Type Activities	13,375	13,350	13,486	13,671	13,794
Los Angeles Convention Center	11	92	109	112	111
Water and Power	8,924	8,776	8,867	9,065	9,200
Airports ⁽⁷⁾	3,491	3,535	3,552	3,535	3,535
Harbor ⁽⁷⁾	949	947	958	959	948
Pension Systems	235	236	231	229	224
City Employees Retirement System	125	127	124	124	126
Fire and Police Pension System	110	109	107	105	98
Grand Total	43,926	44,930	44,942	45,678	46,707

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent
Last Ten Fiscal Years**

	Fiscal Year				
	2009	2008	2007	2006	2005
Business-Type Activities	14,078	13,487	12,832	12,444	12,151
Los Angeles Convention Center	150	156	155	154	163
Water and Power	9,210	8,592	8,241	8,119	8,029
Airports ⁽⁷⁾	3,747	3,804	3,630	3,454	3,300
Harbor ⁽⁷⁾	971	935	806	717	659
Pension Systems	239	234	222	201	196
City Employees Retirement System	134	131	125	113	110
Fire and Police Pension System	105	103	97	88	86
Grand Total	50,391	49,821	49,155	47,491	47,846

⁽¹⁾ In fiscal year 2010, Commission on the Status of Women, Commission for Children, Youth and Families, and Human Relations Commission were consolidated.

⁽²⁾ The Treasurer and Finance were consolidated in fiscal year 2012.

⁽³⁾ In November 2007, the name of the Emergency Preparedness Department was changed to Emergency Management Department.

⁽⁴⁾ In fiscal year 2011, Environmental Affairs Department was eliminated. Its resources and functions were transferred to the Department of Public Works Bureau of Sanitation, Building and Safety, and Transportation.

⁽⁵⁾ Department name changed from Community Development in fiscal year 2014.

⁽⁶⁾ Department name changed from Housing in fiscal year 2014.

⁽⁷⁾ Certain changes were made to conform to the fiscal year 2013 presentation.

Sources:

Prior to fiscal year 2006: City of Los Angeles Detail of Department Programs and data from the Fire, Airports, Harbor, Water and Power, Fire and Police Pension, and City Employees Retirement System.

Fiscal year 2006 through 2010: Data restated to conform with Office of the Controller Full-Time Active Employee Count as of the last pay period of the fiscal year, except those of Harbor and Water and Power.

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	Fiscal Year				
		2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾
General Government						
City Attorney						
Criminal and Special Litigation						
Percent of issues resolved within the neighborhood prosecutor program (%) ⁽³⁾		50	46	--	--	62
Criminal Prosecution						
Combined criminal jury and court trials (#)		308	342	315	477	632
Consumer protection-cases reviewed (#)		150	160	159	160	170
Consumer protection-consumer complaints (#)		400	400	400	400	400
Environmental cases concluded (#)		409	329	488	312	350
Housing/rent control cases concluded (#)		608	603	435	402	395
City Clerk						
Council and Public Services						
City contracts searched/accessed via website (# of searches)		75,877	63,839	--	--	--
City records viewed via website (# of searches)		1,223,000	970,000	1,450,000	--	--
Council votes searched/accessed via website (# of searches)		4,005	10,140	--	--	--
Ordinances searched/accessed via website (# of searches)		51,842	50,306	--	--	--
Records Management						
Archival records/documents digitized on demand (#)		790	500	520	641	1,936
City Ethics Commission						
Governmental Ethics						
Investigations resolved within 2 years (%)		100	94	46	93	63
Whistle-blower complaints and investigations processed (#)		--	--	--	--	--
General Services						
Building Maintenance						
Maintenance work orders completed (%)		71	--	--	--	--
Building Services						
Filmings and special events coordinated (#)		1,702	1,641	1,592	1,887	2,579
Preventative maintenance orders completed (%)		69	67	74	77	78
Recycling operations tonnage collected (#) ⁽⁴⁾		--	--	--	--	--
Square feet of buildings maintained (# of square feet)		20,010,932	19,851,002	19,756,358	19,691,358	19,606,408
Custodial Services						
Central Library facilities cleaned per day (% of square feet)		85	--	--	--	--
LAPD facilities cleaned per day (% of square feet)		90	--	--	--	--
Municipal facilities cleaned per day (% of square feet)		85	--	--	--	--
Emergency Management and Special Services						
Filmings coordinated (#)		66	65	52	75	65
Fleet Services						
Vehicles available for Bureau of Street Services operations (%)		78.92	--	--	--	--
Information Technology Agency						
3-1-1 Call Center Operations						
Average wait time per caller (# of seconds) ⁽⁵⁾		70	224	170	180	140
Number of calls received (#) ⁽⁵⁾		1,083,097	1,062,894	1,211,000	1,341,000	1,417,801
Number of wireless calls (#) ⁽⁵⁾		571,442	515,468	535,000	561,000	525,000
Neighborhood Empowerment						
Neighborhood Councils certified (#)		--	--	2	4	--
Office of Finance						
Revenue Billings, Audit and Collections						
Annual Business Tax renewal e-filings (#)		232,651	216,358	200,000	182,801	146,713
Collections from Citywide Collection Unit (\$ in thousands)		27,551	27,385	31,019	27,281	28,332
Refund claims processed (#)		8,411	10,667	10,010	16,969	15,591
Revenue enhancement unit investigations (#)		157,949	124,389	107,696	133,009	93,072
Stratified audit penetration rate (%)		6.98	6.5	--	--	--
Total tax accounts audited (#)		4,819	4,839	5,146	5,567	6,297
Protection of Persons and Property						
Animal Services						
Animal Licensing and Permitting Operations						
Dog licenses issued (#) ⁽⁶⁾		123,008	126,234	123,060	121,817	116,500
Animal Shelter Operations Program						
Animals adopted (#) ⁽⁶⁾		35,315	32,440	30,414	29,525	26,952
Animals euthanized (#) ⁽⁶⁾		15,028	17,063	23,955	24,632	25,298
Animals impounded (#) ⁽⁷⁾		56,813	61,632	64,952	64,417	64,333
Animals which die while in City's care (%)		5.46	5.45	3.12	1.4	1.4
Building and Safety						
Conservation of Existing Structures and Mechanical Devices						
Complaints responded to within 10 days (%)		52	51	54	56	63
Residential property reports completed within 15 days (%)		100	100	100	100	100
Engineering Plan Checking						
Building Permits issued (#)		133,575	126,426	121,140	115,699	115,225
Case management feasibility studies completed within 10 days after contact (%)		97	97	96	98	97
Development services counter customers served within 30 minutes (%)		91	84	82	89	96
Plan reviews completed within 15 days (%)		88	91	89	86	87
General Administration and Support						
Call center calls answered within two minutes (%)		67	71	76	77	82
New Construction Inspection						
Response to inspection requests within 24 hours (%) ⁽⁶⁾		99	98	98	98	100
Restaurant and hospitality projects assisted within 5 days (%)		100	100	100	100	100

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	2009 ⁽¹⁾	2008	2007	2006	2005
General Government						
City Attorney						
Criminal and Special Litigation						
Percent of issues resolved within the neighborhood prosecutor program (%) ⁽³⁾	--	--	--	--	--	--
Criminal Prosecution						
Combined criminal jury and court trials (#)	845	769	699	575	549	
Consumer protection-cases reviewed (#)	300	265	230	200	194	
Consumer protection-consumer complaints (#)	575	550	500	500	302	
Environmental cases concluded (#)	600	542	450	375	250	
Housing/rent control cases concluded (#)	250	300	176	400	320	
City Clerk						
Council and Public Services						
City contracts searched/accessed via website (# of searches)	--	--	--	--	--	--
City records viewed via website (# of searches)	--	--	--	--	--	--
Council votes searched/accessed via website (# of searches)	--	--	--	--	--	--
Ordinances searched/accessed via website (# of searches)	--	--	--	--	--	--
Records Management						
Archival records/documents digitized on demand (#)	--	--	--	--	--	--
City Ethics Commission						
Governmental Ethics						
Investigations resolved within 2 years (%)	92	85	--	--	--	--
Whistle-blower complaints and investigations processed (#)	500	450	723	400	490	
General Services						
Building Maintenance						
Maintenance work orders completed (%)	--	--	--	--	--	--
Building Services						
Filmings and special events coordinated (#)	3,318	--	--	--	--	--
Preventative maintenance orders completed (%)	73	--	--	--	--	--
Recycling operations tonnage collected (#) ⁽⁴⁾	1,700	1,700	1,700	1,600	1,637	
Square feet of buildings maintained (# of square feet)	19,067,108	17,775,611	16,867,229	16,370,578	16,228,700	
Custodial Services						
Central Library facilities cleaned per day (% of square feet)	--	--	--	--	--	--
LAPD facilities cleaned per day (% of square feet)	--	--	--	--	--	--
Municipal facilities cleaned per day (% of square feet)	--	--	--	--	--	--
Emergency Management and Special Services						
Filmings coordinated (#)	70	103	82	101	75	
Fleet Services						
Vehicles available for Bureau of Street Services operations (%)	--	--	--	--	--	--
Information Technology Agency						
3-1-1 Call Center Operations						
Average wait time per caller (# of seconds) ⁽⁵⁾	40	53	--	--	--	--
Number of calls received (#) ⁽⁵⁾	1,402,658	1,257,629	998,218	890,233	611,982	
Number of wireless calls (#) ⁽⁵⁾	393,626	335,979	286,772	178,964	60,191	
Neighborhood Empowerment						
Neighborhood Councils certified (#)	1	4	2	2	1	
Office of Finance						
Revenue Billings, Audit and Collections						
Annual Business Tax renewal e-filings (#)	80,000	70,000	--	--	--	--
Collections from Citywide Collection Unit (\$ in thousands)	30,184	25,700	--	--	--	--
Refund claims processed (#)	27,934	26,125	19,374	14,240	13,555	
Revenue enhancement unit investigations (#)	83,611	71,234	52,441	27,738	24,463	
Stratified audit penetration rate (%)	--	--	--	--	--	--
Total tax accounts audited (#)	7,771	6,677	5,880	5,545	4,187	
Protection of Persons and Property						
Animal Services						
Animal Licensing and Permitting Operations						
Dog licenses issued (#) ⁽⁶⁾	121,138	114,531	126,538	124,802	130,121	
Animal Shelter Operations Program						
Animals adopted (#) ⁽⁶⁾	28,154	23,608	25,427	19,592	18,879	
Animals euthanized (#) ⁽⁶⁾	24,742	19,942	18,108	19,524	25,029	
Animals impounded (#) ⁽⁷⁾	65,445	57,804	55,570	57,063	57,923	
Animals which die while in City's care (%)	1.5	--	--	--	--	--
Building and Safety						
Conservation of Existing Structures and Mechanical Devices						
Complaints responded to within 10 days (%)	--	--	--	--	--	--
Residential property reports completed within 15 days (%)	--	--	--	--	--	--
Engineering Plan Checking						
Building Permits issued (#)	110,992	127,700	139,220	141,403	141,000	
Case management feasibility studies completed within 10 days after contact (%)	--	--	--	--	--	--
Development services counter customers served within 30 minutes (%)	--	--	--	--	--	--
Plan reviews completed within 15 days (%)	--	--	--	--	--	--
General Administration and Support						
Call center calls answered within two minutes (%)	--	--	--	--	--	--
New Construction Inspection						
Response to inspection requests within 24 hours (%) ⁽⁶⁾	99	100	--	--	--	--
Restaurant and hospitality projects assisted within 5 days (%)	--	--	--	--	--	--

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	Fiscal Year				
		2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾
Fire	Emergency Ambulance Services					
	Emergency medical responses by EMT ambulances (#)	166,580	146,002	134,195	124,439	127,859
	Emergency medical responses by EMT fire resources (#)	182,507	178,740	166,684	145,559	153,478
	Emergency medical responses by paramedic ambulances (#)	262,404	261,238	250,362	252,587	249,408
	Emergency medical responses by paramedic fire resources (#)	191,665	129,152	125,196	126,506	117,449
	Emergency medical responses by response to emergencies within 5 mins (%) ⁽⁶⁾	--	--	--	86	88
	Fire Suppression					
	Actual Fires - Non structure fires (#)	12,069	10,836	10,991	10,686	11,640
	Actual Fires - Response within 5 mins of notification (%) ⁽⁸⁾	--	--	--	94	93
	Actual Fires - Structure fires (#)	4,698	4,624	4,871	4,172	3,734
	Closure rate in criminal fires investigation (%)	40	39	40	70	69
	Emergency responses - Fires (includes automatic alarms) (#)	133,080	121,381	122,492	118,986	114,121
	Emergency responses - Hazardous conditions (#)	4,949	4,734	4,852	5,209	4,636
	Emergency responses - Helicopter flight hours for brush and structure fires (#)	283	312	745	609	645
	Emergency responses - Rescues and others (#)	40,268	40,822	39,324	37,834	38,247
	Police					
	Patrol					
	Part I crimes reported (#)	101,228	103,856	104,604	106,827	110,827
	Part II crimes reported (#)	90,525	84,174	85,938	74,251	77,325
	Response to emergency calls (# in minutes)	6.5	6	6	6	7
	Total arrests (#)	130,262	150,552	162,698	160,480	151,174
	Specialized Crime Suppression and Investigation					
	Number of backlogged fingerprint cases reduced (#)	3,397	5,070	4,342	5,492	9,669
	Number of backlogged rape kits reduced (#)	1,030	1,188	--	1,097	1,332
Public Works	Technical Support					
	Complaint board calls received - 911 (#)	2,284,913	2,276,363	2,269,872	2,140,387	3,557,626
	Traffic Control					
	Fatal and injury traffic accidents (#)	21,026	20,996	21,216	18,448	20,408
	Traffic citations issued (#)	447,062	428,178	504,312	564,432	594,193
	Traffic collisions investigated (#)	45,622	44,588	45,446	44,725	45,105
	Board of Public Works					
	Office of Community Beautification					
	Graffiti eradicated/square footage (# per 1,000 sq ft)	32,638	26,117	30,094	35,696	32,771
	Graffiti removal requests completed in 72 hrs (%)	84	77	80	80	82
	Locations graffiti removed from (#)	546,052	580,446	546,904	616,541	621,954
	Bureau of Contract Administration					
	Construction Inspection					
	Number of private development inspections (#)	147	157	169	144	--
	Bureau of Engineering					
	Clean Water Infrastructure					
	Completed capital projects (#)	77	58	51	65	61
	Development Services					
	A Permits issued within 60 minutes (%)	98	98	97	97	97
	S-Permits issued within 60 minutes (%)	91	95	95	92	95
	Mobility					
	Completed capital projects (#)	17	21	18	10	16
	Public Buildings and Open Spaces					
	Completed capital projects (#)	30	37	23	43	47
Street Services	Bureau of Street Lighting					
	Design and Construction					
	Cumulative number of streetlights converted to LED (#)	154,000	140,000	95,000	50,000	--
	System Operation, Maintenance and Repair					
	Percent of streetlights operating (%)	99	99	99.1	--	--
	Maintaining Streets					
	Neighborhood Council Blitz (# of Neighborhood Council's served)	198	--	--	--	--
	Small asphalt repairs (# of square feet)	1,402,144	1,416,500	1,206,612	1,190,244	1,448,820
	Street Cleaning Program					
	Completion frequency-nonposted routes (# in weeks) ⁽⁹⁾	--	24	14.5	13	5.8
	Completion frequency-posted routes (%)	95.5	97	97	93	95
	Street Improvement Program					
	Access ramps constructed (#)	1,256	1,560	1,724	1,829	1,556
	Bus pads constructed (#)	76	97	144	144	36
	Concrete bus landings installed (#)	107	30	11	29	15
	Sidewalks repaired (# of miles)	--	--	--	--	--
	Street Resurfacing and Reconstruction Program					
	Streets resurfaced (# of centerline miles)	245	245	236	174	149
	Streets slurry sealed (# of centerline miles)	455	455	401	401	401
	Street Tree and Parkway Maintenance Program					
	Trees planted - City forces & non-profits (MTLA) (#) ⁽⁹⁾	--	3,238	3,239	527	4,677
	Trees trimmed - City forces (broadhead) (#) ⁽⁹⁾	--	2,980	2,046	2,251	21,068
	Trees trimmed by contracted forces (#)	14,847	19,607	12,720	11,240	23,181
	Trees trimmed in City's urban forest (#) ⁽⁹⁾	--	50,000	22,226	13,351	32,211
Weed Abatement, Brush and Debris Clearance	Debris removed (# of cubic yards) ⁽⁹⁾	--	77,704	95,505	125,000	157,886
	Land cleared/cleaned-private (# in millions of square feet) ⁽⁹⁾	--	5.6	6.5	6.5	7.1
	Land cleared/cleaned-public (# in millions of square feet) ⁽⁹⁾	--	5.3	7.2	10	11
	Response time to clear illegal dumping (# of days)	--	--	--	--	5

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	2009 ⁽¹⁾	2008	2007	2006	2005
Fire						
Emergency Ambulance Services						
Emergency medical responses by EMT ambulances (#)		120,000	125,000	116,823	100,995	91,001
Emergency medical responses by EMT fire resources (#)		260,000	235,000	266,438	259,582	225,857
Emergency medical responses by paramedic ambulances (#)		262,000	260,000	252,426	249,666	175,423
Emergency medical responses by paramedic fire resources (#)		84,000	78,000	77,467	77,088	55,916
Emergency medical responses by response to emergencies within 5 mins (%) ⁽⁶⁾		90	87	86	66	71
Fire Suppression						
Actual Fires - Non structure fires (#)		12,173	7,400	10,060	9,358	6,303
Actual Fires - Response within 5 mins of notification (%) ⁽⁸⁾		95	94	94	86	87
Actual Fires - Structure fires (#)		4,026	3,800	3,327	3,406	3,222
Closure rate in criminal fires investigation (%)		71	65	--	--	--
Emergency responses - Fires (includes automatic alarms) (#)		138,200	137,687	137,309	137,687	131,293
Emergency responses - Hazardous conditions (#)		5,700	5,730	5,567	5,730	5,464
Emergency responses - Helicopter flight hours for brush and structure fires (#)		726	660	575	652	490
Emergency responses - Rescues and others (#)		35,500	30,211	35,773	30,211	28,808
Police						
Patrol						
Part I crimes reported (#)		115,000	124,000	132,664	144,100	151,552
Part II crimes reported (#)		84,000	95,000	108,246	67,400	67,977
Response to emergency calls (# in minutes)		7	--	--	--	--
Total arrests (#)		168,000	167,000	171,390	185,000	175,666
Specialized Crime Suppression and Investigation						
Number of backlogged fingerprint cases reduced (#)		6,778	3,811	--	--	--
Number of backlogged rape kits reduced (#)		2,740	7,240	--	--	--
Technical Support						
Complaint board calls received - 911 (#)		2,520,000	2,303,000	2,104,658	1,726,179	1,752,555
Traffic Control						
Fatal and injury traffic accidents (#)		26,000	25,000	23,755	26,014	24,776
Traffic citations issued (#)		553,000	527,000	501,964	466,190	443,990
Traffic collisions investigated (#)		58,000	55,000	52,190	54,225	51,643
Public Works						
Board of Public Works						
Office of Community Beautification						
Graffiti eradicated/square footage (# per 1,000 sq ft)		28,294	31,749	30,504	25,975	21,441
Graffiti removal requests completed in 72 hrs (%)		--	--	--	--	--
Locations graffiti removed from (#)		641,156	653,520	612,073	489,656	439,159
Bureau of Contract Administration						
Construction Inspection						
Number of private development inspections (#)		--	--	--	--	--
Bureau of Engineering						
Clean Water Infrastructure						
Completed capital projects (#)		--	--	--	--	--
Development Services						
A Permits issued within 60 minutes (%)		--	--	--	--	--
S-Permits issued within 60 minutes (%)		--	--	--	--	--
Mobility						
Completed capital projects (#)		--	--	--	--	--
Public Buildings and Open Spaces						
Completed capital projects (#)		--	--	--	--	--
Bureau of Street Lighting						
Design and Construction						
Cumulative number of streetlights converted to LED (#)		--	--	--	--	--
System Operation, Maintenance and Repair						
Percent of streetlights operating (%)		--	--	--	--	--
Street Services						
Maintaining Streets						
Neighborhood Council Blitz (# of Neighborhood Council's served)		--	--	--	--	--
Small asphalt repairs (# of square feet)		--	--	--	--	--
Street Cleaning Program						
Completion frequency-nonposted routes (# in weeks) ⁽⁹⁾		4	3.9	4	4	4
Completion frequency-posted routes (%)		97	97	97	98	97
Street Improvement Program						
Access ramps constructed (#)		1,044	1,094	570	893	1,200
Bus pads constructed (#)		76	40	51	46	100
Concrete bus landings installed (#)		--	--	--	--	--
Sidewalks repaired (# of miles)		59	59	51	59	52
Street Resurfacing and Reconstruction Program						
Streets resurfaced (# of centerline miles)		200	179	213	234	135
Streets slurry sealed (# of centerline miles)		--	--	--	--	--
Street Tree and Parkway Maintenance Program						
Trees planted - City forces & non-profits (MTLA) (#) ⁽⁹⁾		8,943	8,431	5,578	3,889	4,200
Trees trimmed - City forces (broadhead) (#) ⁽⁹⁾		41,804	45,637	48,555	44,514	40,000
Trees trimmed by contracted forces (#)		--	--	--	--	--
Trees trimmed in City's urban forest (#) ⁽⁹⁾		75,504	51,704	--	--	--
Weed Abatement, Brush and Debris Clearance						
Debris removed (# of cubic yards) ⁽⁹⁾		183,379	201,305	206,051	237,474	180,000
Land cleared/cleaned-private (# in millions of square feet) ⁽⁹⁾		9.8	9	7	7	4
Land cleared/cleaned-public (# in millions of square feet) ⁽⁹⁾		15.2	14.5	14	12	18
Response time to clear illegal dumping (# of days)		5	--	--	--	--

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	Fiscal Year				
		2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾
Health and Sanitation						
Sanitation						
Clean Water						
	Clean 60,000 pipe reaches as mandated (%)	237	215	231	233	216
Household Refuse Collection Program						
	Tons Collected - Bulky items (# of tons)	33,720	34,000	27,640	32,479	33,330
	Tons Collected - Recyclables (# of tons)	198,143	150,380	143,338	148,194	141,314
	Tons Collected - Recycling contamination (# of tons)	59,608	55,620	54,064	58,806	69,976
	Tons Collected - Refuse (# of tons)	852,635	848,890	851,434	882,005	867,113
	Tons Collected - Yard trimmings (# of tons)	428,237	522,737	470,527	492,341	474,657
Solid Resources						
	Convert refuse collection fleet to clean fuels (%)	76	78	74	71	66
	Implement LAUSD blue bin recycling program (%) ⁽¹⁰⁾	100	90	85	85	75
	Increase truck fleet conversion to clean fuel (# of trucks)	532	554	523	500	--
	Maintain a baseline 99.5% of all waste sources collected on schedule (%)	99.93	100	99.95	99.95	99.95
Watershed Protection						
	Catch basin cleaning (#)	65,492	65,000	69,772	63,070	87,051
	Clean 90,000 catch basins annually (%)	73	72	78	70	97
Transportation						
Franchise and Taxicab Regulation						
	Bandit drivers arrested (#)	825	900	991	1,045	1,036
	Bandit vehicles impounded (#)	630	611	916	908	812
Mass Transit Information Services						
	Shuttle bus transit ridership (# per hour)	41	43	39	48	46
Parking Management and Intersection Control						
	Abandoned vehicles abated (#)	103,982	61,062	74,270	102,911	100,589
	Abandoned vehicles impounded (#)	4,152	2,966	2,776	2,924	3,546
	Citations written (#)	2,659,718	2,654,910	2,522,302	2,461,529	2,587,925
	Citations written per officer per eight-hour shift (#)	21	27	33	32	31
	Crossing guard assignments (#)	507	492	492	486	486
	Hours of intersection control (#)	23,490	23,730	30,370	27,622	42,842
	Peak hour tows and other tows (#)	39,999	45,921	48,648	41,244	44,334
Parking Operations Support and Adjudication						
	Citation reviews completed within 21 days (%)	39	73	81	80	80
	Collection rate of citations issued in the year (%)	74	75	72	71	67.5
Traffic Control Devices						
	New signals (Traffic and Pedestrian) installed (#)	19	32	105	--	--
	Traffic control signals maintained (%)	24	18	24	24	94
	Traffic signals repaired (#)	8,832	8,769	8,832	--	--
Transit Capital Programming						
	Active traffic congestion relief projects (#)	79	84	78	59	45
	Increase in bicycle lane miles (# of miles)	41	101	51	17	10
	Increase in bicycle sharrow miles (# of miles)	21	22	21	--	--
Transit Operations						
	Fixed transit route passenger trips (#)	25,277,284	26,154,372	23,736,486	27,356,994	30,368,887
	Fixed transit routes in service (#)	45	45	45	45	55
	Total transit vehicle passenger trips (#)	25,453,959	26,467,594	23,824,821	27,466,279	30,535,921
Transportation System Engineering						
	Speed humps/tables constructed (#)	--	--	38	--	--
	Lane markings installed (# of miles)	92.2	122	255	--	--
	Red curb miles reinstalled/installed (#)	372	392	470	466	540
	Signs maintained/replaced (#)	7,812	43,728	66,556	63,019	89,415
	Temporary signs installed/removed (#)	436,589	471,376	423,759	414,268	347,990
	Thermoplastic longline striping installed/reinstalled (# of miles)	61	151	925	540	632
Cultural and Recreational Services						
Convention Center						
Client Revenue Services						
	Repeat events hosted (#)	216	284	281	304	297
Convention and Tourism Development						
	Citywide conventions and center events (#)	23	24	23	22	13
	Delegates attending Citywide conventions (#)	299,274	215,800	291,700	363,000	167,160
	Scheduled exhibit hall events (#)	126	140	137	149	161
Cultural Affairs						
City Arts						
	Art class enrollment (#)	15,000	14,000	13,500	13,000	15,000
	Theater attendance (#)	150,000	140,000	128,625	115,000	121,014
Community Arts						
	Art exhibitions presented (#)	65	60	52	27	46
	Special events/festivals (#)	20	17	15	18	30
Grant						
	Number of participants and audience members at grant-supported programs (#)	3,100,000	3,036,723	2,899,459	--	--
Performing Arts						
	Music/theatre programs presented (#)	--	--	--	--	--
El Pueblo						
Events						
	Cultural and special events (#)	25	--	--	--	--
	Special events/festivals held (#) ⁽¹¹⁾	--	85	85	89	67

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	2009 ⁽¹⁾	2008	2007	2006	2005
Health and Sanitation						
Sanitation						
Clean Water						
	Clean 60,000 pipe reaches as mandated (%)	194	200	--	--	--
Household Refuse Collection Program						
	Tons Collected - Bulky items (# of tons)	33,146	33,146	33,047	33,038	31,150
	Tons Collected - Recyclables (# of tons)	170,000	206,369	181,215	191,024	193,941
	Tons Collected - Recycling contamination (# of tons)	85,000	87,014	85,614	81,868	85,044
	Tons Collected - Refuse (# of tons)	1,034,429	1,034,429	932,196	955,092	1,009,618
	Tons Collected - Yard trimmings (# of tons)	555,049	545,467	507,100	503,646	495,387
Solid Resources						
	Convert refuse collection fleet to clean fuels (%)	61	44	--	--	--
	Implement LAUSD blue bin recycling program (%) ⁽¹⁰⁾	69	54	--	--	--
	Increase truck fleet conversion to clean fuel (# of trucks)	--	--	--	--	--
	Maintain a baseline 99.5% of all waste sources collected on schedule (%)	99.95	99.96	99.92	--	--
Watershed Protection						
	Catch basin cleaning (#)	115,000	112,300	113,068	123,521	87,239
	Clean 90,000 catch basins annually (%)	128	125	126	137	97
Transportation						
Franchise and Taxicab Regulation						
	Bandit drivers arrested (#)	1,144	1,427	1,116	211	400
	Bandit vehicles impounded (#)	1,061	446	388	193	390
Mass Transit Information Services						
	Shuttle bus transit ridership (# per hour)	47	46	46	48	48
Parking Management and Intersection Control						
	Abandoned vehicles abated (#)	116,967	139,325	142,041	122,731	131,768
	Abandoned vehicles impounded (#)	6,972	8,602	8,813	5,577	9,516
	Citations written (#)	2,784,351	2,806,712	3,102,611	3,205,565	3,101,079
	Citations written per officer per eight-hour shift (#)	30	31	35	37	36
	Crossing guard assignments (#)	486	486	486	501	525
	Hours of intersection control (#)	72,618	90,478	79,415	56,837	84,262
	Peak hour tows and other tows (#)	55,057	54,231	8,813	18,359	10,000
Parking Operations Support and Adjudication						
	Citation reviews completed within 21 days (%)	80	58	--	--	--
	Collection rate of citations issued in the year (%)	68.03	--	--	--	--
Traffic Control Devices						
	New signals (Traffic and Pedestrian) installed (#)	--	--	--	--	--
	Traffic control signals maintained (%)	90	87	--	--	--
	Traffic signals repaired (#)	--	--	--	--	--
Transit Capital Programming						
	Active traffic congestion relief projects (#)	58	43	--	--	--
	Increase in bicycle lane miles (# of miles)	7	4	--	--	--
	Increase in bicycle sharrows miles (# of miles)	--	--	--	--	--
Transit Operations						
	Fixed transit route passenger trips (#)	31,675,393	30,533,399	29,808,908	30,630,303	30,711,799
	Fixed transit routes in service (#)	56	54	55	55	57
	Total transit vehicle passenger trips (#)	31,860,898	30,724,278	29,990,787	30,765,034	30,851,486
Transportation System Engineering						
	Speed humps/tables constructed (#)	374	382	481	356	282
	Lane markings installed (# of miles)	--	--	--	--	--
	Red curb miles reinstalled/installed (#)	611	523	729	526	500
	Signs maintained/replaced (#)	108,032	96,885	116,414	30,000	21,000
	Temporary signs installed/removed (#)	365,389	383,005	360,573	--	--
	Thermoplastic longline striping installed/reinstalled (# of miles)	617	717	820	883	850
Cultural and Recreational Services						
Convention Center						
Client Revenue Services						
	Repeat events hosted (#)	274	339	279	--	--
Convention and Tourism Development						
	Citywide conventions and center events (#)	19	--	--	--	--
	Delegates attending Citywide conventions (#)	--	--	--	--	--
	Scheduled exhibit hall events (#)	161	180	175	130	126
Cultural Affairs						
City Arts						
	Art class enrollment (#)	16,850	--	--	--	--
	Theater attendance (#)	120,000	--	--	--	--
Community Arts						
	Art exhibitions presented (#)	52	70	70	70	70
	Special events/festivals (#)	33	104	104	104	104
Grant						
	Number of participants and audience members at grant-supported programs (#)	--	--	--	--	--
Performing Arts						
	Music/theatre programs presented (#)	--	--	390	400	292
El Pueblo						
Events						
	Cultural and special events (#)	--	--	--	--	--
	Special events/festivals held (#) ⁽¹¹⁾	55	55	52	40	40

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	Fiscal Year				
		2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾
History and Museums	Art exhibitions presented (#) ⁽¹¹⁾	--	8	8	6	8
	Children's art workshops held (#) ⁽¹¹⁾	--	105	105	109	104
	Cultural and historical tours given (#) ⁽¹¹⁾	--	1,240	1,098	1,116	1,260
	Historic sites maintained (#) ⁽¹¹⁾	--	--	--	--	--
	Museum visitors (#)	360,000	--	--	--	--
	Tours provided to the public (#) ⁽¹¹⁾	--	859	936	1,042	967
	Tours provided to the public (#)	7,200	--	--	--	--
	Visitors to educational and cultural programs (#) ⁽¹¹⁾	--	476,239	502,268	485,340	453,576
Library	Public Library Services					
	Attendance level for cultural programming (#)	355,211	531,498	332,937	301,387	283,000
	Books cataloged (#)	69,647	48,452	49,495	48,304	38,495
	Books received - Volumes (#)	310,651	264,094	229,719	186,988	271,499
	Items circulated (#)	15,086,605	14,983,679	15,337,032	15,144,804	16,524,292
	Number of people visiting library facilities (#)	14,584,162	14,096,741	13,821,289	12,673,629	16,041,407
	Number of volunteers for special programs (#)	7,091	5,617	4,524	2,964	2,800
	Registered borrowers (#)	1,148,250	1,099,165	1,076,578	1,231,764	1,368,354
Recreation and Parks	Advance Planning					
	New parks opened to the public (#)	10	8	16	--	--
	Building and Facilities Maintenance					
	Maintenance job orders completed (#)	25,672	23,458	20,905	23,601	--
	Educational Exhibits					
	Observatory attendance (#)	1,155,104	1,033,429	969,479	909,668	902,489
	Expo Center					
	Number of visitors to the Expo Center (#)	448,860	889,000	819,000	--	--
	Museums and Educational					
	Visitors to museums (excluding Griffith Observatory) (#)	429,085	310,000	325,000	--	--
	Recreational Opportunities					
	Aquatics - Attendance for recreational swim (#)	2,951,899	3,255,404	2,696,366	2,635,207	3,296,327
	Aquatics - Pool attendance (#)	1,320,675	1,330,653	1,327,220	1,230,362	1,287,602
	Camps - Camper days (# of days)	62,427	55,624	56,204	18,900	34,060
	Municipal Sports - Number of teams (#)	6,365	6,484	6,330	5,110	5,210
	Municipal Sports - Team sports participants (#)	90,815	101,916	94,141	72,502	75,500
	Occupancy at child care facilities (#)	170	94	97	95	59
	Senior Citizens Services - Number of senior club members (#)	10,946	12,252	12,393	10,770	15,800
	Senior Citizens Services - Sr. Citizens Clubs (#)	105	109	109	132	123
	Youth Services and Intervention Programming - Youth (ages 5-15) in organized sports programs (#)	66,476	61,876	61,947	55,752	53,422
	Number of classes and cultural programs offered (#)	134,142	--	--	--	--
Zoo	Admissions					
	Group reservations processed (#)	2,360	2,542	2,955	1,989	2,239
	Educational Exhibits					
Community Development	Attendance (#)	1,550,343	1,506,274	1,660,450	1,543,232	1,459,080
	Aging					
Community Development	Family Caregiver Services					
	Community education participants (#)	8,490	7,682	14,820	13,026	13,412
	Outreach contacts made for Family Caregiver Services (#)	10,470	7,835	7,786	10,211	11,637
	Older Workers					
	Participants in the Older Workers Program (#)	180	149	227	287	283
	Unsubsidized placements of participants in the Older Workers Program (#)	17	9	3	7	3
	Senior Social Services					
	Congregate meals served (#) ⁽⁶⁾	711,895	768,560	834,063	844,074	845,797
	Homebound meals served (#)	755,480	768,536	756,462	781,553	809,649
	Meals served vs. meals contracted (%) ⁽⁶⁾	89	95	99	98	98
City Planning	Prop A - One-way transportation trips (#)	131,269	129,354	128,300	134,412	135,057
	Citywide Policy Planning					
	re:code LA citywide zoning codes completed (%)	17	3	--	--	--
	Community Planning					
	Phase 1 Transit Neighborhood Plans completed (%)	65	85	--	--	--
	Historic Resources					
	Parcels surveyed in the Historic Resources Survey (#)	588,186	145,000	160,000	--	--
	Disability					
	Counseling sessions (#) ⁽¹¹⁾	--	80	80	80	80
	Crisis intervention (#) ⁽¹¹⁾	--	--	--	--	--
ADA Compliance	Days to respond for interpreter services (#)	2	2	2	--	2
	Sign language and captioning requests processed (#)	245	342	294	--	--
	AIDS Coordination					
	HIV testing and counseling (#)	37,176	10,000	10,840	--	3,000
	Individuals serviced by Prevention Program (#)	46,877	--	--	--	--
	Syringes removed (# in millions)	1.1	1	1	--	--
	Community Affairs					
	Clientele (duplicated) served (#)	1,547	--	--	--	--
	Clientele (unduplicated) served (#)	702	751	685	--	--
	Economic and Workforce Development ⁽¹²⁾					
Economic Development	Businesses established by Business Source (#)	221	231	64	182	--

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	2009 ⁽¹⁾	2008	2007	2006	2005
History and Museums	Art exhibitions presented (#) ⁽¹¹⁾	10	9	12	10	10
	Children's art workshops held (#) ⁽¹¹⁾	130	130	110	110	110
	Cultural and historical tours given (#) ⁽¹¹⁾	1,500	1,450	1,450	1,400	1,400
	Historic sites maintained (#) ⁽¹¹⁾	--	--	7	7	7
	Museum visitors (#)	--	--	--	--	--
	Tours provided to the public (#) ⁽¹¹⁾	1,000	962	--	--	--
	Tours provided to the public (#)	--	--	--	--	--
	Visitors to educational and cultural programs (#) ⁽¹¹⁾	425,000	396,210	--	--	--
Library	Public Library Services					
	Attendance level for cultural programming (#)	282,380	279,560	--	--	--
	Books cataloged (#)	53,189	44,609	50,000	50,000	50,915
	Books received - Volumes (#)	320,537	225,389	560,332	175,000	200,000
	Items circulated (#)	15,925,000	15,900,000	15,800,000	15,639,485	15,744,303
	Number of people visiting library facilities (#)	16,400,000	16,100,000	16,003,909	14,032,869	14,011,932
	Number of volunteers for special programs (#)	2,600	2,373	--	--	--
	Registered borrowers (#)	1,475,000	1,445,000	1,440,000	1,429,345	1,424,922
Recreation and Parks	Advance Planning					
	New parks opened to the public (#)	--	--	--	--	--
	Building and Facilities Maintenance					
	Maintenance job orders completed (#)	--	--	--	--	--
	Educational Exhibits					
	Observatory attendance (#)	840,151	641,000	415,000	--	--
	Expo Center					
	Number of visitors to the Expo Center (#)	--	--	--	--	--
	Museums and Educational					
	Visitors to museums (excluding Griffith Observatory) (#)	--	--	--	--	--
	Recreational Opportunities					
	Aquatics - Attendance for recreational swim (#)	2,811,807	2,849,338	--	--	--
	Aquatics - Pool attendance (#)	1,208,758	1,500,000	1,292,655	1,298,123	1,389,678
	Camps - Camper days (# of days)	39,513	52,000	50,000	48,454	52,652
	Municipal Sports - Number of teams (#)	5,248	5,000	5,200	5,099	4,864
	Municipal Sports - Team sports participants (#)	76,543	76,000	74,000	76,498	73,307
	Occupancy at child care facilities (#)	69	68	--	--	--
	Senior Citizens Services - Number of senior club members (#)	14,125	13,317	--	--	--
	Senior Citizens Services - Sr. Citizens Clubs (#)	125	175	170	165	155
	Youth Services and Intervention Programming - Youth (ages 5-15) in organized sports programs (#)	64,328	76,000	--	--	--
	Number of classes and cultural programs offered (#)	--	--	--	--	--
Zoo	Admissions					
	Group reservations processed (#)	2,521	2,585	--	--	--
	Educational Exhibits					
Community Development	Attendance (#)	1,556,162	1,602,171	1,564,674	1,523,469	1,396,538
Aging	Family Caregiver Services					
	Community education participants (#)	12,012	2,668	3,032	3,537	4,811
	Outreach contacts made for Family Caregiver Services (#)	12,117	14,718	107,787	51,777	157,887
	Older Workers					
	Participants in the Older Workers Program (#)	196	299	297	174	169
	Unsubsidized placements of participants in the Older Workers Program (#)	16	55	56	44	29
	Senior Social Services					
	Congregate meals served (#) ⁽⁶⁾	840,605	835,229	859,169	906,858	964,196
	Homebound meals served (#)	791,422	817,630	816,581	845,904	839,460
	Meals served vs. meals contracted (%) ⁽⁶⁾	100	94	--	--	--
City Planning	Prop A - One-way transportation trips (#)	134,849	142,152	133,807	130,200	145,000
	Citywide Policy Planning					
	re:code LA citywide zoning codes completed (%)	--	--	--	--	--
	Community Planning					
	Phase 1 Transit Neighborhood Plans completed (%)	--	--	--	--	--
Historic Resources	Parcels surveyed in the Historic Resources Survey (#)	--	--	--	--	--
Disability	Counseling sessions (#) ⁽¹¹⁾	100	100	103	100	107
	Crisis intervention (#) ⁽¹¹⁾	80	80	80	80	55
ADA Compliance	Days to respond for interpreter services (#)	2	2	--	--	--
	Sign language and captioning requests processed (#)	--	--	--	--	--
AIDS Coordination	HIV testing and counseling (#)	2,500	2,400	--	--	--
	Individuals serviced by Prevention Program (#)	--	--	--	--	--
	Syringes removed (# in millions)	--	--	--	--	--
Community Affairs	Clientele (duplicated) served (#)	--	--	--	--	--
	Clientele (unduplicated) served (#)	--	--	--	--	--
Economic and Workforce Development ⁽¹²⁾	Economic Development					
	Businesses established by Business Source (#)	--	--	--	--	--

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	Fiscal Year				
		2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾
Workforce Development	Number of job training enrollments for adults/dislocated workers (#)	3,900	4,695	4,218	6,237	--
Housing and Community Investment ⁽¹³⁾	Code Enforcement					
	Multi-family unit inspected every 4 years (#)	180,000	179,728	189,771	180,000	183,741
	Percent of complaints responded to within 72 hours (%)	81	--	--	--	--
	Periodic unit inspections (#)	165,928	180,484	178,160	176,908	189,611
	Urgent repair referrals (#)	656	--	--	--	--
Compliance Monitoring	Affordable units monitored (#)	25,061	21,578	20,226	20,684	15,121
	Percent of REAP cases closed due to resolving habitability violations versus number of REAP cases opened (%)	162	--	--	--	--
Finance & Development	Number of new funded transit oriented development housing units (#)	828	--	--	--	--
Homeownership and Preservation	Number of health hazard housing units remediated (#)	120	--	--	--	--
	Number of housing units made lead safe (#)	114	121	195	41	80
Housing Preservation and Production	Low income units financed by GAP under the Homeownership Program (#)	91	--	--	--	--
	Residential units preserved under the Housing Rehabilitation Program (#)	--	--	--	--	--
	Units financed by MRB under the Homeownership Program (#)	--	--	--	--	--
Monitoring & Technical Services	Number of Family Source academic achievements including graduation and test scores (#)	3,730	--	--	--	--
Rent	Percent of complaints resolved within 120 days (%)	88	--	--	--	--
	Rent adjustments processed (#)	381	--	--	--	--
	Rental units registered (#)	530,894	529,106	531,603	531,999	532,691
	Tenant complaints processed (#)	5,874	5,780	5,426	6,408	5,632
Strategic Planning & Policy Development	Number of housing units contacted that are at risk of losing their affordability restrictions (#)	344	--	--	--	--

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	2009 ⁽¹⁾	2008	2007	2006	2005
Workforce Development	Number of job training enrollments for adults/dislocated workers (#)	--	--	--	--	--
Housing and Community Investment ⁽¹³⁾	Code Enforcement					
	Multi-family unit inspected every 4 years (#)	183,741	--	--	--	--
	Percent of complaints responded to within 72 hours (%)	--	--	--	--	--
	Periodic unit inspections (#)	180,776	192,316	213,224	152,106	153,000
	Urgent repair referrals (#)	564	564	497	650	600
	Compliance Monitoring					
	Affordable units monitored (#)	18,000	18,000	17,476	17,000	15,000
	Percent of REAP cases closed due to resolving habitability violations versus number of REAP cases opened (%)	--	--	--	--	--
	Finance & Development					
	Number of new funded transit oriented development housing units (#)	--	--	--	--	--
	Homeownership and Preservation					
	Number of health hazard housing units remediated (#)	--	--	--	--	--
	Number of housing units made lead safe (#)	138	135	--	--	--
	Housing Preservation and Production					
	Low income units financed by GAP under the Homeownership Program (#)	57	133	120	125	90
	Residential units preserved under the Housing Rehabilitation Program (#)	29	29	55	310	356
	Units financed by MRB under the Homeownership Program (#)	--	--	95	120	90
	Monitoring & Technical Services					
	Number of Family Source academic achievements including graduation and test scores (#)	--	--	--	--	--
	Rent					
	Percent of complaints resolved within 120 days (%)	--	--	--	--	--
	Rent adjustments processed (#)	550	525	575	550	510
	Rental units registered (#)	518,000	518,000	518,658	600,000	600,000
	Tenant complaints processed (#)	8,900	8,100	7,404	8,000	8,000
	Strategic Planning & Policy Development					
	Number of housing units contacted that are at risk of losing their affordability restrictions (#)	--	--	--	--	--

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department		Program/Indicator	Fiscal Year				
			2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾
Business-Type Activities							
Airports	Air cargo (# in thousand tons)	2,393	2,400	2,366	2,296	2,242	
	Aircraft movements (# in thousands)	974	939	976	989	1,025	
	Passengers (# in millions)	72.8	69	67	65	63	
Harbor	Containerized cargo volume (# in millions of TEUs)	8.2	8	8	8	7	
	Cruise passengers (#)	541,418	355,875	515,827	667,434	802,899	
	Inbound tonnage (# in millions tons)	99	93	98	94	88	
	Miles of waterfront (#)	43	43	43	43	43	
	Outbound tonnage (# in millions tons)	74	72	75	68	67	
	Vessel arrivals (#)	2,196	2,089	2,100	2,236	2,124	
	Power	Cumulative Feed in Tariff (FIT) installations (# of kilowatts)	800	--	--	--	--
Customers- number (# in thousands)		1,503	1,479	1,471	1,461	1,447	
Energy production (# of kwh in billions)		27	27	28	27	28	
Kilowatt hours of power from energy efficiency (# of kilowatt hours)		1,453,801,907	--	--	--	--	
Kilowatt hours sold (# of hours in billions)		26	26	25	25	26	
Net system capability (# of megawatts)		8	8	7	7	7	
Power poles replaced, installed and reinforced (#)		1,599	1,135	1,813	2,211	3,113	
Solar Incentive Program (SIP) cumulative capacity (# of kilowatts)		108,465.50	79,604.89	55,099.47	36,180.88	22,663.36	
Solar Incentive Program (SIP) installed capacity (# of kilowatts)		28,860.61	24,505.42	18,918.59	13,517.51	4,650.24	
System Average Interruption Duration Index - SAIDI (# of minutes per customer)		61.69	71.85	189.51	114.6	120.7	
System Average Interruption Frequency Index - SAIFI (# of interruptions per customer)		0.48	0.48	0.9	0.8	0.84	
Wastewater		DCT wastewater treatment (# in MGD)	35	57	57	52	52
		DCT water recycled (# in MGD) ⁽¹⁴⁾	29	28	28	32	34
	HTP wastewater recycled (# in MGD) ⁽¹⁴⁾	47	35	28	26	35	
	HTP wastewater treatment (# in MGD)	279	305	305	297	305	
	LAG wastewater treatment (# in MGD)	15	20	20	20	20	
	LAG water recycled (# in MGD) ⁽¹⁴⁾	5	5	5	8	8	
	Maintain 3-yr rolling average of 60 miles of renewing sewers (%)	105	100	100	100	100	
	TITP wastewater recycled (# in MGD) ⁽¹⁴⁾	4	4	1	2	4	
	TITP wastewater treatment (# in MGD)	15	16	16	15	16	
	WCSD sewer cleaning - miles of sewers cleaned (# of miles)	6,614	6,750	6,750	6,093	5,903	
Water	Percentage of DWP water sourced from local groundwater (% of DWP Water)	11.5	10.1	11.2	9.3	14.2	
	Recycled water use (# of acre feet)	10,536	7,480	6,953	--	--	
	Cumulative miles of water main replaced (# of miles)	153.5	131	102	85	63	
	Customers - number (# in thousands)	679	676	674	667	659	
	Gallons sold (# of gallons in billions)	177	178	170	169	166	
	Net water supply (# of gallons in billions)	191	183	177	169	173	
	Water main breaks (# of breaks)	1,146	1,148	1,319	1,237	1,453	
	Water purchased from MWD (% of total water supply)	76.3	68.6	38.5	31.3	47.7	

CITY OF LOS ANGELES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Department	Program/Indicator	2009 ⁽¹⁾	2008	2007	2006	2005
Business-Type Activities						
Airports	Air cargo (# in thousand tons)	2,018	2,519	2,631	2,677	2,718
	Aircraft movements (# in thousands)	1,049	1,249	1,225	1,220	1,270
	Passengers (# in millions)	62	69	69	69	68
Harbor	Containerized cargo volume (# in millions of TEUs)	8	8	8	8	8
	Cruise passengers (#)	990,965	1,191,449	1,194,984	1,205,947	1,097,204
	Inbound tonnage (# in millions tons)	94	105	118	113	102
	Miles of waterfront (#)	43	43	43	43	43
	Outbound tonnage (# in millions tons)	66	65	72	69	60
	Vessel arrivals (#)	2,322	2,467	2,920	2,771	2,646
Power	Cumulative Feed in Tariff (FIT) installations (# of kilowatts)	--	--	--	--	--
	Customers- number (# in thousands)	1,452	1,446	1,448	1,445	1,437
	Energy production (# of kwh in billions)	29	29	28	30	29
	Kilowatt hours of power from energy efficiency (# of kilowatt hours)	--	--	--	--	--
	Kilowatt hours sold (# of hours in billions)	25	26	26	26	25
	Net system capability (# of megawatts)	7	7	7	7	7
	Power poles replaced, installed and reinforced (#)	2,745	--	--	--	--
	Solar Incentive Program (SIP) cumulative capacity (# of kilowatts)	17,247.50	12,548.94	10,470.87	--	--
	Solar Incentive Program (SIP) installed capacity (# of kilowatts)	4,698.55	2,078.07	--	--	--
	System Average Interruption Duration Index - SAIDI (# of minutes per customer)	78.1	122	--	--	--
	System Average Interruption Frequency Index - SAIFI (# of interruptions per customer)	0.69	0.79	--	--	--
Wastewater	DCT wastewater treatment (# in MGD)	65	62	54	49	57
	DCT water recycled (# in MGD) ⁽¹⁴⁾	32	30	25	25	26
	HTP wastewater recycled (# in MGD) ⁽¹⁴⁾	35	35	32	23	24
	HTP wastewater treatment (# in MGD)	350	350	342	337	358
	LAG wastewater treatment (# in MGD)	20	20	21	13	16
	LAG water recycled (# in MGD) ⁽¹⁴⁾	6	6	4	4	3
	Maintain 3-yr rolling average of 60 miles of renewing sewers (%)	129	--	--	--	--
	TITP wastewater recycled (# in MGD) ⁽¹⁴⁾	5	4	3	1	1
	TITP wastewater treatment (# in MGD)	16	16	16	16	16
	WCSD sewer cleaning - miles of sewers cleaned (# of miles)	5,000	4,981	4,930	4,797	3,627
Water	Percentage of DWP water sourced from local groundwater (% of DWP Water)	10.1	11.3	13.9	--	--
	Recycled water use (# of acre feet)	--	--	--	--	--
	Cumulative miles of water main replaced (# of miles)	47	29	14	--	--
	Customers - number (# in thousands)	666	666	667	670	664
	Gallons sold (# of gallons in billions)	189	199	207	194	191
	Net water supply (# of gallons in billions)	197	210	216	203	266
	Water main breaks (# of breaks)	1,422	1,363	2,031	--	--
	Water purchased from MWD (% of total water supply)	70.9	64.7	43.8	--	--

Notes:

- ⁽¹⁾ Fiscal year 2009 figures are based on actual and estimates; fiscal year 2011 figures are based on departmental reports.
⁽²⁾ Fiscal year 2010 figures are based on estimates.
⁽³⁾ Data for fiscal year 2011 and 2012 were not available.
⁽⁴⁾ Program was transferred to Bureau of Sanitation in fiscal year 2009.
⁽⁵⁾ The 3-1-1 Call Center Operations, which provides assistance on routine and non-emergency City services, began operations in November 2002.
⁽⁶⁾ Fiscal year 2013 figure adjusted to correct total.
⁽⁷⁾ This indicator was formerly "Animals Rescued".
⁽⁸⁾ Department is developing a new indicator.
⁽⁹⁾ Function no longer performed by City forces.
⁽¹⁰⁾ Completed in 2014.
⁽¹¹⁾ Indicator no longer tracked.
⁽¹²⁾ Department name changed from Community Development in fiscal year 2014.
⁽¹³⁾ Department name changed from Housing in fiscal year 2014.
⁽¹⁴⁾ Changed from "reclaimed" to "recycled".
-- Data not available or no longer reported.

Sources: Various departments.

CITY OF LOS ANGELES

**Capital Assets Information
Governmental Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2014	2013	2012	2011	2010
General Government					
Fiber optic cabling (fiber miles) ⁽¹⁾	150	150	150	150	150
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire stations	106	106	106	106	106
Fire trucks	367	367	337	336	362
Patrol units	1,374	1,374	1,374	1,374	1,374
Police stations	28	29	29	29	28
Police training centers	3	3	3	3	3
Public Works					
Bridges	517	514	508	508	508
Street lights	209,397	207,384	206,757	204,750	204,000
Streets (centerline miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	701	750	750	732	742
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	50	48	48	48	48
Bike paths (miles)	14	14	13	13	13
Commuter buses	385	371	361	407	450
Traffic signals	4,677	4,657	4,625	4,607	4,589
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	16,149	16,001	15,865	15,717	15,717
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	256	256	256
Children's play areas	387	383	368	368	368
Dog parks	9	9	9	9	9
Golf courses	13	13	13	13	13
Hiking trails (miles)	92	92	92	92	92
Historical sites	11	11	11	11	11
Horticulture centers	6	6	6	6	6
Indoor gyms	95	95	95	95	95
Lakes	13	13	11	11	11
Libraries	73	73	73	73	73
Licensed child-care centers	2	2	2	2	2
Museums	12	12	12	12	12
Park sites	442	435	427	427	427
Pools	62	62	61	61	61
Recreational centers	184	184	184	184	184
Regional parks	5	5	5	5	5
Residential camps	9	9	7	7	7
Senior citizen centers	35	31	31	31	31
Skate parks	28	21	18	9	9
Tennis courts	321	321	321	321	321
Therapeutic centers	3	-	-	-	3
Wedding sites	19	19	19	12	12

CITY OF LOS ANGELES

**Capital Assets Information
Governmental Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2009	2008	2007	2006	2005
General Government					
Fiber optic cabling (fiber miles) ⁽¹⁾	3,426	9,876	9,870	9,870	9,855
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire stations	106	105	104	103	103
Fire trucks	362	360	360	360	360
Patrol units	1,374	1,374	1,374	1,276	1,276
Police stations	26	25	21	21	21
Police training centers	3	3	3	3	3
Public Works					
Bridges	509	507	507	533	533
Street lights	207,000	206,000	231,402	221,113	218,248
Streets (centerline miles)	6,500	6,500	6,500	6,489	6,493
Health and Sanitation					
Refuse collection trucks	744	744	725	705	751
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	48	46	41	46	43
Bike paths (miles)	12	12	12	14	14
Commuter buses	468	440	488	535	516
Traffic signals	4,530	4,515	4,506	4,555	4,251
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	15,786	15,710	15,944	15,822	15,704
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	255	253	253
Children's play areas	368	368	377	377	374
Dog parks	9	9	9	9	9
Golf courses	13	13	13	13	13
Hiking trails (miles)	92	92	92	92	92
Historical sites	11	11	11	11	11
Horticulture centers	6	6	6	6	6
Indoor gyms	95	95	95	95	95
Lakes	11	11	9	9	9
Libraries	72	72	72	72	72
Licensed child-care centers	26	26	26	25	24
Museums	12	12	7	7	7
Park sites	417	404	398	397	396
Pools	60	60	60	60	59
Recreational centers	183	183	181	180	179
Regional parks	5	5	5	5	5
Residential camps	7	7	7	7	7
Senior citizen centers	31	31	30	30	30
Skate parks	9	9	7	7	7
Tennis courts	321	321	287	287	287
Therapeutic centers	3	3	3	3	3
Wedding sites	12	12	12	12	12

CITY OF LOS ANGELES

**Capital Assets Information
Business-Type Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2014	2013	2012	2011	2010
Airports					
Number of airports ⁽²⁾	3	3	4	4	4
Harbor					
Number of cargo terminals	23	24	24	24	24
Number of major container terminals	8	8	8	8	8
Power					
Overhead distribution lines (miles)	10,213	10,220	10,220	10,186	10,140
Transmission lines (miles)	3,632	3,632	3,626	3,626	3,631
Underground distribution lines (miles)	3,608	3,561	3,594	3,547	3,505
Generating units ⁽³⁾	242	242	235	235	51
Wastewater					
Sanitary sewers (miles)	6,700	6,700	6,700	6,700	6,500
Storm drain pipe mainline (miles)	1,260	1,244	1,200	1,200	1,200
Water					
Aqueduct (miles)	472	472	472	472	390
Distribution pipe (miles)	7,263	7,246	7,225	7,221	7,273
Number of storage reservoirs and tanks	114	114	114	114	106
Service connections	696,989	702,485	701,644	719,154	718,511

CITY OF LOS ANGELES

Capital Assets Information Business-Type Activities Last Ten Fiscal Years

Function/Asset	Fiscal Year				
	2009	2008	2007	2006	2005
Airports					
Number of airports ⁽²⁾	4	4	4	4	4
Harbor					
Number of cargo terminals	25	25	25	27	26
Number of major container terminals	8	8	8	8	8
Power					
Overhead distribution lines (miles)	8,782	6,947	6,954	7,268	7,268
Transmission lines (miles)	3,631	3,643	3,643	3,643	3,631
Underground distribution lines (miles)	3,235	6,095	6,061	6,115	6,115
Generating units ⁽³⁾	50	51	50	67	60
Wastewater					
Sanitary sewers (miles)	6,500	6,550	6,500	6,500	6,500
Storm drain pipe mainline (miles)	1,200	1,200	1,000	1,000	1,200
Water					
Aqueduct (miles)	367	367	340	571	571
Distribution pipe (miles)	7,248	7,227	7,229	7,137	7,119
Number of storage reservoirs and tanks	114	104	108	107	107
Service connections	716,919	715,430	712,184	709,988	708,167

⁽¹⁾ By fiscal year 2010, DWP took over possession, management and control over majority of the assets.

⁽²⁾ Airports operates LAX, ONT, and VNY.

⁽³⁾ Data changed to Department-owned generating units beginning fiscal year 2007. The increase in generating units is due to renewables.

Source: City departments

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