

EXPENDITURES
CASH TAXES ASSETS
EXPENSES REVENUE FISCAL TAXES
METRICS
CONTROLLER
POLICY EXPENSES SERVICES
FINANCE

City of Los Angeles California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



RON | GALPERIN

Los Angeles City Controller

LAController.org



City of Los Angeles California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL L-1
ORGANIZATIONAL CHART i
CITY OFFICIALS..... ii
CITY CONTROLLER iii
GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING iv

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT..... 1
MANAGEMENT’S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)..... 5

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION 35
STATEMENT OF ACTIVITIES 36

FUND FINANCIAL STATEMENTS

BALANCE SHEET- GOVERNMENTAL FUNDS 37

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION 39

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS 40

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES 42

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND..... 43

STATEMENT OF NET POSITION – PROPRIETARY FUNDS 44

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS..... 48

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS..... 50

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS..... 54

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS 55

NOTES TO THE BASIC FINANCIAL STATEMENTS (INDEX PAGE 56)..... 57

REQUIRED SUPPLEMENTARY INFORMATION

BENEFIT PENSION PLANS, SCHEDULE OF EMPLOYER CONTRIBUTIONS.....	227
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS.....	228
ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE EMPLOYER CONTRIBUTION RATES.....	231
OTHER POSTEMPLOYMENT BENEFITS HEALTHCARE PLANS – SCHEDULE OF FUNDING PROGRESS.....	232
CONDITION RATING FOR CITY BRIDGES.....	233
COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION COSTS	234

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

COMBINING BALANCE SHEET- OTHER GOVERNMENTAL FUNDS	236
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER GOVERNMENTAL FUNDS	237

GENERAL FUND

SUPPLEMENTAL SCHEDULE OF BUDGET APPROPRIATIONS, EXPENDITURES AND OTHER FINANCING USES BY FUNCTION – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS).....	239
SUPPLEMENTAL SCHEDULE OF BUDGET APPROPRIATIONS, EXPENDITURES AND OTHER FINANCING USES BY FUNCTION AND OBJECT – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)	241

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET- NONMAJOR SPECIAL REVENUE FUNDS	250
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	255
COMBINING BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) ANNUALLY BUDGETED NONMAJOR SPECIAL REVENUE FUNDS	260
RECONCILIATION OF OPERATIONS ON BUDGETARY BASIS TO THE GAAP BASIS NONMAJOR SPECIAL REVENUE FUNDS	303
SUPPLEMENTAL SCHEDULE OF BUDGET APPROPRIATIONS, EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – ALL BUDGETED SPECIAL REVENUE FUNDS.....	304

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET- NONMAJOR DEBT SERVICE FUNDS	310
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR DEBT SERVICE FUNDS	312
COMBINING BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) ANNUALLY BUDGETED NONMAJOR DEBT SERVICE FUNDS	314
RECONCILIATION OF OPERATIONS ON BUDGETARY BASIS TO THE GAAP BASIS NONMAJOR DEBT SERVICE FUNDS	325

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET- NONMAJOR CAPITAL PROJECTS FUNDS.....	328
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS.....	330
COMBINING BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) ANNUALLY BUDGETED NONMAJOR CAPITAL PROJECTS FUNDS.....	332
RECONCILIATION OF OPERATIONS ON BUDGETARY BASIS TO THE GAAP BASIS NONMAJOR CAPITAL PROJECTS FUNDS.....	335
SUPPLEMENTAL SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – ALL BUDGETED CAPITAL PROJECTS FUNDS.....	336

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION – PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS.....	338
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS.....	339
COMBINING STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUNDS	340
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUNDS.....	341
COMBINING STATEMENT OF FIDUCIARY NET POSITION – OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS	342
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS	343
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS	344
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS.....	345

STATISTICAL SECTION**FINANCIAL TRENDS**

NET POSITION BY CATEGORY, ACCRUAL BASIS OF ACCOUNTING, LAST TEN FISCAL YEARS	348
CHANGES IN NET POSITION, ACCRUAL BASIS OF ACCOUNTING, LAST TEN FISCAL YEARS.....	350
FUND BALANCES – GOVERNMENTAL FUNDS MODIFIED ACCRUAL BASIS OF ACCOUNTING, LAST TEN FISCAL YEARS.....	354
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS MODIFIED ACCRUAL BASIS OF ACCOUNTING, LAST TEN FISCAL YEARS.....	356
TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS MODIFIED ACCRUAL BASIS OF ACCOUNTING, LAST TEN FISCAL YEARS.....	358

REVENUE CAPACITY

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY, LAST TEN FISCAL YEARS 361

DIRECT AND OVERLAPPING PROPERTY TAX RATES, TAX RATE AREA NO. 4, LAST TEN FISCAL YEARS..... 362

**TEN LARGEST PROPERTY TAXPAYERS, SECURED ASSESSED VALUATION,
CURRENT AND NINE YEARS AGO 363**

PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN FISCAL YEARS 364

ENERGY SOLD BY TYPE OF CUSTOMER, POWER ENTERPRISE FUND, LAST TEN FISCAL YEARS 365

**AVERAGE NUMBER OF CUSTOMERS FOR ENERGY SALES,
POWER ENTERPRISE FUND, LAST TEN FISCAL YEARS..... 365**

DEBT CAPACITY

RATIOS OF OUTSTANDING DEBT BY TYPE, LAST TEN FISCAL YEARS 368

**RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND PER CAPITA,
LAST TEN FISCAL YEARS 370**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT..... 371

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN,
LAST TEN FISCAL YEARS 372**

PLEGGED REVENUE COVERAGE, LAST TEN FISCAL YEARS 374

DEMOGRAPHIC AND ECONOMIC INFORMATION

DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN FISCAL YEARS 377

PRINCIPAL EMPLOYERS (NON-GOVERNMENT), CURRENT YEAR AND NINE YEARS AGO 378

OPERATING INFORMATION

**NUMBER OF CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
FULL-TIME EQUIVALENT, LAST TEN FISCAL YEARS 380**

OPERATING INDICATORS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS 384

CAPITAL ASSETS INFORMATION, GOVERNMENTAL ACTIVITIES, LAST TEN FISCAL YEARS..... 392

INTRODUCTORY SECTION



A word cloud of financial and administrative terms. The most prominent words are 'TAXES', 'METRICS', and 'CONTROLLER', all in large, bold, black capital letters. Other words in various sizes and orientations include 'EXPENDITURES', 'ASSETS', 'FISCAL', 'REVENUE', 'CASH', 'EXPENSES', 'POLICY', 'SERVICES', 'FINANCE', and 'BUREAUS'.

EXPENSES REVENUE
EXPENDITURES
CASH TAXES ASSETS FISCAL TAXES
METRICS
CONTROLLER
POLICY EXPENSES SERVICES FINANCE BUREAUS



RON GALPERIN
CONTROLLER

February 6, 2017

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, 2016, in accordance with Section 216 of the City Charter. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by Macias Gini & O'Connell LLP, a firm of independent licensed certified public accountants. In accordance with the requirements of the U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the independent auditor is also in the process of completing an annual financial and compliance audit of federal funds received by the City in fiscal year 2016.

The independent auditor expressed an opinion that the City's financial statements for fiscal year 2016 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.

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). The MD&A is designed to complement the basic financial statements and should be read in conjunction with the financial statements and the notes to the financial statements. 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, 2015. This was the twenty-first 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, as well as satisfying GAAP 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

RON GALPERIN
Los Angeles City Controller

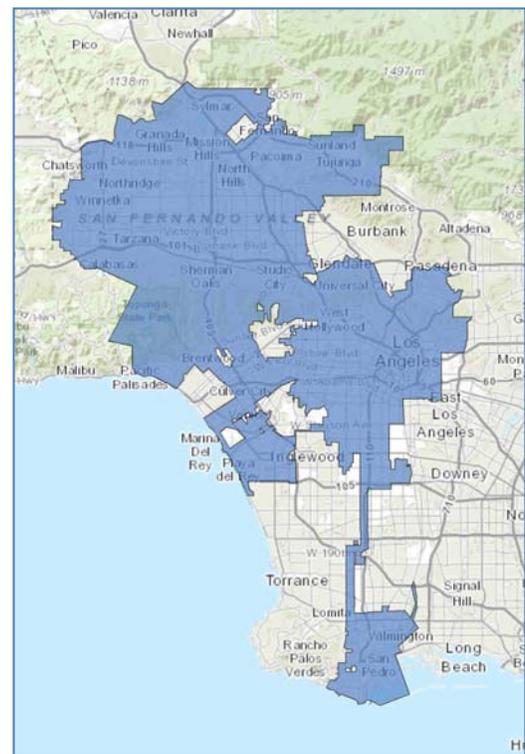
LETTER OF TRANSMITTAL

The Comprehensive Annual Financial Report (CAFR) is published annually by the City Controller (Controller) on the City of Los Angeles' (City) financial condition and results of operations 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's fiscal health, keep the City's official financial records, and supervise expenditures of the City.

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.

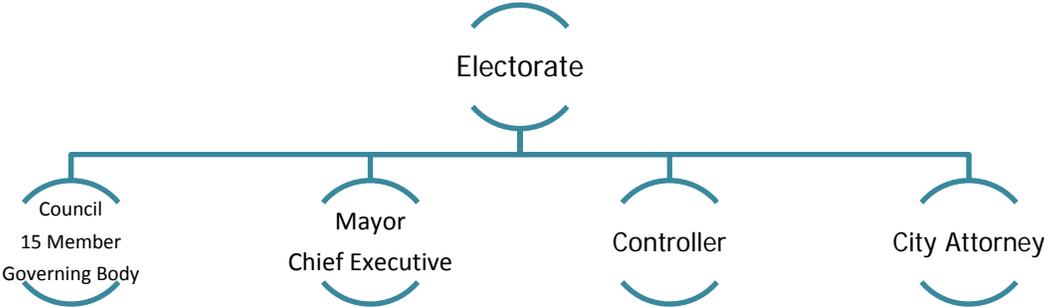
I. Profile of the Government

The City of Los Angeles is the second most populous city in the nation with an estimated January 1, 2016 population of 4,030,904. 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, three departments, consisting of the Department of Water and Power (DWP), the Harbor Department, and the Department of Airports are under the control of boards appointed by the Mayor and confirmed by Council. Two departments, the Los Angeles City Employees’ Retirement System (LACERS) and the Los Angeles Fire and Police Pensions System (Pensions), are under the control of boards whose membership is comprised of Mayoral appointees and representatives elected by system members. The Water and Power Employees’ Retirement, Disability and Death Benefit Insurance Plans, established by DWP, are under the control of a board whose membership is comprised of three ex officio members (one DWP Board member, DWP General Manager and Chief Accounting Employee), three members elected by system members and one retiree appointed by the DWP Board. The City’s reporting entity also includes, as blended component units, the Los Angeles Convention and Exhibition Center Authority, and the Municipal Improvement Corporation of Los Angeles (MICLA). While the City appoints a voting majority of the governing board of the Housing Authority of the City of Los Angeles (HACLA), it is excluded from the City’s financial statements due to its fiscal independence, and the City cannot impose its will over its daily operations.

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; two airports; harbor; power and water services; and the 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, which is composed of appropriations and allotments.



II. Local Economy

The City and its surrounding 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. More established components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal and food. Fueled by trade with Pacific Rim countries, the Port of Los Angeles ranks as number one by container volume in North America. Los Angeles International Airports (LAX) is the seventh 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 2.1 million tons of air cargo valued at nearly \$101.4 billion.

The Los Angeles County Economic Development Corporation (LAEDC) forecast for key economic indicators for the County of Los Angeles reflects general improvement for the region.

Selected Economic Indicators Los Angeles County Forecast

Indicator	2015	2016	2017 Forecast
Unemployment Rate (seasonally adjusted)	7.0%	5.2%	5.1%
Nonfarm Employment (# of jobs)	4,275,800	4,363,400	4,426,100
Total Taxable Sales (\$ billions)	152.9	156.9	161.6
Single Family Housing Permits Issued (#)	4,290	5,140	5,545
Multi-Family Housing Permits Issued (#)	18,665	12,519	13,652
Per Capita Personal Income (\$)	51,800	53,300	55,400

Source: Beacon Economics, January 2017

According to Beacon Economics, Los Angeles County experienced broad-based wage and job growth in 2016 and should continue to add jobs in 2017, primarily in transportation and logistics, wholesale trade, professional and technical, biosciences, information services, tourism and certain manufacturing industries. In 2017, the unemployment rate is expected to continue to fall, reaching 5.1 percent, and total nonfarm employment is anticipated to increase by 1.4 percent. With the economy close to full employment levels, wage gains are also expected over the next year. In 2017, much of the 3.9 percent gain in personal income is expected to be spent, and local spending as measured by total taxable sales are projected to rise by 3 percent. Single family and multi-family construction is expected to grow nearly 20 percent and nine percent, respectively.



III. Financial Policies

The City has adopted “Financial Policies for the City of Los Angeles” promoting good fiscal stewardship across a number of critical areas. As part of the City’s efforts towards financial sustainability over the past few years, the Mayor and Council have taken actions that have placed the City in a stronger financial position. To reduce the debt service burden, the City has refinanced borrowings with historically low interest rates. The Reserve Fund has gradually increased, from 2.56 percent of General Fund receipts in fiscal year 2008 to above 5 percent consistently since fiscal year 2013. The Budget Stabilization Fund balance represents an additional 1.7 percent of General Fund receipts. Pension reform measures have helped reduce future employee benefits costs. These fiscal reforms, along with sustained growth in economically-sensitive revenues, have brought the City out of the fiscal crisis of 2008-2010 with a much more structurally sound budget.

However, as reflected in the chart below, the July 1 Reserve Fund percentage declined in 2017 compared to 2016, and growth in economically-sensitive revenues is estimated at less than half of the 2016 growth rate. In order to maintain long-term fiscal sustainability, continued adherence to the City’s financial policies and fiscal discipline is paramount.

Following are summaries of select financial policies and information measuring the City’s compliance with those policies.

<u>Policy</u>	<u>FY 2016</u>	<u>FY 2017</u>
Reserve Fund Policy		
July 1st Percent of General Fund Receipts	8.18%	5.99%
Budget Stabilization Fund Policy		
Growth of seven major General Fund tax receipts	5.50%	2.53%
Amount of Deposit (millions)	\$ 27.0	\$ 1.0
Capital Infrastructure Policy		
One Percent of General Fund Receipts	1.38%	1.60%
One-Time Revenue Policy		
One-Time Revenue (millions)	\$ 138.0	\$ 124.8
One-Time Expenditures (millions)	\$ 169.0	\$ 132.2
Debt Management Policy		
Non-Voter	4.46%	4.12%
Total Approved	6.98%	6.32%



Reserve Fund Policy

The Reserve Fund Policy provides guidelines to ensure sufficient reserves are maintained for revenue shortfalls or unanticipated expenditures. The Policy sets a goal for the Reserve Fund balance of five percent of General Fund revenues, with no less than 2.75 percent in the Emergency Reserve Account, and all 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 2016 and 2017 adjusted Reserve Fund Balance was \$442.5 million and \$334.2 million, respectively, both of which exceeded the five percent goal stated in the Policy.

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.

The year-over-year projected growth of the seven major General Fund tax receipts in fiscal years 2016 and 2017 was 5.5 percent and 2.5 percent, respectively. As part of the City's effort to comply with the Capital Assets and Infrastructure Funding Policy, the fiscal year 2016 transfer to the BSF was reduced from the required \$77 million to \$27 million for a year-start total of \$92 million. While no deposit was required in fiscal year 2017, the City transferred \$1 million to the BSF and reached \$94 million on July 1, 2016, to maintain the positive habit of adding to the BSF whenever possible.

Capital Assets and Infrastructure Funding Policy

The Capital Assets and Infrastructure 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 those assets. The Policy requires that the City annually budget at least one percent of General Fund revenue to fund capital assets or infrastructure improvements. In fiscal years 2016 and 2017, the City budgeted approximately \$75 million and \$89 million, respectively, for capital and infrastructure projects. Both years' budgets exceeded the Policy minimum.

One-Time Revenue Policy

The One-Time Revenue Policy requires that one-time revenues will only be used for one-time expenditures. In fiscal years 2016 and 2017, one-time expenditures exceeded one-time revenues by \$31 million and \$7 million, respectively, demonstrating continued compliance with 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 percent of General Fund revenue.

Fiscal years 2016 and 2017 Budget ratio of non-voter debt service and total debt service as a percent of General Fund revenue were well under the Policy caps.

IV. Major Infrastructure Initiatives

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

- Airports is in the midst of a multi-billion dollar capital improvement program at LAX projected to last through 2024. Chief among the LAX modernization program are development of a new 12-gate, 800,000 square foot concourse west of the Tom Bradley International Terminal (TBIT), interior enhancements to Bradley West, upgrade of elevator and escalators systems, infrastructure improvements such as utilities and stormwater improvements, and other terminal improvements including passenger security screening checkpoints, baggage inspection systems, gate areas, and a post-security corridor linking Terminal 4 with TBIT/Bradley West complex.
- The Port of Los Angeles has adopted a capital budget of \$210.3 million in fiscal year 2017 which includes \$146.1 million of direct costs of capital improvements, \$58.6 million in capitalized overhead and interest costs, and \$5.6 million for capital equipment. Projects include terminal development, transportation and infrastructure public access/environmental enhancements, security improvements and maritime services.
- As part of its efforts to improve public infrastructure and shared spaces, the City has made the key investments including 425,000 square feet of sidewalk repair per year; 2,400 lane miles of slurry seal or resurfacing, and repair of 350,000 potholes.
- Protection and improvement of air and water quality remains a high priority for the City. Additional resources are provided to support the City's Electric Vehicle (EV) Program. The Los Angeles Police Department (LAPD) will lease 200 EVs as part of a five-year plan and EV charging stations will be installed and operated at police facilities. In addition, MICLA financing will expand the Solar Array Project at the Los Angeles Convention Center (LACC) and install solar panels on the Convention Center and the LAPD Motor Transport Division parking lot structure.



- The City continues to support the LA River Corps Program through funding of stormwater projects, bicycle and pedestrian access projects, and other improvements adjacent to the River. In addition, MICLA financing is budgeted for the purchase and basic remediation of Taylor Yard G2, a 40-acre parcel adjacent to the River that will eventually be used for recreational facilities, water quality, habitat restoration and potentially limited development.
- The City is also funding a number of major facilities projects, including: replacement of Fire Station 39, the busiest fire station in the San Fernando Valley; lighting, fiber optic, sound system, and other improvements for the Convention Center; purchase and build-out of a new LAPD Property Warehouse that will be used to store evidence currently located in a leased facility; and improvements to the North Central Animal Shelter lobby, roof, mechanical, and electrical systems.

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 embarked on a program to address the problem of homelessness. Some of the investments will be contingent upon the establishment of an Affordable Housing Linkage Fee and the sale of a number of surplus properties. In a report entitled “Comprehensive Homeless Strategy”, the City estimates that over \$1.85 billion will be needed over 10 years to build or lease housing for the current number of homeless, not including other systems costs such as coordinated case management, preventive steps or ongoing support services. To raise funding for this effort, voters approved Proposition HHH, a measure that authorized issuance of \$1.2 billion in general obligation bonds to build homeless housing, in November 2016.
- In an effort to maintain a high-quality public safety workforce, the City has made a priority of hiring and maintaining a force of 10,000 police officers and recruit firefighters after not doing so for several years. After training detention officers to staff the Metropolitan Detention Center, LAPD will redeploy police officers to field duties. In addition, first responders will be equipped with leading-edge public safety technology through projects such as Automated Vehicle Locator, Mobile Data Network, Fire Station Alerting System, Move-Up Command Table project and Firefighter Tablets.



- The City Controller's data mining and analytics report entitled "The City's Greying Workforce" issued an alarm that 46 percent of the City's civilian workforce would be eligible for retirement by 2018 and submitted various proposals such as succession planning, working with labor, as well as targeted training and recruitment in communities. Subsequently, the City entered into a Letter of Agreement (LOA) with labor. The LOA established a Strategic Workforce Development Taskforce with the goals of hiring 5,000 civilian employees over the next few years, targeted local hiring and leverage federal, state and private resources to meet the City's future workforce requirements.
- As part of its Open Data and Transparency program, the Controller continued to launch a number of transparency initiatives, including:
 - "Ready for Take Off," an intuitive and interactive dashboard on the operations and performance of America's second largest airport, LAX, features vehicle traffic, ratings on guest experience, a breakdown of the airport's economics and purchasing, and a near real-time noise map of every plane arriving and departing from LAX. Along with achieving Government Technology's Outstanding IT Project Award, the Wall Street Journal featured the dashboard and praised it as a first of its kind transparency initiative for a major U.S. Airport.
 - PropertyPanelLA is the most comprehensive map ever produced of 9,000 city-owned properties, to highlight its real estate holdings, which include police and fire stations, parks, but also commercial, residential and industrial buildings, as well as vacant land. PropertyPanelLA is intended as an informational tool, as a resource, and as a call to action for the City to undertake a more organized, professional and strategic approach to valuable public assets.

VI. Mayor's Top Priority Outcomes

The Mayor's "Back-to-Basics" approach focuses on a new way of doing business in City Hall in order to build a more sustainable, prosperous, and livable Los Angeles for all. Through a performance-based budget process, the Mayor is ensuring that each department is making smart investments and taking on initiatives that complement citywide efforts. The City will focus on a strategy that will maximize resources, prioritize the needs of residents and strive for greater effectiveness in all programs.

The Mayor's 2017-18 Proposed Budget will reflect the goals and priorities set during each General Manager Review process; succession and technology plans for each department, including a Targeted Local Hire Work Program; continuation and development of multi-department projects and programs; homeless services consistent with the Comprehensive Homeless Strategy, and innovation and efficiency projects.



VII. Controller's Guiding Principles for Fiscal Health

As the City moves forward with its effort 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.

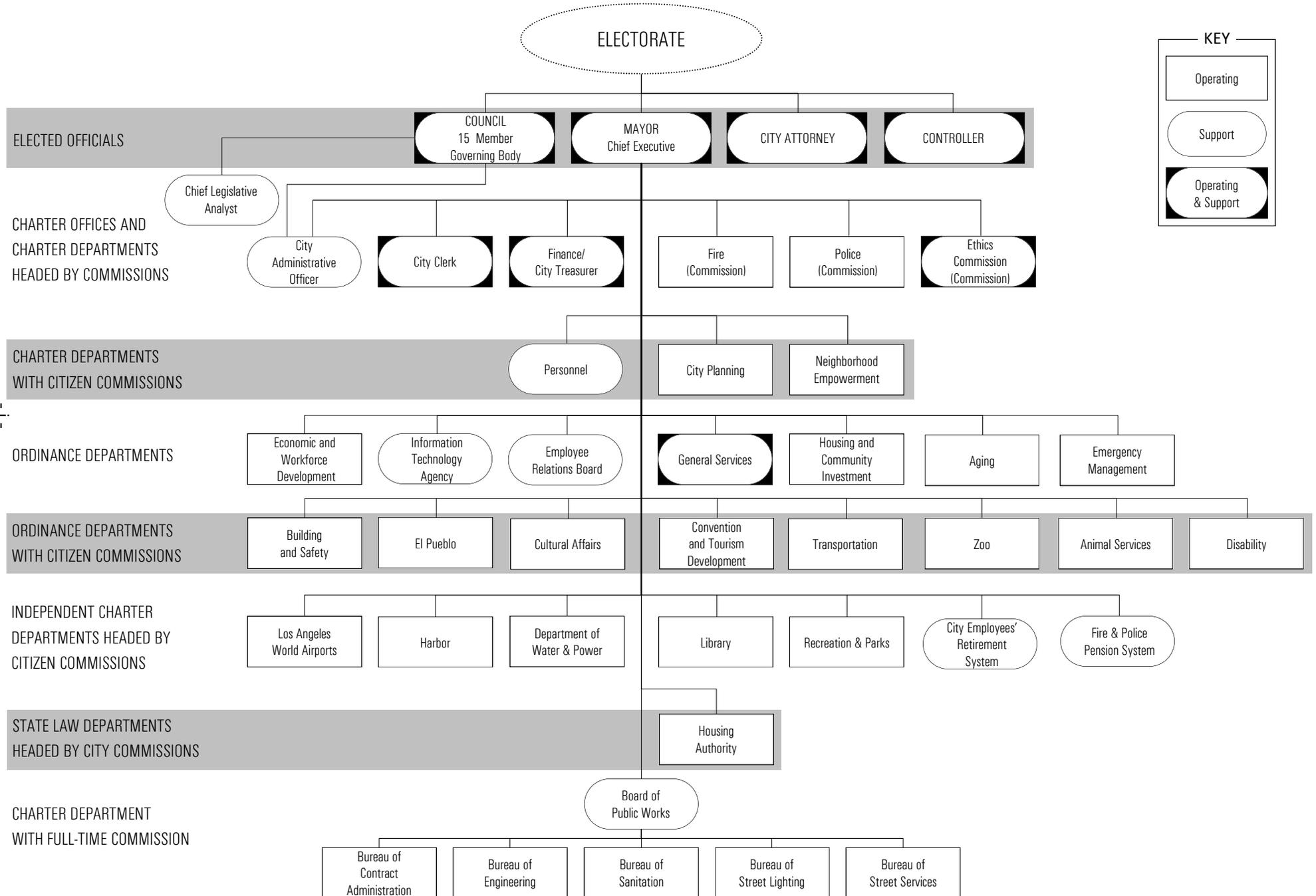
We believe the development of a long-term financial plan to be critical to balancing these guiding principles while achieving the City's policy goals. A robust long-term financial plan will align financial capacity with long-term service objectives, and developing such a plan is considered a best practice for governments. Working together, the City's leaders and stakeholders can advance these key strategies.

RON | GALPERIN
Los Angeles City Controller



ORGANIZATION OF THE CITY OF LOS ANGELES

FY 2015-16



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



Nury Martinez
District 6
Asst. Pres. Pro Tempore



Gilbert A. Cedillo
District 1



Paul Krekorian
District 2



Bob Blumenfield
District 3



David E. Ryu
District 4



Paul Koretz
District 5



(vacant)
District 7



Marqueece Harris-Dawson
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

Claire Bartels
Director of Finance
City Treasurer

Richard H. Llewellyn, Jr.
Interim City Administrative
Officer

Tony M. Royster
General Manager & City Purchasing Agent
Department 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)

CONTROLLER'S EXECUTIVE STAFF

Georgia Mattera
Chief Deputy Controller

Jennifer Rivera
Executive Deputy Controller (Chief of Staff)

Vijay Singhal
Chief Operations Officer (Principal Deputy Controller)

Alfred Rodas
Director of Auditing

Matthew Crawford
Chief Financial Officer and Director of Financial Analysis & Reporting

Linh Vo Director of PaySR/Payroll System **Rashad Mfume** Financial Management Systems **Anne Papa** Financial Analysis and Reporting
Min Chen Financial Operations **Jovonne Lavender** Management Services



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, 2015

Executive Director/CEO

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FINANCIAL SECTION



A word cloud of financial terms. The most prominent words are 'TAXES', 'METRICS', and 'CONTROLLER', all in large, bold, black capital letters. Other words in various sizes and orientations include 'EXPENDITURES', 'ASSETS', 'FISCAL TAXES', 'EXPENSES', 'REVENUE', 'CASH', 'POLICY', 'SERVICES', 'FINANCE', and 'BUREAUS'.

EXPENSES REVENUE
EXPENDITURES
CASH TAXES ASSETS FISCAL TAXES
METRICS
CONTROLLER
POLICY EXPENSES SERVICES FINANCE
BUREAUS



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, 2016, 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 Water and Power (DWP), Fire and Police Pension System (Pensions), Los Angeles City Employees’ 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, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net Position	Revenues/ Additions
Business-type Activities	55%	45%	64%
Each Major Enterprise Fund:			
Power and Water	100%	100%	100%
Aggregate Remaining Fund Information:			
Pensions, LACERS, and DWP Plans	91%	93%	51%

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 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 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 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of employer contributions, the schedules of changes in net pension liability and related ratios, the other postemployment benefits healthcare plans schedule of funding progress, condition rating for City bridges, and the comparison of needed-to-actual maintenance/preservation costs, as listed in table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 financial 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 financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial 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 February 6, 2017, 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 E O'Connell LPA". The signature is written in a cursive style with a large, stylized "LPA" at the end.

Los Angeles, California
February 6, 2017

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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, 2016. This discussion and analysis should be read in conjunction with the basic financial statements and accompanying notes, which follow this section. 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 2016 by \$19.9 billion, an increase of \$2.3 billion over fiscal year 2015. The net position of \$19.9 billion consisted of: \$17.3 billion net investment in capital assets; \$5.5 billion restricted net position which represents resources that are subject to certain restrictions on how they may be used; \$3.6 billion unrestricted net position which may be used to meet the City's obligations for its business-type activities; and \$(6.6) billion deficit of governmental activities.
- The City's financial activities during the fiscal year resulted in positive change in net position of \$2.3 billion from the prior fiscal year of which governmental activities increased by \$1.4 billion and the business-type activities increased by \$903.4 million.
- As of June 30, 2016, the aggregate ending fund balance of the City's governmental funds was \$4.8 billion, an increase of \$246.4 million from June 30, 2015. Of the combined fund balance of \$4.8 billion, \$53.1 million or 1.1% are nonspendable, \$2.9 billion or 59.7% are restricted, \$1.0 billion or 20.8% are committed, \$392.4 million or 8.2% are assigned to specific purposes, and \$493.8 million or 10.2% are unassigned.
- At the end of the fiscal year, the General Fund shows a fund balance of \$1.0 billion, of which \$44.2 million are nonspendable, \$392.4 million are assigned for various purposes, \$1.3 million are committed and \$590.5 million are unassigned.
- The City's bonded debt and long-term notes payable at June 30, 2016 totaled \$26.4 billion, a net increase of \$1.3 billion from the prior year's balance of \$25.1 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 are comprised of 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, 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 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 (MICLA). 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 many 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 and MICLA Special Revenue and Debt Service 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*.

Non-GAAP budgetary basis statement of revenues, expenditures and changes in fund balance has been provided for the General Fund.

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. Both are prepared using the economic resources measurement focus and the accrual basis of accounting.

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 other postemployment benefits to City employees and the net pension liability and contributions related to the City's pension plans. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19.9 billion at the close of fiscal year 2016.

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		Business-type		Total	
	Activities		Activities			
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Assets						
Current and other assets.....	\$ 6,648,797	\$ 6,162,270	\$ 12,285,430	\$ 11,837,885	\$ 18,934,227	\$ 18,000,155
Capital assets.....	7,593,062	7,278,274	34,063,245	32,262,130	41,656,307	39,540,404
Total assets.....	14,241,859	13,440,544	46,348,675	44,100,015	60,590,534	57,540,559
Deferred outflows of resources.....	1,798,903	1,372,548	1,122,572	1,276,387	2,921,475	2,648,935
Liabilities						
Current and other liabilities.....	934,425	822,196	1,779,203	1,573,503	2,713,628	2,395,699
Long-term liabilities.....	12,636,862	12,334,500	25,761,546	24,295,446	38,398,408	36,629,946
Total liabilities.....	13,571,287	13,156,696	27,540,749	25,868,949	41,112,036	39,025,645
Deferred inflows of resources.....	1,625,423	2,193,188	907,297	1,387,658	2,532,720	3,580,846
Net position						
Net investment in capital assets.....	5,267,860	4,760,372	11,990,919	11,489,529	17,258,779	16,249,901
Restricted.....	2,135,861	2,086,394	3,406,639	3,460,558	5,542,500	5,546,952
Unrestricted.....	(6,559,669)	(7,383,558)	3,625,643	3,169,708	(2,934,026)	(4,213,850)
Total net position.....	\$ 844,052	\$ (536,792)	\$ 19,023,201	\$ 18,119,795	\$ 19,867,253	\$ 17,583,003

Of the total net position of \$19.9 billion at the end of fiscal year 2016, \$17.3 billion or 86.9% reflects its investment in capital assets (e.g., land, infrastructure, buildings, facilities and equipment) less any related outstanding debt and deferred outflows and inflows 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, \$5.5 billion or 28.0%, represents resources subject to various restrictions on how they may be used. The remaining balance of \$(2.9) billion or (14.8%) is the net amount of the governmental activities deficit of \$(6.6) billion, and \$3.6 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 2016, net investment in capital assets increased by \$1.0 billion or 6.2%. Restricted net position decreased by \$4.5 million or 0.08%, while the deficit in unrestricted net position decreased by \$1.3 billion or 30.4% primarily due to the continuing net effect of reporting the net pension liability and related accounts in accordance with GASB Statement No. 68.

The deficit balance for the governmental activities unrestricted net position of \$(6.6) billion should not be considered, of itself, evidence of economic or financial difficulties. Of the \$(6.6) billion deficit, \$6.1 billion was due to the recognition of a net pension liability and other adjustments related with the implementation of GASB Statement No. 68. The remaining deficit balance of \$0.5 billion 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, pensions 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 \$2.1 billion or 5.4%. The increase for governmental activities was \$314.8 million or 4.3%, and increase in business-type activities was \$1.8 billion or 5.6%. For governmental activities, the increase was primarily due to various projects under construction for recreational, police, fire, zoo, bridges, public works, street lights, streets, traffic, transportation, animal shelters, cultural and community centers, 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 \$934.1 million or 5.2%. Governmental activities were \$486.5 million or 7.9% higher, while business-type activities grew by \$447.5 million or 3.8%. Governmental activities cash and pooled investments increased by \$143.2 million or 3.4% primarily due to a slight increase in receipts from revenues, proceeds from issuance of new bonds during the fiscal year, and increased income from investment earnings. Other investments were down \$21.9 million due to lower cash held by trustee banks as a result of debt payments during the fiscal year. Receivables were up by \$363.0 million or 20.4% compared to the prior fiscal year mainly attributed to \$196.9 million higher taxes receivable and net additional \$170.5 million Loans Receivable related to various grants, offset by \$3.8 million reduction in intergovernmental receivables. Deferred outflows of resources increased by \$426.3 million, consisting of net additional debt refunding costs of \$24.5 million from new bond issuance, and \$401.8 million from net deferred outflows on pensions.

The City's current and other liabilities increased by \$317.9 million or 13.3%. Governmental activities increased by \$112.2 million or 13.6% from the prior year primarily due to increases of \$58.4 million in accounts payable and accrued expenses, \$53.1 million obligations for securities lending transactions, and \$30.6 million other liabilities. These increases were offset by decreases in accrued interest payable of \$20.0 million due to debt payments and bond refunding, and \$10.5 million lower deposits and advances.

In fiscal year 2016, the total net position was higher by \$2.3 billion or 13.0% with governmental activities up by \$1.4 billion, from the fiscal year 2015 net position of negative \$536.8 million, and business-type activities also up \$903.4 million or 5.0%. Offsetting the continuing cumulative effect in net position from the implementation of GASB Statement No. 68 on pension liabilities were better results from operating activities and higher net revenues. Net investment in capital assets increased by \$507.5 million for governmental activities and went up by \$501.4 million for business-type activities. For governmental activities, restricted net position went up \$49.5 million and unrestricted net position increased by \$823.9 million. For business-type activities, restricted net position decreased by \$53.9 million. The changes in restricted net position were increases of \$4.3 million for capital projects, \$11.5 million for other postemployment benefits, and 13.1 million for other purposes, offset by \$31.5 million decrease in debt service and \$51.3 million decrease in passenger and customer facility charges. Unrestricted net position for business-type activities increased by \$455.9 million.

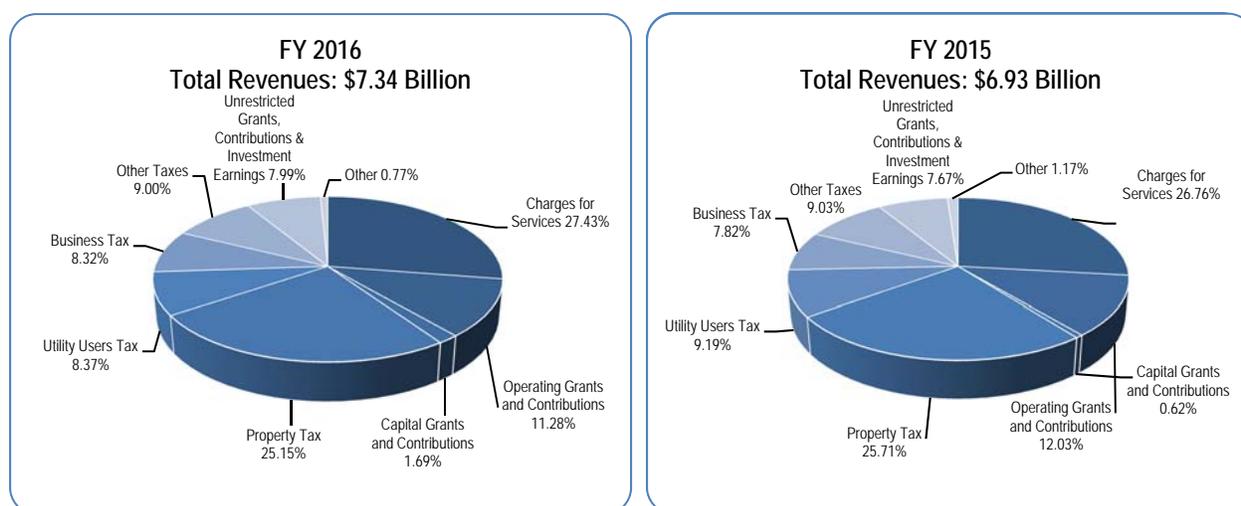
Analysis of Activities: The following table presents condensed information showing how the City's net position changed during the most recent fiscal year. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the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

CITY OF LOS ANGELES						
Condensed Statement of Activities						
(amounts expressed in thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Revenues						
Program Revenues						
Charges for Services.....	\$ 2,012,111	\$ 1,855,110	\$ 7,033,285	\$ 6,618,205	\$ 9,045,396	\$ 8,473,315
Operating Grants and Contributions.....	827,258	834,075	--	--	827,258	834,075
Capital Grants and Contributions.....	123,757	42,705	232,183	270,637	355,940	313,342
General Revenues						
Property Taxes	1,844,945	1,782,124	--	--	1,844,945	1,782,124
Utility Users' Taxes.....	613,748	637,248	--	--	613,748	637,248
Business Taxes.....	610,467	541,844	--	--	610,467	541,844
Other Taxes.....	660,072	625,889	--	--	660,072	625,889
Unrestricted Grants and Contributions.....	546,132	511,106	--	--	546,132	511,106
Unrestricted Investment Earnings.....	39,737	20,724	129,316	86,367	169,053	107,091
Other Revenues.....	57,531	81,303	252,429	275,885	309,960	357,188
Total Revenues	7,335,758	6,932,128	7,647,213	7,251,094	14,982,971	14,183,222
Expenses						
General Government.....	1,348,442	1,240,898	--	--	1,348,442	1,240,898
Protection of Persons and Property.....	2,797,651	2,872,296	--	--	2,797,651	2,872,296
Public Works.....	235,840	422,558	--	--	235,840	422,558
Health and Sanitation.....	504,364	467,548	--	--	504,364	467,548
Transportation.....	420,799	406,573	--	--	420,799	406,573
Cultural and Recreational Services.....	595,454	541,758	--	--	595,454	541,758
Community Development	187,453	169,121	--	--	187,453	169,121
Interest on Long-term Debt.....	131,893	146,896	--	--	131,893	146,896
Airports.....	--	--	1,174,620	1,092,463	1,174,620	1,092,463
Harbor	--	--	398,954	379,809	398,954	379,809
Power	--	--	3,229,174	3,204,535	3,229,174	3,204,535
Water.....	--	--	1,039,575	1,037,652	1,039,575	1,037,652
Sewer.....	--	--	584,971	513,226	584,971	513,226
Convention Center.....	--	--	49,531	43,871	49,531	43,871
Total Expenses.....	6,221,896	6,267,648	6,476,825	6,271,556	12,698,721	12,539,204
Excess of Revenues Over Expenses.....	1,113,862	664,480	1,170,388	979,538	2,284,250	1,644,018
Transfers.....	266,982	260,586	(266,982)	(260,586)	--	--
Extraordinary Item						
Transfer of Assets from CRA	--	4,855	--	--	--	4,855
Increase in Net Position.....	1,380,844	929,921	903,406	718,952	2,284,250	1,648,873
Net Position - June 30, As Previously Reported.....	(536,792)	5,171,370	18,119,795	18,133,857	17,583,003	23,305,227
Change in Accounting Principles, GASB 68 Implementation	--	(6,638,083)	--	(733,014)	--	(7,371,097)
Net Position - July 1, Restated.....	(536,792)	(1,466,713)	18,119,795	17,400,843	17,583,003	15,934,130
Net Position - June 30.....	\$ 844,052	\$ (536,792)	\$ 19,023,201	\$ 18,119,795	\$ 19,867,253	\$ 17,583,003

Governmental Activities

For the fiscal year ended June 30, 2016, total expenses for governmental activities of \$6.2 billion were \$45.8 million or 0.7% lower than the prior year. Total revenues exceeded expenses by \$1.1 billion. Of the \$6.2 billion total expenses, 70.3% was funded by taxes and other general revenues, and the remaining 29.7% 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 of governmental revenues by source between fiscal years 2016 and 2015.

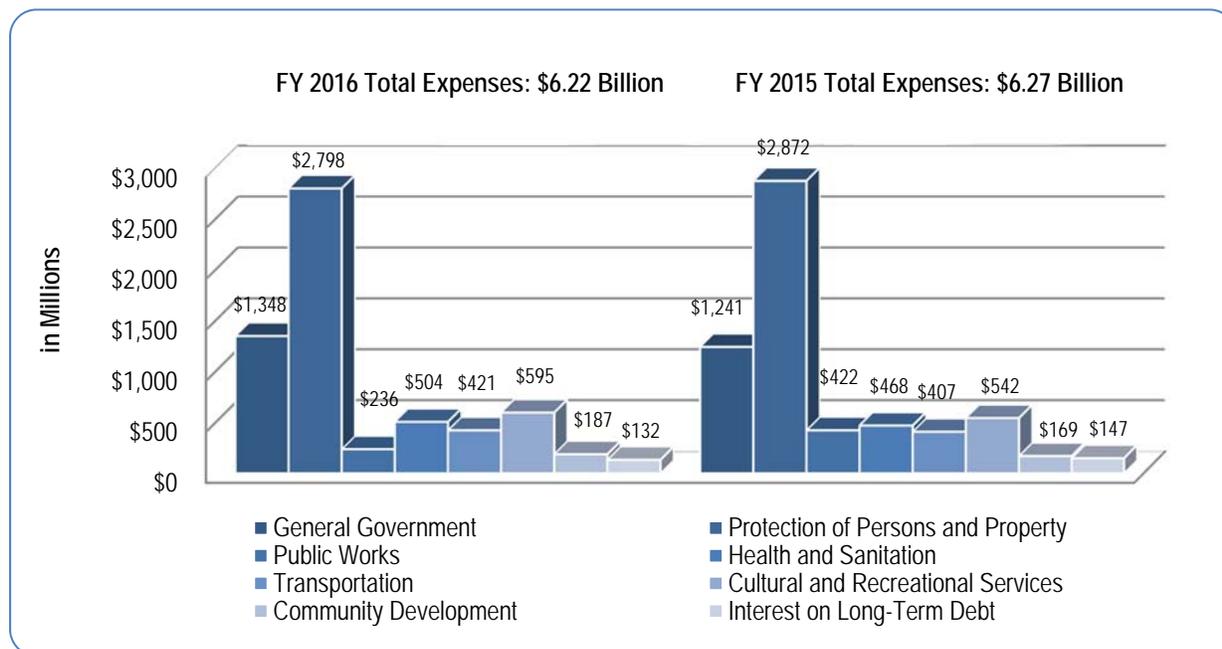


Revenues from charges for services, property taxes, and operating grants and contributions of \$4.7 billion are the three largest revenue sources for governmental activities. Together, these accounted for 63.9% of total revenues.

Charges for services rose by \$157.0 million or 8.5% primarily due to increases in fees received from solid waste, building plans, development and construction permits, inspection fees, and special assessments, as well as higher reimbursements from services to enterprise funds. Operating grants and contributions decreased slightly by \$6.8 million or 0.8%, while capital grants and contributions increased by \$81.1 million mainly due to the reclassification of \$64.6 million revenues of various funds formerly accounted for as operating grant revenues to capital grants revenues. The difference of \$16.5 million were primarily from various State and Federal grant receipts for clean water cleanup programs, local transportation, recreation and parks and various other projects.

Property tax revenue grew modestly by \$62.8 million or 3.5% due to strong growth in taxable assessed value offset by timing issues with the unwinding of the Triple Flip at the State level. Business tax revenue increased by \$68.6 million or 12.7% due to increased business activity. Tourism growth and improved lodging occupancy contributed to additional \$26.8 million revenues from transient occupancy tax. Utility users' tax decreased by \$23.5 million or 3.7% due to lower natural gas prices and declining landline telephone usage, while parking users' tax rose by \$8.6 million due partly to compliance efforts undertaken by the City. Unrestricted grants and contributions increased by \$35.0 million or 6.9% while unrestricted investment earnings were \$39.7 million in fiscal year 2016 compared to \$20.7 million in the prior fiscal year.

The following charts are graphical comparisons between June 30, 2016 and 2015, of the City's governmental expenses by function.



Total expenses decreased by \$45.8 million or 0.7% over fiscal year 2015. Expenses for protection of persons and property and public works decreased by a combined \$261.4 million offset by an increase of \$230.6 million in general government, health and sanitation, transportation, cultural and recreational services, and community development. Interest on long-term debt posted a decrease of \$15.0 million.

General government increased by \$107.5 million or 8.7% mainly due to increases in liability claims, contractual services, salaries, health benefits and pension costs. Protection of persons and property posted a net decrease of \$74.6 million or 2.6% due to lower accrual of compensated absences of \$138.8 million and decreased actuarial estimates of pension expense related with net deferred outflows and inflows on pensions of \$58.9 million, offset by increases of \$126.0 million in salaries, benefits, cost of living adjustments, liability claims and capital outlay. Public works declined by \$186.7 million or 44.2% due to certain adjustments of maintenance related costs. Health and Sanitation increased by \$36.8 million or 7.9% primarily due to higher salaries, benefits and related costs expenses. Cultural and recreational services were \$53.7 million or 9.9% higher mainly due to recreational parks, municipal sports facilities, and library maintenance expenditures. Community development was \$18.3 million or 10.8% higher due to subsidies and grant expenditures provided to outside organizations. Interest on long-term debt posted a net decrease of \$15.0 million due to the refunding and defeasance of certain MICLA and Convention Center bonds.

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 \$7.0 billion were \$1.3 billion more than the \$5.7 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 this section 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, 2016, the City's governmental funds reported combined fund balances of \$4.8 billion, an increase of \$246.4 million in comparison with the previous fiscal year. Of the total fund balance, \$53.1 million is nonspendable associated with inventories, prepaid items and certain advances to other funds, \$2.9 billion is classified as restricted, \$1.0 billion as committed and \$392.4 million as assigned. The remaining balance of \$493.8 million is classified as unassigned and is mainly associated with the General Fund.

Governmental functions revenue totaled \$7.2 billion, while expenditures were \$7.5 billion. Although total revenues were \$324.5 million less than total expenditures, other financing sources bridged the gap. Other financing sources include proceeds from issuance of refunding bonds, net of payment to refunding bond escrow agent. The payment to refunding bond escrow agent came from the proceeds of issuance of refunding bonds.

The **General Fund** is the general operating fund of the City and 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, 2016, the General Fund reported a total fund balance of \$1.0 billion, composed of \$44.2 million nonspendable consisting of inventories of \$36.0 million, and certain advances to other funds of \$8.2 million; \$1.3 million committed; \$392.4 million assigned for general government purposes; and \$590.5 million unassigned.

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 2016	FY 2015	% Change		FY 2016	FY 2015	% Change
Revenues				Expenditures			
Property Taxes	\$ 1,708,138	\$ 1,611,605	6.0 %	General Government.....	\$1,316,146	\$1,333,453	(1.3) %
Property Taxes in-lieu of Sales Tax	100,348	121,903	(17.7)	Protection of Persons			
Sales Taxes	437,775	372,782	17.4	and Property.....	2,797,742	2,771,591	0.9
Utility Users' Taxes.....	614,814	637,318	(3.5)	Public Works.....	112,473	170,510	(34.0)
Business Taxes.....	507,635	500,774	1.4	Health and Sanitation.....	131,438	174,136	(24.5)
Other Taxes.....	586,375	552,549	6.1	Transportation.....	105,354	110,336	(4.5)
Licenses and Permits.....	32,728	22,604	44.8	Cultural and Recreational			
Intergovernmental.....	20,691	39,284	(47.3)	Services.....	57,815	54,992	5.1
Charges for Services.....	318,462	617,481	(48.4)	Community			
Services to Enterprise				Development.....	2,391	43,966	(94.6)
Funds	317,265	273,171	16.1	Capital Outlay	46,467	29,540	57.3
Fines	152,304	156,006	(2.4)	Debt Service- Interest.....	4,339	1,472	194.8
Special Assessments.....	1,869	1,259	48.5	Debt Service- Cost			
Investment Earnings.....	38,891	20,736	87.6	of Issuance	807	927	(12.9)
Other.....	55,742	79,816	(30.2)	Total Expenditures.....	4,574,972	4,690,923	(2.5)
Total Revenues.....	4,893,037	5,007,288	(2.3)	Other Financing Uses			
Other Financing Sources				Transfers Out.....	600,527	573,493	4.7
Transfers In	349,928	302,147	15.8	Total Expenditures and			
Total Revenues and Other Financing				Other Financing			
Sources.....	\$ 5,242,965	\$ 5,309,435	(1.3)	Uses.....	\$5,175,499	\$5,264,416	(1.7)
Excess of Revenues							
Over Expenditures	\$ 318,065	\$ 316,365	0.5				
Net Change in							
Fund Balance.....	\$ 67,466	\$ 45,019	49.9				

Total taxes accounted for nearly \$4.0 billion or 80.8% of General Fund revenue. Overall tax revenues grew \$158.2 million or 4.2% from fiscal year 2015 as a result of the sustained modest growth in the economy.

Total property taxes, which represent 34.9% of the General Fund revenue, increased by \$96.5 million or 6.0% mainly due to higher current secured property tax receipts of \$68.7 million, increased vehicle license fee replacement receipts of \$25.9 million, and \$7.3 million increased receipts from current secured supplemental taxes, current unsecured taxes and miscellaneous other property tax adjustments. These increases were offset by \$5.4 million decrease in interest and penalties on delinquent tax receipts of \$1.7 million and lower collections from prior secured property tax redemption.

Economy-sensitive revenues reflect the steady improvement in the economy. Sales tax revenues grew \$65.0 million or 17.4% as a result of the unwinding of the State's triple flip, while business tax revenues were slightly up by \$6.9 million or 1.4%.

Utility users' tax revenues, which consist of electric, gas and communications users' taxes, posted a decrease of \$22.5 million or 3.5% primarily due to lower natural gas prices and continued decline in landline usage as consumers opted for less costly voice and texting plans. Other tax revenues were up \$33.8 million or 6.1% mainly due to \$27.9 million increase in transient occupancy tax driven by increased lodging and occupancy demand, and \$10.8 million higher parking occupancy tax. These increases were offset by \$2.9 million decreased franchise revenues.

Licenses and permits went up by \$10.1 million or 44.8% mainly due to the robust construction activities during the fiscal year that resulted in significant revenues earned from B permit fees. Charges for services were \$299.0 million lower due to the reclassification of revenues resulting from interdepartmental charges as credits to the appropriate expense accounts instead of revenues. Intergovernmental revenues decreased by \$18.6 million or 47.3% due mainly to an unanticipated one-time receipt of mandated reimbursements from the State in the prior fiscal year.

Investment earnings were \$18.2 million or 87.6% higher due to a rise in fair value and earnings on investments and higher available cash balance.

Fiscal year 2016 total General Fund expenditures were \$4.6 billion, a decrease \$116.0 million or 2.5% from the prior fiscal year. In fiscal year 2016, interfund reimbursements of \$334.3 million pertaining to repayments from mainly special funds responsible for the particular expenditures to the General Fund that initially paid for them were treated as reductions to expenditures of the General Fund instead of being credited as revenues. This accounted for decreases in expenditures as discussed below.

General government expenditures posted a \$17.3 million net decrease or 1.3%. Increases of \$93.4 million or 7.0% were primarily due to \$29.2 million increase in liability claims, \$15.3 million higher contractual services, \$8.3 million increase in civilian pension cost, \$10.4 million increase in workers compensation, and \$54.8 million higher salaries, benefits and health insurance due to MOU negotiated changes during the fiscal year. These increases were offset by a reduction of \$110.7 million interfund repayments.

Protection of persons and property expenditures grew by \$64.4 million or 2.3% mainly due to \$39.3 million higher salaries and benefits, \$13.4 million acquisition of fire and police operating equipment and supplies, and \$11.7 million increase in liability claims. The \$64.4 million increase was offset by \$38.2 million reduction from interfund repayments, thereby resulting in a net increase of \$26.2 million or 0.9%.

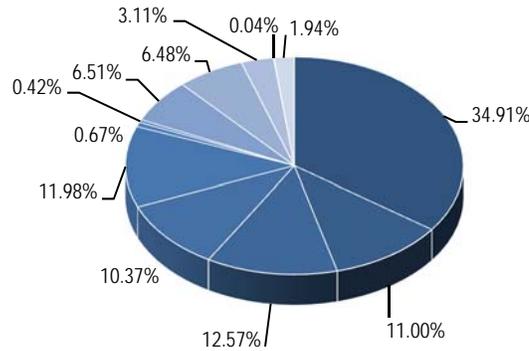
Increases of \$23.6 million in health and sanitation, \$24.4 million in transportation, and \$6.5 million in cultural and recreational services were offset by reductions from expenses attributed to interfund reimbursements of \$45.3 million in public works, \$66.3 million in health and sanitation, \$29.4 million in transportation, and \$3.7 million in cultural and recreational services. \$40.9 million of expenditures from interfund repayments were deducted from community development which also posted a slight decrease of \$0.7 million in expenditures during the fiscal year.

Overall, General Fund revenues exceeded expenditures by \$318.1 million, in comparison to \$316.4 million in fiscal year 2015. Transfers in from other funds amounted to \$349.9 million, while transfers out were \$600.5 million. The Power Enterprise Fund transfer of \$265.6 million largely accounted for total transfers in. The \$600.5 million transfers out included: \$186.9 million for debt service obligations; \$166.3 million for parks and recreational facilities; \$147.6 million for Library Department, \$31.4 million for affordable housing, \$16.6 million for arts and cultural facilities, \$10.2 million for sidewalk and curb repairs, and \$41.5 million for other departmental operations.

The above items contributed to a year end fund balance of \$1.0 billion; an increase of \$82.8 million from the prior year's fund balance of \$945.5 million.

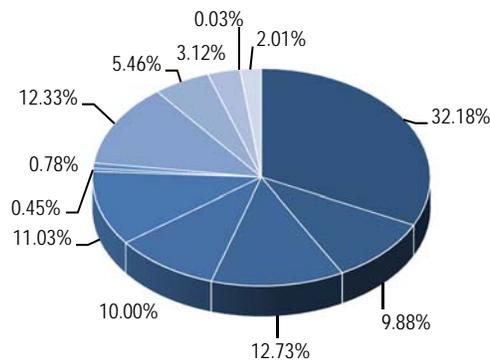
The following charts are graphical comparisons between June 30, 2016 and 2015, for General Fund revenues by source and expenditures by function.

**General Fund Revenues by Source: \$4.89 Billion
Fiscal Year Ended June 30, 2016**



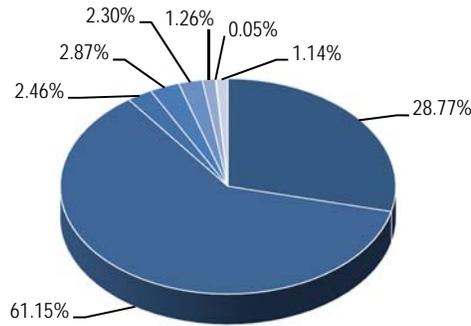
- Property Taxes (34.91%)
- Sales Taxes (11.00)
- Utility Users' Taxes (12.57%)
- Business Taxes (10.37%)
- Other Taxes (11.98%)
- Licenses and Permits (0.67%)
- Intergovernmental (0.42%)
- Charges for Services (6.51%)
- Services to Enterprise Funds (6.48%)
- Fines (3.11%)
- Special Assessments (0.04%)
- Investment Earnings / Other (1.94%)

**General Fund Revenues by Source: \$5.01 Billion
Fiscal Year Ended June 30, 2015**



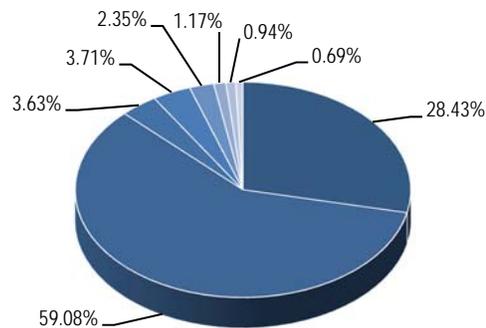
- Property Taxes (32.18%)
- Sales Taxes (9.88%)
- Utility Users' Taxes (12.73%)
- Business Taxes (10.00%)
- Other Taxes (11.03%)
- Licenses and Permits (0.45%)
- Intergovernmental (0.78%)
- Charges for Services (12.33%)
- Services to Enterprise Funds (5.46%)
- Fines (3.12%)
- Special Assessments (0.03%)
- Investment Earnings / Other (2.01%)

**General Fund Expenditures by Function: \$4.57 Billion
Fiscal Year Ended June 30, 2016**



- General Government (28.77%)
- Protection of Persons and Property (61.15%)
- Public Works (2.46%)
- Health and Sanitation (2.87%)
- Transportation (2.30%)
- Cultural and Recreational Services (1.26%)
- Community Development (0.05%)
- Capital Outlay / Others (1.14%)

**General Fund Expenditures by Function: \$4.69 Billion
Fiscal Year Ended June 30, 2015**



- General Government (28.43%)
- Protection of Persons and Property (59.08%)
- Public Works (3.63%)
- Health and Sanitation (3.71%)
- Transportation (2.35%)
- Cultural and Recreational Services (1.17%)
- Community Development (0.94%)
- Capital Outlay / Others (0.69%)

The **Municipal Improvement Corporation Special Revenue and Debt Service Funds** account for the activities of the City's public financing entity, 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 bond principal and interest expenditures for the year was \$329.8 million, while lease payments from the General Fund and certain Special Revenue Funds was \$153.8 million.

Proprietary Funds

The City's proprietary funds provide the same type of information as 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, 2016
(amounts expressed in thousands)**

	Airports	Harbor	Power	Water	Sewer	Nonmajor Convention Center	Total
Operating Revenues.....	\$ 1,285,816	\$ 441,249	\$ 3,517,040	\$ 1,131,777	\$ 613,092	\$ 44,311	\$ 7,033,285
Operating Expenses.....	(984,528)	(390,194)	(2,992,412)	(879,955)	(444,858)	(49,531)	(5,741,478)
Operating Income (Loss)	301,288	51,055	524,628	251,822	168,234	(5,220)	1,291,807
Net Nonoperating Revenues							
(Expenses).....	54,841	7,512	(148,262)	(144,403)	(123,329)	39	(353,602)
Capital Contributions.....	49,271	40,489	65,896	46,752	29,775	--	232,183
Transfers In	--	--	--	--	--	25	25
Transfers Out	--	--	(266,957)	--	--	(50)	(267,007)
Change in Net Position.....	<u>\$ 405,400</u>	<u>\$ 99,056</u>	<u>\$ 175,305</u>	<u>\$ 154,171</u>	<u>\$ 74,680</u>	<u>\$ (5,206)</u>	<u>\$ 903,406</u>

**Business-type Activities
Change in Net Position
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)**

	Airports	Harbor	Power	Water	Sewer	Nonmajor Convention Center	Total
Operating Revenues.....	\$ 1,121,584	\$ 446,895	\$ 3,336,963	\$ 1,082,581	\$ 594,024	\$ 36,158	\$ 6,618,205
Operating Expenses.....	(913,274)	(371,633)	(2,941,247)	(869,842)	(432,959)	(43,869)	(5,572,824)
Operating Income (Loss)	208,310	75,262	395,716	212,739	161,065	(7,711)	1,045,381
Net Nonoperating Revenues							
(Expenses).....	24,803	5,293	(160,517)	(139,166)	(66,938)	45	(336,480)
Capital Contributions.....	34,761	111,852	66,988	34,390	22,646	--	270,637
Transfers In	--	--	--	--	--	5,000	5,000
Transfers Out	--	--	(265,586)	--	--	--	(265,586)
Change in Net Position.....	<u>\$ 267,874</u>	<u>\$ 192,407</u>	<u>\$ 36,601</u>	<u>\$ 107,963</u>	<u>\$ 116,773</u>	<u>\$ (2,666)</u>	<u>\$ 718,952</u>

Airports

The 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). Airports also owns approximately 17,750 acres of land located east of the United States Air Force (USAF) Plant 42 in the City of Palmdale. Airports retains the rights for future development of the Palmdale property.

Airports operating revenues totaled \$1.3 billion, a \$164.2 million or 14.6% increase from fiscal year 2015. Aviation and non-aviation revenue grew by \$119.6 million and \$44.6 million, respectively. Landing fees increased by \$12.9 million or 5.4% while land rental revenue contributed a net addition of \$6.7 million from increased leased areas. Building rental revenues grew \$97.4 million or 26.7% mainly attributable to the improvements and refurbishments in the LAX terminals, scheduled rate increases associated with the Terminal Rate Agreement, as well as new and renegotiated leases signed with the airlines and other tenants. Non-aviation revenue grew by \$44.6 million mostly from concession revenues. Total revenue from concession was higher by \$44.7 million or 11.8% mainly due to increased passenger traffic and improvements brought about by a new terminal commercial management concession agreement.

Airports total operating expenses were \$984.5 million, a \$71.3 million or 7.8% increase from the prior fiscal year. The \$15.1 million or 3.7% increase in salaries and benefits reflect pay increases in accordance with employee bargaining agreements, pension expenses, healthcare subsidy, and accrued sick and vacation pay. Contractual services increased by \$9.5 million or 5.0% due to higher City services payments, capital planning and engineering services, offset by lower legal fees. Depreciation was \$48.9 million or 21.2% higher due to the completion of projects related to Bradley West and the replacement of the Central Utility Plant facilities. Utilities were down by \$2.4 million due to the replacement of the Central Utility Plant with an energy efficient facility thereby saving electrical and natural gas usage.

Airports nonoperating revenue increased by \$40.9 million due to increased passenger facility and customer facility charges resulting from higher passenger traffic in fiscal year 2016. Higher adjustments in the fair value of investments were offset by slight decrease in interest income due to lower average balance of cash and pooled investments held in the City Treasury. Interest expense increased by \$15.6 million due to new bond issuances in fiscal year 2016.

As a result of the above financial changes, including capital contributions of \$49.3 million, the Airports Enterprise Fund's change in net position for fiscal year 2016 amounted to \$405.4 million, compared to growth of \$267.9 million in fiscal year 2015.

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 decreased to \$441.2 million from \$446.9 million in the prior fiscal year primarily due to decreased revenues from royalties, fees and other operating revenues brought about by lower license fees related to the Burlington Northern Santa Fe/Southern California International Gateway (BNSF/SCIG) facility and lower utility reimbursements. Shipping and wharfage fees are higher due to increased cargo volumes. Rental income went up due to higher compensation resets, Consumer Price Index increases and new leases.

Harbor's operating expenses excluding depreciation decreased by \$8.0 million primarily due to the expiration of the Ocean Common Carrier Incentive Program (OCCIP). Changes in operating expenses include the following: Salaries, benefits and pension expenses increased by \$2.9 million as a result of MOU changes in fiscal year 2016. Higher cost allocation plan rates contributed to increased City services of \$2.7 million. Outside services remained flat at \$29.0 million due mainly to lower

environmental assessment costs, cargo forecast costs and red car project spending offset by higher spending on computer aided dispatch, port security and various police technology costs, higher demolition expense of a transit shed and increased legal services. Utilities decreased by \$4.3 million mainly due to lower Alternative Maritime Power electricity consumption. Other operating expenses declined by \$9.1 million attributed to \$4.1 million lower provision for bad debts for possible non collection of BNSF/SCIG license fees and \$10.5 million decrease in payouts related to the (OCCIP) offset by \$5.5 million increase in pollution remediation obligations.

Nonoperating revenues increased by \$2.8 million mainly from higher interest and investment income of \$4.3 million offset by lower grant receipts of \$1.3 million. Nonoperating expenses increased by \$0.6 million due to higher discontinued capital projects.

As a result of the above financial changes including capital contributions of \$40.5 million, the Harbor Enterprise Fund's change in net position for fiscal year 2016 was \$99.1 million, compared to an increase of \$192.4 million in fiscal year 2015.

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 \$180.1 million or 5.4% from the prior fiscal year primarily due to a \$156.0 million increase in base rate revenue from the Base Rate Revenue Target Adjustment which sets a minimum amount of revenue to be recovered from fiscal years 2016 through 2020 and higher consumption. Consumption for retail sales of electricity increased approximately 369 million kilowatt-hours year over year. The \$156 million was recognized in fiscal year 2016 as sales and under recovered costs and will be billed over the next 24 months.

Power operating expenses were \$51.2 million higher as compared to fiscal year 2015, driven primarily by the following: \$15.2 million increase in purchased power costs attributed to lower energy swap transaction revenue of \$14.1 million which were used to offset or reduce purchased power cost; \$67.7 million increase in other operating expenses due mainly to higher insurance costs of \$3.2 million, outside services of \$5.4 million, injuries and damages of \$17.5 million and a \$41.4 million equipment loss related to the Navajo Generating Station; \$44.3 million increase in depreciation and amortization expenses. These increases were offset by \$58.6 million decrease in fuel for generation as well as \$17.4 lower maintenance expenses attributed to the replacement of distribution plant infrastructure that resulted in less maintenance requirements.

The major nonoperating activities of Power for fiscal year 2016 included the transfer of \$267.0 million to the City's General Fund, interest income earned on investments of \$65.5 million, \$33.5 million in federal bond subsidies, and \$267.5 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 \$3.3 billion. Debt expenses increased by \$6.8 million mainly due to interest expenses for new bond issuances in fiscal year 2016 offset by lower capitalized interest. Allowance for funds used during construction decreased by \$5.9 million due to fewer construction in progress projects.

As a result of the above financial changes, including capital contributions of \$65.9 million, Power's change in net position for fiscal year 2016 amounted to \$175.3 million which was an increase of \$138.7 million from fiscal year 2015.

Water

During fiscal year 2016, operating revenues increased by \$49.2 million, or 4.5%, from fiscal year 2015 primarily due to an increase in project costs funded through pass through revenues of \$162.4 million, offset by lower billed revenue of \$113.2 million due to lower water sales.

Operating expenses for fiscal year 2016 were \$10.1 million or 1.2% higher compared to fiscal year 2015. Purchased water cost declined by \$11.1 million due to lower consumption while maintenance and operating expenses increased by \$13.6 million mainly due to increased customer accounting and collection expenses, higher legal, special services and environmental costs. Depreciation and amortization costs went up by \$7.6 million in fiscal year 2016

Net Nonoperating revenues and expenses were \$5.2 million higher than the prior year. Investment income increased by \$3.0 million due to improved fair values of investments. Debt expenses, excluding the allowance for funds used during construction, increased by \$7.8 million resulting from issuances of new debt, reduced by debt amortization expenses. Capital contributions increased by \$12.4 million primarily due to the receipt of the State of California Proposition 84 funding in storm water matching grants.

As a result of the above financial changes including capital contributions of \$46.8 million, the Water Enterprise Fund's change in net position for fiscal year 2016 was \$154.2 million, compared to an increase of \$108.0 million in fiscal year 2015.

Sewer

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

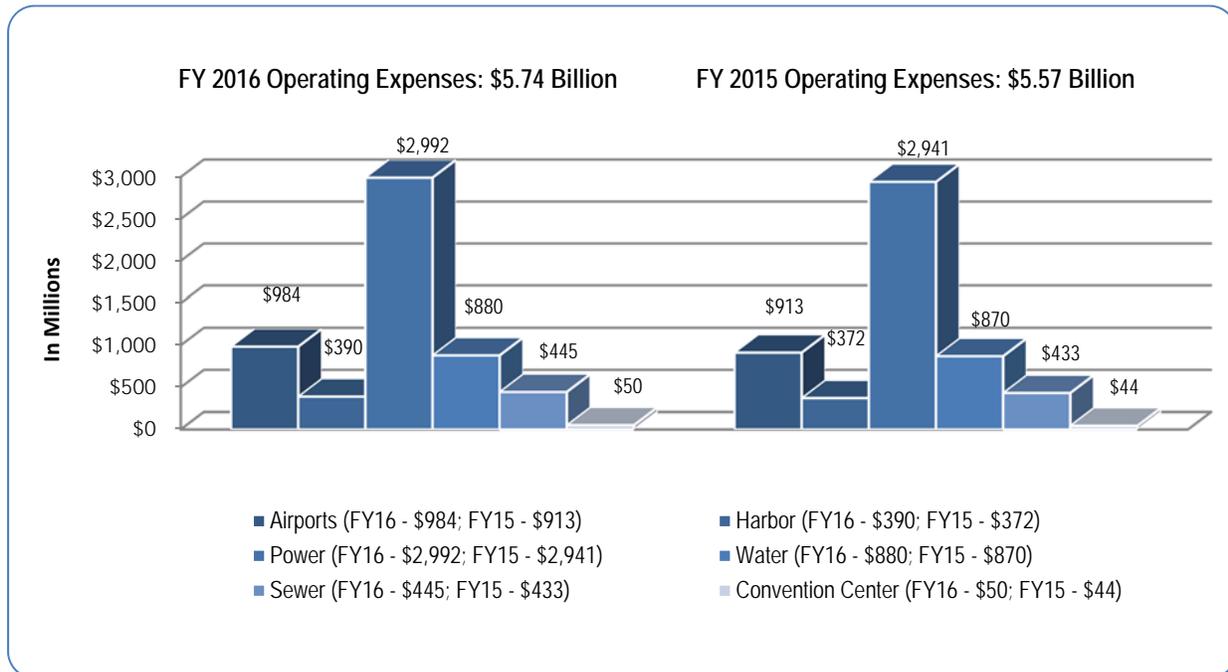
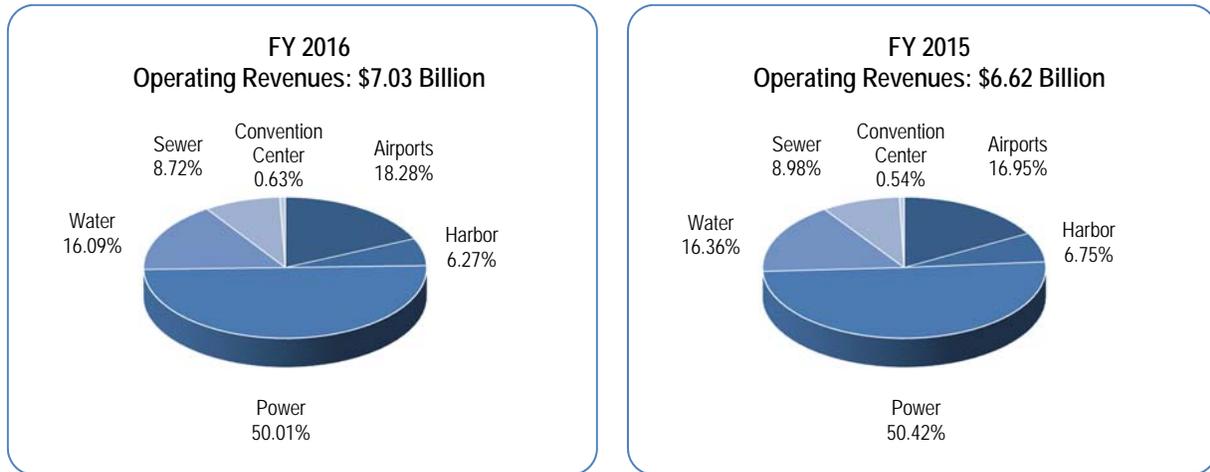
Sewer's total operating revenues of \$613.1 million increased by \$19.1 million or 3.2% from the previous fiscal year. The increase of \$19.1 million was attributed to increases in sewer service charges of \$26.3 million or 5.0%, industrial waste surcharges of \$0.6 million or 3.5%, and sewerage facilities charges of \$2.2 million or 12.8%, offset by a decrease of \$9.2 million or 76.4% in other operating revenues. In 2012, the City amended Section 64 of the Los Angeles Municipal Code to authorize an increase of 4.5% in sewer service charge from wastewater dischargers on April 6, 2012, July 1, 2012 and July 1, 2013. That Ordinance also authorized a series of increases of 6.5% every July 1st from July 1, 2014 until July 1, 2020.

Operating expenses increased by \$11.9 million or 2.7% mainly due to higher labor, non-labor and equipment costs in fiscal year 2016 compared to the prior fiscal year.

Changes in nonoperating revenues and expenses include \$3.9 million higher income from investment earnings and higher interest expense of \$6.9 million mainly from new bond issuance in fiscal year 2016. A significant loss from abandonment of capital assets contributed to the higher nonoperating expenses in the current fiscal year.

As a result of the above financial changes, including capital contributions of \$29.8 million, Sewer's change in net position for fiscal year 2016 was \$74.7 million, compared to an increase of \$116.8 million in fiscal year 2015.

The following charts are graphical comparisons between June 30, 2016 and 2015, for enterprise funds/business-type activities operating revenues and operating expenses.



GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2016, 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.

CITY OF LOS ANGELES
Budgetary Operating Results – General Fund
Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Above (Below)
	Original	Final		
Revenues and Other Financing Sources				
Taxes.....	\$ 3,944,308	\$ 3,944,308	\$ 3,867,377	\$ (76,931)
Licenses, Permits, Fees and Fines.....	1,030,553	1,068,837	1,035,276	(33,561)
Intergovernmental.....	11,478	11,880	13,863	1,983
Interest	17,600	17,600	20,964	3,364
Other	9,106	9,106	8,920	(186)
Total Revenues	5,013,045	5,051,731	4,946,400	(105,331)
Power Transfers.....	273,000	273,000	266,957	(6,043)
Transfers from Other Funds.....	1,086,544	1,356,992	1,158,120	(198,872)
Loans from Other Funds	--	78	8,015	7,937
Total Revenues and Other Financing Sources.....	6,372,589	6,681,801	6,379,492	(302,309)
Expenditures and Other Financing Uses				
General Government.....	1,612,845	1,768,319	1,622,190	(146,129)
Protection of Persons and Property	2,196,328	2,230,150	2,177,413	(52,737)
Public Works.....	336,547	370,117	328,297	(41,820)
Health and Sanitation.....	238,420	250,835	232,731	(18,104)
Transportation	154,636	155,402	141,297	(14,105)
Cultural and Recreational Services	38,243	39,130	37,008	(2,122)
Community Development	135,157	141,900	121,141	(20,759)
Pension and Retirement Contributions	2,240	2,449	2,449	--
Capital Outlay	44,266	50,198	14,659	(35,539)
Total Expenditures	4,758,682	5,008,500	4,677,185	(331,315)
Transfers to Other Funds.....	1,645,941	1,673,301	1,636,472	(36,829)
Total Expenditures and Other Financing Uses.....	6,404,623	6,681,801	6,313,657	(368,144)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(32,034)	--	65,835	65,835
Fund Balance, July 1.....	32,034	32,034	--	(32,034)
Appropriation of Fund Balances and Carryforward				
Appropriations.....	--	(32,034)	--	32,034
Encumbrances Lapsed	--	--	23,040	23,040
Reversion to Reserve Fund	--	--	(88,875)	(88,875)
Fund Balance, June 30	\$ --	\$ --	\$ --	\$ --

In fiscal year 2016, total actual revenues and other financing sources were \$302.3 million or 4.5% below final budget. Business tax, transient occupancy tax and parking users tax posted revenues of \$18.8 million, \$9.8 million and \$7.5 million better than final budgets. All other taxes contributed \$113.1 million lower receipts compared to final projections including \$80.3 million and \$5.7 million lower property tax and documentary tax receipts. Utility users tax receipts were also \$15.6 million below budget. Business taxes grew mainly from stable increases in renewal and non-renewal revenues despite certain lower tax rates provided as business incentives. Aggressive tourism campaign, added hotel room nights sold, and increased traffic in the City's airports resulted in improved transient occupancy tax. The property tax shortfall reflected both delayed and reduced remittances from the sales tax replacement component with the end of the triple flip. Documentary tax receipts were lower than projection as a result of lower than expected growth in housing sales and prices. Utility users tax receipts fell significantly compared to budget primarily due to continued decline in landline usage because consumers opted for less costly voice and texting plans, and continuing lower natural gas prices. Licenses, permits and fines were \$33.6 million lower compared to budget due to lower related cost reimbursements, including shortfalls in special fund, proprietary and library reimbursements resulting from vacancies in positions and changes to estimated reimbursement rates. Parking fine revenues also declined due to the delayed hiring of traffic enforcement officers. Intergovernmental revenues were \$2.0 million higher than budgets due mainly to receipt of various federal and state grants of \$2.3 million, offset by decreased state motor vehicle license fees.

The City's General Fund expenditures were \$331.3 million or 6.6% below projections during fiscal year 2016. All categories of expenditures showed lower costs compared to estimates. General government's actual expenditures were \$146.1 million lower than estimates mainly due to budgeted appropriations that were not expended during the fiscal year including \$47.9 million for liability resolution, \$5.4 million reserved for midyear budget adjustments, \$5.0 million for body worn video cameras, \$15.0 million for certain anticipated litigation, and various savings from other general city programs and purposes. Certain budgets for some construction projects were not fully utilized in fiscal year 2016 that also contributed to lower construction expenditures including \$15.9 million for Potrero Canyon Park, \$2.8 million for the Children's Museum-Hansen Dam and the Vision Theatre, \$1.7 million for the Lincoln Park Pool, \$2.0 million for the Whitsett Soccer Complex Master Plan and various other city facilities improvements. Savings were realized also through actions of the Mayor and City Council to implement various efficiencies and reductions such as strict managed hiring process of position vacancies; expense account reductions, particularly those related with contractual and outside services; funding realignment from the General Fund to special funds; delays in various capital projects and acquisition of vehicles that resulted in \$35.5 million lower capital outlay expenditures compared to budget, as well as reductions in equipment expenditures; and use of one-time revenue, transfers and surplus resulting from lower filled positions than planned.

As a result of below budget expenditures and other financing uses totaling \$368.1 million, and lapsed encumbrances of \$23.0 million, offset by below budget revenues and other financing sources of \$302.3 million, a total of \$88.9 million was reverted from the General Fund to the Reserve Fund at year-end.

LONG-TERM DEBT

At June 30, 2016 the City's bonded indebtedness and long-term notes payable totaled \$26.4 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 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Debt backed by the City						
General Obligation Bonds.....	\$ 842,483	\$ 952,278	\$ --	\$ --	\$ 842,483	\$ 952,278
Judgment Obligation Bonds	30,827	38,476	--	--	30,827	38,476
Debt Secured by Specified Revenue Sources						
Certificates of Participation and Lease						
Revenue Bonds	1,798,130	1,393,867	--	--	1,798,130	1,393,867
Revenue Bonds and Notes Payable.....	383,180	818,699	23,251,028	21,762,411	23,634,208	22,581,110
Loans Payable to U.S. Department						
of Housing and Urban Development.....	135,847	144,075	--	--	135,847	144,075
Total	\$ 3,190,467	\$ 3,347,395	\$ 23,251,028	\$ 21,762,411	\$ 26,441,495	\$ 25,109,806

Significant new issuances during the year include the following:

- MICLA issued Lease Revenue Bonds Series 2015 A for \$292.4 million for the refunding of the Los Angeles Convention Center Bonds, \$125.2 million Series 2016 A for capital equipment purposes, \$685.3 million Series 2016 B Bonds for the improvement of certain real properties, and \$26.4 million equipment lease purchase (private placement) for the acquisition, installation and improvements of streetlights.
- Airports issued senior lien LAX Revenue Bonds Series 2015D and Series 2015E of \$296.5 million and \$27.8 million, respectively, as well as LAX Subordinate Revenue Bonds Series 2016A of \$289.2 million to provide ongoing funding for certain capital projects.
- Harbor issued \$37.1 million Refunding Revenue Bonds Series 2015 A in October 2015 to refund the 2005 Series A and Series B Refunding Bonds.
- Power issued a total of \$768.6 million in Power System Revenue Bonds in fiscal year 2016 as follows: \$268.6 million 2015 Series B bonds to refund all of the outstanding 2012 Series C bonds; \$275.0 million of Power System Revenue Bonds for capital improvements and refund a portion of the 2007 Series A, Subseries A-1 and A-2 bonds; and \$225.0 million in Power System Revenue Bonds 2016 Series B for capital improvement projects.
- Water issued \$628.6 million of Water System Revenue Bonds, 2016 Series A for capital improvement projects and refund a portion of the Series 2006 A, Subseries A-1 and A-2 bonds. In June 2016, Water issued \$265.7 million Water System Revenue Bonds, 2016 Series for capital improvements and to refund all of the outstanding 2006 Series A, Subseries A-1 and A-2.

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

Governmental Activities

As of June 30, 2016, the ratings of the City's debts by rating agencies are as follows:

	Moody's Investors Service	Standard & Poors Ratings Services	Fitch Ratings	Kroll Bond Rating Agency
General Obligation Bonds	Aa2	AA-	AA-	AA
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
Solid Waste Resources Revenue Bonds	Aa2	A+	AA-	AA
Wastewater System Revenue Bonds	Aa2	AA+	AA+	AA+
Wastewater System Subordinate Revenue Bonds	Aa3	AA	AA	AA

As of October 20, 2016 and December 20, 2016, the ratings of the City's debts are summarized as follows:

	Moody's Investors Service	Standard & Poor's Ratings Services	Fitch Ratings	Kroll Bond Rating Agency
General Obligation Bonds	Aa2	AA-	AA-	AA
Judgment Obligation Bonds	A1	A+	A+	n/a
MICLA Lease Revenue Obligations (Real Property)	A1	A+	A+	AA-
MICLA Lease Revenue Obligations (Equipment)	Aa3	A+	A+	AA-
Tax and Revenue Anticipation Notes	M1G 1	SP-1+	n/a	n/a
Solid Waste Resources Revenue Bonds	Aa2	A+	AA-	AA
Wastewater System Revenue Bonds	Aa2	AA+	AA+	AA+
Wastewater System Subordinate Revenue Bonds	Aa3	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 tax roll was \$500.4 billion, which results in a net total debt capacity of \$74.3 billion. As of June 30, 2016, the City had \$790.4 million 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, 2016 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, 2016, 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, 2016, the ratings of S&P, Moody's, and Fitch for ONT's outstanding bonds were A-, Baa1 and A-, respectively.

Harbor

As of June 30, 2016, for all outstanding bonds, Harbor continues to maintain an AA/Aa2/AA credit ratings from S&P, Moody's and Fitch, respectively with a stable outlook.

Water

Power

In April 2016, Moody's upgraded the Power System's bond rating to Aa2 from Aa3 due to changes to the electric rate structure that will provide additional cost recovery stability to maintain financial strength. S&P and Fitch affirmed the Power System's bond rating of AA- and AA-, respectively.

Water

In March 2016, S&P upgraded the Water System's bond rating to AA+ from AA, while Moody's, and Fitch affirmed the Water System's bond rating of Aa2, and AA, respectively.

Sewer

Sewer's most recent ratings of the senior debt were AA+ by S&P, Fitch and Kroll.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$41.7 billion (net of accumulated depreciation and amortization). This investment in capital assets, which accounts for 68.8% of the City's total assets, includes land, buildings, facilities, equipment, infrastructure, intangibles, construction in progress, nuclear fuel and natural gas field. 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 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Not Depreciated / Amortized						
Land.....	\$ 756,195	\$ 741,443	\$ 2,716,940	\$ 2,609,537	\$ 3,473,135	\$ 3,350,980
Infrastructure.....	429,574	193,444	--	--	429,574	193,444
Construction in Progress.....	802,221	873,382	4,374,211	6,131,552	5,176,432	7,004,934
Intangible Assets.....	24,231	16,332	62,728	65,793	86,959	82,125
Nuclear Fuel.....	--	--	39,948	39,469	39,948	39,469
Natural Gas Field.....	--	--	213,691	228,797	213,691	228,797
Subtotal.....	<u>2,012,221</u>	<u>1,824,601</u>	<u>7,407,518</u>	<u>9,075,148</u>	<u>9,419,739</u>	<u>10,899,749</u>
Depreciated / Amortized, Net						
Buildings, Facilities and Equipment.....	3,487,065	3,461,190	26,641,605	23,172,237	30,128,670	26,633,427
Infrastructure.....	2,044,971	1,937,191	--	--	2,044,971	1,937,191
Intangible Assets.....	48,805	55,292	14,122	14,745	62,927	70,037
Subtotal.....	<u>5,580,841</u>	<u>5,453,673</u>	<u>26,655,727</u>	<u>23,186,982</u>	<u>32,236,568</u>	<u>28,640,655</u>
Total.....	<u>\$ 7,593,062</u>	<u>\$ 7,278,274</u>	<u>\$ 34,063,245</u>	<u>\$ 32,262,130</u>	<u>\$ 41,656,307</u>	<u>\$ 39,540,404</u>

Major capital assets activities during the year are as follows:

Governmental Activities

- Completed building construction and improvements, including transfers from construction in progress, amounted to \$100.1 million. These building projects include \$25.1 million for fire and police facilities, \$53.1 million for recreational, cultural and community centers, and \$21.0 million for various municipal facilities.
- Capitalized charges for various projects under construction totaled \$180.6 million. These projects include \$31.5 million for recreational, cultural and community centers, \$74.9 million for various public work projects, \$13.1 million for transportation projects, \$32.0 million for fire and police facilities, \$28.0 million for municipal facilities projects, and \$1.1 million for animal shelters.
- Total capitalized infrastructure assets amounted to \$426.2 million.
- Acquisition of machinery and equipment that were capitalized totaled \$134.7 million, while those retired, salvaged, deleted or sold amounted to \$68.8 million.

The modified approach is used in reporting the City's bridges infrastructure system. The City's 2016 Infrastructure Assessment of Bridges and Tunnels Report reported that 69.3% of the City's structures have a grade of "B" or better and concluded that the current overall rating of the City structures are almost in compliance with the adopted City's Condition Level Policy. The planned costs for preservation and maintenance were \$3.6 million, but \$2.7 million was actually spent. See additional information in 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 \$780.2 million, or 10.5%. Major capital assets activities include \$356.4 million renovations at Terminals 1 to 8; \$166.2 million improvements and security upgrades at Tom Bradley International Terminal (TBIT) and Bradley West; \$161.3 million construction of Midfield Satellite Concourse and various runways and taxiways; \$56.6 million Central Terminal Area curbside development project and Second Level Roadway Joint and Deck replacement; \$100.6 million in costs related to the construction and improvements of various maintenance facilities, elevators and escalators; \$41.1 million in residential soundproofing and noise mitigation; \$18.0 million replacement of Central Utility Plant facilities; and \$30.6 million in costs related to technology projects, landslide program and consolidation of rental car facilities.
- Harbor's net capital assets rose by \$38.8 million or 1.0% compared to the prior fiscal year. Major capital assets activities include \$74.0 million backland improvements at the TraPac (Berths 135-147) including terminal buildings, main gate, and intermodal facility expansion; \$24.5 million terminal redevelopment and Alternative Maritime Power (AMP) improvements at Yusen Terminals Inc.; \$13.7 million design and construction of C-Street/I-110 access ramp improvements and \$19.6 million various transportation and street projects.
- Power added \$1.8 billion in utility plants. Of this amount, \$1.3 billion was transferred from construction work in progress (CWIP) and \$520.0 million were direct additions. Additions from CWIP were mostly for generating stations and transmission systems. As part of the plan to discontinue using ocean water for cooling purposes, Scattered Unit 3 was placed into service in December 2015. Five main generating units for the modernization of the Castaic Power Plant were upgraded. Transmission structure improvements included constructing 65 miles of overhead transmission from Barren Ridge to Haskell Switching Station, new Haskell Canyon Switching Station, 11 miles of underground cables between Scattergood Generating Station and Receiving Station K. Direct additions were for improvements in distribution infrastructure aimed at reducing the frequency of electric service interruptions as part of Power's Reliability Program.
- Water added \$641.0 million in utility plants of which \$577.0 million were transferred from construction in progress mainly from the reliability program which evaluates priorities of replacing assets due to leaks in order to prevent the frequency of water service disruptions. \$353.0 million was invested in the Owens Lake Dust Control Program for the installation of fence in dust control areas and pressurization of the lower reach of the River Supply Conduit. Distribution infrastructure increased by \$339.0 million related to the construction of the Headworks Underground Reservoir, replacement of deteriorated water mains installation of water service connections and continued replacement of existing meters with lead-free meters and fittings.
- Sewer capitalized \$174.2 million, including transfers from construction in progress. Of this amount, \$56.6 million, or 32.5% was for project data collection systems and \$94.4 million or 54.2% was for treatment plants and equipment. Other equipment, vehicles and maintenance yards were acquired in fiscal year 2016 for \$22.6 million. Charges to Construction in Progress amounted to \$222.0 million of which \$151.2 million was transferred to capitalized assets.

Significant commitments that include construction contracts are discussed in Note 5C of the Notes to the Basic Financial Statements. As of June 30, 2016, the City's contractual commitments for various capital projects amounted to \$167.9 million for governmental activities and \$384.9 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 4F.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

The City's fiscal year 2017 total adopted budget is \$8.8 billion. Of this amount, \$4.3 billion, (48.9%), is appropriated for departmental expenditures. The remainder of \$4.5 billion (51.1%) is appropriated for non-departmental expenditures such as human resources benefits, capital expenditures and debt service. Estimated General Fund receipts of \$5.6 billion, special receipts of \$2.4 billion, bond redemption and interest funds of \$0.1 billion, and special fund available balances of \$0.7 billion are sources of funds for the budget. The fiscal year start Reserve Fund balance of \$334.9 million represents 6.01% of the General Fund receipts and met the City's policy of setting aside at least 5.0% of General Fund receipts to the Reserve Fund. In addition, the total balance in the Budget Stabilization is \$94.1 million.

The City's fiscal year 2017 Adopted Budget General Fund expenditures exceed fiscal year 2016 revenue by \$331.0 million. The gap was closed primarily through \$186.0 million increased ongoing revenue due to stable economic conditions and growth in a number of economically-sensitive revenues; \$125.0 million in one-time revenues primarily from \$63.5 million property tax-sales tax replacement tied to changes in state allocation known as the "triple flip", \$35.5 million transfer from the City's Reserve Fund, and \$25.5 million in other one-time revenues; and \$20.0 million in various ongoing and one-time reductions and efficiencies.

The fiscal year 2017 General Fund budgeted receipts of \$5.6 billion projected an increase of \$241.5 million (4.5%) from fiscal year 2016 actual receipts, as follows (in millions):

	FY 2017 Budget	FY 2016 Receipts	Increase (Decrease)	
			Amount	Percentage
Taxes.....	\$ 4,103.7	\$ 3,867.4	\$ 236.3	6.1 %
Licenses, permits, fees and fines.....	1,075.5	1,035.3	40.2	3.9
Intergovernmental.....	13.7	13.9	(0.2)	-1.4
Interest.....	19.7	21.0	(1.3)	-6.2
Other.....	9.1	8.9	0.2	2.2
Transfers from other funds.....	354.8	388.5	(33.7)	-8.7
Total.....	\$ 5,576.5	\$ 5,335.0	\$ 241.5	4.5

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 2017 overall tax receipts are anticipated to increase by \$236.3 million (6.1%) from actual fiscal year 2016 revenue primarily from higher property, utility users', sales, business, transient occupancy, and documentary transfer tax receipts. Property tax receipts are projected to increase by \$103.0 million (5.6%) mainly due to the aforementioned one-time revenue associated with "triple flip" and 6.5% estimated increase in the City's total assessed valuation. Documentary transfer tax receipts are projected to increase modestly by \$3.7 million based on projected sales and price trends.

Utility users' tax receipts are anticipated to increase by \$19.3 million (3.0%) mainly attributable to higher electricity users' tax and reflects approved rate increase. Sales tax receipts are estimated to grow by \$102.5 million (19.7%) primarily due to the first full-year restoration of the 1.0% rate on taxable sales as part of "triple flip", coupled with a projected 3.0% growth in line with sales trends. Expected transient occupancy tax receipts increase of \$15.8 million (6.4%) includes \$5.8 million for negotiated collection agreements with short-term rental websites and is consistent with hotel industry forecast. Business tax receipts are projected to decline by \$7.5 million (1.5%) and reflect reduction of the City's top tax rate as part of the second year of a three-year tax reform implementation.

Economic forecasts anticipate moderate growth in employment and personal income for the Los Angeles region. However, potential changes to trade and immigration policies by the president-elect may impact the City with its significant trade and logistics, tourism and other industries. Non-farm employment in Los Angeles County grew by 1.6% between October 2015 and October 2016. Los Angeles County remains the largest contributor of new jobs in the state. The unemployment rate decreased to 5.1% compared to 6.1% a year ago. Demand for housing remains strong and reflects the improved state of household finances and low interest rates. In November 2016, the State Legislative Analyst *2017-18 Budget: California's Fiscal Outlook* report projects stronger personal income and wage growth in California for the next two years, as the labor market tightens more and nears full employment.

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

The City Administrative Officer (CAO) reports to the Mayor and City Council on the status of the budget. The CAO's Second Financial Status Report, issued on December 2, 2016, projects a current expenditure deficit of nearly \$82.0 million, resulting from approved labor agreements for firefighters, higher than budgeted workers' compensation expenditures, and resolution of a number of pending legal challenges and settlements, including litigation cases involving utility users' taxes and affordable housing. In addition, it identified approximately \$36.0 million in below planned receipts based on data through October 2016, primarily due to reduced Property Tax receipts resulting from \$26.0 million in fiscal year 2017 receipts being recorded in fiscal year 2016 as well as greater than anticipated refunds.

The CAO recommended the City partly offset the projected shortfall by transferring \$16.0 million from the Unappropriated Balance, 2016-17 Budgetary Shortfalls account, requiring departments to absorb shortfalls, and potential issuance of Judgment Obligation Bonds to address liability costs, which requires Mayor and City Council approval. Maintenance of the Reserve Fund above the 5 percent threshold is of utmost priority.

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 \$84.6 million in fiscal year 2018, \$82.4 million in fiscal year 2019, \$99.6 million in fiscal year 2020, and \$26.6 million in fiscal year 2021, without corrective actions. The Outlook was based on assumptions that the size of the workforce after fiscal year 2017 will remain flat; no major increases to City services; and the use of ongoing solutions to solve each year's shortfall. The Outlook does not reflect the full fiscal year 2018 cost of the recently approved firefighter union agreement. In addition, ongoing costs related to the homelessness program and settlement of the affordable housing lawsuit were excluded.

Other challenges may affect the City over the next several years. Litigation has been filed challenging the long-standing practice of transferring a portion of surplus power revenues to the City's General Fund as a violation of Proposition 26. The transfers represent approximately 5.0% of the City's General Fund. The City also continues to maintain a \$108.0 million in police overtime liability accumulated in prior years. While \$5.0 million was provided in fiscal year 2017 to partially address the liability, specific timing of paying down the balance is undetermined. The City is also exposed to major costs associated with compliance with the Clean Water Act. The Los Angeles Regional Water Quality Control Board

estimates the City's share of project costs to meet Clean Water requirements is \$2.1 billion over the next five years and \$7.4 billion over the next 25 years.

As reported by the Controller in its Preliminary Financial Report for fiscal year ended June 30, 2016, the adjusted year-start Reserve Fund balance was \$334.2 million or 5.99% of the General Fund receipts. The Budget Stabilization Fund was \$94.1 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, 2016
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 4,308,174	\$ 3,138,250	\$ 7,446,424
Other Investments	25,091	17,030	42,121
Receivables, Net	2,144,968	1,643,727	3,788,695
Due from Fiduciary Funds	797	--	797
Inventories	36,045	258,266	294,311
Prepaid Items and Other Assets	8,903	551,653	560,556
Restricted Assets	12,949	3,879,419	3,892,368
Investment in Joint Ventures	--	5,570	5,570
Properties Held for Housing Development	111,870	--	111,870
Regulatory Assets	--	1,796,564	1,796,564
Net Other Postemployment Benefits Assets	--	994,951	994,951
Capital Assets			
Not Depreciated / Amortized	2,012,221	7,407,518	9,419,739
Depreciated / Amortized, Net	5,580,841	26,655,727	32,236,568
TOTAL ASSETS	14,241,859	46,348,675	60,590,534
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Debt Refunding	58,940	188,494	247,434
Deferred Outflows from Derivative Instruments	--	60,304	60,304
Deferred Outflows from Pensions	1,739,963	873,774	2,613,737
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,798,903	1,122,572	2,921,475
LIABILITIES			
Accounts Payable and Accrued Expenses	452,924	1,123,032	1,575,956
Obligations Under Securities Lending Transactions	84,511	80,781	165,292
Accrued Interest Payable	27,372	319,762	347,134
Internal Balances	47,859	(47,859)	--
Unearned Revenue	31,951	--	31,951
Deposits and Advances	49,754	165,155	214,909
Other Liabilities	216,423	78,028	294,451
Advances from Fiduciary Funds	23,631	--	23,631
Derivative Instrument Liabilities	--	60,304	60,304
Non-current Liabilities			
Due Within One Year	819,697	668,873	1,488,570
Due In More Than One Year	11,817,165	25,092,673	36,909,838
TOTAL LIABILITIES	13,571,287	27,540,749	41,112,036
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Business Activities	--	177,225	177,225
Deferred Inflows from Debt Refunding	--	20,759	20,759
Deferred Inflows from Pensions	1,625,423	709,313	2,334,736
TOTAL DEFERRED INFLOWS OF RESOURCES	1,625,423	907,297	2,532,720
NET POSITION			
Net Investment in Capital Assets	5,267,860	11,990,919	17,258,779
Restricted for:			
Capital Projects	96,477	143,033	239,510
Debt Service	162,142	1,086,557	1,248,699
Public Safety	127,651	--	127,651
Public Works and Sanitation	28,518	--	28,518
Transportation Programs	518,041	--	518,041
Culture and Recreation Activities	317,392	--	317,392
Community Development and Housing	885,640	--	885,640
Passenger/Customer Facility Charges	--	740,573	740,573
Other Postemployment Benefits	--	994,951	994,951
Other Purposes	--	441,525	441,525
Unrestricted (Deficit)	(6,559,669)	3,625,643	(2,934,026)
TOTAL NET POSITION	\$ 844,052	\$ 19,023,201	\$ 19,867,253

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, 2016
(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	Total
Governmental Activities:							
General Government	\$ 1,348,442	\$ 96,117	\$ 27,229	\$ --	\$ (1,225,096)	\$ --	\$ (1,225,096)
Protection of Persons and Property	2,797,651	520,550	175,212	217	(2,101,672)	--	(2,101,672)
Public Works	235,840	253,103	109,993	42,004	169,260	--	169,260
Health and Sanitation	504,364	600,117	29,377	10,409	135,539	--	135,539
Transportation	420,799	179,288	257,018	25,279	40,786	--	40,786
Cultural and Recreational Services	595,454	179,046	8,840	45,848	(361,720)	--	(361,720)
Community Development	187,453	183,890	219,589	--	216,026	--	216,026
Interest on Long-Term Debt	131,893	--	--	--	(131,893)	--	(131,893)
Total Governmental Activities	6,221,896	2,012,111	827,258	123,757	(3,258,770)	--	(3,258,770)
Business-type Activities:							
Airports	1,174,620	1,285,816	--	49,271	--	160,467	160,467
Harbor	398,954	441,249	--	40,489	--	82,784	82,784
Power	3,229,174	3,517,040	--	65,896	--	353,762	353,762
Water	1,039,575	1,131,777	--	46,752	--	138,954	138,954
Sewer	584,971	613,092	--	29,775	--	57,896	57,896
Convention Center	49,531	44,311	--	--	--	(5,220)	(5,220)
Total Business-type Activities	6,476,825	7,033,285	--	232,183	--	788,643	788,643
Total	\$ 12,698,721	\$ 9,045,396	\$ 827,258	\$ 355,940	(3,258,770)	788,643	(2,470,127)
General Revenues:							
Property Taxes					1,844,945	--	1,844,945
Utility Users' Taxes					613,748	--	613,748
Business Taxes					610,467	--	610,467
Other Taxes							
Documentary Transfer					198,470	--	198,470
Transient Occupancy					249,316	--	249,316
Parking Occupancy					110,042	--	110,042
Franchise Income					95,172	--	95,172
Miscellaneous					7,072	--	7,072
Grants and Contributions Not Restricted to Specific Programs							
Sales Taxes					538,123	--	538,123
Other					8,009	--	8,009
Unrestricted Investment Earnings					39,737	129,316	169,053
Other					57,531	252,429	309,960
Transfers					266,982	(266,982)	--
Total General Revenues and Other Transfers					4,639,614	114,763	4,754,377
Change In Net Position					1,380,844	903,406	2,284,250
Net Position - July 1					(536,792)	18,119,795	17,583,003
Net Position - June 30					\$ 844,052	\$ 19,023,201	\$ 19,867,253

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

CITY OF LOS ANGELES

**Balance Sheet
Governmental Funds
June 30, 2016**

(amounts expressed in thousands)

	Municipal Improvement Corporation		
	General	Special Revenue	Debt Service
ASSETS			
Cash and Pooled Investments	\$ 1,135,914	\$ 100,181	\$ 29,834
Other Investments	--	--	25,091
Taxes Receivable			
(Net of Allowance for Uncollectibles of \$28,020)	749,917	--	--
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$320,960)	124,661	--	--
Special Assessments Receivable	3,691	--	--
Investment Income Receivable	7,376	60	4
Intergovernmental Receivable	125,862	--	458
Loans Receivable			
(Net of Allowance for Uncollectibles of \$1,257,566)	--	--	--
Due from Other Funds	109,640	--	--
Inventories	36,045	--	--
Prepaid Items and Other Assets	10	91	--
Advances to Other Funds	8,155	--	123,614
Restricted Assets	--	--	--
Properties Held for Housing Development	--	--	--
TOTAL ASSETS	\$ 2,301,271	\$ 100,332	\$ 179,001
LIABILITIES			
Accounts, Contracts and Retainage Payable	\$ 77,061	\$ 4,815	\$ 45
Obligations Under Securities Lending Transactions	36,108	698	--
Accrued Salaries and Overtime Payable	182,250	--	--
Accrued Compensated Absences Payable	17,733	--	--
Claims and Judgments Payable	54,364	--	--
Intergovernmental Payable	397	--	--
Due to Other Funds	84,503	1,740	--
Unearned Revenue	10	--	--
Deposits and Advances	24,793	--	--
Interest Payable	--	--	--
Advances from Other Funds	32,775	--	--
Other Liabilities	71,264	759	--
Liability for Excess CRA Bond Proceeds	--	--	--
TOTAL LIABILITIES	581,258	8,012	45
DEFERRED INFLOWS OF RESOURCES			
Unavailable Real Estate Tax	55,325	--	--
Taxes Other than Real Estate	417,584	--	--
Receivables from Other Government Agencies	120,010	--	--
Other Deferred Inflows of Resources	98,729	--	--
TOTAL DEFERRED INFLOWS OF RESOURCES	691,648	--	--
FUND BALANCES			
Nonspendable	44,210	91	--
Restricted	--	92,229	178,956
Committed	1,296	--	--
Assigned	392,418	--	--
Unassigned	590,441	--	--
TOTAL FUND BALANCES	1,028,365	92,320	178,956
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,301,271	\$ 100,332	\$ 179,001

Continued...

CITY OF LOS ANGELES
Balance Sheet - (Continued)
Governmental Funds
June 30, 2016
(amounts expressed in thousands)

	Nonmajor Governmental Funds	Total
ASSETS		
Cash and Pooled Investments	\$ 3,042,245	\$ 4,308,174
Other Investments	--	25,091
Taxes Receivable		
(Net of Allowance for Uncollectibles of \$28,020)	22,086	772,003
Accounts Receivable		
(Net of Allowance for Uncollectibles of \$320,960)	97,710	222,371
Special Assessments Receivable	7,344	11,035
Investment Income Receivable	5,626	13,066
Intergovernmental Receivable	138,489	264,809
Loans Receivable		
(Net of Allowance for Uncollectibles of \$1,257,566)	861,684	861,684
Due from Other Funds	97,627	207,267
Inventories	--	36,045
Prepaid Items and Other Assets	8,802	8,903
Advances to Other Funds	397	132,166
Restricted Assets	12,949	12,949
Properties Held for Housing Development	111,870	111,870
TOTAL ASSETS	\$ 4,406,829	\$ 6,987,433
LIABILITIES		
Accounts, Contracts and Retainage Payable	\$ 161,588	\$ 243,509
Obligations Under Securities Lending Transactions	47,705	84,511
Accrued Salaries and Overtime Payable	23,441	205,691
Accrued Compensated Absences Payable	299	18,032
Claims and Judgments Payable	--	54,364
Intergovernmental Payable	3,327	3,724
Due to Other Funds	131,742	217,985
Unearned Revenue	31,941	31,951
Deposits and Advances	24,961	49,754
Interest Payable	279	279
Advances from Other Funds	159,366	192,141
Other Liabilities	60,972	132,995
Liability for Excess CRA Bond Proceeds	83,422	83,422
TOTAL LIABILITIES	729,043	1,318,358
DEFERRED INFLOWS OF RESOURCES		
Unavailable Real Estate Tax	13,455	68,780
Taxes Other than Real Estate	1,751	419,335
Receivables from Other Government Agencies	71,427	191,437
Other Deferred Inflows of Resources	69,244	167,973
TOTAL DEFERRED INFLOWS OF RESOURCES	155,877	847,525
FUND BALANCES		
Nonspendable	8,802	53,103
Restricted	2,608,926	2,880,111
Committed	1,000,834	1,002,130
Assigned	15	392,433
Unassigned	(96,668)	493,773
TOTAL FUND BALANCES	3,521,909	4,821,550
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,406,829	\$ 6,987,433

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, 2016
(amounts expressed in thousands)

Total Fund Balances - Governmental Funds	\$ 4,821,550
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.	7,593,062
Deferred outflows of resources reported in the statement of net position, but not recognized in the governmental funds.	1,798,903
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities.	847,525
Deferred inflows of resources reported in the statement of net position, but not recognized in the governmental funds.	(1,625,423)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,591,565)</u>
Net Position of Governmental Activities	<u><u>\$ 844,052</u></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, 2016
(amounts expressed in thousands)**

	Municipal Improvement Corporation		
	General	Special Revenue	Debt Service
REVENUES			
Property Taxes	\$ 1,708,138	\$ --	\$ --
Property Tax In-Lieu of Sales Tax	100,348	--	--
Sales Taxes	437,775	--	--
Utility Users' Taxes	614,814	--	--
Business Taxes	507,635	--	--
Other Taxes	586,375	--	--
Licenses and Permits	32,728	--	--
Intergovernmental	20,691	--	2,073
Charges for Services	318,462	--	--
Services to Enterprise Funds	317,265	--	--
Fines	152,304	--	--
Special Assessments	1,869	--	--
Investment Earnings	38,891	824	850
Program Income	--	--	--
Other	55,742	14,283	--
TOTAL REVENUES	4,893,037	15,107	2,923
EXPENDITURES			
Current			
General Government	1,316,146	1,592	2,742
Protection of Persons and Property	2,797,742	--	--
Public Works	112,473	--	--
Health and Sanitation	131,438	--	--
Transportation	105,354	--	--
Cultural and Recreational Services	57,815	--	--
Community Development	2,391	--	--
Capital Outlay	46,467	94,574	--
Debt Service			
Principal	--	--	257,291
Interest	4,339	--	72,544
Cost of Issuance	807	109	5,309
TOTAL EXPENDITURES	4,574,972	96,275	337,886
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	318,065	(81,168)	(334,963)
OTHER FINANCING SOURCES (USES)			
Transfers In	349,928	--	153,813
Transfers Out	(600,527)	(24,407)	--
Issuance of Long-Term Debt	--	117,369	--
Issuance of Refunding Bonds	--	--	1,102,920
Issuance of Refunding Bonds - Premium	--	--	150,216
Payment to Refunding Bond Escrow Agent	--	--	(1,084,399)
Loans from HUD	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(250,599)	92,962	322,550
NET CHANGE IN FUND BALANCES	67,466	11,794	(12,413)
FUND BALANCES, JULY 1	945,549	80,526	191,369
INCREASE IN RESERVE FOR INVENTORIES	15,350	--	--
FUND BALANCES, JUNE 30	\$ 1,028,365	\$ 92,320	\$ 178,956

Continued...

CITY OF LOS ANGELES
Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Nonmajor Governmental Funds	Total
REVENUES		
Property Taxes	\$ 136,302	\$ 1,844,440
Property Tax In-Lieu of Sales Tax	--	100,348
Sales Taxes	--	437,775
Utility Users' Taxes	--	614,814
Business Taxes	--	507,635
Other Taxes	72,043	658,418
Licenses and Permits	53,182	85,910
Intergovernmental	838,103	860,867
Charges for Services	891,005	1,209,467
Services to Enterprise Funds	9,216	326,481
Fines	6,950	159,254
Special Assessments	139,125	140,994
Investment Earnings	48,279	88,844
Program Income	22,882	22,882
Other	68,050	138,075
TOTAL REVENUES	2,285,137	7,196,204
EXPENDITURES		
Current		
General Government	18,753	1,339,233
Protection of Persons and Property	368,356	3,166,098
Public Works	248,907	361,380
Health and Sanitation	356,132	487,570
Transportation	273,467	378,821
Cultural and Recreational Services	454,659	512,474
Community Development	187,474	189,865
Capital Outlay	333,827	474,868
Debt Service		
Principal	207,838	465,129
Interest	62,147	139,030
Cost of Issuance	--	6,225
TOTAL EXPENDITURES	2,511,560	7,520,693
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)		
EXPENDITURES	(226,423)	(324,489)
OTHER FINANCING SOURCES (USES)		
Transfers In	613,919	1,117,660
Transfers Out	(225,744)	(850,678)
Issuance of Long-Term Debt	--	117,369
Issuance of Refunding Bonds	--	1,102,920
Issuance of Refunding Bonds - Premium	--	150,216
Payment to Refunding Bond Escrow Agent	--	(1,084,399)
Loans from HUD	2,500	2,500
TOTAL OTHER FINANCING SOURCES (USES)	390,675	555,588
NET CHANGE IN FUND BALANCES	164,252	231,099
FUND BALANCES, JULY 1	3,357,657	4,575,101
INCREASE IN RESERVE FOR INVENTORIES	--	15,350
FUND BALANCES, JUNE 30	\$ 3,521,909	\$ 4,821,550

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, 2016
(amounts expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 231,099

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. 314,788

Amortization of losses on refunding of debt is reported as interest expense in governmental activities. 24,560

Change in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized as revenues for governmental activities. 91,186

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. Bond premiums received during the year are reported as fund financial resources but are deferred and amortized in the statement of activities. This amount represents the net accrued interest expense, deferral of bond premiums, and the amortization of bond premiums and discounts not reported in governmental funds.

Decrease in accrued interest expense	\$ 20,023	
Net deferral and amortization of bond premiums and discounts	<u>(117,861)</u>	
Total net interest expenses, deferral of bond premiums, and amortization of discount/premium		(97,838)

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. 274,790

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. 157,199

Changes in net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions that do not require the use of current economic financial resources, and hence, are not reported in the governmental funds. 369,710

Increase in reserve for inventory 15,350

Change in Net Position of Governmental Activities \$ 1,380,844

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, 2016
(amounts expressed in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,944,308	\$ 3,944,308	\$ 3,867,377	\$ (76,931)
Licenses, Permits, Fees and Fines	1,030,553	1,068,837	1,035,276	(33,561)
Intergovernmental	11,478	11,880	13,863	1,983
Interest	17,600	17,600	20,964	3,364
Other	9,106	9,106	8,920	(186)
TOTAL REVENUES	<u>5,013,045</u>	<u>5,051,731</u>	<u>4,946,400</u>	<u>(105,331)</u>
EXPENDITURES				
Current				
General Government	1,612,845	1,768,319	1,622,190	146,129
Protection of Persons and Property	2,196,328	2,230,150	2,177,413	52,737
Public Works	336,547	370,117	328,297	41,820
Health and Sanitation	238,420	250,835	232,731	18,104
Transportation	154,636	155,402	141,297	14,105
Cultural and Recreational Services	38,243	39,130	37,008	2,122
Community Development	135,157	141,900	121,141	20,759
Pension and Retirement Contributions	2,240	2,449	2,449	--
Capital Outlay	44,266	50,198	14,659	35,539
TOTAL EXPENDITURES	<u>4,758,682</u>	<u>5,008,500</u>	<u>4,677,185</u>	<u>331,315</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>254,363</u>	<u>43,231</u>	<u>269,215</u>	<u>225,984</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	1,359,544	1,629,992	1,425,077	(204,915)
Loans from Other Funds	--	78	8,015	7,937
Transfers to Other Funds	(1,645,941)	(1,673,301)	(1,636,472)	36,829
TOTAL OTHER FINANCING SOURCES (USES)	<u>(286,397)</u>	<u>(43,231)</u>	<u>(203,380)</u>	<u>(160,149)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(32,034)</u>	<u>--</u>	<u>65,835</u>	<u>65,835</u>
FUND BALANCE, JULY 1	32,034	32,034	--	(32,034)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(32,034)	--	32,034
Encumbrances Lapsed	--	--	23,040	23,040
Reversion to Reserve Fund	--	--	(88,875)	(88,875)
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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, 2016

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
ASSETS				
CURRENT ASSETS				
Cash, Pooled and Other Investments				
Unrestricted	\$ 849,991	\$ 445,289	\$ 1,362,644	\$ 319,495
Restricted	969,292	21,581	267,430	146,453
Investments Held by Escrow and Fiscal Agents				
Unrestricted	17,030	--	--	--
Restricted	833,765	--	--	--
Loans and Notes Receivable	169	--	21,747	--
Accounts Receivable				
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$224,204)	11,975	42,226	299,922	79,453
Accrued Unbilled Revenue	38,213	--	196,532	92,248
Investment Income Receivable	4,647	828	1,303	520
Intergovernmental Receivable	24,771	10,098	6,765	485
Restricted Passenger/Customer Facility Charge Receivable	21,751	--	--	--
Due from Other Funds	2,766	--	7,918	--
Inventories	1,602	2,777	218,554	19,784
Prepaid Items and Other Assets	4,339	227	106,444	254,177
TOTAL CURRENT ASSETS	2,780,311	523,026	2,489,259	912,615
NONCURRENT ASSETS				
Restricted Assets				
Pooled Cash and Cash Equivalents, and Other Investments	--	9,427	163,785	447,658
Investments Held by Escrow and Fiscal Agents	6,843	96,101	594,698	33,706
Total Restricted Assets	6,843	105,528	758,483	481,364
Long-term Investment				
Investment in Joint Ventures	--	5,570	--	--
Capital Assets				
Land	1,060,503	1,108,023	196,953	171,776
Construction in Progress	1,647,583	316,387	866,434	1,061,382
Buildings, Facilities and Equipment	7,732,875	4,408,260	17,294,834	8,393,824
Natural Gas Field	--	--	213,691	--
Nuclear Fuel	--	--	39,948	--
Intangible Assets	53,439	25,360	--	--
Accumulated Depreciation	(2,256,696)	(1,907,128)	(8,289,312)	(2,613,961)
Total Capital Assets	8,237,704	3,950,902	10,322,548	7,013,021
Other Noncurrent Assets				
Loans and Notes Receivable	523	--	601,409	--
Intergovernmental Receivable	--	--	--	--
Advances to Other Funds	5,785	--	--	--
Regulatory Assets	--	--	1,317,099	479,465
Net Other Postemployment Benefits Assets	--	--	674,488	320,463
Other Assets	--	--	185,607	--
Total Other Noncurrent Assets	6,308	--	2,778,603	799,928
TOTAL NONCURRENT ASSETS	8,250,855	4,062,000	13,859,634	8,294,313
TOTAL ASSETS	11,031,166	4,585,026	16,348,893	9,206,928
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows from Debt Refunding	25,763	2,832	27,674	28,420
Deferred Outflows from Derivative Instruments	--	--	23,379	--
Deferred Outflows from Pensions	138,220	42,025	462,593	230,936
TOTAL DEFERRED OUTFLOWS OF RESOURCES	163,983	44,857	513,646	259,356

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
ASSETS			
CURRENT ASSETS			
Cash, Pooled and Other Investments			
Unrestricted	\$ 141,472	\$ 19,359	\$ 3,138,250
Restricted	177,432	--	1,582,188
Investments Held by Escrow and Fiscal Agents			
Unrestricted	--	--	17,030
Restricted	--	--	833,765
Loans and Notes Receivable	--	--	21,916
Accounts Receivable			
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$224,204)	117,158	1,908	552,642
Accrued Unbilled Revenue	45,222	--	372,215
Investment Income Receivable	625	53	7,976
Intergovernmental Receivable	299	--	42,418
Restricted Passenger/Customer Facility Charge Receivable	--	--	21,751
Due from Other Funds	17,391	--	28,075
Inventories	15,549	--	258,266
Prepaid Items and Other Assets	--	859	366,046
TOTAL CURRENT ASSETS	515,148	22,179	7,242,538
NONCURRENT ASSETS			
Restricted Assets			
Pooled Cash and Cash Equivalents, and Other Investments	109,502	--	730,372
Investments Held by Escrow and Fiscal Agents	1,746	--	733,094
Total Restricted Assets	111,248	--	1,463,466
Long-term Investment			
Investment in Joint Ventures	--	--	5,570
Capital Assets			
Land	40,093	139,592	2,716,940
Construction in Progress	482,425	--	4,374,211
Buildings, Facilities and Equipment	7,137,556	587,776	45,555,125
Natural Gas Field	--	--	213,691
Nuclear Fuel	--	--	39,948
Intangible Assets	--	--	78,799
Accumulated Depreciation	(3,573,545)	(274,827)	(18,915,469)
Total Capital Assets	4,086,529	452,541	34,063,245
Other Noncurrent Assets			
Loans and Notes Receivable	--	--	601,932
Intergovernmental Receivable	22,877	--	22,877
Advances to Other Funds	30,559	--	36,344
Regulatory Assets	--	--	1,796,564
Net Other Postemployment Benefits Assets	--	--	994,951
Other Assets	--	--	185,607
Total Other Noncurrent Assets	53,436	--	3,638,275
TOTAL NONCURRENT ASSETS	4,251,213	452,541	39,170,556
TOTAL ASSETS	4,766,361	474,720	46,413,094
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Debt Refunding	103,805	--	188,494
Deferred Outflows from Derivative Instruments	36,925	--	60,304
Deferred Outflows from Pensions	--	--	873,774
TOTAL DEFERRED OUTFLOWS OF RESOURCES	140,730	--	1,122,572

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
LIABILITIES				
CURRENT LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 240,323	\$ 33,808	\$ 332,211	\$ 281,390
Obligations Under Securities Lending Transactions	34,265	7,929	31,101	7,486
Accrued Salaries and Overtime Payable	16,429	6,884	60,539	20,443
Accrued Compensated Absences Payable	5,928	9,975	59,832	35,339
Due to Other Funds	--	--	--	7,918
Deposits and Advances	--	--	--	162,127
Accrued Interest Payable	29,511	19,806	169,358	89,766
Bonds and Notes Payable - Current Portion	100,495	41,695	211,133	87,190
Other Current Liabilities	106,576	44,374	44	--
TOTAL CURRENT LIABILITIES	533,527	164,471	864,218	691,659
LONG-TERM LIABILITIES				
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$1,549,323)	4,875,613	966,627	8,943,376	5,162,410
Net Pension Liability	697,482	215,829	771,122	373,024
Derivative Instrument Liabilities	--	--	23,379	--
Other Long-term Liabilities	125,687	99,120	63,832	29,329
TOTAL LONG-TERM LIABILITIES	5,698,782	1,281,576	9,801,709	5,564,763
TOTAL LIABILITIES	6,232,309	1,446,047	10,665,927	6,256,422
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Business Activities	--	--	177,225	--
Deferred Inflows from Debt Refunding	--	--	7,075	13,215
Deferred Inflows from Pensions	65,236	21,881	421,232	200,964
TOTAL DEFERRED INFLOWS OF RESOURCES	65,236	21,881	605,532	214,179
NET POSITION				
Net Investment in Capital Assets	3,651,912	2,945,412	1,188,643	2,203,533
Restricted for:				
Capital Projects	9,661	--	133,372	--
Debt Service	397,828	66,599	550,975	51,200
Passenger/Customer Facility Charges	740,573	--	--	--
Other Postemployment Benefits	--	--	674,488	320,463
Other Purposes	196,186	--	171,222	28,171
Unrestricted (Deficit)	(98,556)	149,944	2,872,380	392,316
TOTAL NET POSITION	\$ 4,897,604	\$ 3,161,955	\$ 5,591,080	\$ 2,995,683

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts, Contracts and Retainage Payable	\$ 45,933	\$ 3,568	\$ 937,233
Obligations Under Securities Lending Transactions	--	--	80,781
Accrued Salaries and Overtime Payable	--	339	104,634
Accrued Compensated Absences Payable	--	575	111,649
Due to Other Funds	8,642	--	16,560
Deposits and Advances	--	3,028	165,155
Accrued Interest Payable	11,321	--	319,762
Bonds and Notes Payable - Current Portion	90,779	--	531,292
Other Current Liabilities	6,226	--	157,220
TOTAL CURRENT LIABILITIES	162,901	7,510	2,424,286
LONG-TERM LIABILITIES			
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$1,549,323)	2,771,710	--	22,719,736
Net Pension Liability	--	--	2,057,457
Derivative Instrument Liabilities	36,925	--	60,304
Other Long-term Liabilities	25,417	--	343,385
TOTAL LONG-TERM LIABILITIES	2,834,052	--	25,180,882
TOTAL LIABILITIES	2,996,953	7,510	27,605,168
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Business Activities	--	--	177,225
Deferred Inflows from Debt Refunding	469	--	20,759
Deferred Inflows from Pensions	--	--	709,313
TOTAL DEFERRED INFLOWS OF RESOURCES	469	--	907,297
NET POSITION			
Net Investment in Capital Assets	1,548,879	452,540	11,990,919
Restricted for:	--	--	--
Capital Projects	--	--	143,033
Debt Service	19,955	--	1,086,557
Passenger/Customer Facility Charges	--	--	740,573
Other Postemployment Benefits	--	--	994,951
Other Purposes	45,946	--	441,525
Unrestricted (Deficit)	294,889	14,670	3,625,643
TOTAL NET POSITION	\$ 1,909,669	\$ 467,210	\$ 19,023,201

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, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
OPERATING REVENUES				
Charges for Services	\$ 252,589	\$ 368,470	\$ 3,517,040	\$ 1,131,777
Rent, Concessions and Royalties	1,019,049	46,571	--	--
Other Operating Revenues	14,178	26,208	--	--
TOTAL OPERATING REVENUES	1,285,816	441,249	3,517,040	1,131,777
OPERATING EXPENSES				
Fuel for Generation	--	--	318,749	--
Purchased Power/Water	--	--	1,037,471	261,971
Maintenance and Repairs	--	--	307,985	139,253
Operating and Administrative	734,419	226,261	787,729	334,545
Depreciation and Amortization	250,109	163,933	540,478	144,186
TOTAL OPERATING EXPENSES	984,528	390,194	2,992,412	879,955
OPERATING INCOME (LOSS)	301,288	51,055	524,628	251,822
NONOPERATING REVENUES (EXPENSES)				
Investment Income	37,030	11,870	65,475	8,564
Interest Expense	(185,275)	(507)	(267,528)	(172,682)
Other Income (Expenses), Net	203,086	(3,851)	53,791	19,715
TOTAL NONOPERATING REVENUES (EXPENSES)	54,841	7,512	(148,262)	(144,403)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	356,129	58,567	376,366	107,419
Capital Contributions	49,271	40,489	65,896	46,752
Transfers In	--	--	--	--
Transfers Out	--	--	(266,957)	--
CHANGE IN NET POSITION	405,400	99,056	175,305	154,171
NET POSITION, July 1	4,492,204	3,062,899	5,415,775	2,841,512
NET POSITION, June 30	\$ 4,897,604	\$ 3,161,955	\$ 5,591,080	\$ 2,995,683

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, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
OPERATING REVENUES			
Charges for Services	\$ 610,245	\$ 4,330	\$ 5,884,451
Rent, Concessions and Royalties	--	26,158	1,091,778
Other Operating Revenues	2,847	13,823	57,056
TOTAL OPERATING REVENUES	613,092	44,311	7,033,285
OPERATING EXPENSES			
Fuel for Generation	--	--	318,749
Purchased Power/Water	--	--	1,299,442
Maintenance and Repairs	--	2,161	449,399
Operating and Administrative	295,523	35,373	2,413,850
Depreciation and Amortization	149,335	11,997	1,260,038
TOTAL OPERATING EXPENSES	444,858	49,531	5,741,478
OPERATING INCOME (LOSS)	168,234	(5,220)	1,291,807
NONOPERATING REVENUES (EXPENSES)			
Investment Income	6,338	39	129,316
Interest Expense	(103,544)	--	(729,536)
Other Income (Expenses), Net	(26,123)	--	246,618
TOTAL NONOPERATING REVENUES (EXPENSES)	(123,329)	39	(353,602)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	44,905	(5,181)	938,205
Capital Contributions	29,775	--	232,183
Transfers In	--	25	25
Transfers Out	--	(50)	(267,007)
CHANGE IN NET POSITION	74,680	(5,206)	903,406
NET POSITION, July 1	1,834,989	472,416	18,119,795
NET POSITION, June 30	\$ 1,909,669	\$ 467,210	\$ 19,023,201

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, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,270,832	\$ 442,786	\$ 3,652,878	\$ 1,023,379
Receipts for Interfund Services	--	--	629,369	509,994
Payments to Suppliers	(235,795)	(91,746)	(1,917,907)	(407,096)
Payments to Employees	(418,427)	(115,548)	(599,620)	(271,899)
Payments for Interfund Services	(96,023)	(45,500)	(792,298)	(669,916)
NET CASH PROVIDED BY OPERATING ACTIVITIES	520,587	189,992	972,422	184,462
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	--	--	--	--
Transfers Out	--	--	(266,957)	--
Interest Paid on Noncapital Revenue Bonds	--	--	(406)	--
Cash (Transferred) Received from Non-Capital Grants	10,524	662	--	--
Payments on Other Litigation Settlement	--	--	--	--
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	10,524	662	(267,363)	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(959,656)	(162,874)	(929,706)	(614,382)
Proceeds from Sale of Capital Assets	--	1,750	--	--
Receipts from Passenger/Customer Facility Charges	192,098	--	--	--
Proceeds from Sale of Bonds and Notes	711,782	--	524,063	904,995
Payments on Bonds and Notes - Interest	(222,341)	(49,643)	(354,857)	(200,876)
Payments on Bonds and Notes - Principal	(85,770)	(43,193)	(113,526)	(45,604)
Payments of Bonds and Notes Expenses	(1,561)	--	--	--
Receipts from Bond Sinking Fund	--	1,692	--	--
Capital Contributions/Grants Received	38,565	35,416	68,254	40,072
Federal Bond Subsidies	--	--	33,508	17,270
NET CASH PROVIDED (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(326,883)	(216,852)	(772,264)	101,475
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	37,469	12,291	62,624	8,294
Cash Collateral Received Under Securities Lending Transactions	23,155	5,064	20,421	3,306
(Purchase) Sale of Investment Securities	18,370	3,749	(1,096,021)	(86,676)
Proceeds from Maturities of Investment Securities	--	--	1,145,543	86,751
Proceeds from Notes Receivable	--	5,095	84,212	--
NET CASH PROVIDED BY INVESTING ACTIVITIES	78,994	26,199	216,779	11,675

Continued...

CITY OF LOS ANGELES
Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 603,474	\$ 45,475	\$ 7,038,824
Receipts for Interfund Services	13,500	--	1,152,863
Payments to Suppliers	(80,679)	(17,846)	(2,751,069)
Payments to Employees	--	(12,795)	(1,418,289)
Payments for Interfund Services	(219,431)	(5,158)	(1,828,326)
NET CASH PROVIDED BY OPERATING ACTIVITIES	316,864	9,676	2,194,003
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	--	25	25
Transfers Out	--	(50)	(267,007)
Interest Paid on Noncapital Revenue Bonds	--	--	(406)
Cash (Transferred) Received from Non-Capital Grants	(152)	--	11,034
Payments on Other Litigation Settlement	(500)	--	(500)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(652)	(25)	(256,854)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(269,573)	(2,543)	(2,938,734)
Proceeds from Sale of Capital Assets	--	--	1,750
Receipts from Passenger/Customer Facility Charges	--	--	192,098
Proceeds from Sale of Bonds and Notes	--	--	2,140,840
Payments on Bonds and Notes - Interest	(124,917)	--	(952,634)
Payments on Bonds and Notes - Principal	(88,228)	--	(376,321)
Payments of Bonds and Notes Expenses	--	--	(1,561)
Receipts from Bond Sinking Fund	--	--	1,692
Capital Contributions/Grants Received	24,173	--	206,480
Federal Bond Subsidies	10,949	--	61,727
NET CASH PROVIDED (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(447,596)	(2,543)	(1,664,663)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	6,288	--	126,966
Cash Collateral Received Under Securities Lending Transactions	--	--	51,946
(Purchase) Sale of Investment Securities	--	--	(1,160,578)
Proceeds from Maturities of Investment Securities	--	--	1,232,294
Proceeds from Notes Receivable	--	--	89,307
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,288	--	339,935

Continued...

CITY OF LOS ANGELES
Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 283,222	\$ 1	\$ 149,574	\$ 297,612
CASH AND CASH EQUIVALENTS, JULY 1	2,386,856	466,869	1,644,285	615,994
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 2,670,078	\$ 466,870	\$ 1,793,859	\$ 913,606
CASH AND CASH EQUIVALENTS COMPONENTS:				
Unrestricted Cash, Pooled and Other Investments	\$ 849,991	\$ 445,289	\$ 1,362,644	\$ 319,495
Restricted Cash, Pooled and Other Investments	969,292	21,581	431,215	594,111
Unrestricted Investments Held by Escrow and Fiscal Agents	17,030	--	--	--
Restricted Investments Held by Escrow and Fiscal Agents	833,765	--	--	--
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	\$ 2,670,078	\$ 466,870	\$ 1,793,859	\$ 913,606
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 301,288	\$ 51,055	\$ 524,628	\$ 251,822
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	250,109	163,933	540,478	144,186
Depletion	--	--	15,131	--
Amortization of Nuclear Fuel	--	--	14,181	--
Bad Debts Provision (Recovery)	281	6,742	36,366	12,853
Cash Provided by Other Nonoperating Revenues	--	--	23,025	6,653
Cash Provided (Used) in Other Nonoperating Expenses	8,049	--	(2,742)	(4,208)
Decrease (Increase) in Assets				
Loans Receivable	162	--	--	--
Accounts Receivable	(10,661)	(5,206)	5,414	(7,452)
Accrued Unbilled Revenue	(9,345)	--	(25,290)	(23,206)
Due from Other Funds	--	--	(4,018)	--
Inventories	--	(136)	(52,990)	(440)
Prepaid Items and Other Current Assets	370	166	819	(767)
Other Assets	--	--	222,579	(213,479)
Increase (Decrease) in Liabilities and Deferred Amounts				
Accounts, Contracts and Retainage Payable	(18,952)	(16,688)	(12,322)	(16,487)
Accrued Salaries and Overtime Payable	2,601	--	7,622	439
Accrued Compensated Absences Payable	846	(189)	(2,411)	757
Due to Other Funds	--	--	--	4,019
Deferred Inflows, Credits and Other Liabilities	--	(9,045)	(50,916)	--
Deposits and Advances	--	--	--	--
Net Pension Liability and Related Changes in Deferred Outflows and Inflows of Resources	1,521	(640)	(267,780)	--
Other Liabilities	(5,682)	--	648	29,772
TOTAL ADJUSTMENTS	219,299	138,937	447,794	(67,360)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 520,587	\$ 189,992	\$ 972,422	\$ 184,462
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Net Proceeds of Refunding Bonds Deposited with an Irrevocable Trust Account	\$ --	\$ --	\$ 384,460	\$ 381,100
Acquisition of Capital Assets Included in Accounts and Contracts Payable	125,284	3,863	4,532	13,722
Write-off of Discontinued Construction Project	--	5,279	--	--
Amortization of Deferred Charges on Refunding	--	--	760	--
Sewage Disposal Contracts Capital Contributions	--	--	--	--

Continued...

CITY OF LOS ANGELES
Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (125,096)	\$ 7,108	\$ 612,421
CASH AND CASH EQUIVALENTS, JULY 1	553,502	12,251	5,679,757
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 428,406	\$ 19,359	\$ 6,292,178
CASH AND CASH EQUIVALENTS COMPONENTS:			
Unrestricted Cash, Pooled and Other Investments	\$ 141,472	\$ 19,359	\$ 3,138,250
Restricted Cash, Pooled and Other Investments	286,934	--	2,303,133
Unrestricted Investments Held by Escrow and Fiscal Agents	--	--	17,030
Restricted Investments Held by Escrow and Fiscal Agents	--	--	833,765
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	\$ 428,406	\$ 19,359	\$ 6,292,178
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 168,234	\$ (5,220)	\$ 1,291,807
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	149,335	11,997	1,260,038
Depletion	--	--	15,131
Amortization of Nuclear Fuel	--	--	14,181
Bad Debts Provision (Recovery)	(479)	(293)	55,470
Cash Provided by Other Nonoperating Revenues	--	--	29,678
Cash Provided (Used) in Other Nonoperating Expenses	--	--	1,099
Decrease (Increase) in Assets			
Loans Receivable	--	--	162
Accounts Receivable	(6,631)	1,445	(23,091)
Accrued Unbilled Revenue	--	--	(57,841)
Due from Other Funds	--	--	(4,018)
Inventories	(537)	--	(54,103)
Prepaid Items and Other Current Assets	--	(624)	(36)
Other Assets	--	--	9,100
Increase (Decrease) in Liabilities and Deferred Amounts			
Accounts, Contracts and Retainage Payable	(4,050)	1,950	(66,549)
Accrued Salaries and Overtime Payable	--	101	10,763
Accrued Compensated Absences Payable	--	63	(934)
Due to Other Funds	13,500	--	17,519
Deferred Inflows, Credits and Other Liabilities	--	--	(59,961)
Deposits and Advances	--	257	257
Net Pension Liability and Related Changes in Deferred Outflows and Inflows of Resources	--	--	(266,899)
Other Liabilities	(2,508)	--	22,230
TOTAL ADJUSTMENTS	148,630	14,896	902,196
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 316,864	\$ 9,676	\$ 2,194,003
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Net Proceeds of Refunding Bonds Deposited with an Irrevocable Trust Account	\$ --	\$ --	\$ 765,560
Acquisition of Capital Assets Included in Accounts and Contracts Payable	25,406	--	172,807
Write-off of Discontinued Construction Project	30,324	--	35,603
Amortization of Deferred Charges on Refunding	10,733	--	11,493
Sewage Disposal Contracts Capital Contributions	4,569	--	4,569

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, 2016
(amounts expressed in thousands)**

	Pension and Other Postemployment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and Pooled Investments	\$ 25,501	\$ 338,290
Accounts Receivable	95,484	30,909
Special Assessments Receivable	--	183
Investment Income Receivable	135,247	124
Due from Brokers	465,579	--
Investments	47,760,031	438
Advances to Other Funds	--	23,676
Prepaid Expense	1	--
Prepaid Health Subsidy	9,167	--
Capital Assets (Net of Accumulated Depreciation of \$1,578)	28,647	--
TOTAL ASSETS	48,519,657	\$ 393,620
LIABILITIES		
Accounts Payable and Accrued Expenses	79,843	\$ --
Benefits in Process of Payment	35,616	--
Derivative Instruments	871	--
Due to Brokers	855,210	--
Fiduciary Liabilities	--	236,598
Obligations Under Securities Lending Transactions	2,953,983	1,464
Due to Other Funds	--	797
Advances from Other Funds	--	45
Mortgage Loan Payable - Current Portion	27,462	--
Mortgage Loan Payable - Noncurrent Portion	155,476	--
Deposits and Advances	26	154,716
TOTAL LIABILITIES	4,108,487	\$ 393,620
NET POSITION		
Restricted for Pension and Other Postemployment Benefits		
Benefit Pension Plans	39,072,300	
Disability Plan	47,487	
Death Benefit Plan	28,185	
Postemployment Healthcare Plans	5,263,198	
TOTAL NET POSITION	\$ 44,411,170	

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, 2016

(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,649,549
Plan Member	416,931
Other	3,357
Total Contributions	2,069,837
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(543,204)
Interest Income	332,131
Income from Alternative Investments	29,081
Dividend Income	492,485
Securities Lending Income	22,261
Other Investment Income	50,294
Income from Real Estate Investment	107,631
Investment Income	490,679
Investment Expense	(177,369)
Securities Lending Expense	(3,732)
Net Investment Income	309,578
TOTAL ADDITIONS	2,379,415
DEDUCTIONS	
Benefit Payments	2,590,129
Refunds of Member Contributions	15,679
Administrative Expenses	48,240
TOTAL DEDUCTIONS	2,654,048
CHANGE IN NET POSITION	
Benefit Pension Plans	(329,607)
Disability Plan	2,740
Death Benefit Plan	1,610
Postemployment Healthcare Plans	50,624
TOTAL CHANGE IN NET POSITION	(274,633)
Net Position Restricted for Pension and Postemployment Benefits, July 1	
Benefit Pension Plans	39,401,908
Disability Plan	44,747
Death Benefit Plan	26,574
Postemployment Healthcare Plans	5,212,574
NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30	\$ 44,411,170

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:

	Page
Note 1 - Summary of Significant Accounting Policies	
A. General.....	57
B. Reporting Entity.....	57
C. Government-wide and Fund Financial Statements.....	60
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	61
E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position.....	63
Note 2 - Reconciliation of Government-wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position.....	76
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.....	76
Note 3 - Stewardship, Compliance, and Accountability	
A. Budgets and Budgetary Basis of Accounting.....	78
B. Reconciliation of Operations on Budgetary Basis to the GAAP Basis.....	80
C. Deficit Fund Balances.....	82
Note 4 - Detailed Notes on All Funds	
A. Cash, Deposits and Investments.....	83
B. Receivables.....	122
C. Restricted Assets.....	123
D. Regulatory Assets and Liabilities.....	123
E. Joint Ventures.....	126
F. Capital Assets.....	127
G. Interfund Receivables, Payables and Transfers.....	130
H. Accounts Payable and Accrued Expenses.....	132
I. Long-term Liabilities.....	133
J. Current and Advance Refunding of Debt.....	152
K. Prior Years Defeasance of Debt.....	154
L. Tax and Revenue Anticipation Notes.....	154
M. Interest Rate Swaps.....	155
N. Electricity Swap and Forward Contracts.....	157
O. Leases.....	158
P. Risk Management - Estimated Claims and Judgments Payable.....	164
Q. Accrued Landfill Liability.....	168
R. Pollution Remediation Obligations.....	169
Note 5 - Other Information	
A. Pension and Other Postemployment Benefit Plans.....	172
B. Early Retirement Incentive Program.....	196
C. Commitments and Contingencies.....	197
D. Third-Party Obligations.....	211
E. Other Matters.....	212
F. CRA/LA, a Designated Local Authority and Successor Agency for the former Community Redevelopment Agency (Former Agency) and Related Contingencies.....	222
G. Subsequent Events.....	224

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; sewer, 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 (JPA 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 provides services that directly benefit the City.

Pursuant to the JPA Agreement, the term of the JPA Agreement expires in 2027 or when all bonds issued through the Authority have been paid in full. In fiscal year 2016, the remaining outstanding bonds issued by the Authority, Series 1998-A and Series 2008-A, were paid in full by the City, through the issuance of MICLA Taxable Lease Revenue Bonds Refunding Series 2015-A. Thus, effective fiscal year 2016, the term of the JPA Agreement ended, resulting in the dissolution of the Authority.

In fiscal year 2016, the Authority's capital financing activities are included in the nonmajor governmental funds. Completed capital assets are contributed to the Convention Center 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. Appointments to fill 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)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excluded Organizations

Jointly 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. The Commission is not a City function and operates independent of City oversight and financial accountability. City appointees comprise 33% of the Commission.

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 a 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 (HACLA) 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

Coliseum Commission: 3911 South Figueroa Street, Los Angeles, CA 90037
LAHSA: 811 Wilshire Blvd., 6th Floor, Los Angeles, CA 90017
HACLA: 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 a 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, and 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. MICLA derives its operating revenues primarily from rental income (interest portion) paid by the City. The effects of the capital lease arrangements have been eliminated from the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and benefits 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 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. These were reported in the proprietary funds statement of net position as restricted noncurrent assets.

Inventories

Inventories for materials and supplies, valued on an 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 of \$12.9 million are classified as restricted because their use is limited to activities related to low and moderate income housing projects.

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, China Shipping and Community Mitigation Trust Funds, and Narcotics / Customs Enforcement Forfeiture Fund.

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 acquisition 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Airports capitalizes interest costs of bond proceeds used during construction net of interest earnings on the temporary investment of tax-exempt bond proceeds.

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. The average AFDUC rates as of June 30, 2016 for Power and Water were 3.3% and 3.1% 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 decommissioning estimate is based on updated site-specific study prepared by an independent consultant in 2013, escalated to year 2016 dollars. As of June 30, 2016, Power has recorded \$153.0 million to accumulated depreciation to provide for the decommissioning liability. During fiscal year 2000, Power suspended contributing additional amounts to the decommissioning trust funds, as management believes that contributions to date combined with reinvested earnings, will be sufficient to fully fund Power's share of decommissioning costs. The fair value of the decommissioning funds totaled \$133.0 million as of June 30, 2016.

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 2016, Power recorded \$15.0 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, 2016. 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 2020.

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, additional land for parking acquired in December 2015 for \$3.8 million, and capital improvements amounting to \$5.9 million as of June 30, 2016. The capital improvement projects pertain to a building which serve as Pensions’ headquarters as well as ongoing programs that will address tenant improvements and other needs. It also includes LACERS’ office furniture and equipment and the costs for developing the LACERS’ new Pension Administration System (PAS). The PAS project is still in process and had a capitalized costs of \$4.5 million as of June 30, 2016. Office furniture and equipment acquisitions of at least \$5,000 are capitalized and depreciated over five years.

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. Fire and Police sworn employees accumulate vacation from 128 hours to 600 hours and 120 hours to 600 hours, respectively. 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 up to 1,632 hours at full pay.

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 ten 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.

Accumulated Compensated Time-Off

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Assets and Liabilities

Regulatory assets and liabilities were created by Power and Water by deferring certain expenses and revenues that are recoverable or payable by future rate charges in accordance with current rate ordinances, so as to evenly match the recognition of revenue and expenses with the electric and water rates charged to retail customers.

Other Assets

Other assets of Power of \$185.6 million as of June 30, 2016 represent future receivables from customers related to costs incurred for renewable energy projects and the investments made in power reliability. The 2012 and 2016 Electric Rate Ordinance allowed these costs to be recovered through current rates. The costs are amortized over a ten-year period and are expected to be fully recovered by 2022.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2016, were distributed as follows (in thousands):

	General	MICLA		NonMajor Government	Totals
		Special Revenue	Debt Service		
Nonspendable					
Advances to Other Funds	\$ 8,155	\$ --	\$ --	\$ --	\$ 8,155
Inventories	36,045	--	--	--	36,045
Prepaid Items and Other Assets	10	91	--	8,802	8,903
	<u>44,210</u>	<u>91</u>	<u>--</u>	<u>8,802</u>	<u>53,103</u>
Restricted					
Affordable Housing, Community Development and Services	--	--	--	1,007,706	1,007,706
Debt Service	--	--	178,956	168,057	347,013
Fee Supported Programs	--	--	--	10,005	10,005
Fire and Crime Prevention and Emergency Services	--	--	--	54,430	54,430
Fire and Police Facilities	--	--	--	89,014	89,014
Governmental Functions and Services	--	--	--	17,869	17,869
Library and Cultural Activities	--	--	--	46,014	46,014
Other Capital Projects and Improvements	--	92,229	--	45,578	137,807
Recreation and Parks	--	--	--	487,849	487,849
Stormwater and Sanitation Projects and Services	--	--	--	202,219	202,219
Street Projects and Maintenance	--	--	--	5,328	5,328
Transit Projects and Services	--	--	--	474,857	474,857
	<u>--</u>	<u>92,229</u>	<u>178,956</u>	<u>2,608,926</u>	<u>2,880,111</u>
Committed					
Affordable Housing, Community Development and Services	962	--	--	195,134	196,096
Fee Supported Programs	--	--	--	331,507	331,507
Fire and Crime Prevention and Emergency Services	--	--	--	9,166	9,166
Governmental Functions and Services	334	--	--	65,982	66,316
Library and Cultural Activities	--	--	--	15,373	15,373
Other Capital Projects and Improvements	--	--	--	6,931	6,931
Recreation and Parks	--	--	--	28,880	28,880
Stormwater and Sanitation Projects and Services	--	--	--	321,023	321,023
Transit Projects and Services	--	--	--	26,838	26,838
	<u>1,296</u>	<u>--</u>	<u>--</u>	<u>1,000,834</u>	<u>1,002,130</u>
Assigned					
Affordable Housing, Community Development and Services	--	--	--	15	15
Fire and Crime Prevention and Emergency Services	4,288	--	--	--	4,288
Governmental Functions and Services	335,902	--	--	--	335,902
Library and Cultural Activities	2,387	--	--	--	2,387
Other Capital Projects and Improvements	8,226	--	--	--	8,226
Community and Economic Development	7,327	--	--	--	7,327
Health and Sanitation	2,558	--	--	--	2,558
Public Safety	25,175	--	--	--	25,175
Public Works and Transportation	6,555	--	--	--	6,555
	<u>392,418</u>	<u>--</u>	<u>--</u>	<u>15</u>	<u>392,433</u>
Unassigned					
Economic Stabilization	93,863	--	--	--	93,863
Reserve, Emergency and Contingency	496,578	--	--	--	496,578
Unassigned	--	--	--	(96,668)	(96,668)
	<u>590,441</u>	<u>--</u>	<u>--</u>	<u>(96,668)</u>	<u>493,773</u>
	<u>\$ 1,028,365</u>	<u>\$ 92,320</u>	<u>\$ 178,956</u>	<u>\$ 3,521,909</u>	<u>\$ 4,821,550</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, 2016, the City's Emergency and Contingency Reserve cash accounts were \$475.3 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 requires that a deposit into the BSF be made in amount equivalent to any gross of the City's seven general tax revenue sources that exceeds 3.4%, as based on the prior year's adopted budget. The policy includes exceptions to deposit requirements in the following circumstances: 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, 2016, the BSF's fund balance was \$93.9 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 and changes related to pensions from the implementation of GASB Statement No. 68. Deferred inflows of resources are reported for changes related to pensions from the implementation of GASB Statement No. 68 and 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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by Pensions, LACERS, and DWP Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information as of the measurement date of June 30, 2015.

Power reported deferred inflows of resources from business activities of \$177.2 million at June 30, 2016, which pertain to revenues collected from customers where funds are deferred for future stabilization or deferred because the earnings process is not complete.

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, 2016, the governmental activities restricted net position totaled \$2.1 billion, of which, \$732.9 million is restricted by enabling legislation. Business-type activities restricted net position totaled \$3.4 billion, of which \$740.6 million is restricted by enabling legislation.
- Unrestricted net position - This category represents net position of the City that is not "restricted" or "net investment in capital assets."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 governmental funds and 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).

Adoption of New GASB Pronouncements

The primary government adopted the following in fiscal year 2016:

GASB Statement No. 72, "Fair Value Measurement and Application." Issued in February 2015, this statement provides guidance for financial reporting standards for determining a fair value measurement and for applying fair value to certain investments and disclosures related to all fair value measurements. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. It also establishes a hierarchy of inputs to valuation techniques used to measure fair value. The statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and organized by type of asset or liability reported at fair value. Please see discussion starting from page 87.

GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." Issued in June 2015, this statement establishes accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, as well as reporting for assets accumulated for purposes of providing those pensions. This statement did not have a material impact on the City's financial statements in fiscal year 2016.

GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." Issued in June 2015, this statement supersedes Statement No. 55. The statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement did not have an impact on the City's financial statements in fiscal year 2016.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 79, “Certain External Investment Pools and Pool Participants.” Issued in December 2015, this statement establishes criteria for an external investment pool to qualify for making the election to measure all investments at amortized cost for financial reporting purposes. Pool participants should also measure their investments at amortized cost if the external pool meets these criteria. If an external investment pool does not meet the criteria, then the pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Pool participants should measure their investments in that pool at fair value in accordance with paragraph 11 of Statement No. 31. This statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost and for governments that participate in those pools. This statement did not have an impact on the City’s financial statements in fiscal year 2016.

Recent GASB Pronouncements

The City is currently analyzing its accounting practice to determine the potential impact on the financial statements for the following recent GASB Statements:

GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” Issued in June 2015, this statement establishes financial reporting standards for governments that provide postemployment benefits other than pensions (OPEB) that are administered through trusts or equivalent arrangements. This statement is effective for the City beginning fiscal year 2017.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” Issued in June 2015, this statement establishes new accounting and financial reporting standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for OPEB. This statement provides guidance on the methods and assumptions required to be used for projecting OPEB benefit payments, discounting projected benefits to actuarial present values, and note disclosures on OPEB and OPEB related transactions. This statement is effective for the City beginning fiscal year 2018.

GASB Statement No. 77, “Tax Abatement Disclosures.” Issued in August 2015, this statement requires disclosure of tax abatement information about reporting a government’s own tax abatement agreement and those that are entered into by other governments and that reduce the reporting government’s tax revenues. This statement is effective for the City beginning fiscal year 2017.

GASB Statement No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” Issued in December 2015, the objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local governments. The requirements of this statement are effective for the City beginning fiscal year 2017.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 80, “Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14.” Issued in January 2016, this statement establishes an additional blending requirement for the financial statement presentation of component units. A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member. This statement is effective for the City beginning fiscal year 2017.

GASB Statement No. 81, “Irrevocable Split-Interest Agreements.” Issued in March 2016, this statement establishes standards for accounting and reporting of assets, liabilities and deferred inflows of resources for irrevocable split-interest agreements created through trusts- or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements. This statement is effective for the City beginning fiscal year 2018.

GASB Statement No. 82, “Pension Issues-an amendment of GASB Statements No. 67, No. 68 and No. 73.” Issued in March 2016, this statement clarifies certain issues with respect to the presentation of payroll-related measures in the required supplementary information. This statement requires the presentation of covered payroll instead of covered-employee payroll relative to disclosures in the required supplementary information. It also clarifies the use of the term deviation as used in the Actuarial Standards of Practice issued by the Actuarial Standards Board. It also clarifies the classification of employer-paid member contributions. This statement is effective for the City beginning fiscal year 2017.

GASB Statement No. 83, “Certain Asset Retirement Obligations.” Issued in November 2016, this statement addresses the recognition of asset retirement obligations (ARO) as well as related deferred outflows of resources when the liability is both incurred and reasonably estimable. It also requires ARO to be measured based on the best estimate of the current value of outlays expected to be incurred. It also requires disclosure of information about the ARO, the methods and assumptions used for the estimated liability, and the estimated remaining useful life of the associated tangible capital assets. This statement is effective for the City in fiscal year 2019.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**A. Explanation of Certain Differences 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 \$12,591,565 difference are as follows (in thousands):

Bonds, Certificates of Participation, and Notes	\$ 2,811,752
Add: Issuance Premium/Discount (to be amortized as interest expenses)	242,868
HUD Loans	135,847
Accrued Interest Payable	27,093
Accrued Compensated Absences	560,455
Estimated Claims and Judgments Payable	2,487,464
Accrued Landfill Liability	43,162
Estimated Pollution Remediation Liability	35,429
Net Pension Liability	6,114,989
Net OPEB Obligation	<u>132,506</u>
Net adjustments to reduce governmental fund balance to arrive at governmental activities net position	<u>\$ 12,591,565</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 \$314,788 difference are as follows (in thousands):

Capital Outlay	\$ 474,868
Additional capital outlay	140,200
Depreciation expense	<u>(300,280)</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	<u>\$ 314,788</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 \$274,790 difference are as follows (in thousands):

Debt issued or incurred	
Certificates of Participation, Revenue Bonds, and Notes	\$ (1,129,289)
MICLA Commercial Paper Notes	(91,000)
HUD Loans	(2,500)
Principal repayments and bond refunding	
General and Judgment Obligation Bonds	104,690
Certificates of Participation, Revenue Bonds, and Notes	1,205,955
MICLA Commercial Paper Notes	176,206
HUD Loans	<u>10,728</u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	<u>\$ 274,790</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 \$157,199 difference are as follows (in thousands):

Decrease in Accrued Compensated Absences	\$ 78,241
Decrease in Estimated Claims and Judgments	77,194
Decrease in Accrued Landfill Liability	1,144
Decrease in Pollution Remediation Liability	<u>620</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at changes in net position of governmental activities	<u>\$ 157,199</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 nonmajor special revenue fund (which includes ARRA EECBG Housing, ARRA Neighborhood Stabilization, Animal Sterilization, Audit Repayment, Bus Bench Advertising, Business Improvement Trust, CalHome Trust, City Attorney Consumer Protection, City Planning Systems Development, Coastal Transportation Corridor Trust, Construction Services Trust, CPUC Gas Company, Enterprise Zone Tax Credit Vouchers, Expedited Plan Trust, Federal Emergency Shelter Grant, General Services Trust, Healthy Homes 1, Housing Production Revolving Fund, Housing Small Grants and Awards, HUD Connections Grant, Integrated Solid Waste Management, LA Regional Initiative for Social Enterprise, LEAD Grant Nine, LEAD Grand 10, Los Angeles Regional Agency Trust, Low and Moderate Income Housing, Neighborhood Stabilization Program, Neighborhood Stabilization Program 3–WSRA, Off-Site Sign Periodic Inspection Fee, Permit Parking Program Revenue, Pershing Square Trust, Planning Long-Range Plan, Repair and Demolition, Section 108 Loan Guarantee, Sidewalk Repair, Street Banners, Traffic Safety Education Program, Transportation Regulation and Enforcement, Used Oil Collection, Ventura/Cahuenga Corridor Plan, Warner Center Transportation Trust, West LA Transportation Improvement and Mitigation, and Workforce Innovation 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

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

Special Revenue

Major Fund:

Municipal Improvement Corporation

Nonmajor Funds:

Recreation and Parks

Seismic Bond Reimbursement

Low and Moderate Income Housing Fund

Transportation Grants

Certain Other Section 108 Loan Guarantee Program Funds

Certain Other Nonmajor Grant Funds

Certain Other Nonmajor Special Revenue Funds

Debt Service

Major Fund:

Municipal Improvement Corporation

Nonmajor Funds:

Solid Waste Resources

Certain Convention Center Funds

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, 2016, the adjusted amount was \$50,363. Transfers that exceed the amount limits require the approval of the City Council.

During the fiscal year, capital related appropriations of \$76.8 million that were reappropriated from prior budget years were included in the current annual operating budget.

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

Unused and unencumbered appropriations lapsed at year-end with the exception of 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 Comprehensive Annual Financial Report (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, 2016 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	\$ 65,835
Basis Differences	
Adjustment 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 and is due and payable; whereas, the budgetary basis operating statement reflects revenue when received and expenditures when paid.	62,441
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" in the debtor fund and "Due from Other Funds" in the creditor fund (GAAP).	(8,015)
Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budgetary), as opposed to a reservation of net position (GAAP).	
Encumbrances reported as budgetary expenditures	383,015
Prior year encumbrances expended in current year	(290,571)
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.	(144,006)
Additional Budgeted Funds included as General category but reported in NonMajor Special Revenue Funds:	
Innovation Fund	(73)
Department of Neighborhood Empowerment	(640)
City Ethics Commission	(520)
Change in Net Position - GAAP Basis	\$ 67,466

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

C. Deficit Fund Balances

At June 30, 2016, the Special Parking Revenue Fund (SPRF) had a deficit of \$24.6 million. The deficit increased up by \$6.5 million due primarily to higher expenditures and a transfer of \$56.1 million from the SPRF to the Reserve Fund. The SPRF deficit will be paid by future parking fees.

Special Gas Tax Street Improvement Fund (SGTSIF) had a deficit balance of \$13.3 million in fiscal year 2016 compared to positive fund balance of \$52.1 million in fiscal year 2015. Fund balance decreased by \$65.3 million mainly due to lower receipts of \$17.1 million attributed to lower gas prices and increase in expenditures of \$15.4 million. In addition, related cost reimbursement due to the General Fund of \$37.7 million was recognized in fiscal year 2016. The SGTSIF deficit will be paid by future gas tax receipts.

Workforce Innovation Opportunity Act Fund (WIOA) had deficit fund balances of \$1.3 million mainly from timing differences in the receipt of grant funds and front funding by the City of expenses for various grant related projects. The WIOA deficit will be paid by future grant receipts from reimbursements of eligible government expenditures that have been incurred.

The Convention Center Debt Service Fund (CCF) had a deficit balance of \$18.9 million due to payments of principal and interest of certain bonds. Funds for payment of certain principal and interest were advanced by the City through MICLA. The advances from the City will be paid by future revenues of the Convention Center.

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

At June 30, 2016, the summary of cash, pooled and other investments for governmental and business-type activities, and fiduciary funds is as follows (in thousands):

			Fiduciary Funds		Total
	Governmental	Business-Type	Pension and Other		
	Activities	Activities	Postemployment	Agency	
			Benefits Trust		
Cash and pooled investments	\$ 4,308,174	\$ 3,138,250	\$ 25,501	\$ 338,290	\$ 7,810,215
Other cash and investments	25,091	17,030	--	438	42,559
Restricted assets					
Cash and pooled investments	--	2,312,560	--	--	2,312,560
Cash and investments with fiscal agents	12,949	1,566,859	--	--	1,579,808
Investments of retirement systems	--	--	47,760,031	--	47,760,031
Total deposits and investments	\$ 4,346,214	\$ 7,034,699	\$ 47,785,532	\$ 338,728	\$ 59,505,173
Cash on hand					\$ 160
Deposits					90,302
Investments					
Pooled					9,980,158
Other					49,434,553
Total deposits and investments					\$ 59,505,173

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 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 asset allocation policies 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, 2016, the book balance of the City's deposits was \$90.3 million and the balance per various financial institutions was \$90.2 million. The difference of \$0.1 million represents primarily deposits in transit and other reconciling items. Of the bank balance, \$2.7 million was covered by Federal Deposit Insurance Corporation (FDIC) and \$87.5 million was uninsured. The uninsured deposits of \$87.5 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 agree otherwise or when the bank advises 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. The City measures and categorizes its investments using fair value measurement guidelines established by generally accepted accounting principles and GASB Statement No. 72.

Pursuant to California Government Code Section 53607 (State Code) and the Council File No. 94-2160, the City Treasury shall render to the Council a statement of investment policy (the Policy) annually. Council File No. 11-1740 was adopted on October 16, 2015, 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 53600-53638, 16340 and 16429.1. The City Treasury further reports that the current policy allows for the purchase of investments with maturities up to thirty (30) years.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2016, 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	\$ 206,762	\$ 144,991	\$ 34,991	\$ 26,780	\$ --	\$ --
U.S. Treasury Notes	4,695,497	--	--	36,463	4,631,290	27,744
U.S. Agencies Securities	1,362,106	335,597	130,941	430,867	445,957	18,744
Medium-Term Notes	1,321,557	20,008	--	115,563	1,185,986	--
Mutual Funds	126,632	126,632	--	--	--	--
Negotiable Certificates of Deposit	10,000	10,000	--	--	--	--
Commercial Paper	1,617,998	1,166,671	391,383	59,944	--	--
Municipal Bonds	60,885	--	--	--	60,885	--
Supranational Obligations	242,182	13,971	16,190	70,068	141,953	--
Short-Term Investment Funds	170,261	170,261	--	--	--	--
Securities Lending Short-Term Repurchase Agreement	166,278	166,278	--	--	--	--
Total General and Special Pools	\$ 9,980,158	\$ 2,154,409	\$ 573,505	\$ 739,685	\$ 6,466,071	\$ 46,488

Fair Value Measurements

The City measures and categorizes its investments using fair value measurement guidelines established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. The levels of valuation inputs are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in an active market
- Level 2 - Observable inputs other than quoted market prices; and
- Level 3 - Unobservable inputs

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2016, the City's summary of the fair value hierarchy of investments are as follows (in thousands):

Investments	Amount	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investment Subject to Fair Value Hierarchy:			
U.S. Treasury Notes	\$ 4,695,497	\$ 212,916	\$ 4,482,581
U.S. Agencies Securities	570,442	--	570,442
Medium-Term Notes	1,321,557	--	1,321,557
Municipal Bonds	60,885	--	60,885
Supranational Obligations	141,953	--	141,953
Total Investments Subject to Fair Value	<u>6,790,334</u>	<u>\$ 212,916</u>	<u>\$ 6,577,418</u>
Investment Not Subject to Fair Value Hierarchy:			
Mutual Fund *	126,632		
Short-Term Investment Funds *	170,261		
U.S. Treasury Bills *	206,762		
U.S. Agencies Securities *	791,664		
Negotiable Certificates of Deposit *	10,000		
Commercial Paper *	1,617,998		
Supranational Obligations *	100,229		
Securities Lending Short-Term			
Repurchase Agreement **	<u>166,278</u>		
Total Investments Not Subject to Fair Value	<u>3,189,824</u>		
Total Investments	<u>\$ 9,980,158</u>		

* These investments are recorded at amortized cost that have remaining maturities of one year or less at the time of purchase.

** These investments are recorded based on the cash collateral received and reinvested in repurchase agreement.

Investments classified in Level 1 of the fair value hierarchy, valued at \$212.9 million are valued using observable unadjusted quoted prices in an active market.

For Level 2 classification totaling \$6.6 billion, are valued using matrix pricing obtained from various pricing sources by our custodian bank. At the time of purchase, securities are automatically assigned a primary pricing source, that are used in the portfolio valuation report which are evaluated based on market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, supranational obligations, and bank/time deposits; one year for repurchase agreements; 270 days for commercial paper; 180 days for bankers' acceptances; 92 days for reverse repurchase agreements; and no maturity for mutual funds. 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 rating requirements for investments. There are no credit quality requirements 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 \$1.4 billion investments in U.S. government sponsored enterprises consist of securities issued by the Federal Home Loan Bank - \$632.8 million, Federal National Mortgage Association (Fannie Mae) - \$428.4 million, Federal Home Loan Mortgage Corporation (Freddie Mac) - \$225.2 million, Federal Farm Credit Bank - \$25.1 million, Federal Agriculture Mortgage Corporation (Farmer Mac) - \$30.2 million, and Tennessee Valley Authority - \$20.4 million. Of the City's \$1.4 billion investments in U.S. Agencies securities, \$545.2 million were rated AA+ by S&P and Aaa by Moody's; \$816.9 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 \$1.3 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, one issuer of \$5.0 million medium-term notes was downgraded to A- by S&P and Baa2 by Moody's, one issuer of \$5.0 million medium-term notes was downgraded to BBB+ by S&P and Baa1 by Moody's, two issuers of \$63.3 million medium-term notes was downgraded to BBB+ by S&P and A3 by Moody's, and one issuer of \$20.0 million medium-term notes was downgraded to A by S&P and Baa1 by Moody's.

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 regards to modifiers. The issuing corporation must be organized and operating within the United States and have assets in excess of \$500.0 million. The City's \$1.6 billion investments in commercial paper were rated A-1+/A-1 by S&P and P-1 by Moody's.

Mutual funds must receive the highest ranking by at least two nationally recognized rating agencies. The City's \$126.6 million investment in mutual fund were rated AAAM by S&P and not rated by Moody's.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Negotiable certificates of deposits have no minimum rating requirement. The City's \$10.0 million investments in negotiable certificates of deposits were rated A-1+/A- by S&P and P-1 by Moody's.

Municipal bonds have no minimum rating requirement. The City's \$60.9 million investments in municipal bonds were rated AA/AA- by S&P and Aa2/Aa3 by Moody's.

Investments in supranational coupons must have a minimum of AA rating. The City's investments in supranational coupons of \$142.0 million were rated AAA by S&P and Aaa by Moody's; \$100.2 million were not rated individually by S&P nor Moody's. These short-term securities are backed by the full faith of the issuing entities, which are rated AAA/Aaa.

Concentration of Credit Risk. The Policy does not allow more than 40% of its investment portfolio be invested in commercial paper or bankers' acceptances, 30% in certificates of deposit or medium-term notes, 20% in mutual funds, money market mutual funds or 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 amounts that can be invested in 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, 2016, \$632.8 million (6%) was invested in securities issued by Federal Home Loan Bank.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The following table identifies the investment types that are authorized by the Policy as of June 30, 2016:

Authorized Investment Type	Maximum Maturity ^A	Maximum Specified Percentage of Portfolio ^B	Minimum Credit Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years *	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years *	None	None
Bankers' Acceptances	180 days	40% * ^C	None
Commercial Paper - Non-Pooled Funds * ^D	270 days	25% of the agency's money ^E	"A-1" if long-term debt, must be rated "A" without regard to modifiers ^F
Commercial Paper - Pooled Funds * ^G	270 days	40% of the agency's money ^E	"A-1" if long-term debt, must be rated "A" without regard to modifiers ^F
Negotiable Certificates of Deposits	5 years	30% ^H (combined with placement service CD)	None
Non-Negotiable Certificates of Deposits	5 years	None	None
Placement Service Deposits	5 years	30% ^H (inclusive of placement service CD)	None
Placement Service Certificate of Deposits	5 years	30% ^H (combined with negotiable CD)	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending	92 days ^I	20%	None ^J
Medium-Term Notes * ^K	5 years	30%	"A" Rating
Mutual Funds and Money Market Mutual Funds	N/A	20% ^L	Multiple ^{M N}
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"A" Rating ^O
County Pooled Investments Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple ^P
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund ^Q	N/A	None	None
Supranational Obligations ^R	5 years	30%	"AA" Rating

* Represents where the City's investment policy is more restrictive than the California Government Code. The sources used are Sections 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, and 53638. Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Other restrictions on investments are summarized as follows:

- A Section 53601 provides that the maximum term or any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- B Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- C No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- D "Select Agencies" are defined as a "city, a district or other local agency that does not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body."
- E Local Agencies, other than counties or a city and county, may purchase no more than 10 percent of outstanding commercial paper of any single issuer.
- F Issuing Corporation must be organized and operating within the U.S. and have assets in excess of \$500.0 million.
- G "Other Agencies" are counties, a city and county, or other local agency "that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body." Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set for "Select Agencies" above.
- H No more than 30 percent of the agency's money may be invested in deposits, including CDs, through a placement service. No more than 30 percent of the agency's money may be invested in CDs through a placement service and negotiable CDs. Sections 53601.8, 53635.8 and 53601(i). Excluding purchases of certificates of deposit pursuant to section(s) 53601.8 and 53635.8, no more than 10 percent of the agency's money may be invested with any one private sector entity that assists in the placement of deposits.
- I Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- J Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- K "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S."
- L No more than 10 percent invested in any one mutual fund.
- M A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500.0 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

- ^N A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500.0 million.
- ^O Issuer must be rated in the category "A", or its equivalent or better as provided by a nationally recognized rating agency.
- ^P A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500.0 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^Q Local entities can deposit between \$200.0 million and \$10.0 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account (PMIA).
- ^R Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

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 Notes and U.S. Agencies securities, (e.g., Fannie Mae, Freddie Mac, Federal Home Loan Bank, Farmer Mac, Federal Farm Credit Bank and Tennessee Valley Authority) Medium-term Notes and Supranational Coupons. 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 2016, 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, 2016 (in thousands):

Type of Investment Lent		
For Cash Collateral		
U.S. Agencies Securities	\$	10,258
U.S. Treasury Notes		142,280
Supranational Coupons		8,054
Medium-Term Notes		2,339
Total Lent for Cash Collateral		<u>162,931</u>
For Non-Cash Collateral		
U.S. Treasury Notes		415,604
U.S. Agencies Securities		161,334
Medium-Term Notes		1,364
Total Securities Lent	\$	<u><u>741,233</u></u>
Type of Collateral Received		
Cash Collateral *	\$	166,278
Non-Cash Collateral **		
For Lent U.S. Treasury Notes, U.S. Agencies Securities and Medium-term Notes		<u>589,880</u>
Total Collateral Received	\$	<u><u>756,158</u></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 2016.

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**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 applicable GASB Statements. 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 appraisals, and reports of investment advisors. The fair value of real estate investments were determined using a practical expedient based on the investments' net asset values per share or its equivalent. Investments denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange in effect at the statement of fiduciary net position date, with resulting gains and losses recorded in the statement of changes in fiduciary net position. Alternative investments are estimated based on audited financial statements provided by the individual fund managers, which are based on the net asset value. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

The City's other investments as of June 30, 2016 are as follows (in thousands):

DWP	\$ 628,404
Pensions	20,339,346
LACERS	14,737,424
DWP Plans	12,683,261
Others	1,046,118
Total	<u>\$ 49,434,553</u>

Department of Water and Power (DWP)

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

At June 30, 2016, the investments of DWP 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	\$ 25,090	\$ --	\$ --	\$ 10,006	\$ 15,084	\$ --
U.S. Agencies Securities	276,563	24,198	27,991	66,094	138,146	20,134
Supranationals	9,014	--	--	9,014	--	--
Medium-Term Notes	127,151	9,077	5,005	40,337	72,732	--
Commercial Paper	18,343	5,997	2,097	10,249	--	--
Certificates of Deposit	66,027	13,002	3,001	50,024	--	--
California Local Agency Bonds	38,003	5,000	7,018	9,029	16,956	--
California State Bonds	15,168	--	--	9,955	5,213	--
Other State Bonds	40,425	5,000	7,003	9,121	19,301	--
Money Market Funds	7,633	7,633	--	--	--	--
SCPPA Palo Verde Investment	4,987	--	--	4,987	--	--
Total	<u>\$ 628,404</u>	<u>\$ 69,907</u>	<u>\$ 52,115</u>	<u>\$ 218,816</u>	<u>\$ 267,432</u>	<u>\$ 20,134</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

DWP holds investments and derivative instruments that are measured at fair value on a recurring basis. Because investing is not a core part of the DWP's mission, DWP determines that the disclosures related to these investments only need to be disaggregated by major type. DWP categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles.

At June 30, 2016, DWP's summary of the fair value hierarchy of investments are as follows (in thousands):

	Fair Value Measurement Using				
	Amounts	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Classified
Investments by Fair Value Level					
Debt Securities					
U.S Government Securities	\$ 25,090	\$ 25,090	\$ --	\$ --	\$ --
U.S Agencies	276,563	--	276,563	--	--
Supranationals	9,014	--	9,014	--	--
Medium-Term Corporate					
Notes	127,151	--	127,151	--	--
Municipal Bonds	36,486	--	36,486	--	--
California Local Agency Bonds	15,683	--	15,683	--	--
California State Bonds	1,002	--	1,002	--	--
Other State Bonds	40,425	--	40,425	--	--
Total Debt Securities	531,414	25,090	506,324	--	--
Other					
Commercial Paper	18,343	--	18,343	--	--
Certificates of Deposit	66,027	--	66,027	--	--
Money Market Funds	7,633	--	--	--	7,633
SCPPA Palo Verde Investment	4,987	--	--	--	4,987
Total Other	96,990	--	84,370	--	12,620
Total Investments by Fair Value Level	\$ 628,404	\$ 25,090	\$ 590,694	\$ --	\$ 12,620
Derivative Instruments:					
Financial Natural Gas Hedges	\$ 23,379	\$ --	\$ 23,379	\$ --	\$ --

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Debt and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a multidimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker/dealer quotes. Natural gas hedges are valued using forward market prices available from broker quotes and exchanges. The SCPPA Palo Verde Guaranteed Investment Contract is recorded at contract value and thus not required to be classified in the fair value hierarchy. Money market funds have maturities of less than one year and thus are recorded at amortized cost and not required to be classified.

Interest Rate Risk. DWP's investment policy limits the maturity of its investments to a maximum of 30 years for U.S. Government and U.S. Agencies securities; 5 years for medium-term corporate notes, municipal bonds, California local agency obligations, California State obligations, and other state obligations; 270 days for commercial paper; 397 days for certificates of deposit; and 180 days for bankers' acceptances.

Credit Risk. Under its investment policy and the California Government Code, 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 securities 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 securities in the portfolio as of June 30, 2016, \$272.2 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 \$4.4 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, 2016, \$4.1 million (3%) was rated in the category of AAA, \$60.2 million (47%) was rated in the category of AA, and \$62.8 million (49%) was rated in the category of A by at least one NRSRO. The remaining \$0.1 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, 2016, all of the 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 provides 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 non-negotiable certificates of deposit, the full amount of principal and interest is insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration. As of June 30, 2016, DWP's investments in certificates of deposits included \$65.0 million 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 of non-negotiable certificates of deposit fully insured by the FDIC.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

DWP's investment policy specifies that California Local Agency bonds, 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, 2016, \$36.0 million (95%) was rated in the category of AA; \$2.0 million (5%) was rated in the category of A.

DWP's investment policy specifies that California State bonds must be rated in a rating category of A or its equivalent or better by a NRSRO. Of DWP's investments in California State bonds as of June 30, 2016, \$1.2 million (8%) was rated in the category of AAA and \$13.9 million (92%) was rated in the category of AA by at least one NRSRO.

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, 2016, \$7.2 million (18%) was rated in the category of AAA, \$33.2 million (82%) was rated in the category of AA by at least one NRSRO.

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 \$500.0 million. As of June 30, 2016, 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% of the cost value of the portfolio may be invested in the securities of any single U.S. government agency issuer. DWP's total investments as of June 30, 2016, \$122.7 million (20%) was invested in securities issued by the Federal Home Loan Bank, \$77.6 million (12%) was invested in securities issued by the Freddie Mac, and \$55.8 million (9%) was invested in securities issued by Fannie Mae.

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

At June 30, 2016, the Pensions' investments are as follows (in thousands):

Investment Type	Pensions Plan	Health Subsidy Plan	Total
Short-Term Investments	\$ 929,117	\$ 77,406	\$ 1,006,523
U.S. Government Obligations	2,080,871	173,359	2,254,230
Domestic Corporate Bonds	1,656,749	138,025	1,794,774
Foreign Bonds	6,711	559	7,270
Domestic Stocks	6,412,879	534,263	6,947,142
Foreign Stocks	3,186,511	265,471	3,451,982
Real Estate	1,392,083	115,976	1,508,059
Alternative Investments	1,739,350	144,907	1,884,257
Security Lending Collateral	1,370,898	114,211	1,485,109
Total	\$ 18,775,169	\$ 1,564,177	\$ 20,339,346

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2016, Pensions has the following recurring fair value measurements (in thousands):

	Fair Value Measurement Using			
	Amount	Quoted Prices for Identical Assets or Liabilities in an Active Market (Level 1)	Observable Inputs Other Than Quoted Market Prices (Level 2)	Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	\$ 1,809,140	\$ --	\$ 1,809,140	\$ --
U.S. Agencies	455,431	--	455,431	--
Municipal/Provincial Bonds	22,662	--	22,662	--
Collateralized Debt Obligations	159,575	--	158,883	692
Commercial Paper	13,478	--	13,478	--
Corporate Bonds	1,588,184	--	1,583,933	4,251
Total Debt Securities	<u>4,048,470</u>	<u>--</u>	<u>4,043,527</u>	<u>4,943</u>
Equity Securities				
Common Stock	10,313,920	10,284,914	25,057	3,949
Preferred Stock	65,370	65,370	--	--
Other	19,833	19,422	--	411
Total Equity Securities	<u>10,399,123</u>	<u>10,369,706</u>	<u>25,057</u>	<u>4,360</u>
Other				
Miscellaneous	540	--	--	540
Total Other	<u>540</u>	<u>--</u>	<u>--</u>	<u>540</u>
Total Investments by Fair Value Level	<u>\$ 14,448,133</u>	<u>\$ 10,369,706</u>	<u>\$ 4,068,584</u>	<u>\$ 9,844</u>
Investment measured at the net asset value (NAV)				
Private Equity Partnerships	\$ 1,781,886			
Real Estate	1,508,059			
Global Macro Strategy Hedge Funds	89,884			
Asset/Mortgage-Backed Security Funds	18,146			
Commercial Mortgages	1,607			
Total Investments Measured at NAV	<u>\$ 3,399,582</u>			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities such as U.S. Treasuries, U.S. Agencies, municipal bonds, collateralized debt obligations, commercial paper, corporate bonds and other equity securities are classified in Level 2. They are valued using quoted prices for identical securities in markets that are not active. The value prices observed using market-based inputs.

Debt securities, namely collateralized debt obligations and corporate bonds, classified in Level 3 are valued using unobservable inputs which can be extrapolated data, proprietary models or indicative quotes. Other equity securities classified in Level 3 are valued using uncorroborated indicative quotes.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Pensions' investments valued using the net asset value (NAV) such as private equity partnerships, real estate, hedge funds, asset/mortgage-backed security funds and commercial mortgages. Real estate investments are valued based on an independent appraisal or other methods using various techniques including models. Hedge funds generally do not have readily obtainable market values and take the form of limited partnerships. Valuation is either based on the partnerships audited financial statements or from the most recently available valuation.

Investments measured at the NAV are as follows (in thousands):

Investment Strategy	Fair value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity Partnerships	\$ 1,781,886	\$ 1,115,600	N/A	--
Real Estate ⁽¹⁾	1,508,059	149,935	Quarterly	90-179 days
Hedge Funds	89,884	--	Quarterly	90 days
Corporate Debt Securities	18,146	--	Anytime	--
U.S. Agencies Debt Securities	1,607	--	N/A	--
Total Investments Measured at NAV	<u>\$ 3,399,582</u>	<u>\$ 1,265,535</u>		

⁽¹⁾ This type of investment includes \$270.0 million of comingled real estate committed and funded that can be redeemed quarterly with 90 to 179 days redemption notice period.

Pensions has unfunded commitments of \$1.1 billion in private equity partnerships and \$150.0 million in real estate. Pensions' investments in hedge funds can be redeemed quarterly with 90 days redemption notice period.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 62,062	12.85
Bank Loans	13,478	4.24
Collateralized Bonds	723	11.20
Commercial Mortgage-Backed	32,793	27.00
Corporate Bonds	1,517,554	11.72
Corporate Convertible Bonds	4,060	5.53
Government Agencies	61,351	10.62
Government Bonds	998,977	9.51
Government Mortgage-Backed Securities	333,802	21.47
Government Issued Commercial Mortgage-Backed	50,471	5.21
Index Linked Government Bonds	847,476	9.68
Municipal/Provincial Bonds	27,759	51.24
Non-Government Backed Collateralized		
Mortgage Obligations	63,997	17.97
Short Term Bills and Notes	17,151	0.37
Asset/Mortgage-Backed Securities/Other		
Fixed Income Funds	24,621	N/A
Total	\$ 4,056,275	

Investments that are highly sensitive to interest rate risk at June 30, 2016 are as follows (in thousands):

Investment Type	Amount
Asset-Backed Securities	\$ 62,062
Commercial Mortgages	32,793
Government Agencies Bonds	61,351
Government Mortgage-Backed Securities	384,273
Index Linked Government Bonds	847,476
Non-Government Backed Collateralized Mortgage Obligations	63,997
Total	\$ 1,451,952

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2016, the quality ratings of Pensions' fixed income investments are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 2,007,917	56.11 %
AA	78,875	2.20
A	169,680	4.74
BBB	527,733	14.75
BB	283,613	7.93
B	239,761	6.70
CCC	89,473	2.50
CC	9,208	0.26
C	4,698	0.13
Not Rated	167,317	4.68
Subtotal	3,578,275	100.00 %
U.S. Government Issued or Guaranteed Securities	478,000	
Total Fixed Income Investments	\$ 4,056,275	

Concentration of Credit Risk. As of June 30, 2016, 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.

Custodial Credit Risk. For deposits, custodial credit risk 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, 2016, Pensions' exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to \$21.0 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, 2016, 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, 2016, Pensions' investments in hedge funds of \$89.9 million, private equity of \$1.8 billion, and commingled real estate funds of \$811.3 million, were exposed to custodial credit risk.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Foreign Currency Risk. The Pensions' asset allocation policy sets a target of 16% 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, 2016, are as follows (in thousands):

Foreign Currency	Fair Value
Australian Dollar	\$ 136,173
Brazilian Real	68,771
British Pound Sterling	597,967
Canadian Dollar	76,166
Chilean Peso	4,678
Colombian Peso	1,759
Czech Koruna	4,443
Danish Krone	56,955
Euro	791,133
Hong Kong Dollar	236,032
Hungarian Forint	5,532
Indian Rupee	89,444
Indonesian Rupiah	29,574
Japanese Yen	561,044
Kenyan Shilling	1,520
Malaysian Ringgit	16,935
Mexican Peso	29,380
New Israeli Shekel	9,080
New Taiwan Dollar	114,052
New Zealand Dollar	9,732
Norwegian Krone	16,240
Philippine Peso	10,573
Polish Zloty	11,440
Qatari Rial	393
Singapore Dollar	30,147
South African Rand	72,386
South Korean Won	161,046
Swedish Krona	84,596
Swiss Franc	200,570
Thai Baht	18,400
Turkish Lira	13,092
Total	<u>\$ 3,459,253</u>

The foreign currency total comprises of foreign stock, foreign bonds, and currency holdings.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Money-Weighted Rate of Return. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on Pensions' investments, net of investment expense, for the year ended June 30, 2016, was 1.04%. The source for the rate of return was the June 30, 2016 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 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, 2016, the fair value of securities lent was \$1.6 billion and the fair value of collateral received was \$1.7 billion. Of the \$1.7 billion collateral received, \$1.5 billion was cash collateral and \$170.7 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 (in thousands):

Fair value of collateral received for loaned securities as of June 30, 2016:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	\$ 221,563	\$ 2,415	\$ 223,978
Domestic Corporate Fixed Income Securities	143,884	7,282	151,166
Domestic Equities	1,018,525	19,042	1,037,567
International Equities	101,137	141,970	243,107
	\$ 1,485,109	\$ 170,709	\$ 1,655,818

Fair value of loaned securities as of June 30, 2016:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	\$ 217,547	\$ 2,375	\$ 219,922
Domestic Corporate Fixed Income Securities	141,522	7,195	148,717
Domestic Equities	1,003,855	18,772	1,022,627
International Equities	96,394	133,171	229,565
	\$ 1,459,318	\$ 161,513	\$ 1,620,831

Derivative Instruments. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value of such derivative instruments are as follows (in thousands):

Type	Changes in Fair Value		Fair Value at June 30, 2016		Notional Amount
	Classification	Amount	Classification	Amount	
Investment Derivatives:					
Futures - Shorts	--	\$ --	Investment	\$ --	\$ (54,023)
Futures - Longs	Investment Loss	(6,584)	Investment	--	108,426
Forwards	Investment Loss	(653)	Investment	171	--
Options	Investment Loss	(312)	Investment	45	--
Rights/Warrants	Investment Revenue	679	Investment	209	--
Swaps	Investment Revenue	2,995	Investment	(705)	--

At June 30, 2016, Pensions held futures - shorts and futures - longs with a notional value of \$(54.0) million and \$108.4 million, respectively, with a realized loss of \$6.6 million for the fiscal year. Pensions held forwards with a fair value of \$0.2 million, options with a fair value of \$0.04 million, rights and warrants with a fair value of \$0.2 million, and swaps with the fair value of \$(0.7) million. Losses of \$0.7 million for forwards and \$0.3 million for options, and earnings of \$0.7 million for rights and warrants and \$3.0 million for swaps, 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 (LACERS)**

At June 30, 2016, LACERS' investments are as follows (in thousands):

Investment Type	Retirement Plan	Postemployment Health Care Plan	Total
Short-Term Investments (non-U.S. of \$158,242)	\$ 421,287	\$ 75,770	\$ 497,057
U.S. Government Obligations	794,606	142,912	937,518
Municipal Bonds	1,213	218	1,431
Domestic Corporate Bonds	765,988	137,765	903,753
International Bonds	459,721	82,682	542,403
Other Fixed Income	726,148	130,599	856,747
Bank Loan	1,789	322	2,111
Opportunistic Debt	71,438	12,848	84,286
Domestic Stocks	3,054,520	549,362	3,603,882
International Stocks	3,337,877	600,324	3,938,201
Mortgage-Backed Securities	344,923	62,035	406,958
Government Agencies	21,619	3,888	25,507
Real Estate	697,657	125,475	823,132
Private Equity	1,202,396	216,253	1,418,649
Security Lending Collateral	589,726	106,063	695,789
Total	\$ 12,490,908	\$ 2,246,516	\$ 14,737,424

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 or 3 of the fair value hierarchy are valued using a matrix pricing technique based on the availability of the market price, the pricing source and type, and the country of incorporation of the securities. The hierarchy levels are determined based on the level of corroborative information obtained from other market sources to assert that the prices provided represent observable data.

Private equity funds classified in Level 3 of the fair value hierarchy are valued based on the availability of market price of the underlying assets, and using either a discounted cash flow or Comparable Company Analysis with internal assumptions. Real estate funds classified in Level 2 or 3 of the fair value hierarchy are valued based on periodic appraisals in accordance with industry practice.

The exchange traded Future Contracts classified in Level 1 of the fair value hierarchy are valued using a daily settlement when available or as a daily mark to market. The Foreign Exchange Contracts classified in Level 2 of the fair value hierarchy are valued using independent pricing services including London Close mid-evaluation, WM/Reuters Company, Bloomberg, and Thomson Reuters.

Certain investments which do not have a readily determinable fair value have been valued at NAV per share (or its equivalent) provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements. These investments are not categorized within the fair value hierarchy but disclosed in the Schedule of Investments Measured at the NAV.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

LACERS has the following recurring fair value measurements as of June 30, 2016 (in thousands):

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities				
Government Bonds	\$ 1,143,244	\$ --	\$ 1,143,244	\$ --
Government Agencies	41,267	--	41,267	--
Municipal/Provincial Bonds	5,390	--	2,768	2,622
Corporate Bonds	1,220,710	--	1,215,713	4,997
Bank Loans	2,111	--	2,111	--
Government Mortgage Bonds	339,644	--	339,450	194
Commercial Mortgage Bonds	67,314	--	67,314	--
Opportunistic Debts	12,426	--	--	12,426
Total Debt Securities	2,832,106	--	2,811,867	20,239
Equity Securities				
Common Stock				
Basic Industries	906,929	903,749	2,639	541
Capital Goods Industries	406,983	406,089	280	614
Consumer & Services	1,960,485	1,946,506	12,225	1,754
Energy	661,843	656,515	5,287	41
Financial Services	1,562,793	1,561,187	1,480	126
Health Care	887,398	887,398	--	--
Information Technology	1,072,659	1,072,551	108	--
Miscellaneous	34,792	18,698	--	16,094
Total Common Stock	7,493,882	7,452,693	22,019	19,170
Preferred Stock	35,848	35,848	--	--
Stapled Securities	12,353	12,353	--	--
Total Equity Securities	7,542,083	7,500,894	22,019	19,170
Private Equity Funds	243,958	--	--	243,958
Real Estate Funds	128,760	--	124,618	4,142
Total Investments by Fair Value Level	10,746,907	\$ 7,500,894	\$ 2,958,504	\$ 287,509
Investments Measured at the Net Asset Value (NAV)				
Common Fund Assets	856,747			
Private Equity Funds	1,174,691			
Real Estate Funds	694,372			
Opportunistic Debts	71,861			
Total Investments Measured at the NAV	2,797,671			
Total Investments Measured at Fair Value ⁽¹⁾	\$ 13,544,578			
Investment Derivative Instruments				
Future Contracts (liabilities)	\$ (655)	\$ (655)	\$ --	\$ --
Foreign Exchange Contracts (liabilities)	(425)	--	(425)	--
Rights/Warrants	209	148	--	61
Total Investment Derivative Instruments	\$ (871)	\$ (507)	\$ (425)	\$ 61

⁽¹⁾ Excluded securities lending collateral which was invested in short-term investments.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Investments measured at the NAV (in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Assets (1)	\$ 856,747	\$ --	Daily	2 days
Private Equity Funds (2)	1,174,691	684,532	N/A	N/A
Real Estate Funds (3)	694,372	69,347	Daily, Quarterly	1-90 days
Opportunistic Debts (4)	71,861	--	Monthly	30 days
Total Investments measured at the NAV	\$ 2,797,671	\$ 753,879		

(1) Common fund assets - This investment type includes one fund that primarily invests in U.S. bonds. The fair value of the investment has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). This investment can be redeemed daily, with a two-day advance redemption notice period.

(2) Private equity funds - This investment type includes 163 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair value of these investments has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 13 years, depending on the vintage year of each fund.

(3) Real estate funds - This investment type includes 31 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair value of these investments has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Seven investments, representing approximately 54% of the value of this investment type, are in open-end funds, which may be redeemed according to terms specific to each fund. Redemptions generally are subject to the funds' available cash and redemption queues. There is no intention to redeem any of these seven investments in the near future. Twenty-four investments, representing approximately 46% of the value this investment type, are in closed-end funds and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 12 years, depending on the vintage year of each fund.

(4) Opportunistic debts - This investment type includes two commingled funds: one that invests primarily in senior loans of non-investment grade companies (senior loan fund) and another one invests primarily in the securities and obligations of companies experiencing operational or financial distress (distressed investment fund). The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). The senior loan fund, representing approximately 99% of the value of this investment type, can be redeemed monthly. The distressed investment fund, representing approximately 1% of the value of this investment type, is being dissolved and is no longer making new underlying investments. Distributions from this fund will be received as underlying investments are liquidated by the fund manager. It is expected that this fund will be liquidated fully over the next three years.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 Retirement Systems' 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.

Information about the sensitivity of the fair values of LACERS investments to market interest rate fluctuations as of June 30, 2016 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	\$ 27,143	1.44
Bank Loans	2,111	1.64
Commercial Mortgage-Backed Securities	67,314	2.82
Corporate Bonds	1,191,174	5.53
Government Agencies	41,267	5.03
Government Bonds	625,604	6.02
Government Mortgage-Backed Securities	339,645	2.48
Index Linked Government Bonds	517,640	8.05
Municipal/Provincial Bonds	5,390	4.69
Non-Government Backed Collateralized Mortgage Obligations (C.M.O.s)	2,393	1.34
Opportunistic Debts	84,286	0.32
Other Fixed Income (Funds)	856,747	5.48
Total	\$ 3,760,714	

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 Standard and Poor's (S&P), a nationally-recognized statistical rating organization as of June 30, 2016, are as follows:

S & P Ratings	Fair Value (in thousands)	Percentage
AAA	\$ 47,632	1.72 %
AA	1,253,142	45.31
A	215,949	7.81
BBB	561,623	20.31
BB	286,787	10.37
B	267,478	9.67
CCC	36,608	1.32
CC	1,677	0.06
D	1,914	0.07
Not Rated	92,728	3.36
Subtotal	2,765,538	100.00 %
U.S. Government Guaranteed Securities *	995,176	
Total Fixed Income Investments	\$ 3,760,714	

* 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, 2016, 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, 2016, LACERS has exposure to such risk in the amount of \$18.0 million, or 0.38% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 20 different investment managers, and held outside of LACERS custodial bank. LACERS' policy requires each individual publicly traded equities investment manager 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, are not registered in LACERS' name, and are held by the counterparty, or the counterparty's trust department or agent but not in LACERS' name. As of June 30, 2016, LACERS investments were not exposed to custodial credit risk because all securities were registered in the name of LACERS.

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

LACERS' non-U.S. currency investment holdings as of June 30, 2016, which represent 27.0% of the fair value of total investments, are as follows (in thousands):

Foreign Currency	Fair Value
Argentine Peso	\$ 18
Australian Dollar	152,695
Brazilian Real	66,297
British Pound Sterling	579,549
Canadian Dollar	141,571
Chilean Peso	5,529
Chinese Yuan Renminbi	(1,742)
Colombian Peso	1,770
Czech Koruna	1,403
Danish Krone	69,927
Egyptian Pound	2,984
Euro	908,497
Hong Kong Dollar	247,024
Hungarian Forint	4,759
Indian Rupee	90,197
Indonesian Rupiah	26,312
Israeli New Shekel	11,244
Japanese Yen	623,786
Malaysian Ringgit	24,163
Mexican Peso	48,990
New Taiwan Dollar	100,475
New Zealand Dollar	13,106
Norwegian Krone	33,006
Peruvian Nuevo Sol	(89)
Philippine Peso	21,509
Polish Zloty	8,410
Qatari Rial	1,029
Russian Ruble	12,010
Singapore Dollar	42,916
South African Rand	65,087
South Korean Won	136,343
Swedish Krona	82,399
Swiss Franc	242,414
Thai Baht	40,336
Turkish Lira	28,700
United Arab Emirates Dirham	8,625
Total	<u>\$ 3,841,249</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	\$ 27,143
Commercial Mortgage-Backed Securities	67,314
Government Agencies	41,267
Government Mortgage-Backed Securities	339,645
Non-Government Backed C.M.O.s	2,393
Total	<u>\$ 477,762</u>

Money-Weighted Rate of Return. For the fiscal year ended June 30, 2016, the annual money-weighted rate of return on LACERS investments, net of investment expenses was 0.2%. 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, 2016, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Commodities	\$ 156,684	\$ (799)	\$ (1,683)
Equity Index	13,050	158	188
Foreign Exchange	(6,526)	18	(69)
Interest Rate	(73,738)	(32)	(44)
Currency Forward			
Contracts	117,350	(425)	(766)
Right / Warrants	N/A	209	(211)
Total Value		<u>\$ (871)</u>	<u>\$ (2,585)</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, 2016, without respect to netting arrangements, LACERS maximum loss on derivative instruments subject to credit risk, namely currency forward contracts, is as follows (in thousands):

<u>S & P Ratings</u>	<u>Fair Value</u>
AA	\$ 1
A	74
BBB	865
Total	<u>\$ 940</u>

Securities Lending Transactions. LACERS has entered into various short-term arrangements with its custodian to lend securities to various brokers. There are no restrictions on the amount of securities that may be lent, and 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 is invested in a separate account comprised of 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, 2016, LACERS had no losses on securities lending transactions resulting from default of a borrower or lending agent. 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 table represents the fair value of securities on loan and cash/non-cash collateral received as of June 30, 2016 (in thousands):

Securities on Loan	Fair Value of Securities on Loan	Cash/Non-Cash Collateral Received
U.S. Government and Agency Securities	\$ 212,990	\$ 216,174
Domestic Corporate Fixed Income Securities	101,865	103,294
International Fixed Income Securities	37,010	38,948
Domestic Stocks	438,177	444,489
International Stocks	524,561	558,902
	\$ 1,314,603	\$ 1,361,807

As of June 30, 2016, the fair value of the securities on loan was \$1.3 billion. The fair value of associated collateral was \$1.4 billion. Of this amount, \$695.8 million represents the cash collateral and \$666.0 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, 2016, DWP Plans' investments are as follows (in thousands):

Investment Type	Retirement, Disability, and Death Benefit Insurance Plan	Retiree Health Benefits Plan	Total
	Domestic Stocks	\$ 3,614,672	\$ 628,040
International Stocks	1,833,118	306,991	2,140,109
Mortgage and Asset-Backed Securities	212,524	34,968	247,492
Domestic Corporate Bonds	861,098	145,716	1,006,814
International Bonds	227,695	38,593	266,288
Alternative Investments	962,089	158,224	1,120,313
Real Estate	561,966	81,595	643,561
U.S. Treasuries	770,218	137,768	907,986
U.S. Agency Notes	741,523	125,472	866,995
Short-Term Investments	416,629	51,275	467,904
Security Lending Collateral	617,084	156,002	773,086
Total	<u>\$ 10,818,616</u>	<u>\$ 1,864,644</u>	<u>\$ 12,683,260</u>

DWP Plans has the following recurring fair value measurement as of June 30, 2016 (in thousands):

Investments by Fair Value	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Equity Securities				
Domestic Equities	\$ 4,242,712	\$ --	\$ --	\$ 4,242,712
International Equities	2,140,109	--	--	2,140,109
Fixed Income Securities				
U.S. Treasuries	--	907,986	--	907,986
U.S. Agencies	--	866,995	--	866,995
Preferred Securities	16,119	--	--	16,119
Mortgage and Asset Backed Securities	--	247,492	--	247,492
Corporate Debt - Domestic	--	990,696	--	990,696
Corporate Debt - International	--	181,473	--	181,473
Government Debt -International	--	84,451	365	84,816
Alternative Investments	--	689,352	304,984	994,336
Real Estate	57,416	8,848	577,298	643,562
Total Investments by Fair Value	<u>\$ 6,456,356</u>	<u>\$ 3,977,293</u>	<u>\$ 882,647</u>	<u>\$ 11,316,296</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Investments in mutual funds in the amount of \$467.9 million are not included within the fair value hierarchy. These mutual funds include money market funds and short-term investment funds, which costs approximate fair value. Securities lending short-term investment pool balance of \$773.1 million, which costs approximate fair value, are not included within the fair value hierarchy. Investments measured at NAV are also not included within the fair value hierarchy.

Equity securities, preferred securities, and certain real estate funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities and real estate funds. Debt securities classified in Level 2 of the fair value hierarchy are valued based on evaluated quotes provided by independent pricing services and matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgage and asset backed securities classified in Level 2 are valued on the basis of discounted future principal and interest payments.

Individual investments managers within the alternative investments asset allocation are contracted by the DWP Plans to execute various investment strategies. Alternative investments include commingled, ventured capital, mezzanine funds, commodities, timber, hedge funds, etc. Alternative investments classified under Level 2 include various fixed income portfolios managed by Western Assets Management Company with total fair value of \$403.4 million. The fair value determination techniques may include, but not be limited to, matrix pricing, modeled securities. Examples of these models include but are not limited to: a) bespoke total return swaps that are priced using the change in relevant indices, and b) certain restructured securities that can be mapped to prices of other securities; and other valuation techniques.

These other valuation techniques include, but are not limited to, discounted cash flow methods using comparable index yields, comparable bond spreads applied to treasuries or comparable prepayment speeds and yields, asset based valuations using the values from securities underlying the security being priced, and relative valuation techniques including total enterprise value/EBITDA for multiple companies and applied to the capital structure of the security being priced. Also classified under Level 2 are two commingled funds managed by Invesco with total fair value of \$156.5 million. Investments held by these commingled funds are valued based on DWP Plan's valuation policy.

The fair value of the other alternative investments, which include various venture capital, mezzanine, commodities, and hedge funds, that are classified under Level 3 are estimated by the General Partners using a multitude of valuation techniques. The techniques evaluate a range of factors including the price at which the investment was acquired, the nature of the investment, current and projected operating performance, market conditions, etc.

The fair value of real estate investments are determined by various valuation techniques utilized by individual investment managers. In general and where applicable, fair value estimates are built upon property appraisal reports prepared by independent real estate appraisers. Other unobservable inputs are developed by individual investment managers and incorporated into their valuation. Examples of unobservable inputs include capitalization rate, discount rate, underlying asset delinquency rate, projected market growth, etc.

The valuation methods described are intended to produce a fair value calculation that is indicative of net realizable value or reflective of future fair values. However, while DWP Plans believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Fair Value of Investments Measured at the Net Asset Value (NAV). Below is a summary of the DWP Plans' investments at June 30, 2016 for which fair value is measured based on the NAV (in thousands):

Investments Measured at NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Alternative Investments				
Lexington Capital Partners VII, L.P.	\$ 17,362	\$ 7,521	Not Eligible	Not Eligible
Lexington Partners VI Holdings, L.P.	8,782	490	Not Eligible	Not Eligible
Hancock Timberland XII L.P.	9,577	15,447	Not Eligible	Not Eligible
Morgan Stanley AIP	90,255	--	Monthly	Monthly
Total Investments Measured at the NAV	<u>\$ 125,976</u>	<u>\$ 23,458</u>		

Lexington Capital Partners VII, L.P. (the "Partnership") was formed as a limited partnership to acquire a diversified portfolio of interests in private investment funds, principally established global buyout, mezzanine and venture capital funds primarily through secondary market transactions ("secondary limited partnerships"). The Partnership can also invest up to 5% of its committed capital, up to a capitalization of \$6.0 billion, in newly formed global buyout, mezzanine and venture capital funds ("primary limited partnerships"). The total committed capital to primary partnerships is 5% of committed capital, not to exceed \$305.0 million. The Partnership can also invest up to 10% of its committed capital in direct investments in operating companies through secondary market transactions. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund at the General Partner's discretion.

Lexington Partners VI Holdings, L.P. (the "Partnership") was formed as a limited partnership to acquire a diversified portfolio of interests in private investment funds, principally established leveraged buyout, mezzanine and venture capital funds primarily through secondary market transactions ("secondary limited partnerships"). The Partnership can also invest up to 10% of its committed capital in newly formed leveraged buyout, mezzanine and venture capital funds ("primary limited partnerships") and invest up to 10% of its committed capital in direct investments in operating companies through secondary market transactions. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund at the General Partner's discretion.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Hancock Timberland XII L.P. (the “Partnership”) was organized as a limited partnership to establish a portfolio of timberland investments diversified by tree species, age class and geography. Up to 50% of the Partnership may be comprised of international investments; these target markets include Argentina, Australia, Brazil, Canada, Chile, New Zealand, Uruguay and Western Europe, including the Scandinavian countries, Ireland, and the UK. The Partnership will seek to preserve capital investment, realize profit from long-term appreciation, and provide current income. A partner in these investments shall not be entitled to withdraw any part of the capital account of such partner or to receive any distributions from the Partnership. Instead, the General Partner will make distributions to the limited partners promptly following the end of each quarter of each fiscal year, beginning with the first full fiscal quarter. The distribution by the General Partner of distributable cash will be made to the limited partners with respect to their respective pro rata percentages immediately prior to such Partnership distribution. Upon liquidation and dissolution of the Partnership, the General Partner will pay the debts and liabilities of the Partnership, set up reserves to provide for contingent liability as deemed necessary by the General Partner, and distribute the balance of the property to the limited partners in accordance with their pro rata percentages.

Morgan Stanley AIP was established as a Fund (the “Portfolio”) to provide superior performance versus 90-day T-bills + 3% over a complete investment cycle. The Portfolio attempts to achieve its objective principally through investing in a diversified portfolio of investment funds managed by third party investment managers who employ a variety of investment strategies. Underlying hedge fund manager strategies could include, but is not limited to convertible arbitrage, distressed securities, fixed income arbitrage, merger arbitrage, long/short credit, long/short equity, etc. These investments can be redeemed on a monthly basis with one month redemption notice period.

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 can invest in both investment grade and high yield fixed income securities. Investment grade fixed income securities that are rated by Moody’s, Standard & Poor’s, and Fitch, should have a minimum rating of BBB- or Baa3 by two or more rating agencies. Investment managers for investment grade fixed income securities will notify the DWP Plans’ management of subsequent decline in ratings and will 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, Standard & Poor’s or Fitch.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The credit ratings of DWP Plans' fixed income investments at June 30, 2016 are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 144,699	7.28 %
A or better	118,807	5.97
B or better	1,090,222	54.83
C or better	101,686	5.11
Not Rated	533,084	26.81
Subtotal	1,988,498	100.00 %
U.S. Government Issued or Guaranteed Securities	1,774,981	
Total Fixed Income Investments	\$ 3,763,479	

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, 2016, 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 exempt from this limitation. As of June 30, 2016, there were no investment holdings of more than 5% in any one issue in each of the DWP Plans' net position or in DWP Plans' aggregate net position, except investments issued or guaranteed by the U.S. Government and investments in commingled funds.

Interest Rate Risk. As of June 30, 2016, DWP Plans' exposure to interest rate risk is as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 907,986	3.20
U.S. Agency Notes	866,995	16.02
Preferred Securities/Convertible Bonds/Other	16,119	--
Mortgage and Asset Backed Securities	247,492	17.36
Corporate Debt - Domestic	990,696	10.42
Corporate Debt - International	181,472	12.38
Government Debt - International	84,816	12.10
Mutual Funds	467,903	--
Total	\$ 3,763,479	9.22

DWP Plans has a long-term investment horizon and it 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 19% of total investments in non-U.S. investments. As of June 30, 2016, DWP Plans' exposure to foreign currency risk is 11.8% of the fair value of total investments, as follows (in thousands):

Foreign Currency	Amount
Australian Dollar	\$ 60,470
Brazilian Real	16,532
Canadian Dollar	64,653
Danish Krone	6,967
Euro Currency Unit	480,805
Hong Kong Dollar	35,498
Indonesian Rupiah	20,810
Japanese Yen	270,862
Malaysian Ringgit	3,726
Mexican New Peso	6,931
New Taiwan Dollar	5,670
New Zealand Dollar	14,148
Norwegian Krone	8,154
Pound Sterling	286,237
Singapore Dollar	8,963
South African Comm Rand	46,757
South Korean Won	17,408
Swedish Krona	29,459
Swiss Franc	109,711
Thailand Baht	6,418
Total	<u>\$ 1,500,179</u>

Money-Weighted Rate of Return. For the fiscal year ended June 30, 2016, the annual money-weighted rate of return on DWP Plans' investments, net of investment expense, was 0.96%. 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, 2016, 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)	\$ (7,452)	Investment	\$ (6,853)	\$ 856,272

At June 30, 2016, 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Securities Lending Transactions. DWP Plans is authorized by the City Charter and the DWP Plans Board's investment policy to lend its investment securities to various brokers, without limit. The lending is managed by a custodial bank. DWP Plans or the borrowers can terminate the contract with advance notice. Prior to August 2013, the lending arrangements were 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 percentage mutually agreed 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 DWP Plans 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. DWP Plans does not have the ability to pledge or sell collateral assets unless the borrower is in default of its obligation. As of June 30, 2016, 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 its 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. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which has an average maturity of 87 days as of June 30, 2016.

The fair values of the underlying securities on loan, collateralized by cash and securities as of June 30, 2016 are (in thousands):

Securities on Loan	Amount
Global Agencies	\$ 879
Global Equities	131,236
Global Corporate Fixed	2,823
Global Government Fixed	138,969
U.S. Agency Notes	8,832
U.S. Corporate Fixed	122,766
U.S. Equities	413,603
U.S. Government Fixed	226,651
Total	<u>\$ 1,045,759</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, 2016, 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	\$ 285	\$ 285	\$ --	\$ --	\$ --
U.S. Agencies Securities	63,010	8,982	--	17,995	36,033
Mutual Funds	29,834	29,834	--	--	--
Money Market Funds	433,598	433,598	--	--	--
Common Stock	103	103	--	--	--
State of California LAIF	508,832	--	--	508,832	--
Guaranteed Investment Contracts	10,456	--	--	--	10,456
Total	\$ 1,046,118	\$ 472,802	\$ --	\$ 526,827	\$ 46,489

Credit Risk. At June 30, 2016, \$56.9 million of U.S. Agencies Securities were rated AA+ by S&P and Aaa by Moody's. The remaining \$6.1 million were not rated by S&P or Moody's. \$404.1 million of money market funds were rated AA+ or higher by S&P and Aaa by Moody's. The remaining \$29.5 were not rated by S&P or Moody's. Mutual funds, short-term investment funds and guaranteed investment contracts were not rated by S&P or Moody's.

As of June 30, 2016, investments in the Local Agency Investment Fund (LAIF) held by fiscal agents totaled \$508.8 million. The total amount invested by all public agencies in LAIF was \$22.7 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2016, the investments in the PMIA totaled \$75.5 billion, of which 97.2% is invested in non-derivative financial products and 2.8% in structured notes and asset-backed securities. The weighted average maturity of LAIF investments was 167 days as of June 30, 2016. LAIF is not rated.

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, 2016, 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, 2016 are as follows (in thousands):

	Governmental Activities	Business-type Activities
Gross Receivables		
Taxes	\$ 800,023	\$ --
Accounts	543,331	1,170,812
Special Assessments	11,035	--
Investment Income	13,066	7,976
Intergovernmental	264,809	65,295
Loans and Notes	2,119,250	623,848
Total	<u>3,751,514</u>	<u>1,867,931</u>
Allowance for Uncollectibles		
Taxes	(28,020)	--
Accounts	(320,960)	(224,204)
Loans and Notes	(1,257,566)	--
Total	<u>(1,606,546)</u>	<u>(224,204)</u>
Net Receivables	<u>\$ 2,144,968</u>	<u>\$ 1,643,727</u>
Net Receivables not scheduled for collection during the subsequent year:		
Loans, Notes and Intergovernmental	\$ 810,861	\$ 624,809

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 \$601.4 million from Intermountain Power Agency (refer to Note 5C).

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**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 which are due and payable only upon sale or transfer of title to the property; 2) Amortizing loans which have a set monthly payment, which may be interest bearing or principal only; 3) Service payback loans which by their terms result in no money being paid to the City; 4) Forgivable loans which may convert to grants depending on the terms of the loan agreements; 5) Residual receipts loans which require repayments only when the properties have positive cash flows pursuant to a formula set forth in the loan agreement; 6) Renewal deferred loans which have no scheduled debt service other than renewable maturity dates and may be routinely extended; 7) Terms loans which are essentially balloon payment loans; and 8) Equity share loans which 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, 2016 (in thousands):

	Governmental Activities	Business-type Activities
Cash and Investments		
Pooled Cash and Cash Equivalents, and Other Investments	\$ 12,949	\$ 2,312,560
Investments Held by Escrow and Fiscal Agents	--	1,566,859
Total (Refer to Note 1E)	<u>\$ 12,949</u>	<u>\$ 3,879,419</u>

Restricted assets of \$12.9 million for governmental activities pertain to funds restricted for projects related with low and moderate income housing.

D. Regulatory Assets and Liabilities

Regulatory assets and liabilities are created by the actions of the Board of Water and Power Commissioners by deferring certain expenses and revenues that are recoverable or payable by future rate charges in accordance with the current rate ordinances, so as to more evenly match the recognition of revenues and expenses with the electric rates charged to retail customers.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Power Enterprise Fund**

Below is a summary of Power's regulatory assets and liabilities at June 30, 2016 (in thousands):

Description	Balance			Balance June 30, 2016
	June 30, 2015	Additions	Deductions	
Assets				
Underrecovered Costs	\$ 215,585	\$ --	\$ (29,978)	\$ 185,607
Regulatory Assets – Legal Settlements	144,000		(16,000)	128,000
Regulatory Assets – Solar Incentive Program	165,400	44,893	(10,172)	200,121
Regulatory Assets – Energy Efficiency Program	239,705	72,637	(30,103)	282,239
Regulatory Assets – Customer Care and Billing System	--	42,846	(6,532)	36,314
Regulatory Assets – Other	549,105	160,376	(62,807)	646,674
Regulatory Assets – Pension	938,205	--	(267,780)	670,425
Current Portion of Underrecovered Costs	--	33,053	(31,343)	1,710
Total Regulatory Assets	\$ 1,702,895	\$ 160,376	\$ (360,565)	\$ 1,502,706
Liabilities				
Overrecovered Energy Costs – Current	\$ 31,343	\$ --	\$ (31,299)	\$ 44
Deferred Inflows from Business Activities	176,557	668	--	177,225
Total Regulatory Liabilities	\$ 207,900	\$ 668	\$ (31,299)	\$ 177,269

Regulatory assets for legal settlement pertain to payments to governmental organizations as a result of an agreement reached from the courts related to the inclusion of capital components in the rates charged. Beginning July 2014, customer's bills include a charge for this legal settlement, to be collected over a 10-year period. Starting April 2011, customers' bills include a charge for Power's solar incentive programs, a multiyear program to provide customers with solar incentives for installing solar panels and necessary equipment to generate energy, which will be collected over a 15-year period. Effective July 2011, customers' bills include a charge, for energy efficiency programs to be collected over a 5 to 15 year period, aimed at reducing energy consumption and improving the environment. Beginning January 2014, customers' bills include a charge, related to training for customer care and billing system, to be collected over a 10 year period. The pension regulatory asset was established in relation with the implementation of GASB Statement No. 68 and is expected to be amortized over a period not to exceed 15 years.

The above rates were provided in the Power System's rate structure. Power recorded regulatory assets as rates are established at a level sufficient to recover all of these costs.

As provided in the Electric Rate Ordinance, over recovered energy costs was set up to maintain balancing accounts to record the differences between specific costs incurred and amounts billed through rates to recovers those costs. Deferred inflows from business activities represent revenues collected from customers where funds are deferred for future stabilization or deferred because the earnings process is not complete.

Underrecovered costs of \$185.6 million was shown as other noncurrent assets in the Power Enterprise Fund's Statement of Net Position at June 30, 2016. Overrecovered costs of \$0.04 million was presented as other current liabilities.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Water Enterprise Fund

Below is the summary of Water's regulatory assets at June 30, 2016 (in thousands):

Description	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Assets				
Regulatory Assets – Water Conservation Rebates	\$ 67,809	\$ 44,161	\$ (6,445)	\$ 105,525
Regulatory Assets – Stormwater Capture Program	39,102	—	(1,959)	37,143
Regulatory Assets – Customer Care and Billing System	—	19,250	(2,934)	16,316
Regulatory Assets – Other	106,911	63,411	(11,338)	158,984
Regulatory Assets – Pension	450,003	—	(129,522)	320,481
Underrecovered Costs	79,255	154,475	—	233,730
Total	\$ 636,169	\$ 217,886	\$ (140,860)	\$ 713,195

Water conservation is an integral part of the water resources management efforts and is a key element of maintaining a sustainable supply of water for the City. Water provides customers with 26 water conservation programs that are designed to reduce indoor and outdoor water usage. Initially the programs included low-flow showerheads and incentives to customers who purchase the high efficiency toilets and high efficiency clothes washing machines in an effort to reduce water use. In 2015, the program was expanded to include outdoor water savings through a turf reduction program to encourage replacing water-guzzling grass with low-water use shrubs and permeable walkways. Beginning June 2011, water bills include a charge, related to water conservation program payments to be collected over a period of 5 to 20 years.

Water's Stormwater Capture Program aims to capture stormwater for recharging the basin with water that would otherwise runoff to the ocean, and thus be lost as a usable source to customers. Regulatory assets related to the Watershed Management Programs include investing in dams, reservoirs, and spreading grounds owned by other agencies, but the water collected benefits Water System customers. Beginning August 2013, customers' bills include a related charge to be collected over a period of at least 30 years.

The implementation of Waters' Customer Care and Billing System required significant investment in the training of its employees. Beginning January 2014, customers' bills include a related charge to recover such costs over a period of 10 years. The pension regulatory asset was established in relation with the implementation of GASB Statement No. 68 and is expected to be amortized over a period not to exceed 15 years.

The above rates were provided in the Water System's rate structure. Water recorded regulatory assets as rates are established at a level sufficient to recover all of these costs.

As required in the Water System Rate Ordinance, underrecovered costs was set up to maintain a balancing account to reflect the differences between specific costs incurred and amounts billed through rates to recover those costs. At June 30, 2016, underrecovered costs of \$233.7 million was included in the prepaid and other assets of the Water Enterprise Fund's Statement of Net Position.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**E. Joint Ventures****Intermodal Container Transfer Facility Joint Powers Authority**

Harbor and the Port of Long Beach (POLB) 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 and operated by Southern Pacific Transportation Company (SPTC) under a long-term lease agreement. SPTC was subsequently merged and continues operations as Union Pacific Corporation (UPC). Harbor appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. Both Harbor and POLB share income and equity distributions equally. ICTF has issued bonds in prior years. There were no outstanding bonds at June 30, 2016. 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, 2016 totaled \$5.6 million.

Alameda Corridor Transportation Authority

In August 1989, the Alameda Corridor Transportation Authority (ACTA) was established through a Joint Exercise of Powers Agreement between the Cities of Los Angeles and Long Beach, California. The purpose of ACTA is to acquire, construct, finance, and operate a consolidated transportation corridor; including an improved railroad expressway between the Harbor and the Port of Long Beach and downtown Los Angeles.

Harbor has no share of the ACTA's net position and income at June 30, 2016, and accordingly, they have not been recorded in Harbor's financial statements. If in the future, ACTA is entitled to distribute income or make equity distributions, Harbor shall share such income and equity distributions equally.

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

Capital asset activity for governmental activities for the fiscal year ended June 30, 2016 is as follows (in thousands):

	Balance June 30, 2015	Additions / Transfers	Deductions / Transfers	Balance June 30, 2016
Capital Assets Not Depreciated / Amortized				
Land	\$ 741,443	\$ 14,752	\$ --	\$ 756,195
Infrastructure	193,444	236,130	--	429,574
Construction in Progress	873,382	180,590	(251,751)	802,221
Intangible Assets	16,332	7,899	--	24,231
Total Capital Assets Not Depreciated / Amortized	<u>1,824,601</u>	<u>439,371</u>	<u>(251,751)</u>	<u>2,012,221</u>
Capital Assets Depreciated / Amortized				
Buildings and Improvements	4,631,472	100,133	--	4,731,605
Machinery, Furniture and Equipment	1,425,910	134,707	(68,756)	1,491,861
Infrastructure	3,233,807	190,088	(1,286)	3,422,609
Intangible Assets	111,508	2,520	--	114,028
Total Capital Assets Depreciated / Amortized	<u>9,402,697</u>	<u>427,448</u>	<u>(70,042)</u>	<u>9,760,103</u>
Less: Accumulated Depreciation / Amortization				
Buildings and Improvements	(1,556,506)	(116,342)	--	(1,672,848)
Machinery, Furniture and Equipment	(1,039,686)	(92,622)	68,756	(1,063,552)
Infrastructure	(1,296,616)	(82,309)	1,286	(1,377,639)
Intangible Assets	(56,216)	(9,007)	--	(65,223)
Total Accumulated Depreciation / Amortization	<u>(3,949,024)</u>	<u>(300,280)</u>	<u>70,042</u>	<u>(4,179,262)</u>
Total Capital Assets Depreciated / Amortized, Net	<u>5,453,673</u>	<u>127,168</u>	<u>--</u>	<u>5,580,841</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,278,274</u>	<u>\$ 566,539</u>	<u>\$ (251,751)</u>	<u>\$ 7,593,062</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	\$ 30,806
Protection of Persons and Property	60,522
Public Works	52,743
Health and Sanitation	26,386
Transportation	52,943
Cultural and Recreational Services	75,240
Community Development	1,640
Total Depreciation Expense - Governmental Activities	<u>\$ 300,280</u>

Business-type Activities

Capital asset activity for business-type activities for the fiscal year ended June 30, 2016 is as follows (in thousands):

	Balance June 30, 2015 *	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2016
Capital Assets Not Depreciated / Amortized				
Land	\$ 2,609,537	\$ 109,059	\$ (1,656)	\$ 2,716,940
Construction in Progress	6,131,552	2,320,981	(4,078,322)	4,374,211
Intangible Assets	65,793	--	(3,065)	62,728
Nuclear Fuel	39,469	14,660	(14,181)	39,948
Natural Gas Field	228,797	25	(15,131)	213,691
Total Capital Assets Not Depreciated / Amortized	<u>9,075,148</u>	<u>2,444,725</u>	<u>(4,112,355)</u>	<u>7,407,518</u>
Capital Assets Depreciated / Amortized				
Buildings, Facilities and Equipment	41,082,795	4,494,139	(21,809)	45,555,125
Intangible Assets	16,071	--	--	16,071
Total Capital Assets Depreciated / Amortized	<u>41,098,866</u>	<u>4,494,139</u>	<u>(21,809)</u>	<u>45,571,196</u>
Less: Accumulated Depreciation / Amortization				
Buildings, Facilities and Equipment	(17,910,558)	(1,253,513)	250,551	(18,913,520)
Intangible Assets	(1,326)	(623)	--	(1,949)
Total Accumulated Depreciation / Amortization	<u>(17,911,884)</u>	<u>(1,254,136)</u>	<u>250,551</u>	<u>(18,915,469)</u>
Capital Assets Depreciated / Amortized, Net	<u>23,186,982</u>	<u>3,240,003</u>	<u>228,742</u>	<u>26,655,727</u>
Business Type Activities Capital Assets Net	<u>\$ 32,262,130</u>	<u>\$ 5,684,728</u>	<u>\$ (3,883,613)</u>	<u>\$ 34,063,245</u>

* Certain reclassifications in capital asset presentations were made in fiscal year 2016.

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	\$ 250,109
Harbor	163,933
Power	540,478
Water	144,186
Sewer	149,335
Convention Center	11,997
Total	<u>\$ 1,260,038</u>

Depreciation and amortization expense on the statements of revenue, expenses and changes in net position include amortization expense on regulatory assets, which are not included in the additions to accumulated depreciation.

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, 2016:

	Ownership Interest	Share of Capacity (megawatts)	Utility Plant in Service (in thousands)	
			Cost	Accumulated Depreciation
Palo Verde Nuclear Generating Station	5.7 %	224	\$ 608,084	\$ 398,414
Navajo Generating Station	21.2	477	358,861	358,861
Mojave Generating Station	10.0	--	68,547	57,852
Pacific Intertie DC Transmission Line	40.0	1,240	188,318	72,333
Other Transmission Systems	--	Various	108,408	63,842
Total			<u>\$ 1,332,218</u>	<u>\$ 951,302</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

G. Interfund Receivables, Payables, and Transfers

The following tables are summaries of the City's interfund balances at June 30, 2016 (in thousands):

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	MICLA Special Revenue	\$ 1,740
	Nonmajor Governmental Funds	98,646
	Sewer	8,642
	Agency Fund	612
		109,640
Nonmajor Governmental Funds	General	75,302
	Nonmajor Governmental Funds	22,140
	Agency Fund	185
		97,627
Airports	General	2,766
Power	Water	7,918
Sewer	General	6,435
	Nonmajor Governmental Funds	10,956
		17,391
Total		\$ 235,342

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 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, 2016.

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	\$ 8,155
MICLA Debt Service	Nonmajor Governmental Funds	123,614
Nonmajor Governmental Funds	General	2
	Nonmajor Governmental Funds	350
	Agency Funds	45
		<u>397</u>
Airports	General	5,785
Sewer	General	26,988
	Nonmajor Governmental Funds	3,571
		<u>30,559</u>
Agency Funds	Nonmajor Governmental Funds	23,676
Total		<u>\$ 192,186</u>

The above balances represent interfund borrowings payable beyond one year. Advances from the General Fund represent borrowings to cover temporary revenue shortfalls required to be maintained intact. The \$123.6 million MICLA Debt Service advances to other funds represent loans for redeeming SPRF bonds, repayment of Street Lighting Maintenance Assessment Fund (SLMAF) liabilities to DWP and the State of California Energy Resources and Development Commission (California Energy); and Sixth Street Viaduct Improvement Fund; and Staples Center Trust Fund. The \$27.0 million Sewer advances to the General Fund pertain to related costs reimbursements of \$20.9 million, and \$6.1 million expenditures incurred for the repair of various wastewater facilities damaged during the Northridge earthquake. 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.

Interfund Transfers

Transfers In	Transfers Out	Amount
General	MICLA Special Revenue Fund	\$ 6,562
	Nonmajor Governmental Funds	76,409
	Power	266,957
		<u>349,928</u>
MICLA Debt Service	General	135,968
	MICLA Special Revenue Fund	17,845
		<u>153,813</u>
Nonmajor Governmental Funds	General	464,534
	Nonmajor Governmental Funds	149,335
	Convention Center	50
		<u>613,919</u>
Convention Center	General	25
Total		<u>\$ 1,117,685</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 2016, significant transfers include the following: 1) \$267.0 million from Power to the General Fund; 2) \$153.8 million from General and Special Revenue Fund for the purpose of debt requirement obligations; and 3) \$464.5 million budget allocation from the General Fund to finance various departmental programs including \$166.8 million to the Recreation and Parks, \$147.6 million for Library Department and \$51.0 million for payments of debt service obligations.

H. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at June 30, 2016 are broken down as follows (in thousands):

	Governmental Activities	Business-type Activities
Accounts, Contracts and Retainage Payable	\$ 243,509	\$ 937,233
Accrued Salaries and Overtime Payable	205,691	104,634
Intergovernmental Payable	3,724	--
Other Current Liabilities (excluding workers' compensation, claims, and pollution remediation liability)	--	81,165
Total	<u>\$ 452,924</u>	<u>\$ 1,123,032</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**I. Long-term Liabilities****Governmental Activities**Changes in Long-term Liabilities

The changes in the governmental activities long-term liabilities for the year ended June 30, 2016 are as follows (in thousands):

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
General Obligation Bonds	\$ 887,735	\$ --	\$ (97,350)	\$ 790,385	\$ 86,565
Judgment Obligation Bonds	37,520	--	(7,340)	30,180	7,635
Certificates of Participation and Lease Revenue Bonds	1,673,153	1,129,289	(1,175,815)	1,626,627	128,961
Commercial Paper Notes	240,506	91,000	(176,206)	155,300	--
Special Assessment and Revenue Bonds	239,400	--	(30,140)	209,260	30,540
Subtotal Bonds and Notes	3,078,314	1,220,289	(1,486,851)	2,811,752	253,701
Add: Unamortized Premium and Discount	125,006	150,216	(32,354)	242,868	--
Total Bonds and Notes	3,203,320	1,370,505	(1,519,205)	3,054,620	253,701
Claims and Judgments	2,604,576	246,097	(308,851)	2,541,822	389,170
Loans Payable to HUD	144,075	2,500	(10,728)	135,847	10,243
Compensated Absences	654,524	154,692	(230,729)	578,487	160,090
Landfill Liability	44,306	--	(1,144)	43,162	--
Estimated Pollution Remediation Liability	36,049	7,597	(8,217)	35,429	6,493
Net Pension Liability	5,515,952	1,697,941	(1,098,904)	6,114,989	--
Net OPEB Obligation	131,698	808	--	132,506	--
Governmental Activities Long-term Liabilities	<u>\$ 12,334,500</u>	<u>\$ 3,480,140</u>	<u>\$ (3,177,778)</u>	<u>\$ 12,636,862</u>	<u>\$ 819,697</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, 2016	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, 2016 and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates (Percentage)	Original Amount	Outstanding Balance
Series 2005-B, Refunding	9/1/20	3.00 - 5.00	\$ 73,080	\$ 44,425
Series 2006-A	9/1/26	4.00 - 5.00	71,023	38,610
Series 2008-A	9/1/28	3.75 - 5.00	101,000	65,650
Series 2009-A	9/1/23	1.50 - 4.00	123,550	70,600
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	93,600
Series 2011-B, Refunding	9/1/23	2.00 - 5.00	259,660	215,340
Series 2012-A, Refunding	9/1/25	5.00	225,850	209,210
Total			<u>\$ 1,024,113</u>	<u>\$ 790,385</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 86,565	\$ 35,930	\$ 122,495
2018	86,540	31,842	118,382
2019	86,420	27,757	114,177
2020	86,275	23,676	109,951
2021	83,050	19,648	102,698
2022-2026	272,475	49,952	322,427
2027-2031	83,210	10,211	93,421
2032	5,850	146	5,996
Subtotal	790,385	199,162	989,547
Unamortized Premium and Discount	52,098	--	52,098
Total	<u>\$ 842,483</u>	<u>\$ 199,162</u>	<u>\$ 1,041,645</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, 2016, 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>
Series 2009-A	6/1/19	2.00% - 5.00%	\$ 20,600	\$ 7,020
Series 2010-A	6/1/20	4.00 - 5.00	50,875	23,160
Total			<u>\$ 71,475</u>	<u>\$ 30,180</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	30,180	3,402	33,582
Unamortized Premium and Discount	647	--	647
Total	<u>\$ 30,827</u>	<u>\$ 3,402</u>	<u>\$ 34,229</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, 2016 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%	\$ 2,792,207	\$ 1,626,627

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 on MICLA bonds for fiscal year 2016 totaled \$153.2 million, while revenue from leases received and investment earnings totaled \$152.4 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
2017	\$ 128,961	\$ 64,229	\$ 193,190
2018	136,853	63,585	200,438
2019	139,568	58,865	198,433
2020	133,840	53,251	187,091
2021	127,424	47,893	175,317
2022-2026	385,715	178,067	563,782
2027-2031	237,666	107,044	344,710
2032-2036	237,850	49,851	287,701
2037-2041	96,760	7,302	104,062
2042	1,990	100	2,090
Subtotal	1,626,627	630,187	2,256,814
Unamortized Premium and Discount	171,503	--	171,503
Total	\$ 1,798,130	\$ 630,187	\$ 2,428,317

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

On November 19, 2015, MICLA issued Lease Revenue Refunding Bonds Series 2015-A of \$292.4 million with interest rates of 1.260% to 3.592% and will mature on November 1, 2022. These bonds were issued for the refunding of lease revenue bonds issued by the Los Angeles Convention and Exhibition Center Authority (Authority). The Authority was formed under a Joint Exercise of Powers Agreement (JPA 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. Pursuant to the JPA Agreement, the term of the JPA Agreement expires in 2027 or when all bonds issued through the Authority have been paid in full. The refunding of the remaining outstanding bonds issued by the Authority, Series 1998-A and Series 2008-A, resulted in these bonds being paid in full through the issuance of MICLA Lease Revenue Refunding Bonds Series 2015-A. Thus, effective fiscal year 2016, the term of the JPA Agreement ended, resulting in the dissolution of the Authority.

On April 5, 2016, the MICLA issued lease revenue bonds Series 2016 Streetlights for \$26.4 million with interest rates of 1.890% to 2.100% and maturity date of April 1, 2024, for the acquisition, installation and improvements of streetlights.

On June 1, 2016, MICLA issued Lease Revenue Bonds Series 2016-A of \$125.2 million and 2016-B of \$685.3 million with interest rates of 2.000% to 5.000%, and will mature on November 1, 2026 and November 1, 2039, respectively. These bonds were issued for the acquisition and improvements of certain real properties, retiring of certain maturities of commercial paper notes and refunding of certain outstanding lease revenue bonds.

MICLA's 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.

Commercial Paper Notes

In April 2004, The Mayor and City Council approved a \$200.0 million MICLA Commercial Paper Lease Financing Program (Program). This was increased by \$100.0 million in December 2009 and an additional \$35.0 million in June 2013 for a total of \$335.0 million. In May 2016, the City authorized the expansion of the Program from \$335.0 million to \$395.0 million to address the financing and refinancing needs of the City. This will also allow MICLA to borrow only those amounts needed as invoices are received, to obtain flexible short-term maturities, and to borrow at more favorable interest rates. The notes mature between one and 270 days after issuance, and are either resold in the open market or refinanced with long-term bonds upon maturity. As security to the notes, the City and MICLA entered into an asset-transfer agreement on certain capital assets owned by the City with a carrying book value of \$120.5 million and estimated fair value of \$416.7 million as of June 30, 2016. The notes are further secured by irrevocable letters of credit issued by four commercial banks.

During fiscal year 2016, MICLA issued \$91.0 million commercial paper notes to finance costs associated with capital improvements and acquisition of capital assets. MICLA has an outstanding commercial paper notes obligation of \$155.3 million with interest rates of 0.39% to 0.65% at June 30, 2016.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

In November 2015, the City created a separate commercial paper program to issue Lease Revenue Commercial Paper Notes for the purpose of making capital improvements to the Los Angeles Convention Center facilities, which would now represent a lease obligation of the City's General Fund. These notes are secured by a \$110.0 million letter of credit from The Bank of Tokyo-Mitsubishi UFJ, Ltd, secured by \$115.0 million in leased assets. As of June 30, 2016, \$1.0 million remained outstanding under this Convention Center Program.

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 in the continuing event of default. These commercial paper notes were classified as long term liability as the liquidity facilities give the City the ability to refinance on a long-term basis and the City intends to renew the facility or exercise its right to tender the debt as a long-term financing. 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 (in thousands):

Series	Authorized Amount	Outstanding Amount	LOC Fee Rate	Expiration Date
Convention Center	\$ 110,000	\$ 1,000	0.350%	11/16/2018
Series A-1/B-1	130,000	99,300	0.450%	6/30/2019
Series A-2/B-2	55,000	--	0.450%	6/30/2019
Series A-3/B-3	60,000	25,000	0.400%	6/30/2019
Series A-4/B-4	150,000	30,000	0.480%	6/30/2021

Build America and Qualified Energy Conservation Bonds

The City has designated the GO Bonds 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, 2016, the City recorded \$1.0 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, 2016, the City recorded \$2.1 million of the interest subsidy as revenues on the Statement of Activities.

Due to the actions by Congress relative to the sequestration on March 1, 2013, the refund payments processed on or after October 1, 2016 and on or before September 30, 2017 will be reduced by the fiscal year 2017 sequestration rate of 6.9%, irrespective of when the amounts claimed by an issuer was filed with the IRS. It is uncertain if and when the City will start receiving the full subsidy from the United States Treasury.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Special Assessment and Revenue Bonds**

The special assessment and revenue bonds outstanding at June 30, 2016, 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>
Solid Waste Resources				
Revenue Bonds				
2009-A Series	2/01/19	2.00% - 5.00%	\$ 65,020	\$ 18,070
2009-B Series, Refunding	2/01/20	2.00 - 5.00	49,485	20,020
2013-A Series	2/01/27	2.00 - 5.00	73,665	58,665
2013-B Series, Refunding	2/01/29	2.00 - 5.00	78,780	42,375
2015 Series, Refunding	2/01/24	2.00 - 5.50	76,670	70,130
Total			<u>\$ 343,620</u>	<u>\$ 209,260</u>

The Solid Waste Resources 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 \$40.0 million and \$343.6 million, respectively.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,540	\$ 9,067	\$ 39,607
2018	31,355	7,549	38,904
2019	31,560	6,021	37,581
2020	32,470	4,441	36,911
2021	15,385	2,720	18,105
2022-2026	56,010	5,602	61,612
2027-2030	11,940	381	12,321
Subtotal	209,260	35,781	245,041
Unamortized Premium	18,620	--	18,620
Total	<u>\$ 227,880</u>	<u>\$ 35,781</u>	<u>\$ 263,661</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Loans Payable to HUD

The Loans Payable to HUD consist of \$42.8 million fixed-rate loans and \$93.0 million interim financing loans. The loans will be repaid from program income generated by Home Partnership Act Grant (HOME), 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
2017	\$ 10,243	\$ 2,122	\$ 12,365
2018	6,562	1,923	8,485
2019	6,797	1,794	8,591
2020	8,699	1,650	10,349
2021	9,619	1,487	11,106
2022 - 2026	49,403	4,610	54,013
2027 - 2031	38,186	1,564	39,750
2032 - 2034	6,338	39	6,377
Total	\$ 135,847	\$ 15,189	\$ 151,036

The interest rates on the fixed-rate loans of \$42.8 million range from 0.56% to 7.21% and have maturity dates through 2033. The interim financing loans of \$93.0 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, 2016 of 0.852% 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, 2016 are as follows (in thousands):

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Airports Revenue Bonds	\$ 4,166,535	\$ 613,535	\$ (85,770)	\$ 4,694,300	\$ 100,495
Harbor Revenue Bonds and Loans	1,000,910	37,050	(86,840)	951,120	41,695
Power System Revenue Bonds and Revenue Certificates	8,260,004	768,589	(494,086)	8,534,507	211,133
Water System Revenue Bonds and Loans	4,332,218	967,709	(427,768)	4,872,159	87,190
Wastewater System Revenue Bonds, Notes, and Loans	2,737,847	--	(88,228)	2,649,619	90,779
Subtotal Revenue Bonds, Notes, and Loans	20,497,514	2,386,883	(1,182,692)	21,701,705	531,292
Add (Less):					
Net Unamortized Premiums and Discounts	1,264,897	419,960	(135,534)	1,549,323	--
Net Revenue Bonds, Notes, and Loans	21,762,411	2,806,843	(1,318,226)	23,251,028	531,292
Compensated Absences	175,273	25,453	(26,273)	174,453	111,649
Claims and Judgments	185,232	24,904	(19,137)	190,999	15,930
Estimated Pollution Remediation Liability	86,186	5,194	(3,771)	87,609	10,002
Net Pension Liability	2,086,344	--	(28,887)	2,057,457	--
Business-type Activities Long-term Liabilities	\$ 24,295,446	\$ 2,862,394	\$ (1,396,294)	\$ 25,761,546	\$ 668,873

Airports Revenue Bonds and Notes

Revenue bonds, revenue refunding bonds, and commercial paper notes outstanding at June 30, 2016, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2045	2.00% - 7.053%	\$ 5,224,850	\$ 4,694,300
Commercial paper notes*	--	variable	50,310	50,310
Subtotal			\$ 5,275,160	4,744,610
Net unamortized bond premiums and discounts				281,808
Net revenue bonds and notes				\$ 5,026,418

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

On November 24, 2015, Airports issued senior lien LAX revenue bonds Series 2015-D of \$296.5 million and Series 2015-E of \$27.8 million, and on June 1, 2016, LAX subordinate revenue bonds Series 2016-A of \$289.2 million. The premium for these issuances totaled \$99.9 million. The bonds were issued to pay for certain capital projects at LAX.

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 FAA to collect and use passenger facility charges (PFCs) to pay for debt service on bonds issued to finance the Tom Bradley International Terminal (TBIT) Renovations, Bradley West projects and Terminal 6 improvements. The Board of Airport Commissioners authorized amount of \$124.0 million was used for debt service in fiscal year 2016.

The total principal and interest remaining to be paid on the bonds is \$8.3 billion. Principal and interest paid during fiscal year 2016 and the net pledged revenues, together with the \$124.0 million PFCs funds, were \$307.9 million and \$708.6 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
2017	\$ 100,495	\$ 240,227	\$ 340,722
2018	109,680	236,232	345,912
2019	115,530	230,924	346,454
2020	121,050	225,245	346,295
2021	123,735	219,283	343,018
2022 - 2026	735,315	993,893	1,729,208
2027 - 2031	921,065	783,319	1,704,384
2032 - 2036	1,184,825	519,563	1,704,388
2037 - 2041	1,184,245	187,219	1,371,464
2042 - 2045	98,360	10,953	109,313
Subtotal	4,694,300	3,646,858	8,341,158
Net unamortized bond premiums and discounts	281,808	--	281,808
Total	\$ 4,976,108	\$ 3,646,858	\$ 8,622,966

As of June 30, 2016, Airports had outstanding commercial paper (CP) notes of \$50.3 million, which was reported as current liabilities in the proprietary fund financial statements. The average interest rates in effect as of June 30, 2016 was 0.55%. 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 (LOC) and reimbursement agreement with the following institutions to provide liquidity and credit support for the CP program: Bank of the West for \$54.5 million to expire on October 2, 2017; Sumitomo Mitsui Bank for \$109.0 million to expire on October 2, 2017; Wells Fargo Bank for \$218.0 million to expire on October 2, 2017; and Barclays Bank PLC for \$163.5 million to expire on January 16, 2018. Airports had the following CP activities during fiscal year 2016 (in thousands):

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Series C	\$ 50,123	\$ 187	\$ -	\$ 50,310

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, 2016 reduced the subsidy. The interest subsidy on the BABs was \$7.8 million for fiscal year 2016.

Harbor Revenue Bonds and Loans

Revenue bonds, revenue refunding bonds, and notes outstanding at June 30, 2016, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2045	2.00% - 5.25%	\$ 1,323,305	\$ 951,120
Net unamortized bond premiums and discounts				57,202
Net revenue bonds and notes				\$ 1,008,322

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 \$91.8 million and \$231.3 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)

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 is at \$200.0 million. The term of the Program will expire in August 2018. There was no outstanding commercial paper as of June 30, 2016.

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

Fiscal Year	Principal	Interest	Total
2017	\$ 41,695	\$ 46,594	\$ 88,289
2018	36,680	44,811	81,491
2019	46,300	42,859	89,159
2020	48,120	40,552	88,672
2021	51,030	38,086	89,116
202-2026	293,230	148,483	441,713
2027-2031	133,370	89,545	222,915
2032-2036	122,545	61,224	183,769
2037-2041	115,375	29,001	144,376
2042-2045	62,775	6,473	69,248
Subtotal	951,120	547,628	1,498,748
Net unamortized bond premiums and discounts	57,202	--	57,202
Total	\$ 1,008,322	\$ 547,628	\$ 1,555,950

Harbor issued the 2015 Series A Refunding Bonds in October 2015 in the aggregate principal amount of \$37.1 million to refund the outstanding principal of \$22.7 million of the 2005 Series A Refunding Bonds and \$21.2 million of the 2005 Series B Refunding Bonds. The refunding transaction resulted in cash flow savings of \$9.3 million and economic gain of \$8.4 million over the life of the bonds.

Interest on the 2015 Series A Refunding Bonds is payable semiannually on February 1 and August 1 of each year starting from February 1, 2016. The bonds bear interest at coupon rates from 2.00% to 5.00% with maturity dates ranging from August 2016 to August 2026.

Bonds maturing on August 1, 2026 total of \$3.2 million are subject to optional redemption on or after August 1, 2025 without early redemption premium. Principal and interest on these bonds are payable solely from Harbor revenues pledged under the indenture.

The outstanding balance of the 2015 Series A Bonds, plus the unamortized premium of \$5.8 million was \$42.9 million at June 30, 2016.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)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	2047	0.958% - 5.583%	\$ 7,621,421	\$ 7,165,207
Variable rate revenue bonds	2039	variable	1,169,300	1,169,300
Revenue certificates	--	variable	200,000	200,000
Subtotal			<u>\$ 8,990,721</u>	<u>8,534,507</u>
Net unamortized premiums and discounts				620,002
Net revenue bonds and notes				<u>\$ 9,154,509</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 October 2015, Power issued \$268.6 million of Power System Revenue Bonds, 2015 Series B. The net proceeds of \$300.0 million, including a \$31.4 million issue premium net of underwriter's discount, were used to refund all of the outstanding Power System Revenue Bonds, 2012 Series C, amounting to \$300.0 million. The transaction resulted in a net gain for accounting purposes of \$3.0 million, which was capitalized and is being amortized over the life of the refunded bonds.

In May 2016, Power issued \$275.0 million of Power System Revenue Bonds, 2016 Series A. The net proceeds of \$332.5 million, including a \$57.0 million issue premium net of underwriter's discount, were used to pay for budgeted capital improvements, and refund a portion of the Power System Revenue Bonds, 2007 Series A, Subseries A-1, amounting to \$71.6 million and Subseries A-2, amounting to \$9.1 million. The transaction resulted in a net present value savings of \$10.5 million and a net loss for accounting purposes of \$1.0 million, which was capitalized and is being amortized over the life of the refunded bonds.

In June 2016, Power issued \$225.0 million of Power System Revenue Bonds, 2016 Series B. The net proceeds of \$276.1 million, including a \$51.1 million issue premium net of underwriter's discount, were deposited into the construction fund to be used for capital improvements.

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 and renew a new index floating rate term with Wells Fargo or another bank or convert the bonds to another 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2016, Power had \$1.2 billion in variable rate bonds. The variable rate bonds currently bear interest at weekly and daily rates ranging from 0.19% to 0.44% as of June 30, 2016. 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 agreements expire in February 2017 for the \$106.0 million, February 2018 for the \$269.0 million, and February 2019 for the \$206.0 million for a total of \$581.0 million; and in June 2017 for the \$388.5 million.

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%; (c) LIBOR Quoted Rate plus 3.00%; (d) 7.00%; and (e) 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 1.00%; (b) the Federal Funds Rate plus 2.00%; (c) 7.00%; and (d) the LIBOR Index Rate plus 7.50%. The unpaid principal of each liquidity advance made by the liquidity provider is payable in 10 equal semiannual installments 90 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 liabilities 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 \$96.3 million at June 30, 2016.

Principal and interest paid for the current year and net pledged revenue were \$448.2 million and \$1.3 billion, 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year	Principal	Interest	Total
2017	\$ 94,203	\$ 322,595	\$ 416,798
2018	141,578	322,987	464,565
2019	163,862	327,152	491,014
2020	193,828	327,284	521,112
2021	212,240	319,996	532,236
2022–2026	1,244,538	1,470,830	2,715,368
2027–2031	1,576,739	1,189,742	2,766,481
2032–2036	1,591,760	895,563	2,487,323
2037–2041	1,586,090	577,905	2,163,995
2042–2046	1,477,560	156,479	1,634,039
2047–2051	52,109	--	52,109
Subtotal	8,334,507	5,910,533	14,245,040
Net Unamortized Premiums and Discounts	620,002	--	620,002
Total	\$ 8,954,509	\$ 5,910,533	\$ 14,865,042

The maturity schedule presented above 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: \$116.9 million in fiscal year 2017, \$254.0 million in fiscal year 2018, \$274.0 million in each of the fiscal years 2019 through 2021, \$157.0 million in fiscal year 2022, and \$20.0 million in fiscal year 2023. Accordingly, the statements of net position recognize the possibility of the exercise of the tender options and reflect the \$116.9 million that could be due in fiscal year 2017 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, 2016 averages 0.468%.

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%	\$ 4,288,977	\$ 4,068,690
Variable rate revenue bonds	2036	variable	325,000	325,000
Loans payable to California SWRCB	2047	1.663% - 2.600%	800,735	478,469
Subtotal			\$ 5,414,712	4,872,159
Net unamortized premiums and discounts				377,441
Net revenue bonds, notes and loans				\$ 5,249,600

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 revenue of Water.

The Safe Drinking Water State Revolving Fund (SDWSRF), administered by the 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 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 DWP in the form of low or zero percent interest loans with a repayment period of up to 30 years.

In April 2016, Water issued \$628.6 million of Water System Revenue Bonds, 2016 Series A. The net proceeds of \$735.6 million, including a \$107.0 million issue premium net of underwriter's discount, were used to pay for budgeted capital improvements, and refund a portion of the Water System Revenue Bonds, 2006 Series A, Subseries A-1, amounting to \$122.7 million and Subseries A-2, amounting to \$61.2 million. The transaction resulted in a net present value savings of \$74.1 million and a net gain for accounting purposes of \$7.1 million, which was capitalized and is being amortized over the life of the refunded bonds.

In June 2016, Water issued \$265.7 million of Water System Revenue Bonds, 2016 Series B. The net proceeds of \$329.1 million, including a \$63.3 million issue premium net of underwriter's discount, were used to pay for budgeted capital improvements, and refund all of the outstanding Water System Revenue Bonds, 2006 Series A, Subseries A-1, amounting to \$18.4 million and Subseries A-2, amounting to \$179.9 million. The transaction resulted in a net present value savings of \$53.0 million and a net gain for accounting purposes of \$6.2 million, which was capitalized and is being amortized over the life of the refunded bonds.

DWP entered into three (3) loan agreements with the State of California's State Water Resources Control Board (SWRCB). The loan agreements, 14-586-550, 14-310-550, and D15-02014 allow for a total maximum loan of \$0.1 million, \$102.8 million, and \$5.1 million, respectively, at 0% to 1.663% interest rate. As of June 30, 2016, DWP received \$0.1 million, \$9.8 million, and \$3.3 million, respectively, under the agreements. The proceeds are being used to fund water quality capital improvements.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The variable rate bonds currently bear interest at daily and weekly rates ranging from 0.18% to 0.42% as of June 30, 2016 and 0.01% to 0.06% as of June 30, 2015. 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 standby agreements with a syndicate of commercial banks in an 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 extended standby agreements expire in January 2018 and July 2016, respectively.

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 statements of net position as the liquidity facilities give 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, 2016.

Principal and interest paid for the current year and net pledged revenue were \$255.5 million and \$479.7 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.

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

Fiscal Year	Principal	Interest	Total
2017	\$ 54,690	\$ 192,893	\$ 247,583
2018	75,702	191,580	267,282
2019	78,656	190,200	268,856
2020	84,509	188,115	272,624
2021	88,422	185,257	273,679
2022-2026	568,403	864,959	1,433,362
2027-2031	688,625	754,678	1,443,303
2032-2036	836,995	626,713	1,463,708
2037-2041	1,067,015	435,160	1,502,175
2042-2046	958,400	189,134	1,147,534
2047-2051	370,742	46,093	416,835
Subtotal	4,872,159	3,864,782	8,736,941
Net Unamortized			
Premiums and Discounts	377,441	--	377,441
Total	\$ 5,249,600	\$ 3,864,782	\$ 9,114,382

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The maturity schedule presented above reflects the scheduled debt service requirements for all of the Water's long-term debt. The schedule is presented assuming that the tender options on the variable rate bonds 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 2017, \$65 million in each of the fiscal years 2018 through 2021, and \$32.5 million in fiscal year 2022. 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 2017, as a current portion of long-term debt payable.

Interest and amortization include interest requirements for the variable rate debt over the regularly scheduled maturity period. Variable debt interest rate in effect at June 30, 2016, averages 0.36%. Should the tender options be exercised, the interest would be payable at the rate in effect at the time the standby agreements are activated.

Wastewater System Revenue Bonds, Notes, and Loans

Revenue bonds, revenue refunding bonds, commercial paper notes, and loans outstanding at June 30, 2016, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2045	1.00% - 5.813%	\$ 2,620,535	\$ 2,257,000
Variable rate revenue bonds	2032	variable	280,860	280,860
Loans payable to SWRCB	2024	1.80%	219,081	111,759
Subtotal			<u>\$ 3,120,476</u>	2,649,619
Net unamortized premiums and discounts				212,870
Net revenue bonds and notes				<u>\$ 2,862,489</u>

Wastewater revenue bonds are issued under Senior Lien and Subordinate Lien General Resolutions dated November 10, 1987 and March 26, 1991, respectively, with a total authorization of \$3.5 billion. 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 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. The Fund did not issue any new debt during the fiscal year ended June 30, 2016.

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, the Loan balance amounted to \$111.8 million. The Loan matures in fiscal year 2025 and annual repayment commenced in August 2005 based on a standard fully amortized loan calculation at an effective interest rate of 1.8%.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 capital contribution, which represents their proportionate share of the costs of the Project.

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, 2016, the Fund recorded interest subsidies of \$5.93 million as other nonoperating revenues.

Principal and interest paid for the current year and net pledged revenue were \$199.5 million and \$323.9 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
2017	\$ 90,779	\$ 122,399	\$ 213,178
2018	94,889	118,568	213,457
2019	96,983	114,363	211,346
2020	104,606	109,922	214,528
2021	105,508	105,413	210,921
2022 - 2026	595,529	450,803	1,046,332
2027 - 2031	541,360	328,703	870,063
2032 - 2036	440,280	213,999	654,279
2037 - 2041	353,755	110,376	464,131
2042 - 2045	225,930	27,054	252,984
Subtotal	2,649,619	1,701,600	4,351,219
Net Unamortized			
Premiums and Discounts	212,870	--	212,870
Total	\$ 2,862,489	\$ 1,701,600	\$ 4,564,089

The maturity schedule reflects the scheduled debt service requirements for all of Sewer's long-term debt. Additionally, the above schedule includes interest requirements for the variable rate Refunding Series 2012-D Subordinated Revenue Bonds using the weighted average rate in effect as of June 30, 2016 of 0.306%

The City issues commercial paper notes at prevailing interest rates for the periods of maturity not to exceed 270 days under the commercial paper program on behalf of Sewer. The commercial paper notes are secured by Letter of Credit (LOCs) from Barclays Bank PLC and Sumitomo Mitsui Banking Corporation that both expired on December 7, 2018. The aggregate maximum principal amount of the LOCs is \$218.0 million, which consist of \$100.0 million in principal plus \$9.0 million in interest for each bank.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Sewer is responsible for the payment of a non-refundable letter of credit fee for each of the LOC. Should the City draw on the LOCs and not repay the advance within six months, the advance is converted to a new term loan with a semiannual payment due for three years at interest rates not to exceed 12.0% or the maximum rate as permitted by law. Since these commercial paper notes are secured by the LOCs with expiration dates in excess of one year after June 30, 2016, Sewer reported these commercial paper notes as long-term liabilities. There were no outstanding commercial paper notes of June 30, 2016.

Tax Exemption and Federal Subsidy

The Internal Revenue Service (IRS) has a program of random audits of issuers of tax-exempt and federally subsidized securities. Occasionally, bonds issued by the City or its agencies are the subject of IRS audits. The City is unable to predict whether other bonds issued by the City or its agencies might be subjected to audit. Were the IRS to determine as the result of an audit that a City bond issue is not compliant with IRS regulations, the consequences could be material to the financial statements.

Fiduciary Funds

Following is a summary of notes payable activity of Pensions for the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Notes Payable	\$ 206,202	\$ --	\$ (23,264)	\$ 182,938	\$ 27,462

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
2017	\$ 27,462	\$ 7,126	\$ 34,588
2018	15,441	6,459	21,900
2019	34,244	6,094	40,338
2020	1,350	4,317	5,667
2021	24,308	3,644	27,952
2022- 2025	80,133	6,260	86,393
Total	\$ 182,938	\$ 33,900	\$ 216,838

J. Current and Advance Refunding of Debt

Debt refunding activities occurred during the fiscal year that resulted in the defeasance of certain outstanding obligations. The proceeds from the advance refunding issues and amounts available from the debt service funds of the refunded bonds were deposited into irrevocable trusts with escrow agents. Following are the refunding activities that represent in-substance defeasance such that the refunded debts were removed from the accompanying financial statements (in thousands):

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Refunding Debt	Refunded Debt	Cash Flow Savings	Economic Gain
<u>Governmental Activities</u>			
MICLA Lease Revenue Bonds Series 2016-A \$125,235 2.000% - 5.000%	MICLA Lease Revenue Bonds Series 2008-A \$73,520 4.000% - 5.000%	\$ 16,335	\$ 6,979
MICLA Lease Revenue Bonds Series 2016-B \$685,270 2.000% - 5.000%	MICLA Lease Revenue Bonds Series 2006-A, Series 2007-B1, Series 2007-B2, Series 2008-B, Series 2009-B & Series 2009-E \$705,870 3.000% - 6.000%	134,434	124,096
MICLA Lease Revenue Bonds Series 2015-A \$292,415 1.260% - 3.592%	LA Convention Center Lease Revenue Bonds Series 1998-A and Series 2008-A \$278,375 4.250% - 7.125%	13,156	(956)
<u>Business-type Activities</u>			
Harbor Revenue Bonds 2015 Series A \$37,050 2.000% - 5.000%	Harbor Revenue Bonds 2005 Series A \$22,740 3.250% - 5.000% 2005 Series B \$21,190 3.000% - 5.000%	9,282	8,404
Power System Revenue Bonds 2015 Series B \$268,590 3.000% - 5.000%	Power System Revenue Bonds 2012 Series C \$300,000 3.000% - 5.000%	(7,218)	2,588
Power System Revenue Bonds 2016 Series A \$72,000 4.000% - 5.000%	Certain 2007 Series A 2007 Series A1: \$71,555 2007 Series A2: \$9,005 2007 Series A1: 4.000% - 5.000% 2007 Series A2: 4.500% - 5.000%	11,629	11,043
Water System Revenue Bonds 2016 Series A \$178,615 2.250% - 5.000%	Water System Revenue Bonds 2006 Certain Series 2006 A-1 and certain Series 2006 A-2 2006 Series A1: \$122,665 2006 Series A2: \$61,230 5.000%	330,668	201,140
Water System Revenue Bonds 2016 Series B \$159,605 5.000%	Water System Revenue Bonds 2006 All Series 2006 A-1 and all Series 2006 A-2 2006 Series A1: \$18,415 2006 Series A2: \$179,855	68,690	48,505

The above refunding transactions for business-type activities resulted in a total net gain for accounting purposes of \$14.5 million.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**K. 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, 2016, the following bonds are considered defeased (in thousands):

Governmental Activities	
Solid Waste Resources Bonds	\$ 24,635
Convention Center Lease Revenue Bonds	253,060
MICLA Certificates of Participation and Lease Revenue Bonds	594,900
Total	<u>\$ 872,595</u>
Business-type Activities	
Harbor Revenue Bonds	\$ 30,095
Power Revenue Bonds	96,945
Water Revenue Bonds	301,340
Sewer Revenue Bonds	151,256
Total	<u>\$ 579,636</u>

L. Tax and Revenue Anticipation Notes

In July 2015, in anticipation of receiving taxes and other revenues, the City issued tax and revenue anticipation notes (TRAN) with an overall true interest cost of 0.348% and total premium of \$22.7 million, depositing the proceeds in a General Fund account. The notes were issued to pay the City's annual contributions to Pensions and 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, 2016 was as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Notes	\$ --	\$ 1,386,235	\$ (1,386,235)	\$ --

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**M. 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). 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, Sewer 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, 2016.

The fair value and notional amounts of the interest rate swaps outstanding at June 30, 2016, classified by type, and changes in fair value for the fiscal year then ended are as follows (in thousands):

	Changes in Fair Value		Fair Value at June 30, 2016		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedges:					
Interest rate swaps	Deferred outflow of resources	\$ 10,166	Liabilities	\$ 36,925	\$ 151,085

Terms, fair values and credit risk. Under the interest 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, 2016, are as follows (in thousands):

Notional Amount (in thousands)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Ratings ⁽¹⁾
\$ 75,543	4/6/2006	3.34 %	64.1% of LIBOR ⁽²⁾	\$ 18,462	6/1/2028	Aa2/AA-/AA
75,542	4/6/2006	3.34	64.1% of LIBOR ⁽²⁾	18,462	6/1/2028	Baa3/BBB/BBB+

⁽¹⁾ Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively as of June 30, 2016

⁽²⁾ One-month LIBOR reset monthly. Applicable one-month LIBOR as of June 30, 2016 was 0.2981%.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2016 than at the date the Swap Agreements were entered into, the swap's fair value decreased as of June 30, 2016. 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, 2016.

Credit risk. The fair values of the swaps represented Sewer's credit exposure to the swap counterparties as of June 30, 2016. 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, 2016; however, no collateralization 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, 2016, the weighted average rate on the variable rate bonds were 0.30596% whereas 64.1% of applicable LIBOR was equal to 0.29810%.

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, 2015 through termination date.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Swap Payments and Associated Debt. Using rates as of June 30, 2016, 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⁾		
2017	\$ --	\$ 462	\$ 4,596	\$ 5,058
2018	--	462	4,596	5,058
2019	--	462	4,596	5,058
2020	--	462	4,596	5,058
2021	--	462	4,596	5,058
2022 - 2026	73,070	2,202	21,886	97,158
2027 - 2028	78,015	360	3,579	81,954
Total	\$ 151,085	\$ 4,872	\$ 48,445	\$ 204,402

⁽¹⁾ Assumes rate of 0.30596% (the applicable rate on June 30, 2016), excluding fixed rate component

⁽²⁾ Assumes swap rate of 3.34% less 0.29810% (64.1% of applicable LIBOR on June 30, 2016)

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

N. 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 the 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 25%, some of the forward purchases made are renewable energy and biomethane gas.

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. DWP is exposed to risk of nonperformance if the counterparties default or if the swap agreements are terminated.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2016, Power had the following Electricity Swap and Forward Contracts, which are not recorded 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	Cash Paid at Inception
Forward contracts						
Electricity	756,816 MW	\$ 23.56 - 80.00	07/01/16	12/31/16	\$ 287	\$ --
Natural gas	22,708,500 MMBtu	2.11 - 10.85	07/01/16	10/31/21	(93,193)	--

O. 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, 2016 were approximately \$27.4 million.

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

Fiscal Year	Amount
2017	\$ 9,791
2018	8,809
2019	7,396
2020	4,424
2021	4,482
2022 - 2026	23,798
2027 - 2031	20,642
2032 - 2036	8,209
2037 - 2041	9,516
2042 - 2046	11,032
2047 - 2051	12,789
2052 - 2056	9,882
Total	<u>\$ 130,770</u>

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

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

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, 2016. 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.

Pursuant to the Joint Exercise of Powers Agreement between the City and the County of Los Angeles (JPA Agreement), the term of the JPA expires in 2027 or when all bonds issued through the Authority have been paid in full. In fiscal year 2016, the remaining outstanding bonds, Series 1998-A and Series 2008-A, were paid in full through the issuance of MICLA Taxable Lease Revenue Refunding Bonds, Series 2015-A. Thus, effective fiscal year 2016, the term of the JPA Agreement ended, resulting in the dissolution of the Authority.

Business-type Activities**Airports**

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2016, revenues from such agreements were \$300.5 million, which was \$78.3 million over the MAG. Minimum future rents or payments under these agreements over the next five years, assuming no material changes from concessionaires' current levels of gross sales, and that current agreements are carried to contractual termination, are as follows (in thousands):

Fiscal Year	Amount
2017	\$ 196,545
2018	162,891
2019	116,462
2020	38,397
2021	24,341
Total	<u>\$ 538,636</u>

On March 1, 2012, Airports and Westfield Concession Management, LLC (Westfield) entered into a Terminal Commercial Management Concession Agreement (March 1, 2012 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 LAX for a term of 17 years consisting of two-year development period and fifteen-year operational period. Since then, the Terminal 2 portion has been amended with an expiration date the same as the TBIT portion, which is no later than January 31, 2032. 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

Under the March 1, 2012 Agreement, 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 2.5% for any year, or (b) 85% of the prior year's Percentage Rent (as defined) paid to Airports beginning January 1, 2014. 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 (June 22, 2012 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 two-year development period and fifteen-year operational period. Under this agreement, the expiration dates of Terminal 1, 3 and 6 are June 30, 2032, June 30, 2029 and September 30, 2030, respectively. 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Under the June 22, 2012 Agreement, 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 2.5% 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 beginning January 1, 2014.

Minimum future rents under these two agreements with Westfield over the next five years assuming no material changes from concessionaires' current levels of gross sales are estimated as follows (in thousands):

Fiscal Year	Amount
2017	\$ 36,447
2018	37,358
2019	38,292
2020	39,249
2021	40,727
Total	<u>\$ 192,073</u>

Airports also leases land and terminal facilities to certain airlines and others. The terms of these long-term leases range from less than 10 years 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, 2016, revenues from these leases were \$596.8 million.

Future rents under these land and terminal lease agreements over the next five years were based on the assumption that current agreements are carried to contractual termination. The future rents are as follows (in thousands):

Fiscal Year	Amount
2017	\$ 542,598
2018	523,006
2019	499,532
2020	477,390
2021	460,969
Total	<u>\$ 2,503,495</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The carrying cost and the related accumulated depreciation of property held for operating leases as of June 30, 2016 are as follows (in thousands):

Buildings and facilities	\$	4,238,368
Less: Accumulated Depreciation		<u>(799,561)</u>
Net		3,438,807
Land		<u>687,317</u>
Total	\$	<u><u>4,126,124</u></u>

Airports leases office spaces under operating lease agreements that expire through 2032. Lease payments for the fiscal year ended June 30, 2016 amounted to \$7.8 million. Future minimum lease payments under the agreements are as follows (in thousands):

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 7,026
2018	6,840
2019	6,832
2020	5,453
2021	3,522
2022 - 2026	17,612
2027 - 2031	10,155
2032	<u>1,820</u>
Total	<u><u>\$ 59,260</u></u>

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

A substantial portion of the 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 year ended June 30, 2016, the minimum rental income from such lease agreements was approximately \$46.6 million, and MAG payments of approximately \$248.6 million were reported under shipping services revenue.

The carrying cost and related accumulated depreciation of property held for operating leases as of June 30, 2016 are as follows (in thousands):

Wharves and sheds	\$	1,178,292
Cranes/bulk facilities		52,441
Municipal warehouses		13,578
Port pilot facilities and equipment		7,386
Buildings and other facilities		1,024,378
Cabrillo Marina		179,791
Total		<u>2,455,866</u>
Less: Accumulated depreciation		<u>(1,146,489)</u>
Net	\$	<u><u>1,309,377</u></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</u>	<u>Rental Income</u>	<u>MAG Income</u>
2017	\$ 47,037	\$ 254,628
2018	47,507	254,635
2019	47,982	254,268
2020	48,462	254,268
2021	48,947	254,268
Total	<u>\$ 239,935</u>	<u>\$ 1,272,067</u>

Fiduciary Funds

Pensions leases office space under an operating lease agreement that was discontinued with appropriate notice to the building management. Lease payment for the fiscal year ended June 30, 2016 was \$0.66 million. There are no minimum lease commitment for future fiscal years.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**P. 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, 2016, 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, 2016 at approximately \$607.8 million. Of this amount, approximately \$229.5 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 \$30.0 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, 2016.

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. The present value of the estimated outstanding losses was calculated based on a 3.0% yield on investments. At June 30, 2016, the City estimates its workers' compensation liability at \$1.9 billion. Of this amount, \$159.7 million is estimated to be payable in the next fiscal year.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**Business-type Activities**

Airports Enterprise Fund

Airport's Risk Management Division administers its 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 \$2.5 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 \$500,000 annual aggregate for general liability, and \$100,000 per occurrence and no aggregate for general property. Historically, no liability or property claims have reached or exceeded the stated policy limits. Additionally, Airports maintains catastrophic loss fund for claims or losses that may exceed insurance policy limits or where insurance is not available or viable. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. For fiscal year 2016, no claims were in excess of Airports' insurance coverage. A number of lawsuits were pending against Airports that arose in the normal course of its operations. Airports 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. The probability weighted liability for litigation at June 30, 2016 was \$11.7 million. Airports is self-insured as part of the City's program for workers' compensation. Airports accrued \$67.7 million in workers compensation liabilities on June 30, 2016.

Harbor Enterprise Fund

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. The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. The Port's accrued workers' compensation liability at June 30, 2016 was \$12.5 million. A number of lawsuits were pending against the Harbor that arose in the normal course of operations. Harbor recognizes a liability for claims when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The City Attorney provides estimates for the amount of liabilities to be probable of occurring from lawsuits. Harbor's liability for litigation and other claims at June 30, 2016 was \$1.5 million.

Power and Water Enterprise Funds

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 the Power's and Water's financial position, results of operations, or cash flows as of June 30, 2016.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Power Enterprise Fund

Derivative Instruments. 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. DWP did not receive any payments at the inception of any swap transaction.

As of June 30, 2016, DWP'S financial natural gas hedges by fiscal year are the following (fair value 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 2016-17	3,197,500	\$ 6.61–9.83	07/01/16	06/30/17	\$ (14,656)
FY 2017-18	2,190,000	6.76–7.14	07/01/17	06/30/18	(8,723)
Total	5,387,500	6.37–9.85	07/01/13	06/30/18	\$ (23,379)

* Contract quantities in MMBtu - Million British Thermal Units

The fair value of the natural gas hedges decreased by \$20.0 million during the year ended June 30, 2016 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. These derivative instruments were categorized as Level 2 per GASB Statement No. 72 in DWP's fair value hierarchy table.

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 (the Counterparty Policy), and was approved by the 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, 2016, the 10 financial natural gas hedge counterparties were rated by Moody's as follows: two at "Aa3", one at "Aa2", two at "A3", two at "A2", two at "A1", and one "WR". The counterparties were rated by S&P as follows: two at "AA-", one at "A+", three at "A", two at "A-", and two at "BBB+".

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2016, 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.

Sewer Enterprise Fund

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 \$191.0 million consists of \$19.5 million litigation-type claims and \$171.5 million workers' compensation liability. The amount estimated to be payable in the next fiscal year is approximately \$15.9 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):

	2016	2015
Unpaid Claims, July 1	\$ 2,789,808	\$ 2,871,755
Provisions for current year's events and changes in provision for prior years' events	271,001	687,309
Claims payments	(327,988)	(769,256)
Unpaid Claims, June 30	<u>\$ 2,732,821</u>	<u>\$ 2,789,808</u>

Q. 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 close the landfill 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. In fiscal year 2013, 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, 2016, the City's liability of \$43.2 million represents 100% of the estimated postclosure care costs of the landfill as well as corrective action cost for foreseeable release. The estimated costs of postclosure care are subject to changes due to inflation, changes in laws and regulations, or changes in technology.

As required by Title 27 of the California Code of Regulations, 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 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 Postclosure 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)**R. Pollution Remediation Obligations****Governmental Activities**

The pollution remediation obligations for governmental activities for the fiscal year ended June 30, 2016 are as follows (in thousands):

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Obligating Event				
Violation of pollution prevention-related permit or license	\$ 4,704	\$ 5,978	\$ (6,403)	\$ 4,279
Voluntary commencement	31,345	1,619	(1,814)	31,150
Total	<u>\$ 36,049</u>	<u>\$ 7,597</u>	<u>\$ (8,217)</u>	<u>\$ 35,429</u>
Pollution Type				
Soil and/or groundwater remediation	\$ 35,088	\$ 5,818	\$ (5,656)	\$ 35,250
Lead paint removal	285	312	(578)	19
Methane protection	140	245	(244)	141
Asbestos removal	270	432	(683)	19
Mold	266	790	(1,056)	--
Total	<u>\$ 36,049</u>	<u>\$ 7,597</u>	<u>\$ (8,217)</u>	<u>\$ 35,429</u>

The \$35.4 million liabilities for governmental activities, include \$31.2 million for voluntary commencement and \$4.3 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 2016, no remediation outlays were capitalized. Estimated expenditures for fiscal year 2017 and beyond are \$6.5 million and \$28.9 million, respectively. 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 fiscal year ended June 30, 2016 are as follows (in thousands):

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Obligating Event				
Named by a regulator as a potential party to remediation	\$ 74,170	\$ 4,594	\$ (3,209)	\$ 75,555
Voluntary commencement	12,016	600	(562)	12,054
Total	<u>\$ 86,186</u>	<u>\$ 5,194</u>	<u>\$ (3,771)</u>	<u>\$ 87,609</u>
Pollution Type				
Soil and/or groundwater remediation	\$ 79,323	\$ 5,194	\$ (3,771)	\$ 80,746
Asbestos removal	6,863	--	--	6,863
Total	<u>\$ 86,186</u>	<u>\$ 5,194</u>	<u>\$ (3,771)</u>	<u>\$ 87,609</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 outstanding at June 30, 2016 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. Certain regulatory agencies issued Notices of Violation to Airports for alleged Non-Compliance with environmental regulations. Please refer to Note 5C for additional information.

Harbor's estimated pollution remediation liability as of June 30, 2016 totaled \$74.8 million. These costs relate mostly to soil and ground water contamination on sites within Harbor's premises. As certain sites were formerly used for a variety of industrial purposes, legacy contamination or environmental impairments exist. As environmental risks may be managed, the Port has adopted the "Managed Environmental Risk" approach in estimating the remediation liability. The Port uses a combination of in-house specialists as well as outside consultants to perform estimates of potential liability. Certain remediation contracts are included in site development plans as final uses for the sites have been identified.

Power has identified sites that require remediation work and the estimated liability for these sites for fiscal year 2016 is approximately \$29.3 million mainly for soil and groundwater cleanup. The \$29.3 million estimated remediation liability was included in Power's accounts payable at June 30, 2016.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 \$9.8 million and includes remediation and ongoing operation and maintenance costs where estimable. There are no estimated recoveries. Water included the \$9.8 estimated liability in accrued expenses at June 30, 2016.

The County of Los Angeles (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. Prior to 2014, the City entered into and paid a settlement with the County for \$0.2 million and remained an active participant in the site investigation. The case is now under the California Department of Toxic Substance Control (DTSC), a State agency and part of the California Environmental Protection Agency. The City, along with the County and a number of other public and private entities are named as Potentially Responsible Parties. The proposed remedial action plan is being evaluated by the DTSC. The estimated cost to remediate the site is presently unknown.

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: Los Angeles Fire and Police Pension System (Pensions), Los Angeles City Employees' Retirement System (LACERS), and Water and Power Employees' Retirement Plan (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) 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). 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.

Los Angeles Fire and Police Pension System
701 E. Third Street, Suite 200
Los Angeles, CA 90013
(213) 279-3000
<https://www.lafpp.com/reports/financial/2016-financial-statements>

Los Angeles City Employees' Retirement System
202 W. First Street, Suite 500
Los Angeles, CA 90012
(800) 779-8328
<http://www.lacers.org/aboutlacers/reports/index.html>

Department of Water and Power Retirement Office
111 N. Hope Street, Room 357
Los Angeles, CA 90012
(213) 367-1692
<http://retirement.ladwp.com/publications.htm>

Description of the Plans, Membership and Benefits**General Information About the Plans****Pensions**

Pensions operates under the City of Los Angeles (City) Charter (Volume II, Article XI) and Administrative Code provisions (Division 4). It operates in accordance with the State Constitution Article XVI, Section 17(a). Pension benefits are administered by the Pensions Board that has exclusive responsibility to administer the system, providing benefits to Pensions participants and their beneficiaries and to ensure prompt delivery of those benefits. The City Charter and Administrative Code provide that the funding requirements of Pensions will be satisfied by the City. The funding requirements of Pensions are determined by the result of annual actuarial valuations. Pensions is a defined benefit single-employer pension plan covering all full-time active sworn firefighters, police officers, and certain Harbor Port Police officers of the City. It also covers those certified paramedics and civilian ambulance employees who transferred from LACERS during the year ended June 30, 1983, or have since been hired. Pensions is composed of six tiers. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, it provides for disability benefits under certain conditions and benefits to eligible survivors.

NOTE 5 – OTHER INFORMATION (Continued)LACERS

LACERS is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. LACERS operates a single-employer defined benefit plan (the Retirement Plan) and a Postemployment Health Care Plan. Benefits and benefit changes are established by ordinance and approved by City Council and the Mayor.

LACERS provides for service and disability retirement benefits, as well as death benefits. LACERS covers all full-time personnel and department-certified part-time employees of the City, except for sworn employees of the Fire and Police departments, DWP employees, elected officials who elected to participate in an alternative Defined Contribution Plan, and certain Port Police officers of the Harbor Department including those who elected to opt out of LACERS. On or after July 1, 2013, new members became members of LACERS Tier 2. However, on July 9, 2015, Tier 2 was rescinded and a new tier of benefits was created. As a result, Ordinance 184134 was adopted on January 12, 2016, where all active Tier 2 members were transferred to Tier 1 as of February 21, 2016. Thereafter, new members became Tier 3 members of LACERS.

DWP Plans

The DWP Plans is a single-employer public employee retirement system whose main function is to provide pension, death and disability benefits, to eligible employees of DWP. The authority for providing benefits is granted by the City Charter. Authority for changing DWP Plans benefits is adopted through resolution by the DWP Plan Board of Administration and the DWP Board Commissioners. The DWP Plans have four separate funds – Retirement Fund, Disability Fund, Death Benefit Fund, and Retiree Health Benefits Fund (RHBF). Each fund is considered a separate plan and an independent trust fund of DWP. The Retirement Fund is a single employer defined benefit pension plan. The Death Benefit Fund and Retiree Health Benefit Fund are single-employer defined benefit other postemployment benefits (OPEB) plans. The Disability Fund is for the payment of temporary disability and permanent total disability of DWP employees, and is not considered a pension plan nor an OPEB plan. On December 11, 2013, the DWP Retirement Board adopted an amendment to create a new tier for DWP's new hires on or after January 1, 2014.

NOTE 5 – OTHER INFORMATION (Continued)**Membership**Pensions

The components of the Pensions' membership at June 30, 2016 were as follows:

Active Nonvested	
Tier 4	178
Tier 5	6,588
Tier 6	1,781
Subtotal	<u>8,547</u>
Active Vested	
Tier 2	12
Tier 3	799
Tier 4	121
Tier 5	3,571
Subtotal	<u>4,503</u>
Pensioners and Beneficiaries	
Tier 1	403
Tier 2	7,738
Tier 3	594
Tier 4	275
Tier 5	3,809
Subtotal	<u>12,819</u>
Vested Terminated	
Tier 3	44
Tier 5	47
Tier 6	37
Subtotal	<u>128</u>
Total	<u><u>25,997</u></u>

Pensions' Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997, and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of August 6, 1999. Tier 4 includes members hired from July 1, 1997 through December 31, 2001, and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011, and those Active members of Tiers 2, 3, and 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 6 was established for all firefighters and police officers hired on or after July 1, 2011.

Pensions' Tier 6 is also the current tier for all Harbor Port Police officers hired on or after July 1, 2011. Tier 5 was the tier for all Harbor Port Police officers hired on or after January 8, 2006 through June 30, 2011. Harbor Port Police officers hired before January 8, 2006, who were members of LACERS, were allowed to transfer to Tier 5 during the enrollment period of January 8, 2006 to January 5, 2007. Tier 6 includes sworn officers from the Department of General Services who transferred to Los Angeles Police Department (LAPD) classifications and who elected to opt out of the LACERS by December 12, 2014 deadline.

NOTE 5 – OTHER INFORMATION (Continued)LACERS

As of June 30, 2016, LACERS' had 20,078 Tier 1 active vested members; 3,907 and 461 active nonvested Tier 1 and Tier 3 members respectively; 18,357 inactive Tier 1 retired members; 4,677 inactive nonvested members; and 2,218 terminated members not yet receiving benefits.

DWP Plans

As of June 30, 2016, DWP Plans' membership consisted of 9,265 retirees and beneficiaries; 1,612 terminated vested members and 9,348 active members.

BenefitsBenefits Provided by Pensions

Tier 1 members of Pensions hired prior to January 17, 1927, with 20 years of service are entitled to annual pension benefits equal to 50%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 members hired on or after January 17, 1927, with 20 or more years of service are entitled to annual pension benefits equal to 40%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 has no minimum age requirement and provides for unlimited post-employment cost-of-living adjustments (COLA) based on the Consumer Price Index (CPI). Tier 1 members who were active as of July 1, 1982, and who terminated their employment after July 1, 1982, were entitled to a refund of contributions plus Board of Fire and Police Pension Commissioners (Pensions Board) approved interest if they did not qualify for a pension or if they waived their pension entitlements.

Tier 2 members of Pensions with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 2 has no minimum age requirement and provides for unlimited post-employment COLAs based on the CPI. Tier 2 members who were active as of July 1, 1982, and who terminate their employment after July 1, 1982, are entitled to a refund of contributions plus Pensions Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 3 members of Pensions must be at least age 50 with 10 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 20% of the monthly average of a member's salary during any 12 consecutive months of service as a Plan member (one-year average compensation), increasing for each year of service over 10 years, to a maximum of 70% for 30 years. Tier 3 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The City Council may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

NOTE 5 – OTHER INFORMATION (Continued)

Tier 4 members of Pensions must have at least 20 years of service to be entitled to a service pension. There is no minimum age requirement. Annual pension benefits are equal to 40% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 4 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The City Council may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment before they are eligible for pension benefits do not receive a refund of contributions.

Tier 5 members of Pensions must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 50% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 5 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 6 members of Pensions must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Benefits Provided by LACERS

Members of LACERS have a vested right to their own contributions and accumulated interest posted to their accounts. Generally, after five years of employment, members are eligible for future retirement benefits, which increase with length of service. If a member who has five or more years of continuous City service terminates employment, the member has the option of receiving retirement benefits when eligible or having his or her contributions and accumulated interest refunded. Benefits are based upon age, length of service, and compensation.

LACERS' Tier 1 members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service. Full (unreduced) retirement benefits are determined as 2.16% of the member's average monthly pensionable salary during the member's last 12 months of service, or during any other 12 consecutive months of service designated by the member, multiplied by the member's years of service credit. Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater.

NOTE 5 – OTHER INFORMATION (Continued)

Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary will be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a \$2,500 funeral allowance is paid, and modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

LACERS' Tier 3 members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provide that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Members also are eligible to retire with an age-based reduced benefits before reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the member is younger than age 55 with 30 years of service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, the LACERS also provides Tier 3 members an enhanced retirement benefits with a 2.0% retirement factor if the member retires at age 63 with at least 10 years of service, or a retirement factor of 2.1% if the member retires at age 63 with 30 years of service. Tier 3 retirement benefits are determined by multiplying the member's retirement factor (1.5% - 2.1%), with the member's last 36 months of Final Average Compensation (FAC) or any other 36 consecutive months designated by the member, and by the member's years of service credit (SC) as follows:

Age at Retirement	Required Years of Service	Retirement Benefit ⁽¹⁾
Under 55	30 Years	2.0% x FAC x Yrs. of SC ⁽²⁾
55 and Over	30 Years	2.0% x FAC x Yrs. of SC
60 and Over	10 Years	1.5% x FAC x Yrs. of SC
63 and Over	10 Years	2.0% x FAC x Yrs. of SC
63 and Over	30 Years	2.1% x FAC x Yrs. of SC

(1) Retirement allowance may not exceed 80% of final compensation except when benefit is based solely on the annuity component funded by the Member's contributions.

(2) A reduction factor will be applied based on age at retirement.

Tier 3 members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater. Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a \$2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner. There were no Tier 3 members who retired during fiscal year 2016.

NOTE 5 – OTHER INFORMATION (Continued)

Retirement allowances are indexed annually for inflation. The Board has authority to determine, no later than May 1st of each year, the average annual percentage change in the CPI for the purpose of providing a COLA to the benefits of eligible members and beneficiaries in July. The adjustment is based on the prior year's change of Los Angeles area CPI subject to a maximum of 3.0% for Tier 1 members or 2.0% for Tier 3 members. The excess over the maximum will be banked for Tier 1 members only.

Benefits Provided by DWP Plans

The DWP Plans' Retirement Fund consists of both defined contribution and defined benefit elements. Certain members vest in the defined contribution element (annuity) after one year of service. Members vest in the defined benefit element (pension) only after qualifying for retirement and meeting the criteria for the formula pension. Generally, new and returning employees of DWP become eligible for membership on the first day of the payroll period following entry into DWP service. New eligible employees must complete 26 weeks of continuous service before becoming entitled to disability and/or death benefits. In fiscal year 2014, the City and DWP agreed to a new tier of retirement benefits for new hires. DWP Plans provide retirement, disability, death and retiree health benefits.

Retirement Benefit

Tier 1 members are eligible for normal retirement at age 60. Early retirement at age 55 is generally available if the member has been with the Department for 10 or more years of the last 12 years before retirement. Members with 30 or more years may retire at any age and receive unreduced benefits within a certain limited period (this option expired on October 31, 2005). Upon qualifying for retirement, Tier 1 members will also qualify for a formula pension if they have been employed by the Department for at least five years before retirement and have been a contributing member of the Plan for at least four of five years immediately preceding retirement or while eligible to retire (or during any of those four years if they were receiving either disability benefits under the Disability Benefit Plan or payments under any Workers' Compensation Law).

Eligible Tier 1 members are entitled to an annual retirement benefit, payable monthly for life currently in an amount equal to a retirement factor of 2.1% of their highest average salary, for each year of credited service. Members who have at least 30 years of service credit and are at least 55 years of age (and represented by a bargaining unit that has negotiated this benefit) are entitled to a retirement factor of 2.3% in the calculation of their retirement allowance. "Highest average salary" is defined as the employee's average salary, excluding overtime, over the highest 26 consecutive contributing payroll periods. Retirees who are receiving a formula pension are entitled to annual cost of living adjustment (COLA). Adjustments are applied each July 1 based on the Consumer Price Index (Los Angeles-Riverside-Orange County, CA – All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor (CPI) for each of the two immediately preceding calendar years. The maximum adjustment, positive or negative, is 3% in any one year.

Tier 2 members are eligible for normal retirement at age 60 with at least ten years of service (5 years must be as a contributing member and/or receiving either disability benefits under the Disability Benefit Plan or payments under any Workers' Compensation Law). A reduced benefit for early retirement at any age is generally available if the member has at least thirty years of service. Members with 30 or more years of credited service may retire at age 55 and receive unreduced benefits.

NOTE 5 – OTHER INFORMATION (Continued)

Eligible Tier 2 members are entitled to an annual retirement benefit, payable monthly for life currently in an amount equal to a retirement factor multiplying each year of credited service, and then multiplying their highest average salary. The specific retirement factor is based on the combination of member's age and credited service as follows:

- 1.5% at age 60 with 10 years
- 2.0% at age 55 with 30 years
- 2.0% at age 63 with 10 years
- 2.1% at age 63 with 30 years

"Final average salary" is defined as the employee's average salary, excluding overtime, over the highest 78 consecutive payroll periods. A member's monthly pension amount is capped at 80% of one's highest average salary. Retirees who are receiving a formula pension are entitled to annual COLA. Adjustments are applied each July 1 based on the CPI for each of the two immediately preceding calendar years. The maximum adjustment, positive or negative, is 2% in any one year. Members may purchase additional post-retirement COLA coverage, not to exceed an additional 1% per year, at full actuarial cost to the Plan.

The DWP Plans' death benefit fund consist of insured lives death benefit (IDB), family death benefit (FDB), and supplemental family death benefit (SFDB).

- Insured Lives Death Benefit

For contributing active members, death benefit coverage begins after completion of 26 weeks of continuous Department service. If the death occurs while an active member of the Plan, the benefit includes a single lump sum distribution equal to fourteen times the member's monthly salary, and the Retirement Fund contributions plus accrued interest, payable to the beneficiary.

For retired members, the benefits include a single lump sum distribution equal to fourteen times the member's full retirement allowance not to exceed \$20,000, plus any unpaid retirement allowances due, and the unused portion of the Retirement Fund contributions upon death (if elected at retirement) payable to the beneficiary.

- Family Death Benefit

Coverage begins after completion of 26 weeks of continuous Department service. The Plan provides a monthly FDB allowance of \$416 to each qualified surviving child plus \$416 to the spouse, if the spouse has the care of one or more of the member's eligible children. The maximum monthly FDB allowance is \$1,170.

- Supplemental Family Death Benefit

The SFDB program supplements the FDB. Coverage begins after enrollment and payment of premiums for 39 consecutive biweekly payroll deductions. The Plan provides for an additional monthly SFDB allowance of \$520 to each qualified surviving child plus \$520 to the spouse, if the spouse has the care of one or more of the member's eligible children. The maximum SFDB allowance is \$1,066.

NOTE 5 – OTHER INFORMATION (Continued)**Contribution Information****Member Contributions**Pensions

As a condition of participation, members are required to contribute a percentage of their salaries to the Pensions. Tier 1 members were required by the City Charter to contribute 6% of salary. Tier 2 members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Tiers 3 and 4 members are required to contribute 8% of salary. Tier 5 members are required to contribute 9% of salary. However, the City shall pay 1% of the Tier 5 required contribution rate contingent on the Pensions remaining at least 100% actuarially funded for pension benefits. Since July 1, 2006, Tier 5 members have been required to contribute 9% of salary because the Pensions has remained less than 100% actuarially funded for pension benefits as determined by the Pensions' actuary. Tier 6 members are required to contribute 9% of salary for regular pension contributions. Tier 6 members are also required to make an additional pension contribution of 2% of salary to support the City's ability to fund retiree health benefits.

LACERS

The current contribution rate for most of the Tier 1 members is 11% of their pensionable salary including a 1% increase in the member contribution rate pursuant to the 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP Cost obligation is fully recovered, whichever comes first); and 4% additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy pursuant to a 2011 City Council ordinance. As of June 30, 2016, all active Tier 1 members are now paying additional contributions, and are not subject to the retiree medical subsidy cap.

The contribution rate for Tier 3 members is 11% of their pensionable salary including 4% of additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy. Unlike Tier 1, Tier 3 members do not pay the ERIP contribution, therefore, Tier 3 members' contribution rate will not drop down when Tier 1 members cease to pay the 1% ERIP contribution.

NOTE 5 – OTHER INFORMATION (Continued)

DWP Plans

Retirement contributions are determined by a member's Tier designation. Covered Tier 1 employees continue to contribute 6% of their annual covered payroll upon becoming a Plan member on or after June 1, 1984. Employees entering the Plan before June 1, 1984 contribute an amount based upon an entry-age percentage rate. If an employee leaves or dies while employed, employee contribution plus credited interest is refundable. After one year of membership, the employee may leave his or her contribution on account with the Plan along with the Department's matching contributions and receive a money purchase allowance at retirement age. A surviving spouse of an employee who dies while eligible to retire or with at least 25 years of service may elect to receive a monthly allowance from the Retirement Fund for life rather than a refund of the employee's contributions and interest. Covered Tier 2 employees are required to contribute 10% of their annual covered payroll upon becoming a Plan member. A Tier 2 member has the same benefits as a Tier 1 member upon termination or death while employed with a single exception. A Tier 2 member will not receive a money purchase allowance with vesting after one year. Instead a Tier 2 member will only receive a formula pension if one is at age 60 and has at least 15 years of credited service.

NOTE 5 – OTHER INFORMATION (Continued)**Employer Contributions**Pensions

The City Charter specifies that the City will make contributions of an amount equal to the City's share of defined entry age normal costs each year and also the following:

For members of Tiers 1 and 2, a dollar amount or percentage necessary to amortize the "unfunded liability" of Pensions over a 70-year period, beginning with the fiscal year commencing July 1, 1967. Under Tiers 3, 4, and 5, any "unfunded liability" resulting from Pensions amendments shall be amortized over a 25-year period, and actuarial experience gains and losses shall be amortized over a 20-year period. For Tier 6, the unfunded liabilities shall be funded in accordance with the actuarial funding method adopted by the Board upon the advice of the consulting actuary. Charter Amendment G, effective April 8, 2011, now provides that with the advice of the consulting actuary, the Pensions Board shall establish amortization policies for unfunded actuarial accrued liabilities and surpluses for all Tiers.

Accordingly, the City's contributions as determined by the Pensions' actuary, net of early payment discount, for the fiscal year ended June 30, 2016, were as follows (in millions):

	Fire and Police						Harbor Port Police	
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6
Entry age normal cost	\$ --	\$ 1.69	\$ 15.61	\$ 6.76	\$ 220.89	\$ 7.31	\$ 2.34	\$ 0.04
Unfunded supplemental present value amount	15.48	28.13	24.78	12.99	122.49	4.98	0.96	0.02

During fiscal year 2016, total employer contributions of \$478.4 million were made in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2014.

LACERS

The Los Angeles City Charter Sections 1158 and 1160 provide for periodic actuarially determined employer contribution rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. For the fiscal year ended June 30, 2016, the actuarially determined contribution of the employer to the Retirement Plan by the City was 23.02% of covered payroll, based on the June 30, 2014 actuarial valuation. Upon closing the fiscal year 2016, LACERS re-calculated employer contributions using actual payroll incurred during the fiscal year, which was smaller than projected covered payroll used by the City to make the advance payment at the beginning of the fiscal year. As a result, employer contributions received for the Retirement Plan were \$19.2 million more before considering \$13.6 million of the City's additional contributions required for transferring Tier 2 members to Tier 1. \$5.7 million of the net Retirement Plan true-up was returned to the employer as a credit toward employer contribution for fiscal year 2017. Based on actual payroll, the effective rate of employer contribution for Retirement Plan was 23.47%.

NOTE 5 – OTHER INFORMATION (Continued)

The total contributions to LACERS of \$652.0 million for the year ended June 30, 2016, consisted of the following (in thousands):

Required Contributions	\$	440,546
Family Death Benefit Plan		158
Total City Contributions		440,704
Member Contributions		211,345
Total Contributions	\$	652,049

The required City contribution of \$440.5 million was equal to 100% of the actuarially determined employer contribution. Member contributions of \$211.3 million were made toward the retirement and voluntary family death benefits.

DWP Plans

DWP contributes \$1.10 for each \$1.00 contributed by Tier 1 members, plus an actuarially determined percentage of covered payroll. DWP solely contributes an actuarially determined percentage of covered payroll for Tier 2 members. DWP contribution rates are adopted annually based upon recommendations received from the Plan's actuary after the completion of the annual actuarial valuation. The average employer contribution rate for fiscal year 2016 based on the July 1, 2015 valuation was 42.77% of compensation.

DWP's contribution rate for fiscal year 2016 for the temporary disability based on July 1, 2015 valuation was \$1.71 per \$100 of covered payroll. Contribution to permanent disability continues to be suspended as current reserve significantly exceeds the target reserve amount. Contributions for contributing active members to the insured lives death benefit fund (IDB) was \$0.23 per \$100 of covered payroll for fiscal year 2016. In addition, DWP contributions for IDB for non-contributing members was \$1.14 per \$100 of retirement benefits paid in fiscal year 2016. Contribution to the family death benefit fund was \$1.91 per active member per month.

In fiscal year 2016, the actuarially determined contributions of DWP's Retirement Fund was \$368.6 million and actual contributions made were \$362.4 million.

Net Pension Liability

For the June 30, 2016 reporting date, the Net Pension Liability (NPL) of Pensions was measured as of June 30, 2015 and was determined by rolling forward the Total Pension Liability (TPL) from the actuarial valuation as of June 30, 2014. The Fiduciary Net Position (FNP) was valued as of the measurement date.

LACERS' NPL was measured as of June 30, 2015 and determined based upon the FNP and TPL from the actuarial valuation as of June 30, 2015. FNP and TPL were valued as of measurement dates.

The NPL of DWP Plans was measured as of June 30, 2015 and determined based upon the results of the actuarial valuation as of July 1, 2015. The FNP and TPL were valued as of the measurement dates.

NOTE 5 – OTHER INFORMATION (Continued)

The City's total pension liability, fiduciary net position and net pension liability as of June 30, 2016 were as follows (in thousands):

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as % of Total Pension Liability
Pensions	\$ 19,385,428	\$ 17,346,554	\$ 2,038,874	89.48%
LACERS	16,909,996	11,920,570	4,989,426	70.49%
DWP Plans	11,218,446	10,074,300	1,144,146	89.80%
Totals	<u>\$ 47,513,870</u>	<u>\$ 39,341,424</u>	<u>\$ 8,172,446</u>	

Changes in Net Pension Liability

The components of the net pension liabilities of Pensions, LACERS and DWP Plans determined in accordance with GASB Statement No. 68 as of the measurement date of June 30, 2015 were as follows (in thousands):

	Pensions	LACERS	DWP Plans	Totals
Total Pension Liability				
Beginning balance	\$ 18,861,992	\$ 16,248,853	\$ 10,975,551	\$ 46,086,396
Service cost	368,700	322,380	214,735	905,815
Interest	1,384,527	1,215,151	821,048	3,420,726
Benefit payments	(918,909)	(740,567)	(485,967)	(2,145,443)
Experience gains	(310,882)	(135,821)	(162,913)	(609,616)
Benefit terms	--	--	(144,008)	(144,008)
Net Change	<u>523,436</u>	<u>661,143</u>	<u>242,895</u>	<u>1,427,474</u>
Ending balance	<u>19,385,428</u>	<u>16,909,996</u>	<u>11,218,446</u>	<u>47,513,870</u>
Fiduciary Net Position				
Beginning balance	16,989,705	11,791,079	9,703,317	38,484,101
Employer contributions	480,332	381,141	382,232	1,243,705
Member contributions	126,771	202,463	68,552	397,786
Net investment income	686,470	306,980	410,778	1,404,228
Benefit payments	(918,909)	(740,567)	(485,967)	(2,145,443)
Administrative expenses	(17,815)	(15,860)	(4,612)	(38,287)
Other-Transfer to larger				
Annuity reserve	--	(4,666)	--	(4,666)
Net change	<u>356,849</u>	<u>129,491</u>	<u>370,983</u>	<u>857,323</u>
Ending balance	<u>17,346,554</u>	<u>11,920,570</u>	<u>10,074,300</u>	<u>39,341,424</u>
Net Pension Liability	<u>\$ 2,038,874</u>	<u>\$ 4,989,426</u>	<u>\$ 1,144,146</u>	<u>\$ 8,172,446</u>

NOTE 5 – OTHER INFORMATION (Continued)**Sensitivity of the Net Pension Liabilities to Changes in Discount Rates**

The pension plans used a discount rate of 7.50 percent to measure the total pension liability for the measurement date of June 30, 2015. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016 based on the measurement date of June 30, 2015.

The net pension liability changes when there are changes in the discount rate. The following presents the net pension liabilities calculated using the discount rate of 7.50 percent, as well as what the net pension liabilities would be if they were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate (7.50 percent) (in thousands):

	Pensions	LACERS	DWP Plans
1% Decrease (6.50%)	\$ 4,618,797	\$ 7,243,147	\$ 2,572,590
Current discount rate (7.50%)	2,038,874	4,989,426	1,144,146
1% Increase (8.50%)	(81,183)	3,113,889	(55,840)

NOTE 5 – OTHER INFORMATION (Continued)**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

The City recognized the following pension expenses, deferred outflows of resources and deferred inflows of resources for the fiscal year ended June 30, 2016 (in thousands):

	Pension Expense			
	Pensions	LACERS	DWP Plans	Totals
Service cost	\$ 368,700	\$ 322,380	\$ 214,735	\$ 905,815
Interest on the total pension liability	1,384,527	1,215,151	821,048	3,420,726
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(53,324)	(25,059)	(29,783)	(108,166)
Member contributions	(126,771)	(202,463)	(68,552)	(397,786)
Projected earnings on plan investments	(1,278,378)	(890,682)	(726,256)	(2,895,316)
Expensed portion of current-period differences between actual and projected earnings on plan investments	118,381	116,740	63,096	298,217
Administrative expense	17,814	15,860	4,611	38,285
Other	--	4,666	--	4,666
Current period benefit changes	--	--	(144,008)	(144,008)
Recognition of beginning of year deferred outflows of resources as pension expense	--	139,758	102,426	242,184
Recognition of beginning of year deferred inflows of resources as pension expense	(345,414)	(232,374)	(270,732)	(848,520)
	<u>\$ 85,535</u>	<u>\$ 463,977</u>	<u>\$ (33,415)</u>	<u>\$ 516,097</u>

NOTE 5 – OTHER INFORMATION (Continued)

	Deferred Outflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
Pension contributions subsequent to measurement date	\$ 478,386	\$ 440,690	\$ 363,887	\$ 1,282,963
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	22,606	9,050	31,656
Changes of assumptions or other inputs	--	505,923	320,592	826,515
Net difference between projected and actual earnings on investments	472,603	--	--	472,603
	<u>\$ 950,989</u>	<u>\$ 969,219</u>	<u>\$ 693,529</u>	<u>\$ 2,613,737</u>
	Deferred Inflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ --	\$ 22,606	\$ 9,050	\$ 31,656
Changes of assumptions or other inputs	45,188	--	--	45,188
Net difference between projected and actual earnings on investments	875,812	143,752	344,001	1,363,565
Difference between expected and actual experience in total pension liability	410,153	215,028	269,146	894,327
	<u>\$ 1,331,153</u>	<u>\$ 381,386</u>	<u>\$ 622,197</u>	<u>\$ 2,334,736</u>

The other net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense during the next five years are as follows (in thousands):

Reporting Date under GASB 68 Year Ending June 30	Pensions	LACERS	DWP Plans
2017	\$ (280,356)	\$ (935)	\$ (134,993)
2018	(280,356)	(935)	(134,993)
2019	(280,356)	(935)	(51,290)
2020	26,776	160,473	42,720
2021	(44,260)	(10,525)	(13,998)

NOTE 5 – OTHER INFORMATION (Continued)**Long-term Expected Rate of Return on Plan Investments**

The discount rate used to measure the total pension liability is 7.50%. The long-term expected rate of return on pension investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Asset Class	Pensions		LACERS		DWP Plans	
	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2015	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2015	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2015
Large cap U.S. equity	23.00%	6.03%	20.40%	5.90%	--	--
Small cap U.S. equity	6.00%	6.71%	3.60%	6.60%	--	--
Developed international equity	16.00%	6.71%	21.70%	7.00%	21.00%	7.00%
Emerging markets equity	5.00%	8.02%	7.30%	8.50%	--	--
Domestic equity	--	--	--	--	33.00%	6.13%
U.S. core fixed income	14.00%	0.52%	--	--	24.00%	0.77%
Core bonds	--	--	16.50%	0.70%	--	--
High yield bonds	3.00%	2.81%	2.50%	2.90%	--	--
Real estate	10.00%	4.73%	--	--	5.00%	4.90%
Real return	--	--	--	--	6.00%	2.85%
Private real estate	--	--	5.00%	4.70%	--	--
Private equity	10.00%	9.25%	12.00%	10.50%	5.00%	9.00%
Covered calls	--	--	--	--	5.00%	4.88%
Public real estate	--	--	5.00%	3.40%	--	--
Credit opportunities	--	--	5.00%	3.10%	--	--
Treasury inflation protected securities	5.00%	0.43%	--	--	--	--
Commodities	5.00%	4.67%	--	--	--	--
Cash	1.00%	-0.19%	1.00%	-0.50%	1.00%	--
Unconstrained fixed income	2.00%	2.50%	--	--	--	--
	<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>	

NOTE 5 – OTHER INFORMATION (Continued)**Actuarial Methods and Assumptions**

Significant actuarial methods and assumptions used to determine the total pension liabilities for the reporting period of June 30, 2016 are as follows:

	Pensions	LACERS	DWP Plans
Measurement date	June 30, 2015	June 30, 2015	June 30, 2015
Valuation date	June 30, 2014	June 30, 2015	June 30, 2015
Inflation rate	3.25%	3.25%	3.25%
Actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method
Actuarial assumptions:			
Salary increases	4.75% to 11.50%	4.40% to 10.50%	4.75% to 10.00%
Investment rate of return	7.5% net of investment expense	7.5% net of investment expense	7.5% net of investment expense
Mortality rates:			
Healthy	RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022, with scale BB set back one year for members and set forward one year for beneficiaries.	RP-2000 Combined Healthy Mortality Table projected with scale BB to 2020, set back one year for males and with no set back for females.	RP-2000 Combined Healthy Mortality Table with ages set back one year, projected to 2030 with scale AA.
Disabled	RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022, with scale BB set forward one year.	RP-2000 Combined Healthy Mortality Table projected with scale BB to 2020, set forward seven years for males and set forward eight years for females.	RP-2000 Combined Healthy Mortality Table with ages set back one year, projected to 2030 with scale AA.
Actuarial Experience Study	July 1, 2010 to June 30, 2013	July 1, 2011 to June 30, 2014	July 1, 2009 to June 30, 2012

NOTE 5 – OTHER INFORMATION (Continued)**Other Postemployment Benefits (OPEB)**

The City Charter, the Administrative Code and related ordinance define the postemployment healthcare benefits. The City provides three single-employer defined other postemployment 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). 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 fiscal year, and related information for each plan are as follows (in thousands):

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
Annual required contribution rates	11.5% of covered payroll	5.4% of covered payroll	7.0% of covered payroll
Annual required contribution	\$ 161,103	\$ 105,983	\$ 64,253
Interest on net OPEB asset (liability)	9,877	--	(77,024)
Adjustment to annual required contribution	(9,069)	--	74,238
Annual OPEB cost	<u>161,911</u>	<u>105,983</u>	<u>61,467</u>
Contributions made	<u>161,103</u>	<u>105,983</u>	<u>72,994</u>
Change in net OPEB asset (liability)	(808)	--	11,527
Net OPEB asset (liability) - beginning of year	<u>(131,698)</u>	<u>--</u>	<u>983,424</u>
Net OPEB asset (liability) - end of year	<u><u>\$ (132,506)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 994,951</u></u>

Members of Pensions are entitled to a maximum health subsidy of \$1,438.49 per month effective July 1, 2015. For members with Medicare Parts A and B, a different subsidy maximum is used. Pensions also reimburses Medicare Part B premiums for any member enrolled in Medicare Parts A and B, and eligible to receive a subsidy. The maximum monthly dental subsidy amount was \$43.24 for the period January 1, 2015 through June 30, 2016. Members receive 4% for each completed year of service, up to 100% of the subsidy.

During the 2011 fiscal year, the City adopted an ordinance to limit the maximum medical subsidy of LACERS members at \$1,190 for those members who retire on or after July 1, 2011; however, members who at any time prior to retirement made additional contributions are exempted from the subsidy cap 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, 2016, all non-retired Tier 1 and Tier 3 members were making the additional contributions, and therefore will not be subject to the medical subsidy cap.

NOTE 5 – OTHER INFORMATION (Continued)

DWP pays a monthly maximum subsidy of \$1,832 for medical and dental premiums depending on the employee's work location and benefits earned. Members choosing plans with a cost in excess of the subsidy are required to pay the difference.

The annual required contribution is the amount calculated to determine the annual cost of the OPEB plans. The calculation consists of adding the normal cost of the plan to an amortization payment. For Pensions and LACERS, both are determined as of the start of the accounting period and adjusted as if the annual cost were to be contributed throughout the fiscal year or on July 15th. For DWP, contribution rates were determined as of the latest actuarial valuation date of June 30, 2016.

In fiscal year 2016, the employer contributions for Pensions, LACERS, and DWP OPEB were \$161.1 million, \$106.0 million and \$73.0 million, respectively.

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 2016 and the two preceding years for each of the plans are as follows (amounts in thousands):

	Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Asset (Liability)
Pensions OPEB	6/30/14	\$ 149,887	99	(130,319)
	6/30/15	160,866	99	(131,698)
	6/30/16	161,911	99	(132,506)
LACERS OPEB	6/30/14	97,841	100	--
	6/30/15	100,467	100	--
	6/30/16	105,983	100	--
DWP OPEB	6/30/14	51,084	146	978,231
	6/30/15	68,150	108	983,424
	6/30/16	61,467	119	994,951

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2016 (amounts in thousands):

	Pensions OPEB	LACERS OPEB	DWP OPEB
Actuarial Accrued Liability (AAL)	\$ 3,079,670	\$ 2,793,689	\$ 2,334,043
Actuarial Value of Assets	1,480,810	2,248,754	1,752,195
Unfunded AAL	\$ 1,598,860	\$ 544,935	\$ 581,848
Funded Ratio	48.1%	80.5%	75.1%
Covered Payroll	\$ 1,400,808	\$ 1,968,702	\$ 928,889
Unfunded AAL as a percentage of covered payroll	114.1%	27.7%	62.6%

NOTE 5 – OTHER INFORMATION (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, investment returns, and health care cost trends. The funded status of the plan and the annual required contributions of the employer, determined by the annual actuarial valuations, are subject to continual revisions as actual results are compared with past expectations and new estimates are made about 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 actuarial accrued liabilities for benefits. It was updated for the actuarial valuation date of June 30, 2016 for Pensions and LACERS and July 1, 2016 for DWP Plans and presented as RSI following the notes to financial statements.

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 2016, DWP paid \$73.0 million in retiree medical premiums. The Power and Water Enterprise Funds' portion of retiree medical premium payments was \$46.4 million and \$26.6 million, respectively.

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.

NOTE 5 – OTHER INFORMATION (Continued)

The significant actuarial methods and assumptions used to compute the actuarially determined Pensions' OPEB funded status and annual required contributions, are as follows:

	Pensions OPEB	
	June 30, 2016	June 30, 2015
Actuarial valuation date	June 30, 2016	June 30, 2015
Actuarial cost method	Entry age normal, level percent of pay	Entry age normal, level percent of pay
Amortization method	Closed amortization periods	Closed amortization periods
Remaining amortization period	18 years for bases established on June 30, 2014; 23 years for assumption change base established on June 30, 2014; 19 years for bases established on June 30, 2015	19 years for bases established on June 30, 2014; 24 years for assumption change base established on June 30, 2014; 20 years for bases established on June 30, 2015
Asset valuation method	Market value of assets less unrecognized return in each of the last 7 years.	Market value of assets less unrecognized return in each of the last 7 years.
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.00%	4.00%
Inflation rate	3.25%	3.25%
Across-the-board pay increase	0.75%	0.75%
Healthcare cost trend rates		
Medical	7.00% in 2016-17, then decreasing by 0.25% for each year for 7 years until it reaches an ultimate rate of 5.00%	6.75% in 2015-16, then decreasing by 0.25% 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, 2016	June 30, 2015
Actuarial valuation date	June 30, 2016	June 30, 2015
Actuarial cost method	Entry age cost method	Entry age cost method
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 15 to 20 years	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 15 to 20 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%	7.50%
Projected salary increases	Ranges from 10.50% to 4.40%	Ranges from 10.50% to 4.40%
Real across-the-board salary increase	0.75%	0.75%
Inflation rate	3.25%	3.25%
Healthcare cost trend rates		
Medical	6.50% decreasing by 0.25% for each year for 8 years until it reaches an ultimate rate of 5.00%	6.75% decreasing by 0.25% for each year for 8 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	
	July 1, 2016	July 1, 2015
Actuarial valuation date	July 1, 2016	July 1, 2015
Actuarial cost method	Entry age normal, level percent of pay	Entry age normal, level percent of pay
Amortization method	30-year amortization closed, level percent of pay	30-year amortization closed, level percent of pay
Remaining amortization period	19 years remaining as of June 30, 2016	20 years remaining as of June 30, 2015
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	7.25%	7.50%
Projected salary increases	3.50%	4.00%
Inflation rate	3.00%	3.25%
Healthcare cost trend rates		
Medical	6.50% , graded down to an ultimate rate of 5.00% over 6 years	6.75% , graded down to an ultimate rate of 5.00% over 7 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, 5, and 6 who have at least 25 years of service and who are at least age 50 are eligible for DROP. The Administrative Code was amended August 8, 2014, to add Tier 6 members.

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%.

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, 2016, 1,243 pensioners were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately \$239.6 million.

NOTE 5 – OTHER INFORMATION (Continued)**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 an additional two percent 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; subsequent legislation has since postponed this provision until 2020.

LACERS and Pensions did not include the projected excise tax in the June 30, 2015 actuarial valuation. Both LACERS and Pensions estimate that if there is no change in the law or plan provisions between now and 2020, 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 2020 and thereafter.

Power and Water estimated the potential impact of this excise tax on the liability based on unadjusted thresholds and assuming the tax is shared between Power and Water and its participants in the same way that the current costs are shared. The estimated impact is reflected in all actuarial valuation reports after July 1, 2010.

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 4I on Long-Term Liabilities.

Pending Lawsuits and Claims

As mentioned in Note 4P, certain pending lawsuits and claims have a reasonable possibility of resulting in additional liability totaling approximately \$30.0 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, 2016.

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. The plaintiffs alleged failure to ensure that the affordable housing projects meet the accessibility requirements under federal and state civil rights laws. The City agreed to settle the matter with the plaintiffs on August 30, 2016. Under the terms of the agreement, the City will spend construction and remediation costs of approximately \$200.0 million over 10 years to provide 4,000 additional housing units compliant with federal accessibility requirements. The City has accrued damages and attorney fees payable over the next two years.

Willits et al. v. City of Los Angeles is a lawsuit filed by plaintiffs Willits, Griffin, Pilgreen and the entity Communities Actively Living Independent and Free (CALIF) which alleged that the City's policies and procedures as well as its infrastructure (including specifically curb ramps and sidewalks) fail to provide equal services and access to individuals with disabilities. On August 26, 2016, the District Court approved the parties' settlement of the matter. Under the terms of the settlement, the City will incur approximately \$1.4 billion over 30 years to cover the cost of sidewalk remediation. The City has also agreed to pay attorney fees and service awards to plaintiffs.

In *York v. City of Los Angeles*, the plaintiffs, being husband and wife, filed a petition for writ of mandate and complaint for damages for inverse condemnation and civil rights violation on January 2015. Plaintiffs challenged the City's partial approval and partial denial of their application for permits to develop certain vacant property. The writ to set aside the City's permit denial was denied on January 28, 2016. With respect to the other causes action against the City, they were dismissed on July 21, 2016.

NOTE 5 – OTHER INFORMATION (Continued)

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. The City disputes any assertion that actions by City personnel met the high standard for imposing False Claims Act liability, and further disputes that there is a factual basis for significant damages. It is not possible to quantify the City's liability at this time.

On August 13, 2015, a class action lawsuit was filed challenging the City's method of computing Gas User Tax (GUT). Plaintiffs seek an unspecified refund amount of excess GUT paid on their natural gas bills as result of taking into Customer Charges and Service Establishment Charges in computing GUT liability. At this time, the Court has yet to certify the class.

Business-Type Activities**Airports Enterprise Fund**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 and continues to be 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

The City, the Department, the Board, City of Ontario, and Ontario International Airport Authority (OIAA), a joint powers authority of the County of San Bernardino and the City of Ontario, entered into a settlement agreement (ONT Settlement Agreement) relating to litigation filed by the City of Ontario in June 2013 (Ontario Litigation) against the City, the Department, and the Board.

NOTE 5 – OTHER INFORMATION (Continued)

The ONT Settlement Agreement provides, generally, for: (I) the City to transfer, assign and deliver to OIAA the City's right, title and interest in and to certain of the assets, properties, rights and interests solely used or held solely for use in connection with the Department's operation of ONT, including: (a) certain real property, improvements and equipment comprising ONT and certain surrounding parcels; (b) certain contractual or entitlement rights, comprised of leases, contracts, grant agreements and entitlements; (c) certain accounts receivable and cash remaining in the accounts of ONT after the (i) transfer of certain passenger facility charges, (ii) transfer of \$40.0 million from ONT accounts to other Department non-ONT accounts, and (iii) use of the funds in the reserve fund established for the original \$90.2 million aggregate principal amount of ONT Refunding Revenue Bonds Series 2006A and Series 2006B (ONT Bonds) to discharge the outstanding ONT Bonds, all as provided in the ONT Settlement Agreement; (II) the development of a Staff Augmentation Agreement and a Department Employee Protection and Transition Plan; (III) termination and rescission of the joint powers agreement of the City and the City of Ontario; (IV) dismissal with prejudice of the Ontario Litigation and other related litigation; and (V) certain reimbursement payments and transfers of funds to the Department, including: (a) \$30.0 million from the City of Ontario to the City for the benefit of the Department to be used for the capital and operating expenses of the airport system owned and operated by the Department (other than ONT); (b) \$40.0 million from the unrestricted cash ONT accounts to other Department non-ONT accounts (as described above) to be used for the capital and operating expenses of the airport system owned and operated by the Department (other than ONT); (c) \$120.0 million from OIAA to the Department, over a period of approximately 10 years and subject to certain conditions and limitations, including that a portion thereof may be paid by the transfer of certain previously collected passenger facility charges; and (d) funds from OIAA sufficient, together with amounts available in the applicable bond reserve fund, to cause the discharge of the ONT Bonds (as described above). The transactions contemplated by the ONT Settlement Agreement closed on November 1, 2016.

Environmental Matters

The State Water Resources Control Board (SWRCB) issued a Notice of Violation (NOV) to Airports generally alleging violations of underground storage tank (UST) construction, monitoring, and testing laws at facilities where Airports owns and operates USTs. Airports owns and/or operates 13 USTs (6 at LAX, 4 at VNY and 3 at ONT). The Board approved a consent judgment settlement with the SWRCB in October 2015 with a total civil penalty amount of \$2.3 million to be paid or suspended on condition that Airports complies with the terms of the consent judgment.

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, 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 Airports 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.

NOTE 5 – OTHER INFORMATION (Continued)**Harbor Enterprise Fund**Alameda 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 is comprised 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 provides for operation of the corridor to transport cargo into and out of the Ports. Payment of use fees and container charges, as defined in the Corridor Agreement are used to pay (a) the debt service that ACTA incurs on approximately \$2.2 billion of outstanding bonds, (b) for the cost of funding required reserves and costs associated with the financing, including credit enhancement and rebate requirements, and (c) repayment and reimbursement obligations to the Ports, (collectively, ACTA Obligations). Use fees end in 2062 or sooner if the ACTA Obligations are paid off earlier.

If ACTA revenues are insufficient to pay ACTA Obligations outlined in (a) and (b) above, the Corridor Agreement obligates each Port to pay up to twenty percent (20%) of the shortfall (Shortfall) for each debt service payment date. 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 the respective bond indentures and resolutions related to each Port bond or indebtedness.

An amended and restated Corridor Agreement became effective December 15, 2016, which (1) incorporated the July 5, 2006 First Amendment to the Corridor Agreement; (2) replaced the Operating Committee with an alternative decision making process for management of Alameda Corridor maintenance and operations; and (3) removed construction related provisions and updated certain other provisions to reflect current conditions and practices. The Los Angeles Board of Harbor Commissioners approved the amended and restated Corridor Agreement at a meeting held on October 24, 2016.

In 2016, ACTA issued Tax-Exempt First and Second Subordinate Lien Revenue Refunding Bonds, Series 2016A and Series 2016B (Series 2016 Bonds). The issuance of the Series 2016 Bonds advance refunded most of ACTA's Refunding Series 2004A Bonds and reduced potential future Shortfall payments.

NOTE 5 – OTHER INFORMATION (Continued)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 \$18.4 million, with the June 2009 deposit for calendar year 2008 being the last payment for excess throughput required under the settlement agreement.

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, 2016, Harbor has contributed a total of \$75.0 million to the restricted mitigation funds in accordance with the provisions of the settlement.

TraPac Project and Environmental Impact Report

On December 6, 2007, the Board of Harbor Commissioners (BHC) certified the Final Environmental Impact Report for TraPac, Inc. (TraPac), a terminal operator, and approved the TraPac project. The TraPac project involves the development and improvements to Berths 136-147, currently occupied by TraPac. Subsequent to the project approval, certain entities (Appellants) appealed to the City Council the certification/project approval under the provisions of the California Environmental Quality Act (CEQA).

On April 3, 2008, the BHC approved a Memorandum of Understanding (MOU) between the City and the Appellants to resolve the appeal of the TraPac Environmental Impact Report (EIR). The MOU provides for the revocation of the appeals and the establishment of a Port Community Mitigation Trust Fund (PCMTF) to be operated by a nonprofit entity to pay for off-Port environmental impacts from Port-related operations. The nonprofit created to provide administrative services for this fund is the Harbor Community Benefit Foundation (HCBF).

NOTE 5 – OTHER INFORMATION (Continued)

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. The MOU required additional contributions of \$2.00 per TEU to be made in the event that future cargo exceeded calendar year 2007 levels in future years. Based on the reduced volume of cargo processed in the applicable term due to the recession, no additional PCMTF funding has been necessary based on incremental volume.

On October 26, 2010, the BHC 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.

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. In fiscal year 2016, \$0.8 million was contributed to PCMTF based upon the Yusen container terminal project contract award.

As of June 30, 2016, a total of \$17.5 million has been disbursed from the PCMTF fund held by the Harbor. The remaining fund balance including interest earned as of June 30, 2016 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 as of June 30, 2016.

NOTE 5 – OTHER INFORMATION (Continued)**Power Enterprise Fund**Power Revenue Fund Surplus Transfer to City

In 2015, the City was subject to three class action lawsuits related to DWP revenue fund transfer. The claimants alleged that the City violates the California Constitution by charging customer fees in excess of the cost of providing electric utility service, as allegedly evidenced by DWP's practice of transferring surplus revenue to the City's general fund. The three cases have been consolidated into a single, consolidated complaint and related before a single judge. This Consolidated Complaint names the City, DWP, and the DWP Board of Water and Power Commissioners as defendants. The plaintiffs, on behalf of a class of DWP electricity ratepayers, seek a refund of alleged excess fees collected. They also seek a declaration that DWP's electric rates are invalid and an order enjoining the City from continuing to collect the allegedly excessive rates and an injunction prohibiting future transfers. The City plans to defend against the suit vigorously. On October 8, 2016, plaintiffs filed a motion for a preliminary injunction, seeking to enjoin both the charging of rates above the alleged cost of service, as well as the transfer of funds from DWP to the City. The City filed an opposition to the plaintiff's motion for preliminary injunction, as well as a motion to stay the case pending resolution of a previously filed state court litigation, and a motion to dismiss the case. On November 28, 2016, the district court granted the City's motion.

Water Enterprise FundPurchase Water Commitments

As a member of the Metropolitan Water District (Metropolitan), the DWOP purchases water from Metropolitan pursuant to water supply purchase orders entered into with Metropolitan for specific periods. In January 2015, DWP and Metropolitan executed a new Purchase Order for Imported Water Supply Agreement (the Purchase Order Agreement), which requires DWP to purchase at least 2,033,134 acre-feet of water over a 10-year period commencing on January 1, 2015 and expiring on December 31, 2024. Some of the key terms of the Purchase Order Agreement include the following: (a) DWP's annual maximum Tier 1 allocation of water from Metropolitan is 335,663 acre-feet per year, or 3,356,630 acre-feet for the 10-year term of the Purchase Order Agreement; (b) any obligation to pay Metropolitan's Tier 2 supply rate will only be assessed if a member agency exceeds their total 10-year Tier 1 allocation. Under the previous purchase order agreement, Tier 2 costs were assessed on an annual basis, with no ability for member agencies to carry over unused Tier 1 allocation from one year to the next; (c) opportunity to reset the base period demand using a five-year rolling average; and (d) an appeals process for agencies with unmet purchase commitments has been established. This will allow each acre-foot of unmet Purchase Order commitment to be reduced by the amount of production from a local resource project that commences operation on or after January 1, 2014, which will allow member agencies who successfully develop local supplies, not to be charged if production of these supplies negatively impacts their minimum Purchase Order commitment. DWP's commitment to purchase 1,513,103 acre feet of water from Metropolitan related to this agreement over the next 8.5 years is estimated to total \$236.0 million. Based on current annual water purchases, Water estimates that it will fulfill this commitment in the next 6.5 years.

NOTE 5 – OTHER INFORMATION (Continued)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 Environmental Protection Agency (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 (THM), 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.

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, three chloramination stations, four ammoniation stations, two chlorination stations and has and will continue to install mixers in tanks and reservoirs. Additional treatment facilities will be constructed as groundwater sources are improved and/or expanded. The cost of Stage 2 DBP compliance-related engineering studies and construction activities is expected to be approximately \$380.0 million at completion. The actual expenditures to date are \$303.0 million.

Long-Term 2 Enhanced Surface Water Treatment Rule

In January 2006, the 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, and Elysian is out of service while the cover is under construction. 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 \$1.3 billion at completion in 2020. The actual cost spent to date has been \$752.0 million.

NOTE 5 – OTHER INFORMATION (Continued)Owens Lake

Historically, the Owens River was the main source of water for Owens Lake. Diversion of water from the river, first by farmers in the Owens Valley and then by the City, resulted in the lake drying up. The exposed lakebed became a significant source of particulate matters of 10 micrometers or less in diameter (PM10), causing the United States Environmental Protection Agency (EPA) to classify the southern Owens Valley as a serious nonattainment area for PM10 in 1991. The EPA required the Great Basin Unified Air Pollution Control District (District) to prepare a State Implementation Plan (SIP) to bring the region into compliance with the federal Clean Air Act ambient air quality standards by 2006. In 1998, DWP and District entered into a Memorandum of Agreement (MOA) to mitigate PM10 emission from Owens Lake to bring the region into compliance.

In the intervening years, DWP has constructed facilities at the Lake in Phases responding to a series of supplemental control requirements. The facilities cover nearly 50 square mile area. In November 2014, DWP reached an agreement with the District. The agreement was memorialized in a Stipulated Judgment that provides 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; (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. In accordance with the agreement, the previous SIP was revised and calls for the region to be in compliance with the federal Clean Air Act by December 31, 2017.

Sewer Enterprise Fund

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 2016, \$6.3 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, 2016, the City's encumbrances totaled \$629.5 million of which \$167.9 million were contractual commitments for various capital projects. Below are details of encumbrances by fund categories (in thousands):

	Restricted	Committed	Assigned	Totals
General Fund	\$ --	\$ 56	\$ 172,635	\$ 172,691
MICLA Special Revenue Fund	22,264	--	--	22,264
Nonmajor Governmental Funds	330,288	104,254	--	434,542
	<u>\$ 352,552</u>	<u>\$ 104,310</u>	<u>\$ 172,635</u>	<u>\$ 629,497</u>

Business-Type Activities

As of June 30, 2016, the following Enterprise Funds have commitments for construction contracts and open purchase orders in the following approximate amounts (in thousands):

Airports	\$ 126,161
Harbor	25,900
Sewer	148,649
Power	70,614
Water	13,608

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 2016.

NOTE 5 – OTHER INFORMATION (Continued)

Power Enterprise Fund

Purchase Power Commitments

As of June 30, 2016, the Power has entered into a number of energy and transmission service contracts, which involve substantial commitments as follows (amounts in thousands):

	Agency	Agency Share (Percentage)	DWP's Interest in Agency Share		
			Interest (Percentage)	Capacity (Megawatts)	Outstanding Commitment **
Intermountain Power Project	IPA	100.0 %	71.7 %	1,291	\$ 747,129
Palo Verde Nuclear Generating Station	SCPPA	5.9	67.0	151	16,375
Mead-Adelanto Project	SCPPA	68.0	48.9	539	59,936
Mead-Phoenix Project	SCPPA	17.8 - 22.4	50.4	647	29,478
Southern Transmission System	SCPPA	100.0	59.5	1,429	361,546
Milford I Wind	SCPPA	100.0	92.5	188	181,647
Windy Point	SCPPA	100.0	100.0	262 *	394,904
Linden Wind Energy	SCPPA	100.0	100.0	50 *	109,647
Milford II Wind	SCPPA	100.0	100.0	102 *	130,634
Apex Power Project	SCPPA	100.0	100.0	495	309,535
					\$ 2,340,831

* Power will receive 100%, unless City of Glendale exercises its option to repurchase any of its contract output entitlement share.

** Portion of purchased power commitment based upon related agency's bond principal not including interest requirements.

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 that 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 \$303.0 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 \$686.0 million annually during each of the next five years). Power made total payments under these agreements of approximately \$868.0 million in fiscal year 2016. These agreements are scheduled to expire from 2027 to 2040.

Power earned fees under the IPP project manager and operating agent agreements totaling \$27.0 million in fiscal year 2016.

NOTE 5 – OTHER INFORMATION (Continued)Long-term Notes Receivable

Under the terms of its purchase power agreement with 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 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.

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 \$623.0 million as of June 30, 2016. The IPA notes pay interest and principal monthly and mature on July 1, 2023. The interest rates range from 2.7% to 9.2%, 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 \$14.0 million as of June 30, 2016.

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. The contract is in the process of being renewed with the Department of Energy for another 50 years extending through September 2067.

DWP has entered into contracts with SCPPA to purchase available renewable energy generated at various renewable energy project sites.

As of June 30, 2016, the Power System energy entitlement contracts with SCPPA, which involves the annual costs for the power purchased, are as follows (in thousands):

	Agency	Agency share	The Power System's interest in agency's share		
			Interest	Capacity (MWs)	Cost of Power Purchased
Pebble Springs Wind	SCPPA	100.0	69.6	68.71	\$ 10.0
Don A Campbell 1	SCPPA	100.0	84.6	13.71	14.1
Don A Campbell 2	SCPPA	100.0	100.0	16.20	11.8
Copper Mountain Solar 3	SCPPA	100.0	84.0	210.00	48.9
Heber-1 Geothermal	SCPPA	100.0	66.7	41.67	10.3

NOTE 5 – OTHER INFORMATION (Continued)Transfers to the Reserve Fund of the City of Los Angeles

Under the provisions of the City Charter, Power transfers funds at its discretion to the reserve fund of the City. Pursuant to covenants contained in the bond indentures, the transfers may not be in excess of the increase in net position before transfers to the reserve fund of the City of the prior fiscal year. Such payments are not in lieu of taxes and are recorded as a transfer in the statements of revenues, expenses, and changes in net position.

DWP authorized total transfers of \$267.0 million in fiscal year 2016 from Power to the reserve fund of the City.

Asset Retirement Obligations

In accordance with federal guidelines, Power has \$133.0 million in investments as of June 30, 2016 to fund its portion of the decommissioning of Palo Verde Nuclear Generating Station. As funds were collected through rates to finance this reserve, a decommissioning liability of \$153.0 million as of June 30, 2016 was recorded as an increase in accumulated depreciation. Additional decommissioning funds may be needed in the future to decommission the Navajo Generating Station and other utility plant assets.

The Power's current practice of recording asset retirement obligations as part of accumulated depreciation is consistent with industry practice. Over the next few years, the GASB will be issuing guidance to address the accounting for such asset retirement obligations. Power has not yet determined the impact of this guidance on its financial statements.

La Kretz Innovative Campus

Power System has entered into a 20-year prepaid lease agreement for \$12.0 million to lease an office building to the La Kretz Innovative Campus (LKIC), a 501(c)3 nonprofit organization. LKIC prepaid the lease in fiscal year 2015 and the \$12.0 million is amortized to other nonoperating income starting February 2016. LKIC in turn leases some of the workspaces in the building to assist energy innovation companies with the resources needed to validate energy efficient technology. Power does have energy efficiency staff also located at the building to work with inventors and determine if there are new energy efficiency programs to launch.

Credit Risk

Financial instruments, which potentially expose Power to concentrations of credit risk, consist primarily of retail and wholesale receivables. Power's retail customer base is concentrated among commercial, industrial, residential, and governmental customers located within the City. Although Power is directly affected by the City's economy, management does not believe significant credit risk exists at June 30, 2016, except as provided in the allowance for losses. Power manages its credit exposure by requiring credit enhancements from certain customers and through procedures designed to identify and monitor credit.

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 \$1.27 billion at June 30, 2016.

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, 2016, the total amount subject to this right was \$1.77 billion.

Los Angeles City Employees' Retirement System

At June 30, 2016, LACERS was committed to future purchases of real estate and private equity investments at an aggregate cost of approximately \$1.1 billion.

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	Amount Outstanding June 30, 2016
Multifamily Housing Bonds - 99 Issues	\$ 643,400
Multifamily Housing Bonds transferred from CRA - 22 Issues	502,465
Industrial Development Bonds - 9 Issues	118,607
<p>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.</p>	
Community Facilities District No. 3 Special Tax Bonds	3,550
<p>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.</p>	
Community Facilities District No. 4 Special Tax Bonds	78,930
<p>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.</p>	
Community Facilities District No. 8 Special Tax Bonds	5,825
<p>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.</p>	
Street Improvement Assessment 1911/1913 Act Bonds	926
<p>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 payments.</p>	
	\$ 1,353,703

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 methodology of calculating rates and charges for airlines and airline consortia using passenger terminals at LAX. The 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 rates were effective January 1, 2013 to airlines and airline consortia (signatory airlines) agreeing to the methodology and executing a rate agreement with Airports. Agreements with signatory airlines terminate on December 31, 2022.

The 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 methodology (non-signatory tenant airlines) will continue to pay rates and charges based on their current leases until they sign the rate agreement. Airlines with no existing leases that opt not to sign the rate agreement (non-signatory tariff airlines) are charged the tariff rates effective January 1, 2013. Non-signatory airlines are not eligible to participate in the STP and revenue sharing programs.

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)

Passenger Facility Charges (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 FAA. As of June 30, 2016, the FAA has approved \$3.3 billion of projects. 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. The current PFCs at LAX is \$4.50 per enplaned passenger. At ONT, the PFC rate had been reduced from \$4.50 to \$2.00 effective January 1, 2013. On February 25, 2016, the FAA approved Airports' application to amend the PFCs at ONT from \$2.00 to \$4.50 effective April 1, 2016. The application did not change ONT's collection authority of \$242.4 million but the estimated charge expiration date is changed to October 2018. PFCs collection authorities approved by FAA are \$3.1 billion at LAX and \$242.4 million at ONT as of June 30, 2016. Airports has received approval from the FAA to collect and use PFCs to pay for debt service on bonds issued to finance the TBIT Renovations, Bradley West projects and Terminal 6 improvements. Board authorized amounts of \$124.0 million were used for debt service in fiscal years 2016. PFCs collected and the related interest earnings through June 30, 2016 were \$2.5 billion. As of June 30, 2016, cumulative expenditures to date on approved PFCs projects totaled \$2.1 billion.

Customer Facility Charges (CFCs)

In November 2001, the Board approved the collection of a state-authorized Customer Facility Charge (CFCs) from car rental agencies serving LAX and ONT. State law allows airports to collect a fee of \$10.00 per on-airport rental car agency transaction to fund the development of a 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, 2016 were \$307.3 million. As of June 30, 2016, cumulative expenditures to date on approved CFCs projects totaled \$57.4 million.

NOTE 5 – OTHER INFORMATION (Continued)**Harbor Enterprise Fund**Cash Funding of Reserve Fund

As of June 30, 2016, Harbor had \$1.0 billion of outstanding parity bonds (including net unamortized premiums). 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 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 Harbor had issued.

As of June 30, 2016, the balance in the Common Reserve fund totaled \$66.6 million. Subsequent to the issuance of 2016 Refunding Revenue Bonds in October 2016, the reserve requirement was reduced to \$62.4 million. 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. The required amount for the reserve fund will be reevaluated on a yearly basis. The funds in the reserve are fully invested in the U.S. Treasury securities.

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.

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.

NOTE 5 – OTHER INFORMATION (Continued)Revenue and Financial Issues

Sewer 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.

Budgeted SSC revenues for fiscal year 2016 were \$541.0 million, assuming a five percent reduction in indoor water use from the previous fiscal year due to water conservation in the continuing drought. However, in issuing bonds in June 2015, Los Angeles Sanitation (LASAN) revised the projected SSC revenue downward to \$504.0 million, anticipating further water conservation and assuming that the fiscal year 2015 collection rate would continue through fiscal year 2016. Actual SSC collections in fiscal year 2016 were \$550.0 million, or 1.6% more than expected in the budget and 9.1% higher than the amount projected for the bond issuance.

The fiscal year 2016 revenue was 7.0% higher than the fiscal year 2015 revenue, despite a 6.5% reduction of billable sewage volume. The reduced revenue due to the sewage volume reduction was offset by increased revenue resulting from the 6.5% annual rate adjustment effective July 1, 2015, discussed below. The 7.0% increased revenue was therefore due to recovery of accounts receivable from years prior to fiscal year 2016. The accounts receivable increased due to changes in collection practices associated with implementation of DWP's new billing system, as 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. DWP has returned to their collections protocols, which involve notifying customers of past due amounts, sending a final notice, and turning off power or water service. DWP has been carrying uncollectable SSC receivables arising from the transition to the new billing system, but is waiting to write-off the receivables until a pending settlement of a class action lawsuit related to the transition is approved to move forward. At this time, the potential liability of the lawsuit to the Sewer Enterprise Fund is unknown.

The Los Angeles City Council approved a ten-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 and by 6.5% on July 1, 2014 and 2015. The last rate adjustment increased billings by \$33.0 million in fiscal year 2016. An additional 6.5% rate increase occurred on July 1, 2016. The rates will be further increased by 6.5% percent on July 1 in each of the following four years.

NOTE 5 – OTHER INFORMATION (Continued)

SSC rates will increase by 6.5% on July 1, 2017. LASAN estimates SSC revenues of \$525.0 million in fiscal year 2017. This assumes there will be no further reduction in sewage volume from the fiscal year 2017 level and no further recovery of the past-years' accounts receivable. Because of lower projected SSC revenues, LASAN reduced its capital program in fiscal years 2016 and 2017 by 30.0% and reduced its fiscal year 2018 capital program by 10.0% percent to preserve its high debt service coverage ratios. Projects are deferred using risk-based criteria to ensure that the most critical projects are still constructed.

Sewerage Facilities Charge Credit

Effective April 6, 2012, the City 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, \$0.06 million in credits were given in fiscal year 2016. Until all of the SIUs have been evaluated, the extent that QSF revenue after fiscal year 2016 will be reduced due to future credits is unknown, but no credits are expected in fiscal year 2017.

Receipt of Disaster Grant Reimbursements from the 1994 Northridge Earthquake

On January 17, 1994, a 6.8 magnitude earthquake centered in Northridge, California, caused widespread damage to commercial and residential structures. Since the Northridge earthquake, Sewer has systemically 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), now the California Office of Emergency Services (CalOES). As of June 30, 2016, Sewer expended \$225.5 million in earthquake related repair costs, of which \$211.2 million is eligible for reimbursement from FEMA and CalOES. Grants receivable from FEMA and CalOES amounts to \$22.9 million at June 30, 2016.

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 City Council controlled departments. The de-obligation may result in FEMA and CalOES 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 2017.

Also, as a result of the de-obligation, \$10.3 million of Sewer's grants receivable was reclassified from grants receivable to advances to other City funds in fiscal year 2010. In October 2011, the City Council adopted Council File 10-1947 that provides for the offsetting of receivables between Sewer and the City's General Fund in the amount of \$4.2 million. Consequently, Sewer'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. Actions from the Council instruction for write-off is under discussion between the City Administrative Officer and Sewer.

NOTE 5 – OTHER INFORMATION (Continued)**Contract Agencies**

The City has entered into universal terms agreements with twenty contract agencies for which the City provides wastewater treatment services. 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 \$0.5 million more than projected.

Reconciliation bills for service in fiscal year 2016 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 the Sewer in fiscal year 2017. The reconciliation bills will include interest for late payment by agencies.

Disagreements over flow and strength measurements of the City of Burbank's wastewater will soon be addressed with the joint hiring of a consultant to investigate the differences. The consultant has begun gathering data, but does not anticipate completing its work until the end of July, 2017, in large part because of the need for additional flow monitoring. Potential reasons for the flow and strength differences include errors in the measuring devices, inaccurate calibration of the devices, and a net flow equation that does not reflect a representative flow calculation. Los Angeles has sent reconciliation invoices to Burbank for fiscal years 2010 to 2015 and estimated invoices for fiscal year 2016 and fiscal year 2017, with unpaid balances totaling approximately \$25.0 million. Burbank has rejected the invoices until the disagreements can be resolved. The fiscal year 2017 budget included Burbank's payment of \$11.3 million of the unpaid balances during the fiscal year. The consultant's study will not be completed in time for Burbank to pay the \$11.3 million in fiscal year 2017. At this time, LASAN does not have sufficient data to determine the longer-term impact to Sewer.

Future Pension and Healthcare Costs

LASAN has been informed by the CAO to plan for substantial increases to the wastewater program's healthcare costs over the next few years, while projected pension costs have stabilized. LASAN's current financial projections have been modified to include these increases. However, if the increases are larger than the amounts projected by the CAO, there could be material impact to the Sewer Enterprise Fund.

NOTE 5 – OTHER INFORMATION (Continued)

Front-funded Grants

On August 11, 2014, the Mayor and City Council authorized a loan from Sewer to the Stormwater Pollution Abatement Fund (SPA) (CF 14-0914) in the amount of \$6.9 million for construction of the Ballona Creek Water Quality Improvement and Beneficial Use Project. The project will use the existing North Outfall Wastewater Treatment Facility to treat dry weather flow in the creek. LASAN projects construction costs for the project of approximately \$15.0 million and is evaluating options for changing the project scope to reduce costs. \$0.2 million was loaned to the SPA Fund in fiscal year 2016. LASAN projects making the remainder of the loan in fiscal year 2019. The loan is to be repaid by grant proceeds and the SPA Fund, with interest, 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). At this time, it is unknown how long it may take for Sewer Fund to fully recover these costs.

Front-funded Programs

In 2005, 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, 2016 were \$3.7 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.

Pending Construction Issues with Collection System Projects

Certain construction projects have pending construction issues that could exceed the project budgets. Ongoing efforts are taken to resolve these issues as the construction progresses. However, since significant scope of work has yet to be completed, it is estimated that aggregate amounts of \$1.0 million may be requested by the contractors. The City believes it has sufficient defense to allow the resolution of the issues at a lower price. The City was successful in settling several claims with the Slauson Compton Sewer Rehabilitation contractor over delays attributable to the prolonged submittals and reviews of the traffic control plans. However, the project is still in construction and there may be additional claims from the contractor for other issues.

NOTE 5 – OTHER INFORMATION (Continued)Regulatory and Legal Issues

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 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 the Fund 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 the DCTWRP and LAGWRP NPDES's permits will allow adjustment of the final ammonia limits, allowing operators flexibility in the disinfection process. The LARWQCB reopened the Nitrogen TMDL and revised the Waste Load Allocations for Ammonia.

NOTE 5 – OTHER INFORMATION (Continued)

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, Sewer has received a Time Schedule Order from the LARWQCB for the ammonia effluent limit for 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. Both the DCTWRP and LAGWRP NPDES permits were to expire on November 10, 2016. LASAN submitted the permit renewal/Report of Waste Discharge (ROWD) for each facility on May 9, 2016. The LARWQCB has deemed the ROWDs to be complete. As such, the existing permits will be in effect until the new permits have been issued.

On June 11, 2015, LARWQCB adopted the Terminal Island Water Reclamation Plant (TIWRP) Tentative Order (NPDES No. CA0053856). The final permit was subsequently amended and became effective December 1, 2015. The Permit enforces the LARWQCB's Resolution No. 94-009 (adopted Oct 31, 1994) approving the City's proposal to ultimately phase out the discharge of tertiary-treated wastewater effluent from the TIWRP into the Harbor at the earliest practicable date and to implement a Water Recycling Program with the goal of doubling water reuse of TIWRP within six years after the startup of the initial reclamation phase, and achieving total reuse by 2020.

To implement the LARWQCB's Resolution 94-009, the City has been constructing the Harbor Water Recycling Project in phases (phase I is operational) and currently treats up to 6 mgd of TIWRP's tertiary-treated effluent by microfiltration and reverse osmosis (MF/RO) at the Advanced Water Purification facility (AWPF) for reuse at the Dominguez Gap Seawater Intrusion Barrier Project, and other various uses in the Los Angeles Harbor area. Phase II of the AWPF project will increase production of advanced purified recycled water to 12 mgd. Extensive bench and pilot studies were conducted by the City to evaluate various advanced treatment process to replace the chloramination disinfection with an Advanced Oxidation Process (AOP) to achieve "Full Advanced Treatment" as defined by California Code of Regulations (CCR) Title 22, Section 60320.201. The State Department of Drinking Water approved the AWPF Engineering Report on December 18, 2015 with the recommendation to the LARWQCB that an initial permit allowing the TIWRP to operate the AWPF as described in the Engineering Report be issued. This Water Recycling Requirements permit was adopted by the LARWQCB on October 13, 2016.

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.

NOTE 5 – OTHER INFORMATION (Continued)

On September 15, 2015, the Hyperion Water Reclamation Plant discharged 30 million gallons of secondary effluent through its One Mile Outfall which is permitted for use during an emergency or when the Five Mile Outfall is not in service or cannot convey all of the plant's secondary effluent. The first significant use of the Hyperion One Mile Outfall in nine years resulted in the flushing out of debris from a January 2005 raw sewage spill of 160,000 gallons that lay dormant in the plant storm drain system tributary to the One Mile Outfall. The debris that was flushed out of the One Mile Outfall into the Santa Monica Bay washed ashore and resulted in the closure of Dockweiler and El Segundo Beaches for four days in September of 2015. This event is expected to result in regulatory fines that could potentially be material to Sewer.

Wastewater Spill

On July 5, 2016 a sinkhole was discovered on the sixty-inch North Outfall Sewer near the intersection of 6th Street and Mission Road. Another sinkhole was discovered on July 11, 2016 approximately 530 feet downstream of the first sinkhole. Then, on July 18, 2016, the Sewer experienced a catastrophic failure that resulted in a discharge of approximately 2.6 million gallons of sewage. Since the first incident, emergency contractors have been working to stabilize the situation at an approximate cost of \$2.7 million. The pipe has been deemed beyond repair, so a full replacement of approximately 800 feet of sixty-inch pipe is required. The pipe replacement should be completed by June 2017, at an estimated cost of \$7.5 million. This event is expected to result in regulatory fines at an estimated cost of \$3.4 million.

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 fair 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.

In the fiscal year ended June 30, 2005, Pensions was 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. Pensions has sold or returned the majority of donated private equity since August 2005. Pensions has not received any income from these donations in 2016.

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 (HCIDLA) as the City's representative in carrying out the housing functions and responsibilities of the Former Agency.

Housing Assets Transfer

On March 22, 2011, Council authorized the transfer of 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 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 HCIDLA 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 HCIDLA.

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. In fiscal year 2016, \$1.8 million was the outstanding unspent housing bond proceeds listed on the Recognized Obligation Payment Schedule (ROPS) for distribution.

NOTE 5 – OTHER INFORMATION (Continued)Other Loans from the City

At June 30, 2016, the federally funded loans from the City to the Former Agency amounted to \$1.6 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.

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). As of June 30, 2016, properties transferred to the City net of certain real properties sold totaled \$111.9 million.

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. The City recognized a liability for Excess Bond Proceeds for the \$83.4 million at June 30, 2016.

NOTE 5 – OTHER INFORMATION (Continued)**G. Subsequent Events****Indebtedness**

Subsequent to June 30, 2016, the City issued the following indebtedness:

Issue Date	Description	Amount (in millions)	Interest Rate (Percentage)
July 7, 2016	2016 Tax and Revenue Anticipation Notes	\$ 1,447.7	2.000 - 3.000 %
October 13, 2016	Harbor Refunding Revenue Bonds Series 2016 A-C	201.6	2.000 - 5.000
December 6, 2016	Airports Revenue Bonds 2016 Series C	226.4	1.425 - 3.887
January 19, 2017	Airports Revenue Bonds 2016 Series B	451.2	4.000 - 5.000

On December 8, 2016, the City issued General Obligation Taxable Refunding Bonds Series 2016-A (GO) to refund certain outstanding GO bonds. These bonds will mature on September 1, 2031 with interest rates varying from 1.05% to 3.55%.

Airports Enterprise Fund

On December 6, 2016, Airports issued LAX senior revenue bonds Series 2016C of \$226.4 million to advance refund and defease \$214.1 million of the outstanding LAX senior revenue bonds Series 2008A. The 2016C senior revenue bonds have maturities from May 2018 through May 2038 with interest rates varying from 1.4% to 3.9%.

On January 19, 2017, Airports issued LAX subordinate revenue bonds Series 2016B of \$451.2 million to pay and/or reimburse Airports for capital expenditures incurred or to be incurred by LAX. The 2016B subordinate bonds have maturities from May 2018 through May 2046 with interest rates varying from 4.0% to 5.0%.

Harbor Enterprise Fund

On October 13, 2016, Harbor issued \$201.6 million Refunding Revenue Bonds 2016 Series A, Series B, and Series C Green Bonds to refund 2006 Series A, Series B, Series C, as well as advance refund 2009 Series B Bonds. The 2016 Refunding Revenue Bonds have maturities from August 2017 through August 2039 with interest rates varying from 2.0% in 2017, to 5.0% in later years. The Port achieved net present value savings of 14.8% or \$32.5 million in debt service as a result of this refunding.

Power Enterprise Fund

Effective July 1, 2016, DWP divested its 21.2% generation share (equivalent to 477 MW) from the coal-fired Navajo Generation Station, pursuant to the Asset Purchase and Sale Agreement, entered into with Salt River Project, Arizona. The transaction resulted in a net impairment loss for accounting purposes of \$41.4 million, which included \$34.1 million in utility plant assets and \$7.3 million in coal inventory that was recognized during the fiscal year ended June 30, 2016 as operating and maintenance expense.

NOTE 5 – OTHER INFORMATION (Continued)

The Revolving Credit Agreement (RCA) with Wells Fargo Bank which provides liquidity support to the \$200.0 million Power System Revenue Commercial Paper Notes was scheduled to expire on July 1, 2016. DWP successfully substituted the RCA effective July 1, 2016 with Royal Bank of Canada for a three-year term, to expire on June 28, 2019.

The 3-yr Standby Bond Purchase Agreement (SBPA) with Royal Bank of Canada which provides liquidity support to the \$106 million Power System Variable Rate Demand Revenue Bonds, 2001 Series B, Subseries B-2, was scheduled to expire on February 10, 2017. The Department successfully amended the SBPA effective February 3, 2017 with Royal Bank of Canada for a 3-year term, to expire on January 31, 2020.

On September 1, 2016, DWP exercised its option to redeem a portion of the outstanding Power System Variable Rate Demand Revenue Bonds, 2001 Series B, Subseries B-8 in the amount of \$2.0 million, 2002 Series A, Subseries A-6 in the amount of \$4.0 million, and all of the outstanding Power System Variable Rate Demand Revenue Bonds, 2002 Series A, Subseries A-8 in the amount of \$50.0 million collectively, totaling \$55.0 million. The Redeemed Variable Rate Bonds were allocated to the financing of the Navajo Generating Station. The redemption was paid out of the Power Revenue Fund.

On September 19, 2016, DWP defeased a portion of the outstanding Power System Fixed Rate Revenue Bonds, 2009 Series B, 2010 Series B, 2011 Series A, and 2013 Series A collectively totaling \$4.0 million. The defeased Fixed Rate Bonds were allocated to the financing of the Navajo Generating Station. The defeasance was paid out of the Power Revenue Fund.

On January 18, 2017, the Department successfully sold \$500 million of fixed rate, tax-exempt Power System Revenue Bonds, 2017 Series A Bonds (the "Power 2017A Bonds") with a delivery date of February 9, 2017. The Power 2017A Bonds has an all-in true interest cost of 3.78% and an average life of 21.71 years. The proceeds of the Power 2017A Bonds will be used to pay for budgeted capital improvements for FY 2016-2017, including the related costs of issuance.

On January 24, 2017 the City Council adopted an ordinance directing the transfer \$264,427,000 from the Power Revenue Fund to the Reserve fund of the City of Los Angeles during fiscal year 2016-2017.

The redemption of the redeemed Variable Rate Bonds and the defeasance of the Defeased Fixed Rate Bonds were executed pursuant to Resolution No. 015-214 and Ordinance No. 183629 dated June 17, 2015.

Water Enterprise Fund

The 3-year Standby Bond Purchase Agreement with Wells Fargo Bank (the "Liquidity Facility Provider") that supports the \$100 million Water System Variable Rate Demand Revenue Bonds, 2001 Series B, Subseries B-4 was scheduled to expire on July 31, 2016. The Department successfully substituted the Liquidity Facility Provider effective July 25, 2016 with Citibank for a 3-year term, to expire on July 24, 2019.

On September 30, 2016, the Department paid off the \$150 million taxable loan from the Revolving Line of Credit with Wells Fargo Bank. The loan was paid out of the Water Revenue Fund.

NOTE 5 – OTHER INFORMATION (Continued)

On December 5, 2016, the first meeting of the Southern California Public Water Authority (SCPWA), a California joint powers authority to allow securitization and financing of certain specified water projects of public water utilities, under AB 850 (2013), was held. The current member agencies are DWP and the City of Burbank Department of Water and Power. On December 19, 2016, DWP requested a \$142.4 million draw down from the Revolving Credit Agreement with Wells Fargo Bank, National Association for the Water System.

On December 22, 2016, the Water System borrowed \$142.4 million from the Revolving Line of Credit which was deposited into a construction fund to pay for budgeted capital improvements. The 142.4 million draw was a Tax-exempt Loan bearing interest based on the Securities Industry and Financial Markets Association Index Rate plus a 0.29 percentage spread.

**Fire and Police Pension System (Pensions)
Los Angeles City Employees' Retirement System (LACERS)**

On November 8, 2016, Measure SSS was approved by the voters. This resulted in the amendment of the Los Angeles City Charter to enroll new Airport Peace Officers in Pensions; allow current Airport Peace Officers to transfer to Pensions; and allow new Airport Peace Chiefs to enroll in LACERS. As a result, approximately 500 members of sworn Airport peace officers were given the option to opt-out of LACERS and transfer to Pensions as its Tier 6 Members. However, it is anticipated that a large number of these members will stay with LACERS. The provisions to enhance the disability benefits, death benefits, and the retirement factor for sworn Airport peace officers who remain active members of LACERS are expected to be established in an ordinance to be considered by the City Council.

Required Supplementary Information

City of Los Angeles

**REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)**

**Los Angeles Fire and Police Pension System
Benefit Pension Plan**

**Schedule of Employer Contributions
(in thousands)**

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered - Employee Payroll	Contribution as Percentage of Covered Payroll ⁽²⁾
2016	\$ 478,385	\$ 478,385	\$ --	\$ 1,351,788	35.4%
2015	480,332	480,332	--	1,316,969	36.5%
2014	440,698	440,698	--	1,308,149	33.7%
2013	375,448	375,448	--	1,277,031	29.4%
2012	321,593	321,593	--	1,213,396	26.5%
2011	277,092	277,092	--	1,289,857	21.5%
2010	250,517	250,517	--	1,266,312	19.8%
2009	238,698	238,698	--	1,253,659	19.0%
2008 ⁽¹⁾	261,635	261,635	--	1,188,972	22.0%
2007	224,946	224,946	--	1,130,297	19.9%

⁽¹⁾ Figures include amounts transferred and contributed during the fiscal year that were related to the transfer of certain Harbor Port Police members from Los Angeles City Employees' Retirement System.

⁽²⁾ Contribution rate as a percentage of covered payroll reflects discount applied when the employer prepays its contribution. This rate has been "backed" into by dividing the actual contributions by the budgeted covered payroll.

Los Angeles City Employees' Retirement System

Benefit Pension Plan

**Schedule of Employer Contributions
(in thousands)**

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered - Employee Payroll	Contribution as Percentage of Covered Payroll
2016	\$ 440,546	\$ 440,546	\$ --	\$ 1,876,946	23.5%
2015	381,141	381,141	--	1,835,637	20.8%
2014	357,649	357,649	--	1,802,931	19.8%
2013	346,181	346,181	--	1,736,113	19.9%
2012	308,540	308,540	--	1,715,197	18.0%
2011	303,561	303,561	--	1,678,059	18.1%
2010	258,643	258,643	--	1,827,864	14.2%
2009	274,555	274,555	--	1,832,796	15.0%
2008	288,119	288,119	--	1,741,850	16.5%
2007	277,516	277,516	--	1,646,056	16.9%

Water and Power Employees' Retirement Plan

Benefit Pension Plan

**Schedule of Employer Contributions
(in thousands)**

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered - Employee Payroll	Contribution as Percentage of Covered Payroll
2016	\$ 368,600	\$ 362,360	\$ 6,240	\$ 861,819	42.0%
2015	387,465	376,902	10,563	839,213	44.9%
2014	387,824	384,266	3,558	819,924	46.9%
2013	376,668	368,426	8,241	817,421	45.1%
2012	336,875	321,689	15,186	805,607	39.9%
2011	304,432	286,699	17,733	791,760	36.2%
2010	200,578	201,035	(457)	767,912	26.2%
2009	141,292	145,941	(4,650)	696,704	20.9%
2008	134,651	141,862	(7,211)	623,675	22.7%
2007	134,504	129,155	5,350	604,515	21.4%

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)

Los Angeles Fire and Police Pension System
Schedule of Changes in Net Pension Liability and Related Ratios *
(amounts in thousands)

	June 30, 2015	June 30, 2014
Total Pension Liability		
Service cost	\$ 368,700	\$ 368,018
Interest	1,384,527	1,392,553
Benefit payments, including refunds of member contributions	(918,909)	(858,986)
Experience losses (gains)	(310,882)	(234,638)
Assumption changes	--	(69,482)
	523,436	597,465
Net change in total pension liability	523,436	597,465
Total pension liability at beginning of year	18,861,992	18,264,528
Total pension liability at end of year (a)	\$ 19,385,428	\$ 18,861,993
Fiduciary net position		
Employer contributions	\$ 480,332	\$ 440,698
Member contributions	126,771	124,395
Net investment income	686,470	2,617,090
Benefit payments, including refunds of member contributions	(918,909)	(858,986)
Administrative expenses	(17,815)	(13,865)
	356,849	2,309,332
Net change (gain)	356,849	2,309,332
Fiduciary net position at beginning of year	16,989,705	14,680,373
Fiduciary net position at end of year (b) ⁽¹⁾	\$ 17,346,554	\$ 16,989,705
Net pension liability (a) - (b)	\$ 2,038,874	\$ 1,872,288
Fiduciary net position as a percentage of		
the total pension liability	89.48%	90.07%
Covered payroll	\$ 1,316,969	\$ 1,308,149
Net pension liability as a percentage of covered payroll	154.82%	143.13%

⁽¹⁾ Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

* based on measurement periods

Details of changes in assumption could be obtained from the actuarial valuation reports.

This schedule is presented for those years for which information is available.

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)

Los Angeles City Employees' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios ^{(1) *}
 (amounts in thousands)

	June 30, 2015	June 30, 2014
Total Pension Liability		
Service cost	\$ 322,380	\$ 317,185
Interest	1,215,151	1,149,966
Benefit payments, including refunds of Member contributions	(740,567)	(721,153)
Experience gains	(135,821)	(164,247)
Assumption Changes	--	785,439
Net change in total pension liability	661,143	1,367,190
Total pension liability at beginning of year	16,248,853	14,881,663
Total pension liability at end of year (a)	<u>\$ 16,909,996</u>	<u>\$ 16,248,853</u>
Fiduciary net position		
Employer contributions	\$ 381,141	\$ 357,649
Member contributions	202,463	203,975
Net investment income	306,980	1,810,782
Benefit payments, including refunds of Member contributions	(740,567)	(721,153)
Administrative expenses	(15,860)	(12,372)
Other (Transfer to Larger Annuity Reserve) ⁽²⁾	(4,666)	(2,288)
Net change	129,491	1,636,593
Fiduciary net position at beginning of year	11,791,079	10,154,486
Fiduciary net position at end of year (b)	<u>\$ 11,920,570</u>	<u>\$ 11,791,079</u>
Net pension liability (a) - (b)	<u>\$ 4,989,426</u>	<u>\$ 4,457,774</u>
Fiduciary net position as a percentage of the		
total pension liability (b) / (a)	70.49%	72.6%
Covered-employee payroll	\$ 1,835,637	\$ 1,802,931
Net pension liability as a percentage of covered-employee payroll	271.81%	247.3%

⁽¹⁾ In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with Family Death, and Larger Annuity Benefits.

⁽²⁾ \$4.6 million represents the segregation of Members' voluntary larger annuity contributions from the (pension-related) Reserve for Members' Contributions in the (non-pension related) Reserve for Larger Annuity Contributions pursuant to a suggestion made by the actuarial consultant. The Reserve balance for Larger Annuity Contributions as of June 30, 2015 was \$5.2 million.

Changes of Assumptions: The June 30, 2014 calculations reflected various assumption changes based on the triennial experience study for the period from July 1, 2011 through June 30, 2014. The increase of total pension liability for fiscal year ended on June 30, 2014 primarily is due to the lowered assumed investment rate of return from 7.75% to 7.50%, and longer assumed life expectancies for members and beneficiaries.

* based on measurement periods

This schedule is presented for those years for which information is available.

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)

Water and Power Employees' Retirement Plan
Schedule of Changes in Net Pension Liability and Related Ratios *
(amounts in thousands)

	June 30, 2015	June 30, 2014
Total Pension Liability		
Service cost	\$ 214,735	\$ 193,661
Interest	821,048	779,397
Benefit payments, including refunds of member contributions	(485,967)	(463,597)
Change of benefit terms	(144,008)	--
Experience losses (gains)	(162,913)	(154,222)
Assumption changes	--	525,444
Net change in total pension liability	242,895	880,683
Total pension liability at beginning of year	10,975,551	10,094,868
Total pension liability at end of year (a)	<u>\$ 11,218,446</u>	<u>\$ 10,975,551</u>
Fiduciary net position		
Employer contributions	\$ 382,232	\$ 389,138
Member contributions	68,552	72,300
Net investment income	410,778	1,405,686
Benefit payments, including refunds of member contributions	(485,967)	(463,597)
Administrative expenses	(4,612)	(4,221)
Net change (gain)	370,983	1,399,306
Fiduciary net position at beginning of year	9,703,317	8,304,011
Fiduciary net position at end of year (b)	<u>\$ 10,074,300</u>	<u>\$ 9,703,317</u>
Net pension liability (a) - (b)	<u>\$ 1,144,146</u>	<u>\$ 1,272,234</u>
Fiduciary net position as a percentage of the total pension liability	89.80%	88.41%
Covered-payroll	\$ 839,213	\$ 819,924
Net pension liability as a percentage of covered-payroll	136.34%	155.16%

* based on measurement periods

Details of changes in assumption could be obtained from the actuarial valuation reports.

This schedule is presented for those years for which information is available.

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)

Actuarial Methods and Assumptions Used to Determine Employer Contribution Rates

	Los Angeles Fire and Police Pension System	Los Angeles City Employees' Retirement System	Water and Power Employees' Retirement Plan
Measurement Date	June 30, 2015	June 30, 2015	June 30, 2015
Valuation Date	June 30, 2014	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry Age Cost Method	Entry Age Method - assuming a closed group.	Entry age actuarial cost method
Amortization Method	For Tier 1, level dollar amortization is used ending on June 30, 2037. For Tiers 2, 3, and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City or Harbor Port Police). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City or Harbor Port Police).	Level Percent of Payroll	Level dollar amortization.
Remaining Amortization Period	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 25 years. Plan changes are amortized over 15 years.	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 ERIP, are amortized over 15 years. Future ERIPs will be amortized over 5 years. Actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two GASB 25/27 layers, were combined and amortized over 30 years.	The July 1, 2004 Unfunded Actuarial Accrued Liability is amortized over a 15-year period commencing July 1, 2004. Any subsequent changes in Unfunded Actuarial Accrued Liability are amortized over separate 15-year periods effective with that valuation.
Asset Valuation Method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on market value basis, and is recognized over a seven-year period. Deferred gains and losses as of June 30, 2013 have been combined and will be recognized over a period of six years from July 1, 2013. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.	Market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market returns and the expected returns on a market value basis, and is recognized over a five-year period. As directed by the Retirement Office, the actuarial valuation of assets may be reduced by an amount classified as a non-valuation reserve.
Actuarial Assumptions:			
Investment Rate of Return	7.50%	7.50%	7.50%
Inflation Rate	3.25%	3.25%	3.25%
Real Across-the-Board Salary Increase	0.75%	0.75%	0.75%
Projected Salary Increase	Ranges from 4.75% to 11.55% based on service.	Ranges from 6.10% to 10.50% for Members with less than five years of service, and from 4.40% to 5.10% for Members with five or more years of service, including inflation.	4.75% to 10.00%.
Cost of Living Adjustment	3.25% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, 5, and 6 retirement income.	3.00% for Tier 1 and 2.00% for Tier 2	3.00% (actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1, 2.00% maximum for Tier 2).
Mortality Rates:			
Healthy	RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set back one year for members. RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year for beneficiaries.	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set back one year for males and no set back for females.	RP-2000 Combined Healthy Mortality Table with ages set back one year, projected to 2030 with Scale AA.
Disabled	RP-2000 Combined Healthy Mortality Table (separate for males and females), projected to 2022 with scale BB set forward one year.	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set forward seven years for male and set forward eight years for females.	RP-2000 Combined Healthy Mortality Table with ages set one year, projected to 2030 with Scale AA.

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)

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						
6/30/14	\$ 1,200,874	\$ 2,783,283	\$ 1,582,409	43.1 %	\$ 1,402,715	112.8 %
6/30/15	1,344,333	2,962,703	1,618,370	45.4	1,405,171	115.2
6/30/16	1,480,810	3,079,670	1,598,860	48.1	1,400,808	114.1
Los Angeles City Employees' Postemployment Healthcare Plan						
6/30/14	\$ 1,941,225	\$ 2,662,853	\$ 721,628	72.9	\$ 1,898,064	38.0 %
6/30/15	2,108,925	2,646,989	538,064	79.7	1,907,665	28.2
6/30/16	2,248,754	2,793,689	544,935	80.5	1,968,702	27.7
Water and Power Employees' Retiree Health Benefits Plan						
6/30/14	\$ 1,485,140	\$ 1,947,912	\$ 462,772	76.2	\$ 900,126	51.4 %
6/30/15	1,637,578	1,956,230	318,652	83.7	920,781	34.6
6/30/16	1,752,195	2,334,043	581,848	75.1	928,889	62.6

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)

Condition Rating for City Bridges

As of July 1, 2016

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	427	176	100	118	31	2
Pedestrian	69	4	62	3	--	--
Tunnel	16	5	7	4	--	--
Bikeway	3	2	1	--	--	--
Total	515	187	170	125	31	2
Percentage	100.0%	36.3%	33.0%	24.3%	6.0%	0.4%

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	100.0%	42.0%	29.0%	23.0%	6.0%	0.0%

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	100.0%	44.5%	28.1%	21.3%	6.1%	0.0%

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2016
(Unaudited)

Comparison of Needed-to-Actual Maintenance/Preservation Costs
(amounts expressed in thousands)

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Needed	\$ 50,419	\$ 47,146	\$ 18,836	\$ 12,235	\$ 3,575
Actual	21,963	8,757	10,002	7,353	2,697

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 =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. In December, 2016 Infrastructure Assessment of Bridges and Tunnels Report, 69.3% of the City's structures have a grade of "B" or better and concluded that the current overall rating of the City structures are almost in compliance with the City's adopted Condition Level Policy. Caltrans also needs to re-evaluate the two vehicle bridges that currently received a rating of "F" when these bridges are in sound condition. The condition assessments are determined every three years and the next assessment will be completed in fiscal year 2019.

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, 2016

(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	\$ 2,395,589	\$ 169,674	\$ 476,982	\$ 3,042,245
Taxes Receivable (Net of Allowance for Uncollectibles of \$2,870)	10,481	11,605	--	22,086
Accounts Receivable (Net of Allowance for Uncollectibles of \$20,414)	97,618	--	92	97,710
Special Assessments Receivable	6,132	--	1,212	7,344
Investment Income Receivable	4,836	279	511	5,626
Intergovernmental Receivable	132,230	--	6,259	138,489
Loans Receivable (Net of Allowance for Uncollectibles of \$1,256,919)	861,684	--	--	861,684
Due from Other Funds	97,033	--	594	97,627
Prepaid Items and Other Assets	8,802	--	--	8,802
Advances to Other Funds	397	--	--	397
Restricted Assets	12,949	--	--	12,949
Properties Held for Housing Development	111,870	--	--	111,870
TOTAL ASSETS	\$ 3,739,621	\$ 181,558	\$ 485,650	\$ 4,406,829
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 151,816	\$ --	\$ 9,772	\$ 161,588
Obligations Under Securities Lending Transactions	41,045	2,509	4,151	47,705
Accrued Salaries and Overtime Payable	23,441	--	--	23,441
Accrued Compensated Absences Payable	299	--	--	299
Intergovernmental Payable	3,327	--	--	3,327
Due to Other Funds	127,906	--	3,836	131,742
Unearned Revenue	31,941	--	--	31,941
Deposits and Advances	24,957	--	4	24,961
Interest Payable	--	279	--	279
Advances from Other Funds	134,686	21,680	3,000	159,366
Other Liabilities	53,722	2,731	4,519	60,972
Liability for Excess CRA Bond Proceeds	83,422	--	--	83,422
TOTAL LIABILITIES	676,562	27,199	25,282	729,043
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	3,873	8,842	740	13,455
Taxes Other than Real Estate	1,751	--	--	1,751
Receivables from Other Government Agencies	70,091	--	1,336	71,427
Other Deferred Inflows of Resources	68,974	103	167	69,244
TOTAL DEFERRED INFLOWS OF RESOURCES	144,689	8,945	2,243	155,877
FUND BALANCES				
Nonspendable	8,802	--	--	8,802
Restricted	1,986,443	164,358	458,125	2,608,926
Committed	1,000,834	--	--	1,000,834
Assigned	15	--	--	15
Unassigned	(77,724)	(18,944)	--	(96,668)
TOTAL FUND BALANCES	2,918,370	145,414	458,125	3,521,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,739,621	\$ 181,558	\$ 485,650	\$ 4,406,829

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
REVENUES				
Property Taxes	\$ 15,991	\$ 120,311	\$ --	\$ 136,302
Other Taxes	69,337	--	2,706	72,043
Licenses and Permits	53,161	--	21	53,182
Intergovernmental	808,166	--	29,937	838,103
Charges for Services	887,444	39	3,522	891,005
Services to Enterprise Funds	9,216	--	--	9,216
Fines	6,950	--	--	6,950
Special Assessments	114,148	--	24,977	139,125
Investment Earnings	41,116	2,414	4,749	48,279
Program Income	22,882	--	--	22,882
Other	67,089	961	--	68,050
TOTAL REVENUES	2,095,500	123,725	65,912	2,285,137
EXPENDITURES				
Current:				
General Government	18,488	265	--	18,753
Protection of Persons and Property	368,356	--	--	368,356
Public Works	248,907	--	--	248,907
Health and Sanitation	356,132	--	--	356,132
Transportation	273,467	--	--	273,467
Cultural and Recreational Services	454,659	--	--	454,659
Community Development	187,474	--	--	187,474
Capital Outlay	208,054	--	125,773	333,827
Debt Service:				
Principal	10,728	197,110	--	207,838
Interest	2,072	60,075	--	62,147
TOTAL EXPENDITURES	2,128,337	257,450	125,773	2,511,560
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(32,837)	(133,725)	(59,861)	(226,423)
OTHER FINANCING SOURCES (USES)				
Transfers In	519,057	93,858	1,004	613,919
Transfers Out	(208,493)	(15,645)	(1,606)	(225,744)
Loans from HUD	2,500	--	--	2,500
TOTAL OTHER FINANCING SOURCES (USES)	313,064	78,213	(602)	390,675
NET CHANGE IN FUND BALANCES	280,227	(55,512)	(60,463)	164,252
FUND BALANCES, JULY 1	2,638,143	200,926	518,588	3,357,657
FUND BALANCES, JUNE 30	\$ 2,918,370	\$ 145,414	\$ 458,125	\$ 3,521,909

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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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
City Administrative Officer	\$ 16,591	\$ 2,476	\$ 19,067	\$ 14,990	\$ 2,281	\$ 17,271	\$ 1,796
City Attorney	120,295	5,645	125,940	116,303	7,913	124,216	1,724
City Clerk	10,021	133	10,154	8,971	655	9,626	528
Controller	17,428	791	18,219	14,650	2,522	17,172	1,047
Council	23,006	17,117	40,123	28,714	2,225	30,939	9,184
Employee Relations Board	417	--	417	307	42	349	68
Ethics Commission	2,704	229	2,933	2,522	315	2,837	96
Finance	37,710	1,018	38,728	31,782	5,052	36,834	1,894
General Services	242,899	98,714	341,613	275,642	37,566	313,208	28,405
Information Technology Agency	93,459	6,587	100,046	74,389	22,643	97,032	3,014
Mayor	6,432	41,497	47,929	28,868	14,172	43,040	4,889
Neighborhood Empowerment	2,821	303	3,124	2,637	245	2,882	242
Personnel	58,237	459	58,696	51,097	5,251	56,348	2,348
Non-Departmental							
Capital Finance Administration	52,402	(674)	51,728	49,961	1,039	51,000	728
General City Purposes	128,463	(57,713)	70,750	47,166	15,846	63,012	7,738
Human Resources Benefits	611,491	7,426	618,917	608,542	7,409	615,951	2,966
Liability Claims	53,910	56,200	110,110	109,159	854	110,013	97
Unappropriated Balance	103,623	(24,258)	79,365	--	--	--	79,365
Water and Electricity	30,936	(476)	30,460	20,525	9,935	30,460	--
TOTAL GENERAL GOVERNMENT	1,612,845	155,474	1,768,319	1,486,225	135,965	1,622,190	146,129
PROTECTION OF PERSONS AND PROPERTY							
Animal Services	23,055	(3)	23,052	20,577	1,658	22,235	817
Building and Safety	106,998	1,431	108,429	82,460	4,999	87,459	20,970
Emergency Management	2,058	1,261	3,319	2,869	159	3,028	291
Fire	626,198	9,851	636,049	575,429	44,278	619,707	16,342
Police	1,438,019	21,282	1,459,301	1,343,846	101,138	1,444,984	14,317
TOTAL PROTECTION OF PERSONS AND PROPERTY	2,196,328	33,822	2,230,150	2,025,181	152,232	2,177,413	52,737
PUBLIC WORKS							
Public Works Bureaus							
Board of Public Works	16,665	5,794	22,459	18,215	3,668	21,883	576
Contract Administration	34,491	(1,726)	32,765	27,770	1,995	29,765	3,000
Engineering	78,495	7,297	85,792	73,408	5,415	78,823	6,969
Street Lighting	29,551	6,492	36,043	28,143	2,379	30,522	5,521
Street Services	172,646	15,169	187,815	137,331	24,730	162,061	25,754
Non-Departmental							
Water and Electricity	4,699	544	5,243	1,131	4,112	5,243	--
TOTAL PUBLIC WORKS	336,547	33,570	370,117	285,998	42,299	328,297	41,820
HEALTH AND SANITATION							
Public Works- Bureau of Sanitation	237,253	12,572	249,825	216,956	14,765	231,721	18,104
Non-Departmental							
Water and Electricity	1,167	(157)	1,010	586	424	1,010	--
TOTAL HEALTH AND SANITATION	238,420	12,415	250,835	217,542	15,189	232,731	18,104

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
TRANSPORTATION	\$ 154,636	\$ 766	\$ 155,402	\$ 132,559	\$ 8,738	\$ 141,297	\$ 14,105
CULTURAL AND RECREATIONAL SERVICES							
Convention Center	1,589	--	1,589	1,291	194	1,485	104
Cultural Affairs	11,031	612	11,643	7,438	2,948	10,386	1,257
El Pueblo De Los Angeles Historical Monument Authority	1,760	(2)	1,758	1,525	119	1,644	114
Zoo	19,687	188	19,875	17,366	1,862	19,228	647
Non-Departmental Water and Electricity	4,176	89	4,265	2,859	1,406	4,265	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	38,243	887	39,130	30,479	6,529	37,008	2,122
COMMUNITY DEVELOPMENT							
Aging	4,716	184	4,900	3,566	371	3,937	963
Economic and Workforce	20,224	456	20,680	14,589	1,265	15,854	4,826
Disability	2,719	2	2,721	2,270	431	2,701	20
Housing and Community Investment Planning	65,522	5,751	71,273	59,144	5,352	64,496	6,777
	41,976	350	42,326	29,032	5,121	34,153	8,173
TOTAL COMMUNITY DEVELOPMENT	135,157	6,743	141,900	108,601	12,540	121,141	20,759
PENSION AND RETIREMENT CONTRIBUTIONS							
Non-Departmental General City Purposes	2,240	209	2,449	2,264	185	2,449	--
CAPITAL OUTLAY							
Non-Departmental Capital Improvement Projects	44,266	5,932	50,198	6,618	8,041	14,659	35,539
TRANSFERS TO OTHER FUNDS							
Non-Departmental Capital Finance Administration	183,171	2,264	185,435	152,306	1,300	153,606	31,829
General	1,462,770	25,096	1,487,866	1,482,866	--	1,482,866	5,000
TOTAL TRANSFERS TO OTHER FUNDS	1,645,941	27,360	1,673,301	1,635,172	1,300	1,636,472	36,829
GRAND TOTAL	\$ 6,404,623	\$ 277,178	\$ 6,681,801	\$ 5,930,639	\$ 383,018	\$ 6,313,657	\$ 368,144

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
CITY ADMINISTRATIVE							
OFFICER							
Salaries	\$ 14,432	\$ (277)	\$ 14,155	\$ 12,511	\$ 746	\$ 13,257	\$ 898
Expenses	2,159	2,753	4,912	2,479	1,535	4,014	898
Subtotal	16,591	2,476	19,067	14,990	2,281	17,271	1,796
CITY ATTORNEY							
Salaries	112,848	1,178	114,026	106,406	5,896	112,302	1,724
Expenses	7,447	3,267	10,714	9,692	1,022	10,714	--
Special	--	1,200	1,200	205	995	1,200	--
Subtotal	120,295	5,645	125,940	116,303	7,913	124,216	1,724
CITY CLERK							
Salaries	9,508	37	9,545	8,633	461	9,094	451
Expenses	513	96	609	338	194	532	77
Subtotal	10,021	133	10,154	8,971	655	9,626	528
CONTROLLER							
Salaries	16,398	(226)	16,172	14,194	1,028	15,222	950
Expenses	1,030	997	2,027	438	1,494	1,932	95
Equipment	--	20	20	18	--	18	2
Subtotal	17,428	791	18,219	14,650	2,522	17,172	1,047
COUNCIL							
Salaries	22,098	14,203	36,301	26,219	1,466	27,685	8,616
Expenses	908	2,914	3,822	2,495	759	3,254	568
Subtotal	23,006	17,117	40,123	28,714	2,225	30,939	9,184
EMPLOYEE RELATIONS							
BOARD							
Salaries	342	--	342	264	15	279	63
Expenses	75	--	75	43	27	70	5
Subtotal	417	--	417	307	42	349	68
ETHICS COMMISSION							
Salaries	2,367	117	2,484	2,323	135	2,458	26
Expenses	337	112	449	199	180	379	70
Subtotal	2,704	229	2,933	2,522	315	2,837	96
FINANCE							
Salaries	30,225	(1,665)	28,560	25,924	1,551	27,475	1,085
Expenses	7,485	2,643	10,128	5,858	3,462	9,320	808
Equipment	--	40	40	--	39	39	1
Subtotal	37,710	1,018	38,728	31,782	5,052	36,834	1,894
GENERAL SERVICES							
Salaries	111,232	32,613	143,845	118,326	6,424	124,750	19,095
Expenses	128,052	63,211	191,263	154,090	28,199	182,289	8,974
Equipment	120	2,840	2,960	--	2,624	2,624	336
Special	3,495	50	3,545	3,226	319	3,545	--
Subtotal	242,899	98,714	341,613	275,642	37,566	313,208	28,405

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
INFORMATION							
TECHNOLOGY AGENCY							
Salaries	\$ 49,557	\$ 2,882	\$ 52,439	\$ 48,492	\$ 2,736	\$ 51,228	\$ 1,211
Expenses	26,847	1,305	28,152	16,681	10,292	26,973	1,179
Equipment	153	--	153	16	81	97	56
Special	16,902	2,400	19,302	9,200	9,534	18,734	568
Subtotal	93,459	6,587	100,046	74,389	22,643	97,032	3,014
MAYOR							
Salaries	6,042	10,455	16,497	13,559	784	14,343	2,154
Expenses	390	31,042	31,432	15,309	13,388	28,697	2,735
Subtotal	6,432	41,497	47,929	28,868	14,172	43,040	4,889
NEIGHBORHOOD EMPOWERMENT							
Salaries	2,391	(18)	2,373	2,143	133	2,276	97
Expenses	416	313	729	475	110	585	144
Special	14	8	22	19	2	21	1
Subtotal	2,821	303	3,124	2,637	245	2,882	242
PERSONNEL							
Salaries	48,728	117	48,845	44,794	2,558	47,352	1,493
Expenses	7,669	180	7,849	4,883	2,396	7,279	570
Special	1,840	162	2,002	1,420	297	1,717	285
Subtotal	58,237	459	58,696	51,097	5,251	56,348	2,348
NON-DEPARTMENTAL							
Capital Finance							
Administration	52,402	(674)	51,728	49,961	1,039	51,000	728
General City Purposes	128,463	(57,713)	70,750	47,166	15,846	63,012	7,738
Human Resources Benefits	611,491	7,426	618,917	608,542	7,409	615,951	2,966
Liability Claims	53,910	56,200	110,110	109,159	854	110,013	97
Unappropriated Balance	103,623	(24,258)	79,365	--	--	--	79,365
Water and Electricity	30,936	(476)	30,460	20,525	9,935	30,460	--
Subtotal	980,825	(19,495)	961,330	835,353	35,083	870,436	90,894
TOTAL GENERAL GOVERNMENT							
	1,612,845	155,474	1,768,319	1,486,225	135,965	1,622,190	146,129
PROTECTION OF PERSONS AND PROPERTY							
ANIMAL SERVICES							
Salaries	21,261	(281)	20,980	18,993	1,238	20,231	749
Expenses	1,794	278	2,072	1,584	420	2,004	68
Subtotal	23,055	(3)	23,052	20,577	1,658	22,235	817
BUILDING AND SAFETY							
Salaries	104,436	1,361	105,797	80,869	4,818	85,687	20,110
Expenses	2,560	70	2,630	1,591	181	1,772	858
Equipment	2	--	2	--	--	--	2
Subtotal	106,998	1,431	108,429	82,460	4,999	87,459	20,970

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
EMERGENCY MANAGEMENT							
Salaries	\$ 1,987	\$ 1,262	\$ 3,249	\$ 2,802	\$ 156	\$ 2,958	\$ 291
Expenses	71	(1)	70	67	3	70	--
Subtotal	2,058	1,261	3,319	2,869	159	3,028	291
FIRE							
Salaries	591,140	2,129	593,269	545,667	33,527	579,194	14,075
Expenses	34,940	7,722	42,662	29,762	10,636	40,398	2,264
Equipment	118	--	118	--	115	115	3
Subtotal	626,198	9,851	636,049	575,429	44,278	619,707	16,342
POLICE							
Salaries	1,357,887	17,725	1,375,612	1,290,254	72,363	1,362,617	12,995
Expenses	66,355	3,642	69,997	46,253	22,593	68,846	1,151
Equipment	13,777	(85)	13,692	7,339	6,182	13,521	171
Subtotal	1,438,019	21,282	1,459,301	1,343,846	101,138	1,444,984	14,317
TOTAL PROTECTION OF PERSONS AND PROPERTY	2,196,328	33,822	2,230,150	2,025,181	152,232	2,177,413	52,737
PUBLIC WORKS							
BOARD OF PUBLIC WORKS							
Salaries	7,614	653	8,267	7,271	430	7,701	566
Expenses	9,051	5,107	14,158	10,910	3,238	14,148	10
Equipment	--	34	34	34	--	34	--
Subtotal	16,665	5,794	22,459	18,215	3,668	21,883	576
BUREAU OF CONTRACT ADMINISTRATION							
Salaries	32,555	(2,615)	29,940	26,407	1,471	27,878	2,062
Expenses	1,936	889	2,825	1,363	524	1,887	938
Subtotal	34,491	(1,726)	32,765	27,770	1,995	29,765	3,000
BUREAU OF ENGINEERING							
Salaries	74,639	7,647	82,286	71,631	4,305	75,936	6,350
Expenses	3,636	(350)	3,286	1,777	893	2,670	616
Equipment	220	--	220	--	217	217	3
Subtotal	78,495	7,297	85,792	73,408	5,415	78,823	6,969
BUREAU OF STREET LIGHTING							
Salaries	23,259	4,194	27,453	22,532	1,295	23,827	3,626
Expenses	1,711	340	2,051	1,081	231	1,312	739
Equipment	1	--	1	--	--	--	1
Special	4,580	1,958	6,538	4,530	853	5,383	1,155
Subtotal	29,551	6,492	36,043	28,143	2,379	30,522	5,521
BUREAU OF STREET SERVICES							
Salaries	83,591	742	84,333	72,375	4,494	76,869	7,464
Expenses	89,055	14,427	103,482	64,956	20,236	85,192	18,290
Subtotal	172,646	15,169	187,815	137,331	24,730	162,061	25,754

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
NON-DEPARTMENTAL							
Water and Electricity	\$ 4,699	\$ 544	\$ 5,243	\$ 1,131	\$ 4,112	\$ 5,243	\$ --
TOTAL PUBLIC WORKS	336,547	33,570	370,117	285,998	42,299	328,297	41,820
HEALTH AND SANITATION							
PUBLIC WORKS -							
BUREAU OF SANITATION							
Salaries	228,504	12,451	240,955	212,020	11,993	224,013	16,942
Expenses	8,738	(362)	8,376	4,760	2,486	7,246	1,130
Equipment	11	483	494	176	286	462	32
Subtotal	<u>237,253</u>	<u>12,572</u>	<u>249,825</u>	<u>216,956</u>	<u>14,765</u>	<u>231,721</u>	<u>18,104</u>
NON-DEPARTMENTAL							
Water and Electricity	1,167	(157)	1,010	586	424	1,010	--
TOTAL HEALTH AND SANITATION	238,420	12,415	250,835	217,542	15,189	232,731	18,104
TRANSPORTATION							
Salaries	127,778	1,997	129,775	115,705	6,541	122,246	7,529
Expenses	26,516	(1,850)	24,666	16,820	1,779	18,599	6,067
Equipment	342	619	961	34	418	452	509
TOTAL TRANSPORTATION	154,636	766	155,402	132,559	8,738	141,297	14,105
CULTURAL AND RECREATIONAL SERVICES							
CONVENTION CENTER							
Salaries	1,523	(155)	1,368	1,207	76	1,283	85
Expenses	53	167	220	84	118	202	18
Special	13	(12)	1	--	--	--	1
Subtotal	<u>1,589</u>	<u>--</u>	<u>1,589</u>	<u>1,291</u>	<u>194</u>	<u>1,485</u>	<u>104</u>
CULTURAL AFFAIRS							
Salaries	5,446	84	5,530	4,850	292	5,142	388
Expenses	580	340	920	435	369	804	116
Special	5,005	188	5,193	2,153	2,287	4,440	753
Subtotal	<u>11,031</u>	<u>612</u>	<u>11,643</u>	<u>7,438</u>	<u>2,948</u>	<u>10,386</u>	<u>1,257</u>
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT AUTHORITY							
Salaries	1,346	(9)	1,337	1,173	67	1,240	97
Expenses	389	7	396	336	46	382	14
Special	25	--	25	16	6	22	3
Subtotal	<u>1,760</u>	<u>(2)</u>	<u>1,758</u>	<u>1,525</u>	<u>119</u>	<u>1,644</u>	<u>114</u>
ZOO							
Salaries	16,907	(289)	16,618	15,197	907	16,104	514
Expenses	2,780	477	3,257	2,169	955	3,124	133
Subtotal	<u>19,687</u>	<u>188</u>	<u>19,875</u>	<u>17,366</u>	<u>1,862</u>	<u>19,228</u>	<u>647</u>
NON-DEPARTMENTAL							
Water and Electricity	4,176	89	4,265	2,859	1,406	4,265	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	38,243	887	39,130	30,479	6,529	37,008	2,122

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
COMMUNITY DEVELOPMENT							
AGING							
Salaries	\$ 4,033	\$ (114)	\$ 3,919	\$ 3,099	\$ 194	\$ 3,293	\$ 626
Expenses	683	298	981	467	177	644	337
Subtotal	4,716	184	4,900	3,566	371	3,937	963
ECONOMIC AND WORKFORCE DEVELOPMENT							
Salaries	16,518	(950)	15,568	12,073	690	12,763	2,805
Expenses	3,706	1,406	5,112	2,516	575	3,091	2,021
Subtotal	20,224	456	20,680	14,589	1,265	15,854	4,826
DISABILITY							
Salaries	1,639	(174)	1,465	1,343	108	1,451	14
Expenses	987	176	1,163	860	297	1,157	6
Special	93	--	93	67	26	93	--
Subtotal	2,719	2	2,721	2,270	431	2,701	20
HOUSING AND COMMUNITY INVESTMENT							
Salaries	57,139	778	57,917	48,942	2,835	51,777	6,140
Expenses	7,883	4,973	12,856	9,908	2,517	12,425	431
Special	500	--	500	294	--	294	206
Subtotal	65,522	5,751	71,273	59,144	5,352	64,496	6,777
PLANNING							
Salaries	34,485	(861)	33,624	25,194	1,533	26,727	6,897
Expenses	7,234	1,211	8,445	3,585	3,588	7,173	1,272
Equipment	257	--	257	253	--	253	4
Subtotal	41,976	350	42,326	29,032	5,121	34,153	8,173
TOTAL COMMUNITY DEVELOPMENT	135,157	6,743	141,900	108,601	12,540	121,141	20,759
PENSION AND RETIREMENT CONTRIBUTION							
Non-Departmental	2,240	209	2,449	2,264	185	2,449	--
CAPITAL OUTLAY							
Non-Departmental	44,266	5,932	50,198	6,618	8,041	14,659	35,539
TRANSFERS TO OTHER FUNDS							
Non-Departmental	1,645,941	27,360	1,673,301	1,635,172	1,300	1,636,472	36,829
GRAND TOTAL	\$ 6,404,623	\$ 277,178	\$ 6,681,801	\$ 5,930,639	\$ 383,018	\$ 6,313,657	\$ 368,144

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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. Only one fund is reported as a major fund and is presented in the basic financial statements. Eighteen funds are separately identified in the Nonmajor Special Revenue funds combining schedules and they account for 68.56% 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.

Proposition A Local Transit Assistances Fund - Provides for the utilization of the one-half cent sales tax revenues for the planning, administration, and operation of Citywide public transportation programs. Funds are used 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 City receives an allocation from a 25 percent share of the revenue collected, based on the City's percentage share of the population of Los Angeles County. Thirty-five percent of the proceeds are allocated to the Los Angeles County Transportation Commission for construction and operation of a rail system and 40 percent is allocated to the Commission for public transit purposes.

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.

Recreation and Parks Fund – Accounts for activities of parks, playgrounds, swimming pools, public golf courses, recreation centers, recreation camps and educational facilities, structures of historic significance, and supervises all recreation activities at such facilities.

Solid Waste Resources 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.

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.

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.

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.

Transportation Grants Fund – Accounts for grant funds from the Metropolitan Transit Authority (Metro) to implement the Transportation Improvement Program Call for Projects (TIP).

Workforce Innovation Opportunity 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 12.47% 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 16.56% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are 18 annually budgeted funds: Arts and Cultural Facilities and Services, Arts Development Fee, City Employees Ridesharing, City of Los Angeles Affordable Housing, El Pueblo de Los Angeles Historical Monument, 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, Street Damage Restoration Fee, Systematic Code Enforcement Fee, Telecommunications Liquidated Damages and Lost Franchise Fees, Traffic Safety, Special Police Communications/911 System Tax, 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 2.41% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are 44 partially budgeted funds: ARRA EECBG Housing, ARRA Neighborhood Stabilization, Animal Sterilization, Audit Repayment, Bus Bench Advertising, Business Improvement Trust, CalHome Trust, City Attorney Consumer Protection, City Planning Systems Development, Coastal Transportation Corridor Trust, Construction Services Trust, CPUC Gas Company, Enterprise Zone Tax Credit Vouchers, Expedited Plan Trust, Federal Emergency Shelter Grant, General Services Trust, Healthy Homes 1, Housing Production Revolving Fund, Housing Small Grants and Awards, HUD Connections Grant, Integrated Solid Waste Management, LA Regional Initiative for Social Enterprise, LEAD Grant Nine, LEAD Grand 10, Los Angeles Regional Agency Trust, Low and Moderate Income Housing, Neighborhood Stabilization Program, Neighborhood Stabilization Program 3–WSRA, Off-Site Sign Periodic Inspection Fee, Permit Parking Program Revenue, Pershing Square Trust, Planning Long-Range Plan, Repair and Demolition, Section 108 Loan Guarantee, Sidewalk Repair, Street Banners, Traffic Safety Education Program, Transportation Regulation and Enforcement, Used Oil Collection, Ventura/Cahuenga Corridor Plan, Warner Center Transportation Trust, West LA Transportation Improvement and Mitigation, and Workforce Innovation Special Revenue Funds.

CITY OF LOS ANGELES
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016
(amounts expressed in thousands)

	Building and Safety Permit	Citywide Recycling	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
ASSETS				
Cash and Pooled Investments	\$ 200,518	\$ 39,805	\$ 32,520	\$ 29,249
Taxes Receivable	--	8,525	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$20,414)	2,689	--	2,023	87
Special Assessments Receivable	838	--	--	--
Investment Income Receivable	433	86	41	154
Intergovernmental Receivable	--	--	16,986	--
Loans Receivable (Net of Allowance for Uncollectibles of \$1,256,919)	--	--	--	395
Due from Other Funds	4,667	3,224	3,200	76
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	350
Restricted Assets	--	--	--	--
Properties Held for Housing Development	--	--	--	--
TOTAL ASSETS	\$ 209,145	\$ 51,640	\$ 54,770	\$ 30,311
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 3,367	\$ 1,899	\$ 720	\$ 2,501
Obligations Under Securities Lending Transactions	3,769	748	611	550
Accrued Salaries and Overtime Payable	4,323	--	2,140	11
Accrued Compensated Absences Payable	--	--	--	--
Intergovernmental Payable	2	--	--	--
Due to Other Funds	3,546	--	1,088	336
Unearned Revenue	--	--	--	13,304
Deposits and Advances	610	--	--	232
Advances from Other Funds	--	--	--	37,299
Other Liabilities	4,103	814	665	598
Liability for Excess CRA Bond Proceeds	--	--	--	--
TOTAL LIABILITIES	19,720	3,461	5,224	54,831
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	752	--	--	--
Taxes Other than Real Estate	--	1,750	--	--
Receivables from Other Government Agencies	--	--	8,011	--
Other Deferred Inflows of Resources	1,696	27	1,779	31
TOTAL DEFERRED INFLOWS OF RESOURCES	2,448	1,777	9,790	31
FUND BALANCES				
Nonspendable	--	--	--	--
Restricted	--	46,402	39,756	--
Committed	186,977	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	(24,551)
TOTAL FUND BALANCES	186,977	46,402	39,756	(24,551)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 209,145	\$ 51,640	\$ 54,770	\$ 30,311

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2016
(amounts expressed in thousands)

	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Proposition A Local Transit Assistance	Low and Moderate Income Housing
ASSETS				
Cash and Pooled Investments	\$ 28,051	\$ 24,345	\$ 285,574	\$ 27,589
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$20,414)	2,964	3,630	1,712	--
Special Assessments Receivable	1,432	2,521	--	--
Investment Income Receivable	72	--	583	89
Intergovernmental Receivable	1	--	20,695	1,792
Loans Receivable (Net of Allowance for Uncollectibles of \$1,256,919)	--	--	--	260,402
Due from Other Funds	2,164	2,886	5	45
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	--
Restricted Assets	--	--	--	12,949
Properties Held for Housing Development	--	--	--	111,870
TOTAL ASSETS	\$ 34,684	\$ 33,382	\$ 308,569	\$ 414,736
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 1,734	\$ 365	\$ 29,210	\$ 443
Obligations Under Securities Lending Transactions	527	--	5,368	762
Accrued Salaries and Overtime Payable	--	--	245	27
Accrued Compensated Absences Payable	--	--	--	--
Intergovernmental Payable	--	--	--	1,197
Due to Other Funds	2,442	55	572	60
Unearned Revenue	15,000	--	--	--
Deposits and Advances	--	32	--	25
Advances from Other Funds	1,372	25,356	--	--
Other Liabilities	574	--	5,844	9,451
Liability for Excess CRA Bond Proceeds	--	--	--	--
TOTAL LIABILITIES	21,649	25,808	41,239	11,965
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	857	1,616	--	--
Taxes Other than Real Estate	--	--	--	--
Receivables from Other Government Agencies	1,753	1	6,828	--
Other Deferred Inflows of Resources	24	3,495	316	30
TOTAL DEFERRED INFLOWS OF RESOURCES	2,634	5,112	7,144	30
FUND BALANCES				
Nonspendable	--	--	--	--
Restricted	10,401	2,462	260,186	402,741
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
TOTAL FUND BALANCES	10,401	2,462	260,186	402,741
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 34,684	\$ 33,382	\$ 308,569	\$ 414,736

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2016
(amounts expressed in thousands)

	<u>Grant Funds</u>				
	Measure R Local Return	Recreation and Parks	Solid Waste Resources	Special Gas Tax Street Improvement	Community Development
ASSETS					
Cash and Pooled Investments	\$ 57,221	\$ 305,404	\$ 258,505	\$ 19,818	\$ 889
Taxes Receivable	--	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$20,414)	271	--	2,172	15	--
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	118	676	579	63	3
Intergovernmental Receivable	12,473	--	--	366	--
Loans Receivable (Net of Allowance for Uncollectibles of \$1,256,919)	--	--	--	--	153,010
Due from Other Funds	11,381	2,430	28,738	10,929	34
Prepaid Items and Other Assets	--	--	--	--	2,600
Advances to Other Funds	--	--	--	--	--
Restricted Assets	--	--	--	--	--
Properties Held for Housing Development	--	--	--	--	--
TOTAL ASSETS	<u>\$ 81,464</u>	<u>\$ 308,510</u>	<u>\$ 289,994</u>	<u>\$ 31,191</u>	<u>\$ 156,536</u>
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 741	\$ 13,640	10,971	\$ 912	\$ 2,136
Obligations Under Securities Lending Transactions	1,076	5,740	4,859	371	17
Accrued Salaries and Overtime Payable	129	10,507	--	--	--
Accrued Compensated Absences Payable	--	259	--	--	--
Intergovernmental Payable	--	5	--	--	265
Due to Other Funds	2,001	800	663	41,789	7,065
Unearned Revenue	--	85	--	--	--
Deposits and Advances	--	1,845	3	--	39
Advances from Other Funds	--	--	--	587	--
Other Liabilities	1,171	6,248	5,290	405	27
Liability for Excess CRA Bond Proceeds	--	--	--	--	--
TOTAL LIABILITIES	<u>5,118</u>	<u>39,129</u>	<u>21,786</u>	<u>44,064</u>	<u>9,549</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	--	--	--	--	--
Taxes Other than Real Estate	--	--	--	--	--
Receivables from Other Government Agencies	5,747	--	59	381	--
Other Deferred Inflows of Resources	39	222	2,505	17	1
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,786</u>	<u>222</u>	<u>2,564</u>	<u>398</u>	<u>1</u>
FUND BALANCES					
Nonspendable	--	--	--	--	2,600
Restricted	70,560	269,159	--	--	144,386
Committed	--	--	265,644	--	--
Assigned	--	--	--	--	--
Unassigned	--	--	--	(13,271)	--
TOTAL FUND BALANCES	<u>70,560</u>	<u>269,159</u>	<u>265,644</u>	<u>(13,271)</u>	<u>146,986</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 81,464</u>	<u>\$ 308,510</u>	<u>\$ 289,994</u>	<u>\$ 31,191</u>	<u>\$ 156,536</u>

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2016
(amounts expressed in thousands)

	Grant Funds			
	Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Transportation
ASSETS				
Cash and Pooled Investments	\$ 18,491	\$ 9,305	\$ 23,672	\$ 58,515
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$20,414)	--	--	61	12,064
Special Assessments Receivable	--	--	--	--
Investment Income Receivable	--	27	61	129
Intergovernmental Receivable	--	998	--	15,867
Loans Receivable (Net of Allowance for Uncollectibles of \$1,256,919)	117,742	230,468	--	--
Due from Other Funds	--	3	4,000	--
Prepaid Items and Other Assets	--	5,880	--	--
Advances to Other Funds	--	--	--	--
Restricted Assets	--	--	--	--
Properties Held for Housing Development	--	--	--	--
TOTAL ASSETS	\$ 136,233	\$ 246,681	\$ 27,794	\$ 86,575
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 1,813	\$ 8,844	\$ 710	\$ 2,543
Obligations Under Securities Lending Transactions	--	175	445	1,100
Accrued Salaries and Overtime Payable	--	--	--	--
Accrued Compensated Absences Payable	--	--	--	--
Intergovernmental Payable	--	--	--	--
Due to Other Funds	17	557	1,836	17,443
Unearned Revenue	--	--	--	629
Deposits and Advances	1,192	277	--	113
Advances from Other Funds	--	--	--	--
Other Liabilities	--	190	485	1,197
Liability for Excess CRA Bond Proceeds	--	--	--	--
TOTAL LIABILITIES	3,022	10,043	3,476	23,025
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	--	--	--	--
Taxes Other than Real Estate	--	--	--	--
Receivables from Other Government Agencies	--	103	52	24,402
Other Deferred Inflows of Resources	--	8	29	407
TOTAL DEFERRED INFLOWS OF RESOURCES	--	111	81	24,809
FUND BALANCES				
Nonspendable	--	5,880	--	--
Restricted	133,211	230,647	24,237	38,741
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
TOTAL FUND BALANCES	133,211	236,527	24,237	38,741
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 136,233	\$ 246,681	\$ 27,794	\$ 86,575

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2016
(amounts expressed in thousands)

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Innovation Opportunity Act	Nonmajor Other Grant Funds			
ASSETS					
Cash and Pooled Investments	\$ 3,320	\$ 302,677	\$ 517,071	\$ 153,050	\$ 2,395,589
Taxes Receivable	--	--	1,956	--	10,481
Accounts Receivable (Net of Allowance for Uncollectibles of \$20,414)	--	4,332	65,125	473	97,618
Special Assessments Receivable	--	--	1,275	66	6,132
Investment Income Receivable	5	524	903	290	4,836
Intergovernmental Receivable	6,255	45,963	10,622	212	132,230
Loans Receivable (Net of Allowance for Uncollectibles of \$1,256,919)	--	12,044	62,989	24,634	861,684
Due from Other Funds	412	3,908	16,346	2,585	97,033
Prepaid Items and Other Assets	252	--	70	--	8,802
Advances to Other Funds	--	--	47	--	397
Restricted Assets	--	--	--	--	12,949
Properties Held for Housing Development	--	--	--	--	111,870
TOTAL ASSETS	\$ 10,244	\$ 369,448	\$ 676,404	\$ 181,310	\$ 3,739,621
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 8,123	\$ 43,439	\$ 15,068	\$ 2,637	\$ 151,816
Obligations Under Securities Lending Transactions	62	4,608	7,895	2,362	41,045
Accrued Salaries and Overtime Payable	--	354	5,275	430	23,441
Accrued Compensated Absences Payable	--	--	40	--	299
Intergovernmental Payable	252	1,071	522	13	3,327
Due to Other Funds	2,097	37,739	6,425	1,375	127,906
Unearned Revenue	--	--	2,923	--	31,941
Deposits and Advances	--	5,730	12,494	2,365	24,957
Advances from Other Funds	--	58,343	11,729	--	134,686
Other Liabilities	68	5,016	8,594	2,982	53,722
Liability for Excess CRA Bond Proceeds	--	83,422	--	--	83,422
TOTAL LIABILITIES	10,602	239,722	70,965	12,164	676,562
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	--	--	648	--	3,873
Taxes Other than Real Estate	--	--	1	--	1,751
Receivables from Other Government Agencies	920	18,053	3,781	--	70,091
Other Deferred Inflows of Resources	3	1,454	56,484	407	68,974
TOTAL DEFERRED INFLOWS OF RESOURCES	923	19,507	60,914	407	144,689
FUND BALANCES					
Nonspendable	252	--	70	--	8,802
Restricted	--	139,588	94,832	79,134	1,986,443
Committed	--	9,000	449,608	89,605	1,000,834
Assigned	--	--	15	--	15
Unassigned	(1,533)	(38,369)	--	--	(77,724)
TOTAL FUND BALANCES	(1,281)	110,219	544,525	168,739	2,918,370
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,244	\$ 369,448	\$ 676,404	\$ 181,310	\$ 3,739,621

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, 2016
(amounts expressed in thousands)**

	Building and Safety Permit	Citywide Recycling	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
REVENUES				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	26,642	--	--
Licenses and Permits	46,359	--	--	--
Intergovernmental	--	--	58,987	--
Charges for Services	133,955	--	15,700	79,727
Services to Enterprise Funds	1,577	--	--	--
Fines	--	--	--	--
Special Assessments	64	--	--	--
Investment Earnings	3,677	764	1,145	950
Program Income	--	--	--	--
Other	3	--	11	3,121
TOTAL REVENUES	185,635	27,406	75,843	83,798
EXPENDITURES				
Current:				
General Government	--	--	--	--
Protection of Persons and Property	148,844	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	24,917	--	--
Transportation	--	--	67,616	33,853
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	267	--	1,819	370
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
TOTAL EXPENDITURES	149,111	24,917	69,435	34,223
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	36,524	2,489	6,408	49,575
OTHER FINANCING SOURCES (USES)				
Transfers In	75	--	--	--
Transfers Out	(65)	--	(15,878)	(56,072)
Loans from HUD	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	10	--	(15,878)	(56,072)
NET CHANGE IN FUND BALANCES	36,534	2,489	(9,470)	(6,497)
FUND BALANCES, JULY 1	150,443	43,913	49,226	(18,054)
FUND BALANCES, JUNE 30	\$ 186,977	\$ 46,402	\$ 39,756	\$ (24,551)

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, 2016
(amounts expressed in thousands)**

	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Proposition A Local Transit Assistance	Low and Moderate Income Housing
REVENUES				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--
Licenses and Permits	--	1,121	--	--
Intergovernmental	1,498	2,815	133,787	--
Charges for Services	29,450	1,464	15,304	--
Services to Enterprise Funds	--	--	--	--
Fines	--	--	--	--
Special Assessments	576	44,831	--	--
Investment Earnings	558	--	5,154	738
Program Income	--	--	--	6,208
Other	250	2,052	395	2,813
TOTAL REVENUES	32,332	52,283	154,640	9,759
EXPENDITURES				
Current:				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	47,633	--	--
Health and Sanitation	34,392	--	--	--
Transportation	--	--	105,509	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	(45,486)
Capital Outlay	1,523	4,727	29,018	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
TOTAL EXPENDITURES	35,915	52,360	134,527	(45,486)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,583)	(77)	20,113	55,245
OTHER FINANCING SOURCES (USES)				
Transfers In	31	--	25	--
Transfers Out	--	--	(3,299)	(87)
Loans from HUD	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	31	--	(3,274)	(87)
NET CHANGE IN FUND BALANCES	(3,552)	(77)	16,839	55,158
FUND BALANCES, JULY 1	13,953	2,539	243,347	347,583
FUND BALANCES, JUNE 30	\$ 10,401	\$ 2,462	\$ 260,186	\$ 402,741

Continued...

* The negative expenditures reported in Low and Moderate Income Housing Fund is due to the reduction in allowance 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, 2016
(amounts expressed in thousands)**

	<u>Grant Funds</u>				
	<u>Measure R Local Return</u>	<u>Recreation and Parks</u>	<u>Solid Waste Resources</u>	<u>Special Gas Tax Street Improvement</u>	<u>Community Development</u>
REVENUES					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--	--
Licenses and Permits	--	1,914	--	--	--
Intergovernmental	44,535	1,255	892	98,826	60,892
Charges for Services	--	119,480	332,281	--	--
Services to Enterprise Funds	--	--	6,398	--	--
Fines	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	1,077	5,895	4,968	544	5
Program Income	--	--	--	--	2,667
Other	--	4,890	4,915	35	211
TOTAL REVENUES	<u>45,612</u>	<u>133,434</u>	<u>349,454</u>	<u>99,405</u>	<u>63,775</u>
EXPENDITURES					
Current:					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	--	--	--
Public Works	--	--	--	159,295	--
Health and Sanitation	--	--	278,899	--	--
Transportation	40,135	--	--	--	--
Cultural and Recreational Services	--	267,194	--	--	--
Community Development	--	--	--	--	39,445
Capital Outlay	6,166	18,356	24,297	5,931	3
Debt Service:					
Principal	--	--	--	--	4,464
Interest	--	--	--	--	400
TOTAL EXPENDITURES	<u>46,301</u>	<u>285,550</u>	<u>303,196</u>	<u>165,226</u>	<u>44,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(689)</u>	<u>(152,116)</u>	<u>46,258</u>	<u>(65,821)</u>	<u>19,463</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	49	168,082	777	500	87
Transfers Out	(620)	(4,500)	(40,191)	--	(4,250)
Loans from HUD	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(571)</u>	<u>163,582</u>	<u>(39,414)</u>	<u>500</u>	<u>(4,163)</u>
NET CHANGE IN FUND BALANCES	<u>(1,260)</u>	<u>11,466</u>	<u>6,844</u>	<u>(65,321)</u>	<u>15,300</u>
FUND BALANCES, JULY 1	<u>71,820</u>	<u>257,693</u>	<u>258,800</u>	<u>52,050</u>	<u>131,686</u>
FUND BALANCES, JUNE 30	<u>\$ 70,560</u>	<u>\$ 269,159</u>	<u>\$ 265,644</u>	<u>\$ (13,271)</u>	<u>\$ 146,986</u>

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, 2016
(amounts expressed in thousands)**

	Grant Funds			
	Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Transportation
REVENUES				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--
Licenses and Permits	--	--	--	--
Intergovernmental	3,104	26,424	6,661	22,648
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Fines	--	--	--	--
Special Assessments	--	--	--	--
Investment Earnings	4	127	485	513
Program Income	4,244	4,474	--	--
Other	1	2	550	11,571
TOTAL REVENUES	7,353	31,027	7,696	34,732
EXPENDITURES				
Current:				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	6,647	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	11,641
Cultural and Recreational Services	--	--	--	--
Community Development	3,697	(53,372)	--	--
Capital Outlay	--	--	3,230	18,282
Debt Service:				
Principal	6,264	--	--	--
Interest	1,672	--	--	--
TOTAL EXPENDITURES	11,633	(53,372)	9,877	29,923
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,280)	84,399	(2,181)	4,809
OTHER FINANCING SOURCES (USES)				
Transfers In	--	48	--	17,606
Transfers Out	(49)	--	--	--
Loans from HUD	2,500	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	2,451	48	--	17,606
NET CHANGE IN FUND BALANCES	(1,829)	84,447	(2,181)	22,415
FUND BALANCES, JULY 1	135,040	152,080	26,418	16,326
FUND BALANCES, JUNE 30	\$ 133,211	\$ 236,527	\$ 24,237	\$ 38,741

Continued...

* The negative expenditures reported in Home Investment Partnership Program Fund is due to the reduction in allowance 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, 2016

(amounts expressed in thousands)

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Innovation Opportunity Act	Nonmajor Other Grant Funds			
REVENUES					
Property Taxes	\$ --	\$ --	\$ 15,397	\$ 594	\$ 15,991
Other Taxes	--	--	38,713	3,982	69,337
Licenses and Permits	--	--	20	3,747	53,161
Intergovernmental	42,304	244,325	47,645	11,568	808,166
Charges for Services	--	5,053	133,026	22,004	887,444
Services to Enterprise Funds	--	--	1,200	41	9,216
Fines	--	--	5,864	1,086	6,950
Special Assessments	--	--	64,991	3,686	114,148
Investment Earnings	49	4,413	7,723	2,327	41,116
Program Income	--	316	4,491	482	22,882
Other	72	7,273	28,007	917	67,089
TOTAL REVENUES	42,425	261,380	347,077	50,434	2,095,500
EXPENDITURES					
Current:					
General Government	--	4,652	13,670	166	18,488
Protection of Persons and Property	--	101,559	107,617	10,336	368,356
Public Works	--	9,756	23,994	1,582	248,907
Health and Sanitation	--	7,297	8,004	2,623	356,132
Transportation	--	3,280	7,563	3,870	273,467
Cultural and Recreational Services	--	1,028	186,437	--	454,659
Community Development	41,994	52,322	128,282	20,592	187,474
Capital Outlay	--	70,257	18,523	5,285	208,054
Debt Service:					
Principal	--	--	--	--	10,728
Interest	--	--	--	--	2,072
TOTAL EXPENDITURES	41,994	250,151	494,090	44,454	2,128,337
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	431	11,229	(147,013)	5,980	(32,837)
OTHER FINANCING SOURCES (USES)					
Transfers In	--	78,852	238,029	14,896	519,057
Transfers Out	--	(69,285)	(11,616)	(2,581)	(208,493)
Loans from HUD	--	--	--	--	2,500
TOTAL OTHER FINANCING SOURCES (USES)	--	9,567	226,413	12,315	313,064
NET CHANGE IN FUND BALANCES	431	20,796	79,400	18,295	280,227
FUND BALANCES, JULY 1	(1,712)	89,423	465,125	150,444	2,638,143
FUND BALANCES, JUNE 30	\$ (1,281)	\$ 110,219	\$ 544,525	\$ 168,739	\$ 2,918,370

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, 2016
(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	40,100	40,100	46,363	6,263
Intergovernmental	--	--	--	--
Charges for Services	96,533	96,533	134,026	37,493
Services to Enterprise Funds	505	505	1,865	1,360
Special Assessments	--	--	--	--
Interest	900	900	1,577	677
Program Income	--	--	--	--
Other	--	--	3	3
Total Revenues	<u>138,038</u>	<u>138,038</u>	<u>183,834</u>	<u>45,796</u>
Other Financing Sources				
Transfers from Other Funds	--	75	75	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>75</u>	<u>75</u>	<u>--</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>138,038</u>	<u>138,113</u>	<u>183,909</u>	<u>45,796</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	385,637	382,679	56,956	325,723
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>385,637</u>	<u>382,679</u>	<u>56,956</u>	<u>325,723</u>
Other Financing Uses				
Transfers to Other Funds	131,716	137,499	90,294	47,205
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>131,716</u>	<u>137,499</u>	<u>90,294</u>	<u>47,205</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>517,353</u>	<u>520,178</u>	<u>147,250</u>	<u>372,928</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(379,315)	(382,065)	36,659	418,724
Fund Balance, July 1	106,589	106,589	137,159	30,570
Appropriation of Fund Balances and Carryforward				
Appropriations	272,726	272,726	--	(272,726)
Encumbrances Lapsed	--	2,750	2,750	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 176,568</u>	<u>\$ 176,568</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, 2016
(amounts expressed in thousands)

	Citywide Recycling			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 21,106	\$ 21,106	\$ 25,997	\$ 4,891
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	400	400	439	39
Program Income	--	--	--	--
Other	--	--	1	1
Total Revenues	<u>21,506</u>	<u>21,506</u>	<u>26,437</u>	<u>4,931</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>21,506</u>	<u>21,506</u>	<u>26,437</u>	<u>4,931</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	94,856	44,939	21,918	23,021
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>94,856</u>	<u>44,939</u>	<u>21,918</u>	<u>23,021</u>
Other Financing Uses				
Transfers to Other Funds	15,991	12,753	7,793	4,960
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>15,991</u>	<u>12,753</u>	<u>7,793</u>	<u>4,960</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>110,847</u>	<u>57,692</u>	<u>29,711</u>	<u>27,981</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(89,341)	(36,186)	(3,274)	32,912
Fund Balance, July 1	26,753	26,753	29,655	2,902
Appropriation of Fund Balances and Carryforward				
Appropriations	62,588	5,712	--	(5,712)
Encumbrances Lapsed	--	3,721	3,721	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 30,102</u>	<u>\$ 30,102</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, 2016
(amounts expressed in thousands)

	Proposition C Anti-Gridlock Transit Improvement			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	56,962	53,296	58,718	5,422
Charges for Services	14,775	14,775	16,147	1,372
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	1,324	1,324	862	(462)
Program Income	--	--	--	--
Other	--	--	11	11
Total Revenues	<u>73,061</u>	<u>69,395</u>	<u>75,738</u>	<u>6,343</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>73,061</u>	<u>69,395</u>	<u>75,738</u>	<u>6,343</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	51,190	39,905	21,818	18,087
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	4,521	4,613	521	4,092
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>55,711</u>	<u>44,518</u>	<u>22,339</u>	<u>22,179</u>
Other Financing Uses				
Transfers to Other Funds	80,873	57,553	44,419	13,134
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>80,873</u>	<u>57,553</u>	<u>44,419</u>	<u>13,134</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>136,584</u>	<u>102,071</u>	<u>66,758</u>	<u>35,313</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(63,523)	(32,676)	8,980	41,656
Fund Balance, July 1	11,454	11,454	18,466	7,012
Appropriation of Fund Balances and Carryforward				
Appropriations	52,069	21,180	--	(21,180)
Encumbrances Lapsed	--	42	42	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 27,488</u>	<u>\$ 27,488</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, 2016
(amounts expressed in thousands)

	Special Parking Revenue			
	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	78,853	78,853	79,879	1,026
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	509	509	728	219
Program Income	--	--	--	--
Other	--	--	892	892
Total Revenues	<u>79,362</u>	<u>79,362</u>	<u>81,499</u>	<u>2,137</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>79,362</u>	<u>79,362</u>	<u>81,499</u>	<u>2,137</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	57,394	46,239	31,445	14,794
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	12,776	11,276	371	10,905
Debt Service				
Principal	581	--	--	--
Interest	52	--	--	--
Total Expenditures	<u>70,803</u>	<u>57,515</u>	<u>31,816</u>	<u>25,699</u>
Other Financing Uses				
Transfers to Other Funds	65,241	65,913	63,223	2,690
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>65,241</u>	<u>65,913</u>	<u>63,223</u>	<u>2,690</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>136,044</u>	<u>123,428</u>	<u>95,039</u>	<u>28,389</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(56,682)	(44,066)	(13,540)	30,526
Fund Balance, July 1	29,398	29,398	34,374	4,976
Appropriation of Fund Balances and Carryforward				
Appropriations	27,284	12,794	--	(12,794)
Encumbrances Lapsed	--	1,874	1,874	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 22,708</u>	<u>\$ 22,708</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, 2016
(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	--	--	33	33
Intergovernmental	--	1,153	294	(859)
Charges for Services	33,116	33,116	29,930	(3,186)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	141	141	270	129
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>33,257</u>	<u>34,410</u>	<u>30,527</u>	<u>(3,883)</u>
Other Financing Sources				
Transfers from Other Funds	562	562	31	(531)
Loans from Other Funds	3,900	4,149	15,249	11,100
Total Other Financing Sources	<u>4,462</u>	<u>4,711</u>	<u>15,280</u>	<u>10,569</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>37,719</u>	<u>39,121</u>	<u>45,807</u>	<u>6,686</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	23,127	28,668	15,322	13,346
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	2,076	2,076	1,678	398
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>25,203</u>	<u>30,744</u>	<u>17,000</u>	<u>13,744</u>
Other Financing Uses				
Transfers to Other Funds	21,285	21,495	19,294	2,201
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>21,285</u>	<u>21,495</u>	<u>19,294</u>	<u>2,201</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>46,488</u>	<u>52,239</u>	<u>36,294</u>	<u>15,945</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(8,769)	(13,118)	9,513	22,631
Fund Balance, July 1	2,305	2,305	12,152	9,847
Appropriation of Fund Balances and Carryforward				
Appropriations	6,464	10,721	--	(10,721)
Encumbrances Lapsed	--	92	92	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 21,757</u>	<u>\$ 21,757</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, 2016
(amounts expressed in thousands)

	Street Lighting Maintenance Assessment			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	988	988	1,121	133
Intergovernmental	231	632	2,806	2,174
Charges for Services	7,925	7,925	1,465	(6,460)
Services to Enterprise Funds	--	--	--	--
Special Assessments	44,846	44,846	44,704	(142)
Interest	--	--	--	--
Program Income	--	--	--	--
Other	1,223	1,223	1,035	(188)
Total Revenues	55,213	55,614	51,131	(4,483)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	5,465	5,465	1,037	(4,428)
Total Other Financing Sources	5,465	5,465	1,037	(4,428)
TOTAL REVENUES AND OTHER FINANCING SOURCES	60,678	61,079	52,168	(8,911)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	33,591	31,588	20,412	11,176
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	11,964	14,117	4,696	9,421
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	45,555	45,705	25,108	20,597
Other Financing Uses				
Transfers to Other Funds	47,511	40,315	33,885	6,430
Payment of Loans to Other Funds	1,593	1,660	1,660	--
Total Other Financing Uses	49,104	41,975	35,545	6,430
TOTAL EXPENDITURES AND OTHER FINANCING USES	94,659	87,680	60,653	27,027
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(33,981)	(26,601)	(8,485)	18,116
Fund Balance, July 1	4,828	4,828	8,168	3,340
Appropriation of Fund Balances and Carryforward				
Appropriations	29,153	21,581	--	(21,581)
Encumbrances Lapsed	--	192	192	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (125)	\$ (125)

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, 2016
(amounts expressed in thousands)

	Proposition A Local Transit Assistance Fund			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	140,379	140,594	140,194	(400)
Charges for Services	14,475	14,475	14,147	(328)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	1,547	1,547	2,748	1,201
Program Income	--	--	--	--
Other	1,109	1,109	393	(716)
Total Revenues	<u>157,510</u>	<u>157,725</u>	<u>157,482</u>	<u>(243)</u>
Other Financing Sources				
Transfers from Other Funds	--	25	25	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>25</u>	<u>25</u>	<u>--</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>157,510</u>	<u>157,750</u>	<u>157,507</u>	<u>(243)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	616,117	530,832	129,272	401,560
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>616,117</u>	<u>530,832</u>	<u>129,272</u>	<u>401,560</u>
Other Financing Uses				
Transfers to Other Funds	10,874	8,217	5,808	2,409
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>10,874</u>	<u>8,217</u>	<u>5,808</u>	<u>2,409</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>626,991</u>	<u>539,049</u>	<u>135,080</u>	<u>403,969</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(469,481)	(381,299)	22,427	403,726
Fund Balance, July 1	161,722	161,722	193,567	31,845
Appropriation of Fund Balances and Carryforward				
Appropriations	307,759	207,927	--	(207,927)
Encumbrances Lapsed	--	11,650	11,650	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 227,644</u>	<u>\$ 227,644</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, 2016
(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	42,000	42,211	44,528	2,317
Charges for Services	--	88	--	(88)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	400	400	605	205
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	42,400	42,699	45,133	2,434
Other Financing Sources				
Transfers from Other Funds	--	25	74	49
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	25	74	49
TOTAL REVENUES AND OTHER FINANCING SOURCES	42,400	42,724	45,207	2,483
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current	--	--	--	--
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	39,450	41,685	12,332	29,353
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	15,093	23,070	6,873	16,197
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	54,543	64,755	19,205	45,550
Other Financing Uses				
Transfers to Other Funds	39,414	38,932	34,420	4,512
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	39,414	38,932	34,420	4,512
TOTAL EXPENDITURES AND OTHER FINANCING USES	93,957	103,687	53,625	50,062
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(51,557)	(60,963)	(8,418)	52,545
Fund Balance, July 1	6,724	6,724	59,516	52,792
Appropriation of Fund Balances and Carryforward				
Appropriations	44,833	54,024	--	(54,024)
Encumbrances Lapsed	--	215	215	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 51,313	\$ 51,313

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, 2016
(amounts expressed in thousands)

	Solid Waste Resources			
	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	4,400	4,400	802	(3,598)
Charges for Services	298,425	297,800	334,308	36,508
Services to Enterprise Funds	1,175	1,175	4,896	3,721
Special Assessments	--	--	--	--
Interest	1,885	1,885	2,793	908
Program Income	--	--	--	--
Other	4,000	4,000	6,021	2,021
Total Revenues	<u>309,885</u>	<u>309,260</u>	<u>348,820</u>	<u>39,560</u>
Other Financing Sources				
Transfers from Other Funds	--	500	571	71
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>500</u>	<u>571</u>	<u>71</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>309,885</u>	<u>309,760</u>	<u>349,391</u>	<u>39,631</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current	--	--	--	--
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	416,027	288,500	178,135	110,365
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	1,016	1,016	1,016	--
Debt Service				
Principal	30,140	30,140	30,140	--
Interest	9,817	9,817	9,817	--
Total Expenditures	<u>457,000</u>	<u>329,473</u>	<u>219,108</u>	<u>110,365</u>
Other Financing Uses				
Transfers to Other Funds	147,766	142,755	135,878	6,877
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>147,766</u>	<u>142,755</u>	<u>135,878</u>	<u>6,877</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>604,766</u>	<u>472,228</u>	<u>354,986</u>	<u>117,242</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(294,881)	(162,468)	(5,595)	156,873
Fund Balance, July 1	127,164	127,164	148,258	21,094
Appropriation of Fund Balances and Carryforward				
Appropriations	167,717	18,262	--	(18,262)
Encumbrances Lapsed	--	17,042	17,042	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 159,705</u>	<u>\$ 159,705</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, 2016
(amounts expressed in thousands)

	Special Gas Tax Street Improvement			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	98,400	98,400	98,869	469
Charges for Services	2,179	2,179	--	(2,179)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	400	400	483	83
Program Income	--	--	--	--
Other	--	--	35	35
Total Revenues	100,979	100,979	99,387	(1,592)
Other Financing Sources				
Transfers from Other Funds	--	500	500	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	500	500	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	100,979	101,479	99,887	(1,592)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	25,509	30,716	27,336	3,380
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	8,545	18,094	3,490	14,604
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	34,054	48,810	30,826	17,984
Other Financing Uses				
Transfers to Other Funds	106,383	109,314	91,343	17,971
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	106,383	109,314	91,343	17,971
TOTAL EXPENDITURES AND OTHER FINANCING USES	140,437	158,124	122,169	35,955
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(39,458)	(56,645)	(22,282)	34,363
Fund Balance, July 1	22,572	22,572	33,187	10,615
Appropriation of Fund Balances and Carryforward				
Appropriations	16,886	31,918	--	(31,918)
Encumbrances Lapsed	--	2,155	2,155	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 13,060	\$ 13,060

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, 2016
(amounts expressed in thousands)

	Community Development			
	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	20,535	90,372	61,391	(28,981)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	1	1
Program Income	--	--	13,314	13,314
Other	--	--	211	211
Total Revenues	<u>20,535</u>	<u>90,372</u>	<u>74,917</u>	<u>(15,455)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	49	49
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>49</u>	<u>49</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>20,535</u>	<u>90,372</u>	<u>74,966</u>	<u>(15,406)</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	--	--	--	--
Community Development	103,590	147,105	68,270	78,835
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>103,590</u>	<u>147,105</u>	<u>68,270</u>	<u>78,835</u>
Other Financing Uses				
Transfers to Other Funds	24,409	24,051	18,442	5,609
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>24,409</u>	<u>24,051</u>	<u>18,442</u>	<u>5,609</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>127,999</u>	<u>171,156</u>	<u>86,712</u>	<u>84,444</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(107,464)	(80,784)	(11,746)	69,038
Fund Balance (Deficit), July 1	--	--	(10,960)	(10,960)
Appropriation of Fund Balances and Carryforward				
Appropriations	107,464	75,578	--	(75,578)
Encumbrances Lapsed	--	5,206	5,206	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (17,500)</u>	<u>\$ (17,500)</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, 2016
(amounts expressed in thousands)

	Home Investment Partnership Program			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	27,447	25,854	(1,593)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	24	24
Program Income	6,642	21,642	28,144	6,502
Other	--	--	1	1
Total Revenues	<u>6,642</u>	<u>49,089</u>	<u>54,023</u>	<u>4,934</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>6,642</u>	<u>49,089</u>	<u>54,023</u>	<u>4,934</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	--	--	--	--
Community Development	54,176	97,274	32,807	64,467
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>54,176</u>	<u>97,274</u>	<u>32,807</u>	<u>64,467</u>
Other Financing Uses				
Transfers to Other Funds	5,559	3,832	3,110	722
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>5,559</u>	<u>3,832</u>	<u>3,110</u>	<u>722</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>59,735</u>	<u>101,106</u>	<u>35,917</u>	<u>65,189</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(53,093)	(52,017)	18,106	70,123
Fund Balance (Deficit), July 1	--	--	(35,031)	(35,031)
Appropriation of Fund Balances and Carryforward				
Appropriations	53,093	51,872	--	(51,872)
Encumbrances Lapsed	--	145	145	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (16,780)</u>	<u>\$ (16,780)</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, 2016
(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	18,779	20,686	12,668	(8,018)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	8	8
Program Income	--	40	--	(40)
Other	--	--	--	--
Total Revenues	<u>18,779</u>	<u>20,726</u>	<u>12,676</u>	<u>(8,050)</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>18,779</u>	<u>20,726</u>	<u>12,676</u>	<u>(8,050)</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	--	--	--	--
Community Development	70,578	84,190	5,481	78,709
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>70,578</u>	<u>84,190</u>	<u>5,481</u>	<u>78,709</u>
Other Financing Uses				
Transfers to Other Funds	41,681	30,316	1,264	29,052
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>41,681</u>	<u>30,316</u>	<u>1,264</u>	<u>29,052</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>112,259</u>	<u>114,506</u>	<u>6,745</u>	<u>107,761</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(93,480)	(93,780)	5,931	99,711
Fund Balance (Deficit), July 1	--	--	(14,904)	(14,904)
Appropriation of Fund Balances and Carryforward				
Appropriations	93,480	93,480	--	(93,480)
Encumbrances Lapsed	--	300	300	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (8,673)</u>	<u>\$ (8,673)</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, 2016
(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	4,073	4,097	17,519	13,422
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	200	200	159	(41)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>4,273</u>	<u>4,297</u>	<u>17,678</u>	<u>13,381</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>4,273</u>	<u>4,297</u>	<u>17,678</u>	<u>13,381</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	164,678	170,918	6,228	164,690
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>164,678</u>	<u>170,918</u>	<u>6,228</u>	<u>164,690</u>
Other Financing Uses				
Transfers to Other Funds	663	663	453	210
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>663</u>	<u>663</u>	<u>453</u>	<u>210</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>165,341</u>	<u>171,581</u>	<u>6,681</u>	<u>164,900</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(161,068)	(167,284)	10,997	178,281
Fund Balance (Deficit), July 1	44,710	44,710	15,658	(29,052)
Appropriation of Fund Balances and Carryforward				
Appropriations	116,358	122,574	--	(122,574)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,655</u>	<u>\$ 26,655</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, 2016
(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	1,360	6,067	6,698	628
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	3	3
Total Revenues	<u>1,360</u>	<u>6,067</u>	<u>6,698</u>	<u>631</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>1,360</u>	<u>6,067</u>	<u>6,698</u>	<u>631</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	--	--	--	--
Community Development	5,288	10,082	5,462	4,620
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>5,288</u>	<u>10,082</u>	<u>5,462</u>	<u>4,620</u>
Other Financing Uses				
Transfers to Other Funds	2,448	2,735	1,277	1,458
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>2,448</u>	<u>2,735</u>	<u>1,277</u>	<u>1,458</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>7,736</u>	<u>12,817</u>	<u>6,739</u>	<u>6,078</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(6,376)	(6,750)	(41)	6,709
Fund Balance, July 1	--	--	814	814
Appropriation of Fund Balances and Carryforward				
Appropriations	6,376	6,419	--	(6,419)
Encumbrances Lapsed	--	331	331	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,104</u>	<u>\$ 1,104</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, 2016
(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	--	1,527	5,210	3,683
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	146	146
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	1,527	5,356	3,829
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	--	1,527	5,356	3,829
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	6,495	7,885	5,029	2,856
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	6,495	7,885	5,029	2,856
Other Financing Uses				
Transfers to Other Funds	238	352	230	122
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	238	352	230	122
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,733	8,237	5,259	2,978
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(6,733)	(6,710)	97	6,807
Fund Balance, July 1	3,894	3,894	7,718	3,824
Appropriation of Fund Balances and Carryforward				
Appropriations	2,839	2,622	--	(2,622)
Encumbrances Lapsed	--	194	194	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 8,009	\$ 8,009

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, 2016
(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	3,343	(22)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	28	28	29	1
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>3,393</u>	<u>3,393</u>	<u>3,372</u>	<u>(21)</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>3,393</u>	<u>3,393</u>	<u>3,372</u>	<u>(21)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	4,931	2,192	661	1,531
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>4,931</u>	<u>2,192</u>	<u>661</u>	<u>1,531</u>
Other Financing Uses				
Transfers to Other Funds	3,552	2,980	2,733	247
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>3,552</u>	<u>2,980</u>	<u>2,733</u>	<u>247</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>8,483</u>	<u>5,172</u>	<u>3,394</u>	<u>1,778</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(5,090)	(1,779)	(22)	1,757
Fund Balance, July 1	1,735	1,735	2,267	532
Appropriation of Fund Balances and Carryforward				
Appropriations	3,355	44	--	(44)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,245</u>	<u>\$ 2,245</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, 2016
(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	763	13,817	10,969	(2,848)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	2	2
Program Income	--	--	65	65
Other	--	--	36	36
Total Revenues	<u>763</u>	<u>13,817</u>	<u>11,072</u>	<u>(2,745)</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>763</u>	<u>13,817</u>	<u>11,072</u>	<u>(2,745)</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	--	--	--	--
Community Development	26,404	42,846	15,139	27,707
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>26,404</u>	<u>42,846</u>	<u>15,139</u>	<u>27,707</u>
Other Financing Uses				
Transfers to Other Funds	635	285	241	44
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>635</u>	<u>285</u>	<u>241</u>	<u>44</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>27,039</u>	<u>43,131</u>	<u>15,380</u>	<u>27,751</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(26,276)	(29,314)	(4,308)	25,006
Fund Balance (Deficit), July 1	--	--	(3,482)	(3,482)
Appropriation of Fund Balances and Carryforward				
Appropriations	26,276	26,276	--	(26,276)
Encumbrances Lapsed	--	3,038	3,038	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (4,752)</u>	<u>\$ (4,752)</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, 2016
(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	4,600	4,600	5,177	577
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	31	31	41	10
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>4,631</u>	<u>4,631</u>	<u>5,218</u>	<u>587</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>4,631</u>	<u>4,631</u>	<u>5,218</u>	<u>587</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	4,684	4,437	2,050	2,387
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>4,684</u>	<u>4,437</u>	<u>2,050</u>	<u>2,387</u>
Other Financing Uses				
Transfers to Other Funds	2,350	2,600	2,160	440
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>2,350</u>	<u>2,600</u>	<u>2,160</u>	<u>440</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>7,034</u>	<u>7,037</u>	<u>4,210</u>	<u>2,827</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,403)	(2,406)	1,008	3,414
Fund Balance, July 1	103	103	2,504	2,401
Appropriation of Fund Balances and Carryforward				
Appropriations	2,300	2,300	--	(2,300)
Encumbrances Lapsed	--	3	3	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,515</u>	<u>\$ 3,515</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, 2016
(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	2,741	15,645	13,411	(2,234)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>2,741</u>	<u>15,645</u>	<u>13,411</u>	<u>(2,234)</u>
Other Financing Sources				
Transfers from Other Funds	--	3,267	3,267	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>3,267</u>	<u>3,267</u>	<u>--</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,741</u>	<u>18,912</u>	<u>16,678</u>	<u>(2,234)</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	--	--	--	--
Community Development	9,053	26,189	16,675	9,514
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>9,053</u>	<u>26,189</u>	<u>16,675</u>	<u>9,514</u>
Other Financing Uses				
Transfers to Other Funds	7,673	7,631	1,889	5,742
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>7,673</u>	<u>7,631</u>	<u>1,889</u>	<u>5,742</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>16,726</u>	<u>33,820</u>	<u>18,564</u>	<u>15,256</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(13,985)	(14,908)	(1,886)	13,022
Fund Balance, July 1	--	--	2,409	2,409
Appropriation of Fund Balances and Carryforward				
Appropriations	13,985	13,985	--	(13,985)
Encumbrances Lapsed	--	923	923	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,446</u>	<u>\$ 1,446</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, 2016
(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	5,000	5,000	8,388	3,388
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	60	60	149	89
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>5,060</u>	<u>5,060</u>	<u>8,537</u>	<u>3,477</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>5,060</u>	<u>5,060</u>	<u>8,537</u>	<u>3,477</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	66	66	--	66
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>66</u>	<u>66</u>	<u>--</u>	<u>66</u>
Other Financing Uses				
Transfers to Other Funds	18,875	18,875	6,365	12,510
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>18,875</u>	<u>18,875</u>	<u>6,365</u>	<u>12,510</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>18,941</u>	<u>18,941</u>	<u>6,365</u>	<u>12,576</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(13,881)	(13,881)	2,172	16,053
Fund Balance, July 1	3,394	3,394	9,702	6,308
Appropriation of Fund Balances and Carryforward				
Appropriations	10,487	10,487	--	(10,487)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 11,874</u>	<u>\$ 11,874</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, 2016
(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	744	772	148	(624)
Special Assessments	--	--	--	--
Interest	14	14	39	25
Program Income	--	--	--	--
Other	--	--	2	2
Total Revenues	<u>758</u>	<u>786</u>	<u>189</u>	<u>(597)</u>
Other Financing Sources				
Transfers from Other Funds	16,615	16,690	16,690	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>16,615</u>	<u>16,690</u>	<u>16,690</u>	<u>--</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>17,373</u>	<u>17,476</u>	<u>16,879</u>	<u>(597)</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	5,895	6,392	4,916	1,476
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>5,895</u>	<u>6,392</u>	<u>4,916</u>	<u>1,476</u>
Other Financing Uses				
Transfers to Other Funds	15,979	15,841	11,673	4,168
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>15,979</u>	<u>15,841</u>	<u>11,673</u>	<u>4,168</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>21,874</u>	<u>22,233</u>	<u>16,589</u>	<u>5,644</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(4,501)	(4,757)	290	5,047
Fund Balance, July 1	197	197	3,584	3,387
Appropriation of Fund Balances and Carryforward				
Appropriations	4,304	4,560	--	(4,560)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,874</u>	<u>\$ 3,874</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, 2016
(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	1,500	2,294	1,925	(369)
Special Assessments	--	--	--	--
Interest	163	163	160	(3)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>1,663</u>	<u>2,457</u>	<u>2,085</u>	<u>(372)</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>1,663</u>	<u>2,457</u>	<u>2,085</u>	<u>(372)</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	14,275	15,167	1,833	13,334
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>14,275</u>	<u>15,167</u>	<u>1,833</u>	<u>13,334</u>
Other Financing Uses				
Transfers to Other Funds	1	181	180	1
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>1</u>	<u>181</u>	<u>180</u>	<u>1</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>14,276</u>	<u>15,348</u>	<u>2,013</u>	<u>13,335</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(12,613)	(12,891)	72	12,963
Fund Balance, July 1	695	695	13,356	12,661
Appropriation of Fund Balances and Carryforward				
Appropriations	11,918	12,196	--	(12,196)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13,428</u>	<u>\$ 13,428</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, 2016
(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	11	11	--
Program Income	--	--	--	--
Other	3,233	3,309	3,309	--
Total Revenues	<u>3,239</u>	<u>3,320</u>	<u>3,320</u>	<u>--</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>3,239</u>	<u>3,320</u>	<u>3,320</u>	<u>--</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	156	--	156
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	<u>--</u>	<u>156</u>	<u>--</u>	<u>156</u>
Other Financing Uses				
Transfers to Other Funds	4,162	3,884	2,425	1,459
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>4,162</u>	<u>3,884</u>	<u>2,425</u>	<u>1,459</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>4,162</u>	<u>4,040</u>	<u>2,425</u>	<u>1,615</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(923)	(720)	895	1,615
Fund Balance, July 1	218	--	721	721
Appropriation of Fund Balances and Carryforward				
Appropriations	705	720	--	(720)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,616</u>	<u>\$ 1,616</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, 2016
(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	--	--	22	22
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	185	185	464	279
Program Income	--	--	5,976	5,976
Other	--	--	6	6
Total Revenues	185	185	6,468	6,283
Other Financing Sources				
Transfers from Other Funds	10,000	41,946	36,946	(5,000)
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	10,000	41,946	36,946	(5,000)
TOTAL REVENUES AND OTHER FINANCING SOURCES	10,185	42,131	43,414	1,283
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	45,426	76,672	30,155	46,517
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	45,426	76,672	30,155	46,517
Other Financing Uses				
Transfers to Other Funds	666	1,366	885	481
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	666	1,366	885	481
TOTAL EXPENDITURES AND OTHER FINANCING USES	46,092	78,038	31,040	46,998
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(35,907)	(35,907)	12,374	48,281
Fund Balance, July 1	942	942	19,630	18,688
Appropriation of Fund Balances and Carryforward				
Appropriations	34,965	34,965	--	(34,965)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 32,004	\$ 32,004

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, 2016
(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	2,707	2,707	2,972	265
Special Assessments	--	--	--	--
Interest	12	12	16	4
Program Income	--	--	--	--
Other	2,070	2,070	1,976	(94)
Total Revenues	<u>4,789</u>	<u>4,789</u>	<u>4,964</u>	<u>175</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>4,789</u>	<u>4,789</u>	<u>4,964</u>	<u>175</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	1,094	1,094	1,061	33
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>1,094</u>	<u>1,094</u>	<u>1,061</u>	<u>33</u>
Other Financing Uses				
Transfers to Other Funds	4,068	4,209	4,134	75
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>4,068</u>	<u>4,209</u>	<u>4,134</u>	<u>75</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,162</u>	<u>5,303</u>	<u>5,195</u>	<u>108</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(373)	(514)	(231)	283
Fund Balance, July 1	191	191	305	114
Appropriation of Fund Balances and Carryforward				
Appropriations	182	323	--	(323)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 74</u>	<u>\$ 74</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, 2016
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Landfill Maintenance Trust			
	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	3,700	3,200	2,723	(477)
Special Assessments	--	--	--	--
Interest	10	10	10	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>3,710</u>	<u>3,210</u>	<u>2,733</u>	<u>(477)</u>
Other Financing Sources				
Transfers from Other Funds	526	526	526	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>526</u>	<u>526</u>	<u>526</u>	<u>--</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>4,236</u>	<u>3,736</u>	<u>3,259</u>	<u>(477)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	319	346	224	122
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>319</u>	<u>346</u>	<u>224</u>	<u>122</u>
Other Financing Uses				
Transfers to Other Funds	5,644	4,514	4,370	144
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>5,644</u>	<u>4,514</u>	<u>4,370</u>	<u>144</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,963</u>	<u>4,860</u>	<u>4,594</u>	<u>266</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,727)</u>	<u>(1,124)</u>	<u>(1,335)</u>	<u>(211)</u>
Fund Balance, July 1	849	849	1,173	324
Appropriation of Fund Balances and Carryforward				
Appropriations	878	96	--	(96)
Encumbrances Lapsed	--	179	179	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17</u>	<u>\$ 17</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, 2016
(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	43,250	43,250	40,604	(2,646)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>43,250</u>	<u>43,250</u>	<u>40,604</u>	<u>(2,646)</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>43,250</u>	<u>43,250</u>	<u>40,604</u>	<u>(2,646)</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	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	62,894	60,144	40,604	19,540
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>62,894</u>	<u>60,144</u>	<u>40,604</u>	<u>19,540</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>62,894</u>	<u>60,144</u>	<u>40,604</u>	<u>19,540</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(19,644)	(16,894)	--	16,894
Fund Balance (Deficit), July 1	336	336	--	(336)
Appropriation of Fund Balances and Carryforward				
Appropriations	19,308	16,558	--	(16,558)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</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, 2016
(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	\$ 16,615	\$ 16,615	\$ 17,757	\$ 1,142
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>16,615</u>	<u>16,615</u>	<u>17,757</u>	<u>1,142</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>16,615</u>	<u>16,615</u>	<u>17,757</u>	<u>1,142</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	29,550	29,550	16,970	12,580
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>29,550</u>	<u>29,550</u>	<u>16,970</u>	<u>12,580</u>
Other Financing Uses				
Transfers to Other Funds	243	243	243	--
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>243</u>	<u>243</u>	<u>243</u>	<u>--</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>29,793</u>	<u>29,793</u>	<u>17,213</u>	<u>12,580</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(13,178)	(13,178)	544	13,722
Fund Balance (Deficit), July 1	2,838	2,838	2,822	(16)
Appropriation of Fund Balances and Carryforward				
Appropriations	10,340	10,340	--	(10,340)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,366</u>	<u>\$ 3,366</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, 2016
(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	6,500	6,500	7,129	629
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	80	80	99	19
Program Income	--	--	--	--
Other	--	--	7	7
Total Revenues	<u>6,580</u>	<u>6,580</u>	<u>7,235</u>	<u>655</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>6,580</u>	<u>6,580</u>	<u>7,235</u>	<u>655</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	19,082	11,134	5,744	5,390
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>19,082</u>	<u>11,134</u>	<u>5,744</u>	<u>5,390</u>
Other Financing Uses				
Transfers to Other Funds	4,742	3,909	3,806	103
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>4,742</u>	<u>3,909</u>	<u>3,806</u>	<u>103</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>23,824</u>	<u>15,043</u>	<u>9,550</u>	<u>5,493</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(17,244)	(8,463)	(2,315)	6,148
Fund Balance, July 1	7,017	7,017	9,360	2,343
Appropriation of Fund Balances and Carryforward				
Appropriations	10,227	1,427	--	(1,427)
Encumbrances Lapsed	--	19	19	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,064</u>	<u>\$ 7,064</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, 2016
(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	3,050	3,050	2,487	(563)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	30	30	29	(1)
Program Income	196	196	2,374	2,178
Other	300	317	25	(292)
Total Revenues	<u>3,576</u>	<u>3,593</u>	<u>4,915</u>	<u>1,322</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>3,576</u>	<u>3,593</u>	<u>4,915</u>	<u>1,322</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	--	--	--	--
Community Development	1,578	1,519	1,148	371
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>1,578</u>	<u>1,519</u>	<u>1,148</u>	<u>371</u>
Other Financing Uses				
Transfers to Other Funds	2,594	2,797	2,598	199
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>2,594</u>	<u>2,797</u>	<u>2,598</u>	<u>199</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>4,172</u>	<u>4,316</u>	<u>3,746</u>	<u>570</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(596)	(723)	1,169	1,892
Fund Balance, July 1	271	271	906	635
Appropriation of Fund Balances and Carryforward				
Appropriations	325	452	--	(452)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,075</u>	<u>\$ 2,075</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, 2016
(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	24,754	6,041	21,796	15,755
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	158	158	198	40
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>24,912</u>	<u>6,199</u>	<u>21,994</u>	<u>15,795</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>24,912</u>	<u>6,199</u>	<u>21,994</u>	<u>15,795</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	--	--	--	--
Community Development	25,853	12,834	10,051	2,783
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>25,853</u>	<u>12,834</u>	<u>10,051</u>	<u>2,783</u>
Other Financing Uses				
Transfers to Other Funds	25,771	21,957	17,617	4,340
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>25,771</u>	<u>21,957</u>	<u>17,617</u>	<u>4,340</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>51,624</u>	<u>34,791</u>	<u>27,668</u>	<u>7,123</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
Fund Balance, July 1	13,977	13,977	14,592	615
Appropriation of Fund Balances and Carryforward				
Appropriations	12,735	14,615	--	(14,615)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 8,918</u>	<u>\$ 8,918</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, 2016
(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	14,724	14,326	14,332	6
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	24	24
Total Revenues	<u>14,724</u>	<u>14,326</u>	<u>14,356</u>	<u>30</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>14,724</u>	<u>14,326</u>	<u>14,356</u>	<u>30</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	--	--	--	--
Community Development	43,700	43,461	5,836	37,625
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>43,700</u>	<u>43,461</u>	<u>5,836</u>	<u>37,625</u>
Other Financing Uses				
Transfers to Other Funds	16,776	16,881	8,062	8,819
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>16,776</u>	<u>16,881</u>	<u>8,062</u>	<u>8,819</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>60,476</u>	<u>60,342</u>	<u>13,898</u>	<u>46,444</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(45,752)	(46,016)	458	46,474
Fund Balance, July 1	9,720	9,720	12,188	2,468
Appropriation of Fund Balances and Carryforward				
Appropriations	36,032	36,293	--	(36,293)
Encumbrances Lapsed	--	3	3	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,649</u>	<u>\$ 12,649</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, 2016
(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	10,050	10,050	9,674	(376)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	19	19	11	(8)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>10,069</u>	<u>10,069</u>	<u>9,685</u>	<u>(384)</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>10,069</u>	<u>10,069</u>	<u>9,685</u>	<u>(384)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	3,994	3,994	1,308	2,686
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>3,994</u>	<u>3,994</u>	<u>1,308</u>	<u>2,686</u>
Other Financing Uses				
Transfers to Other Funds	9,441	9,441	8,318	1,123
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>9,441</u>	<u>9,441</u>	<u>8,318</u>	<u>1,123</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>13,435</u>	<u>13,435</u>	<u>9,626</u>	<u>3,809</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(3,366)	(3,366)	59	3,425
Fund Balance, July 1	1	1	686	685
Appropriation of Fund Balances and Carryforward				
Appropriations	3,365	3,365	--	(3,365)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 745</u>	<u>\$ 745</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, 2016
(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	--	--	33	33
Intergovernmental	--	--	--	--
Charges for Services	48,188	46,885	39,733	(7,152)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	500	500	566	66
Program Income	--	--	--	--
Other	--	--	90	90
Total Revenues	<u>48,688</u>	<u>47,385</u>	<u>40,422</u>	<u>(6,963)</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>48,688</u>	<u>47,385</u>	<u>40,422</u>	<u>(6,963)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	154,693	154,352	17,128	137,224
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>154,693</u>	<u>154,352</u>	<u>17,128</u>	<u>137,224</u>
Other Financing Uses				
Transfers to Other Funds	43,048	43,091	26,516	16,575
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>43,048</u>	<u>43,091</u>	<u>26,516</u>	<u>16,575</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>197,741</u>	<u>197,443</u>	<u>43,644</u>	<u>153,799</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(149,053)	(150,058)	(3,222)	146,836
Fund Balance, July 1	34,886	34,886	40,230	5,344
Appropriation of Fund Balances and Carryforward				
Appropriations	114,167	114,945	--	(114,945)
Encumbrances Lapsed	--	227	227	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 37,235</u>	<u>\$ 37,235</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, 2016
(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	\$ 28,501	\$ 8,890	\$ 19,010	\$ 10,120
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	113	113
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	150	150	--	(150)
Total Revenues	<u>28,651</u>	<u>9,040</u>	<u>19,123</u>	<u>10,083</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>28,651</u>	<u>9,040</u>	<u>19,123</u>	<u>10,083</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	58,637	41,750	5,410	36,340
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>58,637</u>	<u>41,750</u>	<u>5,410</u>	<u>36,340</u>
Other Financing Uses				
Transfers to Other Funds	17,505	14,618	13,734	884
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>17,505</u>	<u>14,618</u>	<u>13,734</u>	<u>884</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>76,142</u>	<u>56,368</u>	<u>19,144</u>	<u>37,224</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(47,491)	(47,328)	(21)	47,307
Fund Balance, July 1	11,859	11,859	38,235	26,376
Appropriation of Fund Balances and Carryforward				
Appropriations	35,632	35,448	--	(35,448)
Encumbrances Lapsed	--	21	21	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 38,235</u>	<u>\$ 38,235</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, 2016
(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	7,000	7,000	5,100	(1,900)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>5,100</u>	<u>(1,900)</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>7,000</u>	<u>7,000</u>	<u>5,100</u>	<u>(1,900)</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	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	7,947	5,296	5,296	--
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>7,947</u>	<u>5,296</u>	<u>5,296</u>	<u>--</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>7,947</u>	<u>5,296</u>	<u>5,296</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(947)	1,704	(196)	(1,900)
Fund Balance (Deficit), July 1	947	947	605	(342)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(2,651)	--	2,651
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 409</u>	<u>\$ 409</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, 2016
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Special Police Communications/911 System Tax			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ 125	\$ 125
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	16	16	29	13
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	16	16	154	138
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	16	16	154	138
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	2,425	2,567	2,321	246
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,425	2,567	2,321	246
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,425	2,567	2,321	246
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(2,409)	(2,551)	(2,167)	384
Fund Balance, July 1	204	204	2,461	2,257
Appropriation of Fund Balances and Carryforward				
Appropriations	2,205	2,347	--	(2,347)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 294	\$ 294

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, 2016
(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	--	--	8	8
Intergovernmental	--	--	--	--
Charges for Services	19,702	21,026	20,813	(213)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	50	50	41	(9)
Program Income	--	--	--	--
Other	--	--	2	2
Total Revenues	<u>19,752</u>	<u>21,076</u>	<u>20,864</u>	<u>(212)</u>
Other Financing Sources				
Transfers from Other Funds	20	20	20	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>20</u>	<u>20</u>	<u>20</u>	<u>--</u>
EXPENDITURES AND OTHER FINANCING USES	<u>19,772</u>	<u>21,096</u>	<u>20,884</u>	<u>(212)</u>
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	4,261	5,585	1,053	4,532
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>4,261</u>	<u>5,585</u>	<u>1,053</u>	<u>4,532</u>
Other Financing Uses				
Transfers to Other Funds	27,043	27,043	19,243	7,800
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>27,043</u>	<u>27,043</u>	<u>19,243</u>	<u>7,800</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>31,304</u>	<u>32,628</u>	<u>20,296</u>	<u>12,332</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(11,532)	(11,532)	588	12,120
Fund Balance, July 1	2,045	2,045	4,942	2,897
Appropriation of Fund Balances and Carryforward				
Appropriations	9,487	9,487	--	(9,487)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,530</u>	<u>\$ 5,530</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, 2016
(amounts expressed in thousands)

	Allocations from Other Governmental Agencies			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 827	\$ 827	\$ 827	\$ --
Licenses, Permits and Fines	1,382	1,382	1,391	9
Intergovernmental	4,614	4,094	2,924	(1,170)
Charges for Services	27,038	27,178	16,048	(11,130)
Services to Enterprise	69	69	41	(28)
Special Assessments	2,109	2,035	968	(1,067)
Interest	1,782	1,782	393	(1,389)
Program Income	4,504	4,544	3,059	(1,485)
Other	1,234	1,274	169	(1,105)
Total Revenues	<u>43,559</u>	<u>43,185</u>	<u>25,820</u>	<u>(17,365)</u>
Other Financing Sources				
Transfers from Other Funds	5,216	6,707	10,586	3,879
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>5,216</u>	<u>6,707</u>	<u>10,586</u>	<u>3,879</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>48,775</u>	<u>49,892</u>	<u>36,406</u>	<u>(13,486)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	4,851	13,486	7,055	6,431
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	669	669	390	279
Cultural and Recreational Services	--	--	--	--
Community Development	13,165	14,364	7,906	6,458
Capital Outlay	661	573	163	410
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>19,346</u>	<u>29,092</u>	<u>15,514</u>	<u>13,578</u>
Other Financing Uses				
Transfers to Other Funds	36,993	34,854	25,638	9,216
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>36,993</u>	<u>34,854</u>	<u>25,638</u>	<u>9,216</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>56,339</u>	<u>63,946</u>	<u>41,152</u>	<u>22,794</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(7,564)	(14,054)	(4,746)	9,308
Fund Balance, July 1	--	--	17,410	17,410
Appropriation of Fund Balances and Carryforward				
Appropriations	7,564	14,054	--	(14,054)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,664</u>	<u>\$ 12,664</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, 2016
(amounts expressed in thousands)

	Nonmajor Other General 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	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	65	70	5
Total Revenues	--	65	70	5
Other Financing Sources				
Transfers from Other Funds	5,292	5,797	5,797	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	5,292	5,797	5,797	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,292	5,862	5,867	5
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	4,900	4,508	3,384	1,124
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	4,900	4,508	3,384	1,124
Other Financing Uses				
Transfers to Other Funds	3,352	3,138	2,898	240
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,352	3,138	2,898	240
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,252	7,646	6,282	1,364
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(2,960)	(1,784)	(415)	1,369
Fund Balance (Deficit), July 1	1,564	1,564	1,479	(85)
Appropriation of Fund Balances and Carryforward				
Appropriations	1,396	297	--	(297)
Encumbrances Lapsed	--	(77)	(77)	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 987	\$ 987

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, 2016
(amounts expressed in thousands)

	Nonmajor Other General 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	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	--	--
Other Financing Sources				
Transfers from Other Funds	2,453	2,453	2,453	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	2,453	2,453	2,453	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,453	2,453	2,453	--
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	2,272	2,272	--	2,272
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	2,272	2,272	--	2,272
Other Financing Uses				
Transfers to Other Funds	5,999	5,999	2,834	3,165
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	5,999	5,999	2,834	3,165
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,271	8,271	2,834	5,437
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	(5,818)	(5,818)	(381)	5,437
Fund Balance, July 1	449	449	715	266
Appropriation of Fund Balances and Carryforward				
Appropriations	5,369	5,369	--	(5,369)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 334	\$ 334

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, 2016
(amounts expressed in thousands)

	Total Annually Budgeted Nonmajor Special Revenue Funds			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 67,049	\$ 47,438	\$ 63,716	\$ 16,278
Licenses, Permits and Fines	49,470	49,470	54,049	4,579
Intergovernmental	451,452	580,653	560,386	(20,267)
Charges for Services	708,938	689,773	749,795	60,022
Services to Enterprise	1,749	1,749	6,802	5,053
Special Assessments	46,955	46,881	45,672	(1,209)
Interest	10,850	10,855	13,130	2,275
Program Income	11,342	26,422	52,932	26,510
Other	13,319	13,517	14,322	805
Total Revenues	<u>1,361,124</u>	<u>1,466,758</u>	<u>1,560,804</u>	<u>94,046</u>
Other Financing Sources				
Transfers from Other Funds	40,684	79,093	77,610	(1,483)
Loans from Other Funds	9,365	9,614	16,286	6,672
Total Other Financing Sources	<u>50,049</u>	<u>88,707</u>	<u>93,896</u>	<u>5,189</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,411,173</u>	<u>1,555,465</u>	<u>1,654,700</u>	<u>99,235</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	7,172	6,936	3,384	3,552
Protection of Persons and Property	777,482	773,703	100,127	673,576
Public Works	63,094	66,298	49,056	17,242
Health and Sanitation	563,026	380,216	224,054	156,162
Transportation	764,820	659,330	195,257	464,073
Cultural and Recreational Services	55,075	57,788	25,833	31,955
Community Development	398,811	556,536	198,930	357,606
Capital Outlay	56,652	74,835	18,808	56,027
Debt Service				
Principal	30,721	30,140	30,140	--
Interest	9,869	9,817	9,817	--
Total Expenditures	<u>2,726,722</u>	<u>2,615,599</u>	<u>855,406</u>	<u>1,760,193</u>
Other Financing Uses				
Transfers to Other Funds	1,070,005	1,008,472	765,595	242,877
Payment of Loans to Other Funds	1,593	1,660	1,660	--
Total Other Financing Uses	<u>1,071,598</u>	<u>1,010,132</u>	<u>767,255</u>	<u>242,877</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,798,320</u>	<u>3,625,731</u>	<u>1,622,661</u>	<u>2,003,070</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(2,387,147)	(2,070,266)	32,039	2,102,305
Fund Balance, July 1	642,551	642,333	836,597	194,264
Appropriation of Fund Balances and Carryforward				
Appropriations	1,744,596	1,377,688	--	(1,377,688)
Encumbrances Lapsed	--	50,245	50,245	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 918,881</u>	<u>\$ 918,881</u>

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, 2016
(amounts expressed in thousands)

Excess of Revenues and Other Financing Sources Over
Expenditures and Other Financing Uses - Budgetary \$ 32,039

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. (60,451)

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). 116,384

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 177,320
Prior year encumbrances expended in current year (136,118)

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. 149,892

Certain Budgeted Funds reclassified as General category:

Department of Neighborhood Empowerment 640
City Ethics Commission 521

Net Change in Fund Balances - Nonmajor Special Revenue Funds \$ 280,227

DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES

Fund Balances, July 1, as previously reported \$ 686,482
Adjustment for fund budgeted in current year
Fire Hydrant Installation and Main Replacement 3,085
State AB1290 City Fund (1,228)
Adjustment for fund budgeted as major fund in prior year
Solid Waste Resource Fund 148,258
Fund Balances, July 1, as restated \$ 836,597

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
NONMAJOR FUNDS							
BUILDING AND SAFETY PERMIT							
Current - Special Purpose	\$ 385,637	\$ (2,958)	\$ 382,679	\$ 44,441	\$ 12,515	\$ 56,956	\$ 325,723
Transfers to Other Funds	131,716	5,783	137,499	90,294	--	90,294	47,205
TOTAL	517,353	2,825	520,178	134,735	12,515	147,250	372,928
CITYWIDE RECYCLING							
Current - Special Purpose	94,856	(49,917)	44,939	14,284	7,634	21,918	23,021
Transfers to Other Funds	15,991	(3,238)	12,753	7,793	--	7,793	4,960
TOTAL	110,847	(53,155)	57,692	22,077	7,634	29,711	27,981
PROPOSITION C							
ANTI-GRIDLOCK TRANSIT IMPROVEMENT							
Current - Special Purpose	51,190	(11,285)	39,905	20,006	1,812	21,818	18,087
Capital Outlay	4,521	92	4,613	464	57	521	4,092
Transfers to Other Funds	80,873	(23,320)	57,553	44,419	--	44,419	13,134
TOTAL	136,584	(34,513)	102,071	64,889	1,869	66,758	35,313
SPECIAL PARKING REVENUE							
Current - Special Purpose	57,394	(11,155)	46,239	27,134	4,311	31,445	14,794
Capital Outlay	12,776	(1,500)	11,276	276	95	371	10,905
Debt Service							
Principal	581	(581)	--	--	--	--	--
Interest	52	(52)	--	--	--	--	--
Transfers to Other Funds	65,241	672	65,913	63,223	--	63,223	2,690
TOTAL	136,044	(12,616)	123,428	90,633	4,406	95,039	28,389
STORMWATER POLLUTION ABATEMENT							
Current - Special Purpose	23,127	5,541	28,668	12,127	3,195	15,322	13,346
Capital Outlay	2,076	--	2,076	1,651	27	1,678	398
Transfers to Other Funds	21,285	210	21,495	19,294	--	19,294	2,201
TOTAL	46,488	5,751	52,239	33,072	3,222	36,294	15,945
STREET LIGHTING MAINTENANCE ASSESSMENT							
Current - Special Purpose	33,591	(2,003)	31,588	10,020	10,392	20,412	11,176
Capital Outlay	11,964	2,153	14,117	1,205	3,491	4,696	9,421
Payment of Loans	1,593	67	1,660	1,593	67	1,660	--
Transfers to Other Funds	47,511	(7,196)	40,315	33,885	--	33,885	6,430
TOTAL	94,659	(6,979)	87,680	46,703	13,950	60,653	27,027

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
PROPOSITION A LOCAL							
TRANSIT ASSISTANCE							
Current - Special Purpose	\$ 616,117	\$ (85,285)	\$ 530,832	\$ 87,391	\$ 41,881	\$ 129,272	\$ 401,560
Transfers to Other Funds	10,874	(2,657)	8,217	5,808	--	5,808	2,409
TOTAL	626,991	(87,942)	539,049	93,199	41,881	135,080	403,969
MEASURE R LOCAL RETURN							
Current - Special Purpose	39,450	2,235	41,685	10,535	1,797	12,332	29,353
Capital Outlay	15,093	7,977	23,070	5,995	878	6,873	16,197
Transfers to Other Funds	39,414	(482)	38,932	34,420	--	34,420	4,512
TOTAL	93,957	9,730	103,687	50,950	2,675	53,625	50,062
SOLID WASTE RESOURCES							
Current - Special Purpose	416,027	(127,527)	288,500	146,020	32,115	178,135	110,365
Debt Service							
Principal	30,140	--	30,140	30,140	--	30,140	--
Interest	9,817	--	9,817	9,817	--	9,817	--
Capital Outlay	1,016	--	1,016	1,016	--	1,016	--
Transfers to Other Funds	147,766	(5,011)	142,755	135,878	--	135,878	6,877
TOTAL	604,766	(132,538)	472,228	322,871	32,115	354,986	117,242
SPECIAL GAS TAX STREET							
IMPROVEMENT							
Current - Special Purpose	25,509	5,207	30,716	26,175	1,161	27,336	3,380
Capital Outlay	8,545	9,549	18,094	1,080	2,410	3,490	14,604
Transfers to Other Funds	106,383	2,931	109,314	91,343	--	91,343	17,971
TOTAL	140,437	17,687	158,124	118,598	3,571	122,169	35,955
COMMUNITY DEVELOPMENT							
Current - Special Purpose	103,590	43,515	147,105	58,211	10,059	68,270	78,835
Transfers to Other Funds	24,409	(358)	24,051	18,442	--	18,442	5,609
TOTAL	127,999	43,157	171,156	76,653	10,059	86,712	84,444
HOME INVESTMENT							
PARTNERSHIP PROGRAM							
Current - Special Purpose	54,176	43,098	97,274	13,759	19,048	32,807	64,467
Transfers to Other Funds	5,559	(1,727)	3,832	3,110	--	3,110	722
TOTAL	59,735	41,371	101,106	16,869	19,048	35,917	65,189
WORKFORCE INVESTMENT ACT							
Current - Special Purpose	70,578	13,612	84,190	4,675	806	5,481	78,709
Transfers to Other Funds	41,681	(11,365)	30,316	1,264	--	1,264	29,052
TOTAL	112,259	2,247	114,506	5,939	806	6,745	107,761
DISASTER ASSISTANCE							
Current - Special Purpose	164,678	6,240	170,918	6,228	--	6,228	164,690
Transfers to Other Funds	663	--	663	453	--	453	210
TOTAL	165,341	6,240	171,581	6,681	--	6,681	164,900
COMMUNITY SERVICES BLOCK							
GRANT							
Current - Special Purpose	5,288	4,794	10,082	4,146	1,316	5,462	4,620
Transfers to Other Funds	2,448	287	2,735	1,277	--	1,277	1,458
TOTAL	7,736	5,081	12,817	5,423	1,316	6,739	6,078
FORFEITED ASSETS TRUST OF							
POLICE DEPARTMENT							
Current - Special Purpose	6,495	1,390	7,885	1,581	3,448	5,029	2,856
Transfers to Other Funds	238	114	352	230	--	230	122
TOTAL	6,733	1,504	8,237	1,811	3,448	5,259	2,978

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
HOUSEHOLD HAZARDOUS WASTE							
Current - Special Purpose	\$ 4,931	\$ (2,739)	\$ 2,192	\$ 412	\$ 249	\$ 661	\$ 1,531
Transfers to Other Funds	3,552	(572)	2,980	2,733	--	2,733	247
TOTAL	8,483	(3,311)	5,172	3,145	249	3,394	1,778
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS							
Current - Special Purpose	26,404	16,442	42,846	10,434	4,705	15,139	27,707
Transfers to Other Funds	635	(350)	285	241	--	241	44
TOTAL	27,039	16,092	43,131	10,675	4,705	15,380	27,751
MOBILE SOURCE AIR POLLUTION REDUCTION							
Current - Special Purpose	4,684	(247)	4,437	2,050	--	2,050	2,387
Transfers to Other Funds	2,350	250	2,600	2,160	--	2,160	440
TOTAL	7,034	3	7,037	4,210	--	4,210	2,827
OLDER AMERICANS ACT							
Current - Special Purpose	9,053	17,136	26,189	13,033	3,642	16,675	9,514
Transfers to Other Funds	7,673	(42)	7,631	1,889	--	1,889	5,742
TOTAL	16,726	17,094	33,820	14,922	3,642	18,564	15,256
SUPPLEMENTAL LAW ENFORCEMENT SERVICES							
Current - Special Purpose	66	--	66	--	--	--	66
Transfers to Other Funds	18,875	--	18,875	6,365	--	6,365	12,510
TOTAL	18,941	--	18,941	6,365	--	6,365	12,576
ARTS AND CULTURAL FACILITIES AND SERVICES							
Current - Special Purpose	5,895	497	6,392	4,736	180	4,916	1,476
Transfers to Other Funds	15,979	(138)	15,841	11,673	--	11,673	4,168
TOTAL	21,874	359	22,233	16,409	180	16,589	5,644
ARTS DEVELOPMENT FEE							
Current - Special Purpose	14,275	892	15,167	1,392	441	1,833	13,334
Transfers to Other Funds	1	180	181	180	--	180	1
TOTAL	14,276	1,072	15,348	1,572	441	2,013	13,335
CITY EMPLOYEES RIDESHARING							
Current - Special Purpose	--	156	156	--	--	--	156
Transfers to Other Funds	4,162	(278)	3,884	2,425	--	2,425	1,459
TOTAL	4,162	(122)	4,040	2,425	--	2,425	1,615
CITY OF LOS ANGELES AFFORDABLE HOUSING							
Current - Special Purpose	45,426	31,246	76,672	24,569	5,586	30,155	46,517
Transfers to Other Funds	666	700	1,366	885	--	885	481
TOTAL	46,092	31,946	78,038	25,454	5,586	31,040	46,998
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT							
Current - Special Purpose	1,094	--	1,094	1,061	--	1,061	33
Transfers to Other Funds	4,068	141	4,209	4,134	--	4,134	75
TOTAL	5,162	141	5,303	5,195	--	5,195	108
LANDFILL MAINTENANCE TRUST							
Current - Special Purpose	319	27	346	174	50	224	122
Transfers to Other Funds	5,644	(1,130)	4,514	4,370	--	4,370	144
TOTAL	5,963	(1,103)	4,860	4,544	50	4,594	266

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
LOCAL PUBLIC SAFETY							
Transfers to Other Funds	\$ 62,894	\$ (2,750)	\$ 60,144	\$ 40,604	\$ --	\$ 40,604	\$ 19,540
LOS ANGELES CONVENTION AND VISITORS BUREAU							
Current - Special Purpose	29,550	--	29,550	16,970	--	16,970	12,580
Transfers to Other Funds	243	--	243	243	--	243	--
TOTAL	29,793	--	29,793	17,213	--	17,213	12,580
MULTI-FAMILY BULKY ITEM FEE							
Current - Special Purpose	19,082	(7,948)	11,134	5,686	58	5,744	5,390
Transfers to Other Funds	4,742	(833)	3,909	3,806	--	3,806	103
TOTAL	23,824	(8,781)	15,043	9,492	58	9,550	5,493
MUNICIPAL HOUSING FINANCE							
Current - Special Purpose	1,578	(59)	1,519	705	443	1,148	371
Transfers to Other Funds	2,594	203	2,797	2,598	--	2,598	199
TOTAL	4,172	144	4,316	3,303	443	3,746	570
PLANNING CASE PROCESSING SPECIAL FUND							
Current - Special Purpose	25,853	(13,019)	12,834	10,051	--	10,051	2,783
Transfers to Other Funds	25,771	(3,814)	21,957	17,617	--	17,617	4,340
TOTAL	51,624	(16,833)	34,791	27,668	--	27,668	7,123
RENT STABILIZATION							
Current - Special Purpose	43,700	(239)	43,461	5,210	626	5,836	37,625
Transfers to Other Funds	16,776	105	16,881	8,062	--	8,062	8,819
TOTAL	60,476	(134)	60,342	13,272	626	13,898	46,444
STREET DAMAGE RESTORATION FEE							
Current - Special Purpose	3,994	--	3,994	1,308	--	1,308	2,686
Transfers to Other Funds	9,441	--	9,441	8,318	--	8,318	1,123
TOTAL	13,435	--	13,435	9,626	--	9,626	3,809
SYSTEMATIC CODE ENFORCEMENT FEE							
Current - Special Purpose	154,693	(341)	154,352	16,897	231	17,128	137,224
Transfers to Other Funds	43,048	43	43,091	26,516	--	26,516	16,575
TOTAL	197,741	(298)	197,443	43,413	231	43,644	153,799
TELECOMMUNICATIONS LIQUIDATED DAMAGES AND LOST FRANCHISE FEES							
Current - Special Purpose	58,637	(16,887)	41,750	5,070	340	5,410	36,340
Transfers to Other Funds	17,505	(2,887)	14,618	13,734	--	13,734	884
TOTAL	76,142	(19,774)	56,368	18,804	340	19,144	37,224
TRAFFIC SAFETY							
Transfers to Other Funds	7,947	(2,651)	5,296	5,296	--	5,296	--
SPECIAL POLICE COMMUNICATIONS 911 SYSTEM TAX							
Current - Special Purpose	2,425	142	2,567	--	2,321	2,321	246

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, 2016
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2016	Total Actual	Variance With Final Budget Positive (Negative)
ZOO							
Current - Special Purpose	\$ 4,261	\$ 1,324	\$ 5,585	\$ 1,014	\$ 39	\$ 1,053	\$ 4,532
Transfers to Other Funds	27,043	--	27,043	19,243	--	19,243	7,800
TOTAL	31,304	1,324	32,628	20,257	39	20,296	12,332
ALLOCATIONS FROM OTHER GOVERNMENTAL AGENCIES							
Current - Special Purpose	19,346	9,746	29,092	15,514	--	15,514	13,578
Transfers to Other Funds	36,993	(2,139)	34,854	25,638	--	25,638	9,216
TOTAL	56,339	7,607	63,946	41,152	--	41,152	22,794
TOTAL BUDGETED SPECIAL REVENUE FUNDS	\$ 3,781,797	\$ (171,983)	\$ 3,609,814	\$ 1,436,119	\$ 177,426	\$ 1,613,545	\$ 1,996,269
ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS							
Current - Special Purpose	\$ 2,622,969	\$ (128,369)	\$ 2,494,600	\$ 623,019	\$ 170,401	\$ 793,420	\$ 1,701,180
Capital Outlay	55,991	18,271	74,262	11,687	6,958	18,645	55,617
Debt Service							
Principal	30,721	(581)	30,140	30,140	--	30,140	--
Interest	9,869	(52)	9,817	9,817	--	9,817	--
Payment of Loans	1,593	67	1,660	1,593	67	1,660	--
Transfers to Other Funds	1,060,654	(61,319)	999,335	759,863	--	759,863	239,472
TOTAL	\$ 3,781,797	\$ (171,983)	\$ 3,609,814	\$ 1,436,119	\$ 177,426	\$ 1,613,545	\$ 1,996,269
NONMAJOR GENERAL FUNDS							
DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT							
Current - Special Purpose	\$ 4,900	\$ (392)	\$ 4,508	\$ 3,489	\$ (105)	\$ 3,384	\$ 1,124
Transfers to Other Funds	3,352	(214)	3,138	2,898	--	2,898	240
TOTAL	8,252	(606)	7,646	6,387	(105)	6,282	1,364
CITY ETHICS COMMISSION							
Current - Special Purpose	2,272	--	2,272	--	--	--	2,272
Transfers to Other Funds	5,999	--	5,999	2,834	--	2,834	3,165
TOTAL	8,271	--	8,271	2,834	--	2,834	5,437
TOTAL BUDGETED GENERAL FUND	\$ 16,523	\$ (606)	\$ 15,917	\$ 9,221	\$ (105)	\$ 9,116	\$ 6,801
ALL ANNUALLY BUDGETED GENERAL FUNDS							
Current - Special Purpose	\$ 7,172	\$ (392)	\$ 6,780	\$ 3,489	\$ (105)	\$ 3,384	\$ 3,396
Transfers to Other Funds	9,351	(214)	9,137	5,732	--	5,732	3,405
TOTAL	\$ 16,523	\$ (606)	\$ 15,917	\$ 9,221	\$ (105)	\$ 9,116	\$ 6,801

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, 2016
(amounts expressed in thousands)

	General Obligation Bonds			
	Series 2008-A	Series 2009	Series 2011-A	Refunding Series 2011-B
ASSETS				
Cash and Pooled Investments	\$ 7,992	\$ 15,320	\$ 10,046	\$ 34,502
Taxes Receivable (Net of Allowance for Uncollectibles of \$2,870)	744	1,281	983	2,987
Investment Income Receivable	16	32	21	72
TOTAL ASSETS	\$ 8,752	\$ 16,633	\$ 11,050	\$ 37,561
LIABILITIES				
Obligations Under Securities Lending Transactions	\$ 150	\$ 288	\$ 189	\$ 649
Interest Payable	--	--	--	--
Advances from Other Funds	--	--	--	--
Other Liabilities	163	313	206	706
TOTAL LIABILITIES	313	601	395	1,355
DEFERRED INFLOWS OF RESOURCES				
Unavailable Real Estate Tax	567	976	749	2,276
Other Deferred Inflows of Resources	6	12	8	27
TOTAL DEFERRED INFLOWS OF RESOURCES	573	988	757	2,303
FUND BALANCES				
Restricted	7,866	15,044	9,898	33,903
Unassigned	--	--	--	--
TOTAL FUND BALANCES	7,866	15,044	9,898	33,903
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,752	\$ 16,633	\$ 11,050	\$ 37,561

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Debt Service Funds
June 30, 2016
(amounts expressed in thousands)

	<u>General Obligation Bonds</u>		<u>Solid Waste</u>	<u>Other Nonmajor Debt Service</u>	
	<u>Refunding Series 2012-A</u>	<u>Convention Center</u>	<u>Resources</u>	<u>Funds</u>	<u>Total</u>
ASSETS					
Cash and Pooled Investments	\$ 34,706	\$ 2,842	\$ 35,893	\$ 28,373	\$ 169,674
Taxes Receivable					
(Net of Allowance for Uncollectibles of \$2,870)	3,239	--	--	2,371	11,605
Investment Income Receivable	72	7	--	59	279
TOTAL ASSETS	\$ 38,017	\$ 2,849	\$ 35,893	\$ 30,803	\$ 181,558
LIABILITIES					
Obligations Under Securities Lending Transactions	\$ 652	\$ 53	\$ --	\$ 528	\$ 2,509
Interest Payable	--	--	--	279	279
Advances from Other Funds	--	21,680	--	--	21,680
Other Liabilities	710	58	--	575	2,731
TOTAL LIABILITIES	1,362	21,791	--	1,382	27,199
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	2,468	--	--	1,806	8,842
Other Deferred Inflows of Resources	27	2	--	21	103
TOTAL DEFERRED INFLOWS OF RESOURCES	2,495	2	--	1,827	8,945
FUND BALANCES					
Restricted	34,160	--	35,893	27,594	164,358
Unassigned	--	(18,944)	--	--	(18,944)
TOTAL FUND BALANCES	34,160	(18,944)	35,893	27,594	145,414
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 38,017	\$ 2,849	\$ 35,893	\$ 30,803	\$ 181,558

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	General Obligation Bonds			
	Series 2008-A	Series 2009	Series 2011-A	Refunding Series 2011-B
REVENUES				
Property Taxes	\$ 7,715	\$ 13,280	\$ 10,185	\$ 30,972
Charges for Services	--	--	--	--
Investment Earnings	121	236	151	525
Other	--	961	--	--
TOTAL REVENUES	7,836	14,477	10,336	31,497
EXPENDITURES				
General Government	--	--	--	--
Debt Service				
Principal	5,050	8,825	5,850	22,820
Interest	2,954	5,798	4,504	11,337
TOTAL EXPENDITURES	8,004	14,623	10,354	34,157
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(168)	(146)	(18)	(2,660)
OTHER FINANCING SOURCES (USES)				
Transfer In	--	--	--	2,589
Transfer Out	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--	2,589
NET CHANGES IN FUND BALANCES	(168)	(146)	(18)	(71)
FUND BALANCES, JULY 1	8,034	15,190	9,916	33,974
FUND BALANCES, JUNE 30	\$ 7,866	\$ 15,044	\$ 9,898	\$ 33,903

Continued...

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	General Obligation Bonds		Solid Waste	Other Nonmajor Debt Service	
	Refunding Series 2012-A	Convention Center	Resources	Funds	Total
REVENUES					
Property Taxes	\$ 33,583	\$ --	\$ --	\$ 24,576	\$ 120,311
Charges for Services	--	39	--	--	39
Investment Earnings	518	73	441	349	2,414
Other	--	--	--	--	961
TOTAL REVENUES	34,101	112	441	24,925	123,725
EXPENDITURES					
General Government	--	265	--	--	265
Debt Service					
Principal	16,640	62,280	30,140	45,505	197,110
Interest	10,789	8,392	9,817	6,484	60,075
TOTAL EXPENDITURES	27,429	70,937	39,957	51,989	257,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,672	(70,825)	(39,516)	(27,064)	(133,725)
OTHER FINANCING SOURCES (USES)					
Transfer In	--	42,912	39,324	9,033	93,858
Transfer Out	--	(12,850)	(206)	(2,589)	(15,645)
TOTAL OTHER FINANCING SOURCES (USES)	--	30,062	39,118	6,444	78,213
NET CHANGES IN FUND BALANCES	6,672	(40,763)	(398)	(20,620)	(55,512)
FUND BALANCES, JULY 1	27,488	21,819	36,291	48,214	200,926
FUND BALANCES, JUNE 30	\$ 34,160	\$ (18,944)	\$ 35,893	\$ 27,594	\$ 145,414

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, 2016
(amounts expressed in thousands)**

	General Obligation Bonds Series 2008-A			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 8,004	\$ 8,004	\$ 7,724	\$ (280)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	56	56
Total Revenue	8,004	8,004	7,780	(224)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	8,004	8,004	7,780	(224)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,050	5,050	5,050	--
Interest	2,954	2,954	2,954	--
Total Expenditures	8,004	8,004	8,004	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,004	8,004	8,004	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(224)	(224)
FUND BALANCE, JULY 1	--	--	7,816	7,816
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 7,592	\$ 7,592

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, 2016
(amounts expressed in thousands)**

	General Obligation Bonds Series 2009			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 14,623	\$ 14,623	\$ 13,294	\$ (1,329)
Intergovernmental	--	--	961	961
Charges for Services	--	--	--	--
Interest	--	--	113	113
Total Revenue	14,623	14,623	14,368	(255)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	14,623	14,623	14,368	(255)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	8,825	8,825	8,825	--
Interest	5,798	5,798	5,798	--
Total Expenditures	14,623	14,623	14,623	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	14,623	14,623	14,623	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(255)	(255)
FUND BALANCE, JULY 1	--	--	14,809	14,809
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 14,554	\$ 14,554

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, 2016
(amounts expressed in thousands)

	General Obligation Bonds Series 2011-A			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES				
Revenues				
Taxes	\$ 10,354	\$ 10,354	\$ 10,195	\$ (159)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	70	70
Total Revenue	<u>10,354</u>	<u>10,354</u>	<u>10,265</u>	<u>(89)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>10,354</u>	<u>10,354</u>	<u>10,265</u>	<u>(89)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,850	5,850	5,850	--
Interest	4,504	4,504	4,504	--
Total Expenditures	<u>10,354</u>	<u>10,354</u>	<u>10,354</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>10,354</u>	<u>10,354</u>	<u>10,354</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES			(89)	(89)
AND OTHER FINANCING USES	--	--	(89)	(89)
FUND BALANCE, JULY 1	--	--	9,633	9,633
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 9,544</u>	<u>\$ 9,544</u>

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, 2016
(amounts expressed in thousands)**

	General Obligation Bonds Refunding Series 2011-B			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 34,157	\$ 34,157	\$ 31,004	\$ (3,153)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	242	242
Total Revenue	34,157	34,157	31,246	(2,911)
Other Financing Sources				
Transfer from Other Funds	--	--	2,589	2,589
TOTAL REVENUES AND OTHER FINANCING SOURCES	34,157	34,157	33,835	(322)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	22,820	22,820	22,820	--
Interest	11,337	11,337	11,337	--
Total Expenditures	34,157	34,157	34,157	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	34,157	34,157	34,157	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(322)	(322)
FUND BALANCE, JULY 1	--	--	33,099	33,099
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 32,777	\$ 32,777

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, 2016
(amounts expressed in thousands)**

	General Obligation Bonds Refunding Series 2012-A			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 27,429	\$ 27,429	\$ 33,617	\$ 6,188
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	208	208
Total Revenue	27,429	27,429	33,825	6,396
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	27,429	27,429	33,825	6,396
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	16,640	16,640	16,640	--
Interest	10,789	10,789	10,789	--
Total Expenditures	27,429	27,429	27,429	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	27,429	27,429	27,429	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	6,396	6,396
FUND BALANCE, JULY 1	--	--	26,575	26,575
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 32,971	\$ 32,971

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, 2016
(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	5,883	5,883	39	(5,844)
Interest	114	114	76	(38)
Total Revenue	<u>5,997</u>	<u>5,997</u>	<u>115</u>	<u>(5,882)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>5,997</u>	<u>5,997</u>	<u>115</u>	<u>(5,882)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	30,224	13,036	2,510	10,526
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>30,224</u>	<u>13,036</u>	<u>2,510</u>	<u>10,526</u>
Other Financing Uses				
Transfers to Other Funds	3,834	3,834	3,834	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>34,058</u>	<u>16,870</u>	<u>6,344</u>	<u>10,526</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(28,061)	(10,873)	(6,229)	4,644
FUND BALANCE, JULY 1	10,873	10,873	8,928	(1,945)
Appropriation of Fund Balance and Carryforward Appropriation	17,188	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,699</u>	<u>\$ 2,699</u>

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, 2016
(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	\$ 10,904	\$ 10,904	\$ --	\$ (10,904)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	8	8
Total Revenue	<u>10,904</u>	<u>10,904</u>	<u>8</u>	<u>(10,896)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>10,904</u>	<u>10,904</u>	<u>8</u>	<u>(10,896)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	10,625	10,625	10,625	--
Interest	279	279	279	--
Total Expenditures	<u>10,904</u>	<u>10,904</u>	<u>10,904</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	1,630	(1,630)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>10,904</u>	<u>10,904</u>	<u>12,534</u>	<u>(1,630)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(12,526)	(12,526)
FUND BALANCE, JULY 1	--	--	12,526	12,526
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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, 2016
(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	\$ 6,467	\$ 6,467	\$ --	\$ (6,467)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	5	5
Total Revenue	<u>6,467</u>	<u>6,467</u>	<u>5</u>	<u>(6,462)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>6,467</u>	<u>6,467</u>	<u>5</u>	<u>(6,462)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	6,340	6,340	6,340	--
Interest	127	127	127	--
Total Expenditures	<u>6,467</u>	<u>6,467</u>	<u>6,467</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	961	(961)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>6,467</u>	<u>6,467</u>	<u>7,428</u>	<u>(961)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(7,423)	(7,423)
FUND BALANCE, JULY 1	--	--	7,423	7,423
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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, 2016
(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	\$ 20,265	\$ 20,265	\$ 19,410	\$ (855)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	156	156
Total Revenue	<u>20,265</u>	<u>20,265</u>	<u>19,566</u>	<u>(699)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>20,265</u>	<u>20,265</u>	<u>19,566</u>	<u>(699)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	17,690	17,690	17,690	--
Interest	2,575	2,575	2,575	--
Total Expenditures	<u>20,265</u>	<u>20,265</u>	<u>20,265</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>20,265</u>	<u>20,265</u>	<u>20,265</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(699)	(699)
FUND BALANCE, JULY 1	--	--	22,244	22,244
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 21,545</u>	<u>\$ 21,545</u>

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, 2016
 (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	\$ 5,322	\$ 5,322	\$ 5,191	\$ (131)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	37	37
Total Revenue	5,322	5,322	5,228	(94)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,322	5,322	5,228	(94)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,510	3,510	3,510	--
Interest	1,812	1,812	1,812	--
Total Expenditures	5,322	5,322	5,322	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,322	5,322	5,322	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(94)	(94)
FUND BALANCE, JULY 1	--	--	5,233	5,233
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 5,139	\$ 5,139

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, 2016
(amounts expressed in thousands)**

	Total Annually Budgeted Nonmajor Debt Service Funds			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 137,525	\$ 137,525	\$ 120,435	\$ (17,090)
Intergovernmental	--	--	961	961
Charges for Services	5,883	5,883	39	(5,844)
Interest	114	114	971	857
Total Revenue	143,522	143,522	122,406	(21,116)
Other Financing Sources				
Transfer from Other Funds	--	--	2,589	2,589
TOTAL REVENUES AND OTHER FINANCING SOURCES	143,522	143,522	124,995	(18,527)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	30,224	13,036	2,510	(10,526)
Debt Service				
Principal	97,350	97,350	97,350	--
Interest	40,175	40,175	40,175	--
Total Expenditures	167,749	150,561	140,035	(10,526)
Other Financing Uses				
Transfers to Other Funds	3,834	3,834	6,425	2,591
TOTAL EXPENDITURES AND OTHER FINANCING USES	171,583	154,395	146,460	(7,935)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(28,061)	(10,873)	(21,465)	(10,592)
FUND BALANCE, JULY 1	10,873	10,873	148,286	137,413
Appropriation of Fund Balance and Carryforward Appropriation	17,188	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 126,821	\$ 126,821

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, 2016
(amounts expressed in thousands)

Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses - Budgetary	\$ (21,465)
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.	(20,802)
Perspective Difference	
Certain Nonmajor Debt Service funds are not included in the legally adopted budget	<u>(13,245)</u>
Net Change in Fund Balances - Nonmajor Debt Service Funds	<u><u>\$ (55,512)</u></u>

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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 90.8% 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 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 9.2% 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, 2016
(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	\$ 25,961	\$ 14,753	\$ 21,448	\$ 36,860	\$ 8,073
Accounts Receivable	--	--	--	--	--
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	--	--	--	--	--
Intergovernmental Receivable	--	--	--	--	51
Due from Other Funds	23	2	--	--	550
TOTAL ASSETS	\$ 25,984	\$ 14,755	\$ 21,448	\$ 36,860	\$ 8,674
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 122	\$ 1,169	\$ --	\$ 179	\$ 103
Obligations Under Securities Lending Transactions	--	--	--	--	--
Due to Other Funds	462	750	75	78	913
Deposits and Advances	--	--	--	--	--
Advances from Other Funds	--	--	--	--	--
Other Liabilities	--	--	--	--	--
TOTAL LIABILITIES	584	1,919	75	257	1,016
DEFERRED INFLOWS OF RESOURCES					
Unavailable Real Estate Tax	--	--	--	--	--
Receivables from Other Government Agencies	--	--	--	--	51
Other Deferred Inflows of Resources	--	--	--	--	--
TOTAL DEFERRED INFLOWS OF RESOURCES	--	--	--	--	51
FUND BALANCES					
Restricted	25,400	12,836	21,373	36,603	7,607
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,984	\$ 14,755	\$ 21,448	\$ 36,860	\$ 8,674

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Capital Projects Funds
June 30, 2016
(amounts expressed in thousands)

	<u>General Obligation Bonds</u>		<u>Recreation and</u>	<u>Parks</u>	<u>Other</u>	<u>Total</u>
	<u>Series 2009</u>	<u>Series 2011-A</u>	<u>Parks Grant</u>	<u>Assessment</u>	<u>Nonmajor Capital Projects Funds</u>	
ASSETS						
Cash and Pooled Investments	\$ 48,968	\$ 70,713	\$ 86,994	\$ 129,493	\$ 33,719	\$ 476,982
Accounts Receivable	--	--	--	--	92	92
Special Assessments Receivable	--	--	--	1,212	--	1,212
Investment Income Receivable	--	--	201	299	11	511
Intergovernmental Receivable	833	2,043	699	--	2,633	6,259
Due from Other Funds	--	17	--	1	1	594
TOTAL ASSETS	\$ 49,801	\$ 72,773	\$ 87,894	\$ 131,005	\$ 36,456	\$ 485,650
LIABILITIES						
Accounts, Contracts and Retainage Payable	\$ 84	\$ 2,821	\$ 2,496	\$ 1,615	\$ 1,183	\$ 9,772
Obligations Under Securities Lending Transactions	--	--	1,635	2,434	82	4,151
Due to Other Funds	583	--	3	170	802	3,836
Deposits and Advances	--	--	--	--	4	4
Advances from Other Funds	--	--	3,000	--	--	3,000
Other Liabilities	--	--	1,780	2,650	89	4,519
TOTAL LIABILITIES	667	2,821	8,914	6,869	2,160	25,282
DEFERRED INFLOWS OF RESOURCES						
Unavailable Real Estate Tax	--	--	--	740	--	740
Receivables from Other Government Agencies	833	89	271	--	92	1,336
Other Deferred Inflows of Resources	--	--	66	98	3	167
TOTAL DEFERRED INFLOWS OF RESOURCES	833	89	337	838	95	2,243
FUND BALANCES						
Restricted	48,301	69,863	78,643	123,298	34,201	458,125
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 49,801	\$ 72,773	\$ 87,894	\$ 131,005	\$ 36,456	\$ 485,650

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, 2016
(amounts expressed in thousands)

	General Obligation Bonds				
	<u>Series 2003-A</u>	<u>Series 2004-A</u>	<u>Series 2005-A</u>	<u>Series 2006-A</u>	<u>Series 2008-A</u>
REVENUES					
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--
Intergovernmental	--	--	--	73	2,515
Charges for Services	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	55	52	36	65	14
TOTAL REVENUES	<u>55</u>	<u>52</u>	<u>36</u>	<u>138</u>	<u>2,529</u>
EXPENDITURES					
Capital Outlay	8,892	23,542	503	5,674	3,149
TOTAL EXPENDITURES	<u>8,892</u>	<u>23,542</u>	<u>503</u>	<u>5,674</u>	<u>3,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,837)</u>	<u>(23,490)</u>	<u>(467)</u>	<u>(5,536)</u>	<u>(620)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	--	--	--	--	--
Transfers Out	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(8,837)	(23,490)	(467)	(5,536)	(620)
FUND BALANCES, JULY 1	34,237	36,326	21,840	42,139	8,227
FUND BALANCES, JUNE 30	<u>\$ 25,400</u>	<u>\$ 12,836</u>	<u>\$ 21,373</u>	<u>\$ 36,603</u>	<u>\$ 7,607</u>

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, 2016
(amounts expressed in thousands)

	General Obligation Bonds		Recreation and	Parks	Other Nonmajor Capital Projects	Total
	Series 2009	Series 2011-A	Parks Grant	Assessment	Funds	
REVENUES						
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ 2,706	\$ 2,706
Licenses and Permits	--	--	--	--	21	21
Intergovernmental	4,272	3,280	16,700	--	3,097	29,937
Charges for Services	--	--	3,373	--	149	3,522
Special Assessments	--	--	--	24,977	--	24,977
Investment Earnings	78	282	1,652	2,399	116	4,749
TOTAL REVENUES	4,350	3,562	21,725	27,376	6,089	65,912
EXPENDITURES						
Capital Outlay	5,658	35,448	24,635	10,979	7,293	125,773
TOTAL EXPENDITURES	5,658	35,448	24,635	10,979	7,293	125,773
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,308)	(31,886)	(2,910)	16,397	(1,204)	(59,861)
OTHER FINANCING SOURCES (USES)						
Transfers In	--	--	1,004	--	--	1,004
Transfers Out	--	--	--	--	(1,606)	(1,606)
TOTAL OTHER FINANCING SOURCES (USES)	--	--	1,004	--	(1,606)	(602)
NET CHANGE IN FUND BALANCES	(1,308)	(31,886)	(1,906)	16,397	(2,810)	(60,463)
FUND BALANCES, JULY 1	49,609	101,749	80,549	106,901	37,011	518,588
FUND BALANCES, JUNE 30	\$ 48,301	\$ 69,863	\$ 78,643	\$ 123,298	\$ 34,201	\$ 458,125

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, 2016
(amounts expressed in thousands)

	Local Transportation			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	2,874	2,874	2,458	(416)
Charges for Services	--	--	150	150
Interest	40	40	36	(4)
TOTAL REVENUES	2,914	2,914	2,644	(270)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	3,041	2,879	2,393	486
Other Financing Uses				
Transfers to Other Funds	494	313	151	162
TOTAL EXPENDITURES AND OTHER FINANCING USES	3,535	3,192	2,544	648
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(621)	(278)	100	378
FUND BALANCE, JULY 1	1	1	(522)	(523)
Appropriation of Fund Balances and Carryforward				
Appropriations	620	(887)	--	887
Encumbrances Lapsed	--	1,164	1,164	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 742	\$ 742

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, 2016
(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	\$ 2,750	\$ 3,688	\$ 2,706	\$ (982)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	--	--
TOTAL REVENUES	2,750	3,688	2,706	(982)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	6,979	13,718	3,359	10,359
Other Financing Uses				
Transfers to Other Funds	1,161	982	537	445
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,140	14,700	3,896	10,804
EXCESS (DEFICIENCY) OF REVENUES OVER				
 EXPENDITURES AND OTHER FINANCING USES	(5,390)	(11,012)	(1,190)	9,822
FUND BALANCE, JULY 1	--	--	12,745	12,745
Appropriation of Fund Balances and Carryforward				
Appropriations	5,390	11,012	--	(11,012)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 11,555	\$ 11,555

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, 2016
(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	\$ 2,750	\$ 3,688	\$ 2,706	\$ (982)
Intergovernmental	2,874	2,874	2,458	(416)
Charges for Services	--	--	150	150
Interest	40	40	36	(4)
TOTAL REVENUES	5,664	6,602	5,350	(1,252)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	10,020	16,597	5,752	10,845
Other Financing Uses				
Transfers to Other Funds	1,655	1,295	688	607
TOTAL EXPENDITURES AND OTHER FINANCING USES	11,675	17,892	6,440	11,452
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(6,011)	(11,290)	(1,090)	10,200
FUND BALANCE, JULY 1	1	1	12,223	12,222
Appropriation of Fund Balances and Carryforward				
Appropriations	6,010	10,125	--	(10,125)
Encumbrances Lapsed	--	1,164	1,164	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 12,297	\$ 12,297

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, 2016
(amounts expressed in thousands)

**Deficiency of Revenues Over Expenditures
and Other Financing Uses - Budgetary**

\$ (1,090)

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.

563

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

4,544

Prior year encumbrances expended in current year

(1,607)

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.

(62,873)

Net Change in Fund Balances - Nonmajor Capital Projects Funds

\$ (60,463)

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, 2016
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2015	Total Actual	Variance With Final Budget Positive (Negative)
LOCAL TRANSPORTATION							
Capital Outlay	\$ 3,041	\$ (162)	\$ 2,879	\$ 513	\$ 1,880	\$ 2,393	\$ 486
Transfers to Other Funds	494	(181)	313	151	--	151	162
TOTAL	3,535	(343)	3,192	664	1,880	2,544	648
PARK AND RECREATION SITES AND FACILITIES							
Capital Outlay	6,979	6,739	13,718	694	2,665	3,359	10,359
Transfers to Other Funds	1,161	(179)	982	537	--	537	445
TOTAL	8,140	6,560	14,700	1,231	2,665	3,896	10,804
TOTAL BUDGETED CAPITAL PROJECTS FUNDS	\$ 11,675	\$ 6,217	\$ 17,892	\$ 1,895	\$ 4,545	\$ 6,440	\$ 11,452
ALL ANNUALLY BUDGETED CAPITAL PROJECTS FUNDS							
Capital Outlay	\$ 10,020	\$ 6,577	\$ 16,597	\$ 1,207	\$ 4,545	\$ 5,752	\$ 10,845
Transfers to Other Funds	1,655	(360)	1,295	688	--	688	607
TOTAL	\$ 11,675	\$ 6,217	\$ 17,892	\$ 1,895	\$ 4,545	\$ 6,440	\$ 11,452

Fiduciary Funds

Pensions and Other Employee Benefits Trust Funds are used to account for the activities of the City's single-employer defined benefit 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 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.

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 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, 2016
(amounts expressed in thousands)

	Pension Trust Funds	Other Postemployment Benefits Trust Funds	Total
ASSETS			
Cash and Pooled Investments	\$ 23,850	\$ 1,651	\$ 25,501
Receivables			
Contributions	59,148	--	59,148
Accrued Investment Income	118,697	16,550	135,247
Contingent Disability Benefit Advance	3,310	--	3,310
Other Receivables	28,757	4,269	33,026
Due from Brokers	399,977	65,602	465,579
Other Investments			
Short-Term Investments	1,767,033	204,451	1,971,484
U. S. Government Obligations	3,645,695	454,039	4,099,734
U. S. Agency Notes	741,523	125,472	866,995
Municipal Bonds	1,213	218	1,431
Domestic Corporate Bonds	3,283,835	421,506	3,705,341
International Bonds	694,127	121,834	815,961
Other Fixed Income	726,148	130,599	856,747
Bank Loans	1,789	322	2,111
Opportunistic Debt	71,438	12,848	84,286
Domestic Stocks	13,082,071	1,711,665	14,793,736
International Stocks	8,357,506	1,172,786	9,530,292
Mortgage-Backed Securities	557,447	97,003	654,450
Government Agencies	21,619	3,888	25,507
Real Estate	2,651,707	323,046	2,974,753
Alternative Investments	2,701,439	303,131	3,004,570
Private Equity	1,202,396	216,253	1,418,649
Securities Lending Collateral	2,577,708	376,276	2,953,984
Prepaid Expense	1	--	1
Prepaid Health Subsidy	7	9,160	9,167
Capital Assets			
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$1,578)	26,070	2,577	28,647
TOTAL ASSETS	42,744,511	5,775,146	48,519,657
LIABILITIES			
Accounts Payable and Accrued Expenses	58,602	9,917	68,519
Accrued Investment Expenses	9,598	1,726	11,324
Benefits in Process of Payment	34,801	815	35,616
Derivative Instruments	738	133	871
Due to Brokers	746,199	109,011	855,210
Obligations Under Securities			
Lending Transactions	2,577,707	376,276	2,953,983
Mortgage Loan Payable - Current Portion	25,350	2,112	27,462
Mortgage Loan Payable - Noncurrent Portion	143,520	11,956	155,476
Deposits and Advances	24	2	26
TOTAL LIABILITIES	3,596,539	511,948	4,108,487
NET POSITION			
Restricted for Pension and Other Postemployment Benefits			
Benefit Pension Plans	39,072,300	--	39,072,300
Disability Plan	47,487	--	47,487
Death Benefit Plan	28,185	--	28,185
Postemployment Healthcare Plans	--	5,263,198	5,263,198
TOTAL NET POSITION	\$ 39,147,972	\$ 5,263,198	\$ 44,411,170

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, 2016
(amounts expressed in thousands)**

	Pension Trust Funds	Other Postemployment Benefits Trust Funds	Total
ADDITIONS			
Contributions			
Employer	\$ 1,312,644	\$ 336,905	\$ 1,649,549
Plan Member	416,931	--	416,931
Other	3,108	249	3,357
Total Contributions	<u>1,732,683</u>	<u>337,154</u>	<u>2,069,837</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(473,188)	(70,016)	(543,204)
Interest Income	292,306	39,825	332,131
Income from Alternative Investments	26,882	2,199	29,081
Dividend Income	435,044	57,441	492,485
Securities Lending Income	19,267	2,994	22,261
Other Investment Income	42,136	8,158	50,294
Income from Real Estate Investment	98,884	8,747	107,631
Investment Income	<u>441,331</u>	<u>49,348</u>	<u>490,679</u>
Investment Expense	(154,943)	(22,426)	(177,369)
Securities Lending Expense	(3,074)	(658)	(3,732)
Net Investment Income	<u>283,314</u>	<u>26,264</u>	<u>309,578</u>
TOTAL ADDITIONS	<u>2,015,997</u>	<u>363,418</u>	<u>2,379,415</u>
DEDUCTIONS			
Benefit Payments	2,283,615	306,514	2,590,129
Refunds of Member Contributions	15,679	--	15,679
Administrative Expenses	41,960	6,280	48,240
TOTAL DEDUCTIONS	<u>2,341,254</u>	<u>312,794</u>	<u>2,654,048</u>
CHANGE IN NET POSITION			
Benefit Pension Plans	(329,607)	--	(329,607)
Disability Plan	2,740	--	2,740
Death Benefit Plan	1,610	--	1,610
Postemployment Healthcare Plans	--	50,624	50,624
TOTAL CHANGE IN NET POSITION	<u>(325,257)</u>	<u>50,624</u>	<u>(274,633)</u>
Net Position Restricted for Pension and Other Postemployment Benefits, July 1			
Benefit Pension Plans	39,401,908	--	39,401,908
Disability Plan	44,747	--	44,747
Death Benefit Plan	26,574	--	26,574
Post-employment Healthcare Plans	--	5,212,574	5,212,574
NET POSITION RESTRICTED FOR FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30	<u>\$ 39,147,972</u>	<u>\$ 5,263,198</u>	<u>\$ 44,411,170</u>

CITY OF LOS ANGELES

**Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2016**

(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	\$ 2,024	\$ 2,267	\$ 19,559	\$ 23,850
Receivables				
Contributions	7,500	--	51,648	59,148
Accrued Investment Income	51,966	42,516	24,215	118,697
Contingent Disability Benefit Advance	--	--	3,310	3,310
Other Receivables	--	23,739	5,018	28,757
Due from Brokers	63,305	86,735	249,937	399,977
Other Investments				
Short-Term Investments	929,117	421,287	416,629	1,767,033
U. S. Government Obligations	2,080,871	794,606	770,218	3,645,695
U. S. Agency Notes	--	--	741,523	741,523
Municipal Bonds	--	1,213	--	1,213
Domestic Corporate Bonds	1,656,749	765,988	861,098	3,283,835
International Bonds	6,711	459,721	227,695	694,127
Other Fixed Income	--	726,148	--	726,148
Bank Loans	--	1,789	--	1,789
Opportunistic Debt	--	71,438	--	71,438
Domestic Stocks	6,412,879	3,054,520	3,614,672	13,082,071
International Stocks	3,186,511	3,337,877	1,833,118	8,357,506
Mortgage-Backed Securities	--	344,923	212,524	557,447
Government Agencies	--	21,619	--	21,619
Real Estate	1,392,083	697,657	561,967	2,651,707
Alternative Investments	1,739,350	--	962,089	2,701,439
Private Equity	--	1,202,396	--	1,202,396
Securities Lending Collateral	1,370,898	589,726	617,084	2,577,708
Prepaid Expense	--	--	1	1
Prepaid Health Subsidy	7	--	--	7
Capital Assets				
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$1,347)	21,873	4,197	--	26,070
TOTAL ASSETS	18,921,844	12,650,362	11,172,305	42,744,511
LIABILITIES				
Accounts Payable and Accrued Expenses	11,999	32,618	13,985	58,602
Accrued Investment Expenses	--	9,598	--	9,598
Benefits in Process of Payment	31,978	--	2,823	34,801
Derivative Instruments	--	738	--	738
Due to Brokers	233,799	147,500	364,900	746,199
Obligations Under Securities				
Lending Transactions	1,370,898	589,726	617,083	2,577,707
Mortgage Loan Payable - Current Portion	25,350	--	--	25,350
Mortgage Loan Payable - Noncurrent Portion	143,520	--	--	143,520
Deposits and Advances	24	--	--	24
TOTAL LIABILITIES	1,817,568	780,180	998,791	3,596,539
NET POSITION				
Restricted for Pension Benefits				
Benefit Pension Plans	17,104,276	11,870,182	10,097,842	39,072,300
Disability Plan	--	--	47,487	47,487
Death Benefit Plan	--	--	28,185	28,185
TOTAL NET POSITION	\$ 17,104,276	\$ 11,870,182	\$ 10,173,514	\$ 39,147,972

CITY OF LOS ANGELES
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Fire and Police Pension Plan	Los Angeles City Employees' Retirement Plan	Water and Power Employees' Disability, and Death Benefit Insurance Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 478,385	\$ 440,704	\$ 393,555	\$ 1,312,644
Plan Member	129,733	211,345	75,853	416,931
Other	3,108	--	--	3,108
Total Contributions	<u>611,226</u>	<u>652,049</u>	<u>469,408</u>	<u>1,732,683</u>
Investment Income (Loss)				
Net Appreciation (Depreciation) in Fair Value of				
Investments	(221,126)	(191,801)	(60,261)	(473,188)
Interest Income	117,593	86,782	87,931	292,306
Income from Alternative Investments	24,138	--	2,744	26,882
Dividend Income	226,490	138,552	70,002	435,044
Securities Lending Income	8,202	6,557	4,508	19,267
Other Investment Income (Loss)	(3,132)	43,115	2,153	42,136
Income from Real Estate Investment	76,413	--	22,471	98,884
Investment Income	<u>228,578</u>	<u>83,205</u>	<u>129,548</u>	<u>441,331</u>
Investment Expense	(71,553)	(54,604)	(28,786)	(154,943)
Securities Lending Expense	(819)	(963)	(1,292)	(3,074)
Net Investment Income	<u>156,206</u>	<u>27,638</u>	<u>99,470</u>	<u>283,314</u>
TOTAL ADDITIONS	<u>767,432</u>	<u>679,687</u>	<u>568,878</u>	<u>2,015,997</u>
DEDUCTIONS				
Benefit Payments	987,296	767,264	529,055	2,283,615
Refunds of Member Contributions	3,067	7,719	4,893	15,679
Administrative Expenses	19,347	15,576	7,037	41,960
TOTAL DEDUCTIONS	<u>1,009,710</u>	<u>790,559</u>	<u>540,985</u>	<u>2,341,254</u>
CHANGE IN NET POSITION				
Benefit Pension Plans	(242,278)	(110,872)	23,543	(329,607)
Disability Plan	--	--	2,740	2,740
Death Benefit Plan	--	--	1,610	1,610
TOTAL CHANGE IN NET POSITION	<u>(242,278)</u>	<u>(110,872)</u>	<u>27,893</u>	<u>(325,257)</u>
Net Position Restricted for Pension, July 1				
Benefit Pension Plans	17,346,554	11,981,054	10,074,300	39,401,908
Disability Plan	--	--	44,747	44,747
Death Benefit Plan	--	--	26,574	26,574
NET POSITION RESTRICTED FOR PENSION, JUNE 30	<u>\$ 17,104,276</u>	<u>\$ 11,870,182</u>	<u>\$ 10,173,514</u>	<u>\$ 39,147,972</u>

CITY OF LOS ANGELES

**Combining Statement of Fiduciary Net Position
Other Postemployment Benefits Trust Funds
June 30, 2016**

(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	\$ 169	\$ 407	\$ 1,075	\$ 1,651
Receivables				
Accrued Investment Income	4,329	7,647	4,574	16,550
Other Receivables	--	4,269	--	4,269
Due from Brokers	5,274	15,599	44,729	65,602
Other Investments				
Short-Term Investments	77,406	75,770	51,275	204,451
U. S. Government Obligations	173,359	142,912	137,768	454,039
U. S. Agency Notes	--	--	125,472	125,472
Municipal Bonds	--	218	--	218
Domestic Corporate Bonds	138,025	137,765	145,716	421,506
International Bonds	559	82,682	38,593	121,834
Other Fixed Income	--	130,599	--	130,599
Bank Loans	--	322	--	322
Opportunistic Debt	--	12,848	--	12,848
Domestic Stocks	534,263	549,362	628,040	1,711,665
International Stocks	265,471	600,324	306,991	1,172,786
Mortgage-Backed Securities	--	62,035	34,968	97,003
Government Agencies	--	3,888	--	3,888
Real Estate	115,976	125,475	81,595	323,046
Alternative Investments	144,907	--	158,224	303,131
Private Equity	--	216,253	--	216,253
Securities Lending Collateral	114,211	106,063	156,002	376,276
Prepaid Health Subsidy	9,160	--	--	9,160
Capital Assets				
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$231)	1,822	755	--	2,577
TOTAL ASSETS	1,584,931	2,275,193	1,915,022	5,775,146
LIABILITIES				
Accounts Payable and Accrued Expenses	953	5,866	3,098	9,917
Accrued Investment Expenses	--	1,726	--	1,726
Benefits in Process of Payment	815	--	--	815
Derivative Instruments	--	133	--	133
Due to Brokers	19,478	26,528	63,005	109,011
Obligations Under Securities				
Lending Transactions	114,211	106,063	156,002	376,276
Mortgage Loan Payable - Current Portion	2,112	--	--	2,112
Mortgage Loan Payable - Noncurrent Portion	11,956	--	--	11,956
Deposits and Advances	2	--	--	2
TOTAL LIABILITIES	149,527	140,316	222,105	511,948
NET POSITION				
Restricted for Postemployment Healthcare Benefits	\$ 1,435,404	\$ 2,134,877	\$ 1,692,917	\$ 5,263,198

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Funds
For the Fiscal Year Ended June 30, 2016
(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	\$ 150,315	\$ 105,983	\$ 80,607	\$ 336,905
Other	249	--	--	249
Total Contributions	<u>150,564</u>	<u>105,983</u>	<u>80,607</u>	<u>337,154</u>
Investment Income (Loss)				
Net Appreciation (Depreciation) in Fair Value of				
Investments	(17,726)	(41,925)	(10,365)	(70,016)
Interest Income	9,427	16,836	13,562	39,825
Income from Alternative Investments	1,935	--	264	2,199
Dividend Income	18,156	26,880	12,405	57,441
Securities Lending Income	658	1,271	1,065	2,994
Other Investment Income (Loss)	(251)	8,364	45	8,158
Income from Real Estate Investment	6,125	--	2,622	8,747
Investment Income	<u>18,324</u>	<u>11,426</u>	<u>19,598</u>	<u>49,348</u>
Investment Expense	(5,736)	(11,936)	(4,754)	(22,426)
Securities Lending Expense	(66)	(211)	(381)	(658)
Net Investment Income (Loss)	<u>12,522</u>	<u>(721)</u>	<u>14,463</u>	<u>26,264</u>
TOTAL ADDITIONS	<u>163,086</u>	<u>105,262</u>	<u>95,070</u>	<u>363,418</u>
DEDUCTIONS				
Benefit Payments	116,678	109,940	79,896	306,514
Administrative Expenses	1,551	4,151	578	6,280
TOTAL DEDUCTIONS	<u>118,229</u>	<u>114,091</u>	<u>80,474</u>	<u>312,794</u>
CHANGE IN NET POSITION	44,857	(8,829)	14,596	50,624
Net Position Restricted for Postemployment				
Healthcare Benefits, July 1	1,390,547	2,143,706	1,678,321	5,212,574
POSTEMPLOYMENT HEALTHCARE BENEFITS, JUNE 30	<u>\$ 1,435,404</u>	<u>\$ 2,134,877</u>	<u>\$ 1,692,917</u>	<u>\$ 5,263,198</u>

CITY OF LOS ANGELES
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016
(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	\$ 23,813	\$ 32,186	\$ 83,574	\$ 198,717	\$ 338,290
Other Investments	--	--	--	438	438
Accounts Receivable	--	30,909	--	--	30,909
Special Assessments Receivable	--	--	--	183	183
Investment Income Receivable	19	87	2	16	124
Advances to Other Funds	--	--	23,676	--	23,676
TOTAL ASSETS	\$ 23,832	\$ 63,182	\$ 107,252	\$ 199,354	\$ 393,620
LIABILITIES					
Fiduciary Liabilities	\$ --	\$ 61,578	\$ --	\$ 175,020	\$ 236,598
Obligations Under Securities Lending Transactions	214	992	19	239	1,464
Due to Other Funds	--	612	--	185	797
Deposits and Advances	23,618	--	107,188	23,910	154,716
Advances from Other funds	--	--	45	--	45
TOTAL LIABILITIES	\$ 23,832	\$ 63,182	\$ 107,252	\$ 199,354	\$ 393,620

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)**

	Balance July 1, 2015	Additions	Deductions	Balance July 1, 2016
<u>BUILDING AND SAFETY</u>				
ASSETS				
Cash and Pooled Investments	\$ 30,225	\$ 85,861	\$ 92,273	\$ 23,813
Investment Income Receivable	32	--	13	19
TOTAL ASSETS	\$ 30,257	\$ 85,861	\$ 92,286	\$ 23,832
LIABILITIES				
Obligations Under Securities Lending Transactions	\$ 107	\$ 107	\$ --	\$ 214
Deposits and Advances	30,150	85,754	92,286	23,618
TOTAL LIABILITIES	\$ 30,257	\$ 85,861	\$ 92,286	\$ 23,832
<u>INTERNAL REVENUE CODE SECTION 501(c)</u>				
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash and Pooled Investments	\$ 34,236	\$ 91,525	\$ 93,575	\$ 32,186
Accounts Receivable	--	30,909	--	30,909
Investment Income Receivable	86	1	--	87
TOTAL ASSETS	\$ 34,322	\$ 122,435	\$ 93,575	\$ 63,182
LIABILITIES				
Fiduciary Liabilities	\$ 33,935	\$ 121,218	\$ 93,575	\$ 61,578
Obligations Under Securities Lending Transactions	387	605	--	992
Due to Other Funds	--	612	--	612
TOTAL LIABILITIES	\$ 34,322	\$ 122,435	\$ 93,575	\$ 63,182
<u>PUBLIC WORKS</u>				
ASSETS				
Cash and Pooled Investments	\$ 70,048	\$ 27,335	\$ 13,809	\$ 83,574
Investment Income Receivable	2	--	--	2
Advances to Other Funds	30,836	--	7,160	23,676
TOTAL ASSETS	\$ 100,886	\$ 27,335	\$ 20,969	\$ 107,252
LIABILITIES				
Obligations Under Securities Lending Transactions	\$ 6	\$ 13	\$ --	\$ 19
Deposits and Advances	100,835	27,322	20,969	107,188
Advances from Other Funds	45	--	--	45
TOTAL LIABILITIES	\$ 100,886	\$ 27,335	\$ 20,969	\$ 107,252
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 181,574	\$ 42,126,593	\$ 42,109,450	\$ 198,717
Other Investments	436	2	--	438
Special Assessments Receivable	215	183	215	183
Investment Income Receivable	12	17	13	16
TOTAL ASSETS	\$ 182,237	\$ 42,126,795	\$ 42,109,678	\$ 199,354
LIABILITIES				
Fiduciary Liabilities	\$ 159,854	\$ 42,123,074	\$ 42,107,908	\$ 175,020
Obligations Under Securities Lending Transactions	100	139	--	239
Due to Other Funds	--	185	--	185
Deposits and Advances	22,283	3,397	1,770	23,910
TOTAL LIABILITIES	\$ 182,237	\$ 42,126,795	\$ 42,109,678	\$ 199,354

Continued...

CITY OF LOS ANGELES
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds - (Continued)
For the Fiscal Year Ended June 30, 2016
(amounts expressed in thousands)

	Balance July 1, 2015	Additions	Deductions	Balance July 1, 2016
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 316,083	\$ 42,331,314	\$ 42,309,107	\$ 338,290
Other Investments	436	2	--	438
Accounts Receivable	--	30,909	--	30,909
Special Assessments Receivable	215	183	215	183
Investment Income Receivable	132	18	26	124
Advances to Other Funds	30,836	--	7,160	23,676
TOTAL ASSETS	<u>\$ 347,702</u>	<u>\$ 42,362,426</u>	<u>\$ 42,316,508</u>	<u>\$ 393,620</u>
LIABILITIES				
Fiduciary Liabilities	\$ 193,789	\$ 42,244,292	\$ 42,201,483	\$ 236,598
Obligations Under Securities Lending Transactions	600	864	--	1,464
Due to Other Funds	--	797	--	797
Deposits and Advances	153,268	116,473	115,025	154,716
Advances from Other Funds	45	--	--	45
TOTAL LIABILITIES	<u>\$ 347,702</u>	<u>\$ 42,362,426</u>	<u>\$ 42,316,508</u>	<u>\$ 393,620</u>

STATISTICAL SECTION

A word cloud graphic featuring various financial and administrative terms. The most prominent words are 'TAXES', 'METRICS', and 'CONTROLLER', all in large, bold, black capital letters. Other words in smaller, grey capital letters include 'EXPENDITURES', 'ASSETS', 'FISCAL', 'EXPENSES', 'REVENUE', 'CASH', 'POLICY', 'SERVICES', 'FINANCE', and 'BUREAUS'. The words are arranged in a dense, overlapping cluster.

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.

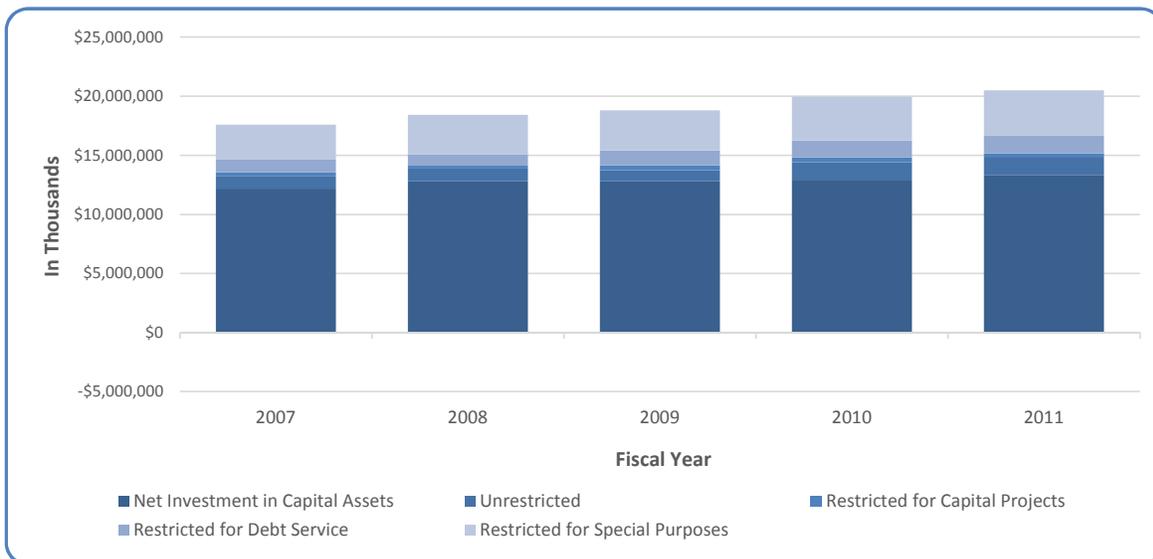
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CITY OF LOS ANGELES
Net Position by Category
Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities					
Net Investment in Capital Assets	\$ 3,189,365	\$ 3,415,049	\$ 3,633,548	\$ 3,798,442	\$ 4,140,258
Restricted for:					
Capital Projects	123,082	132,583	138,237	158,878	61,090
Debt Service	237,597	209,072	216,751	228,515	215,496
Special Purposes	1,582,551	1,736,490	1,639,594	1,679,989	1,753,510
Unrestricted (Deficit)	<u>(1,223,123)</u>	<u>(1,455,537)</u>	<u>(1,707,447)</u>	<u>(1,564,473)</u>	<u>(1,794,315)</u>
Subtotal Governmental Activities Net Position	<u>3,909,472</u>	<u>4,037,657</u>	<u>3,920,683</u>	<u>4,301,351</u>	<u>4,376,039</u>
Business-type Activities					
Net Investment in Capital Assets	8,974,991	9,372,493	9,148,381	9,135,266	9,186,620
Restricted for:					
Capital Projects	178,955	115,428	274,711	238,467	237,019
Debt Service	837,414	758,318	1,044,956	1,214,521	1,262,623
Special Purposes	1,375,876	1,606,749	1,750,093	2,026,244	2,086,775
Unrestricted	<u>2,311,450</u>	<u>2,527,916</u>	<u>2,657,431</u>	<u>3,038,407</u>	<u>3,336,976</u>
Subtotal Business-type Activities Net Position	<u>13,678,686</u>	<u>14,380,904</u>	<u>14,875,572</u>	<u>15,652,905</u>	<u>16,110,013</u>
Primary Government					
Net Investment in Capital Assets	12,164,356	12,787,542	12,781,929	12,933,708	13,326,878
Restricted for:					
Capital Projects	302,037	248,011	412,948	397,345	298,109
Debt Service	1,075,011	967,390	1,261,707	1,443,036	1,478,119
Special Purposes	2,958,427	3,343,239	3,389,687	3,706,233	3,840,285
Unrestricted	<u>1,088,327</u>	<u>1,072,379</u>	<u>949,984</u>	<u>1,473,934</u>	<u>1,542,661</u>
Total Primary Government Net Position	<u>\$17,588,158</u>	<u>\$18,418,561</u>	<u>\$18,796,255</u>	<u>\$19,954,256</u>	<u>\$20,486,052</u>

Continued...

Primary Government- Net Position by Category

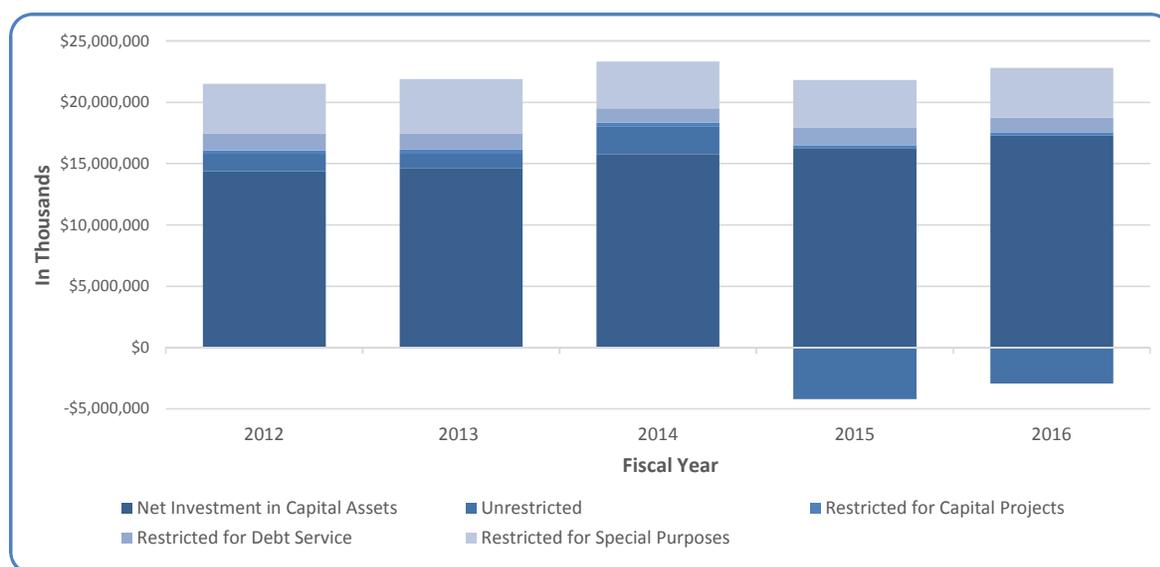


CITY OF LOS ANGELES
Net Position by Category
Accrual Basis of Accounting (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities					
Net Investment in Capital Assets	\$ 4,416,934	\$ 4,452,921	\$ 4,646,514	\$ 4,760,372	\$ 5,267,860
Restricted for:					
Capital Projects	74,721	89,055	204,181	100,835	96,477
Debt Service	157,402	154,321	130,104	322,336	162,142
Special Purposes	1,853,933	2,193,433	1,467,249	1,663,223	1,877,242
Unrestricted (Deficit)	<u>(1,782,463)</u>	<u>(2,429,330)</u>	<u>(1,276,678)</u>	<u>(7,383,558)</u>	<u>(6,559,669)</u>
Subtotal Governmental Activities Net Position	<u>4,720,527</u>	<u>4,460,400</u>	<u>5,171,370</u>	<u>(536,792)</u>	<u>844,052</u>
Business-type Activities					
Net Investment in Capital Assets	9,940,457	10,135,052	11,113,795	11,489,529	11,990,919
Restricted for:					
Capital Projects	168,924	249,773	135,700	138,759	143,033
Debt Service	1,223,993	1,147,819	1,045,688	1,118,078	1,086,557
Special Purposes	2,232,788	2,264,948	2,332,259	2,203,721	2,177,049
Unrestricted	<u>3,214,165</u>	<u>3,619,888</u>	<u>3,506,415</u>	<u>3,169,708</u>	<u>3,625,643</u>
Subtotal Business-type Activities Net Position	<u>16,780,327</u>	<u>17,417,480</u>	<u>18,133,857</u>	<u>18,119,795</u>	<u>19,023,201</u>
Primary Government					
Net Investment in Capital Assets	14,357,391	14,587,973	15,760,309	16,249,901	17,258,779
Restricted for:					
Capital Projects	243,645	338,828	339,881	239,594	239,510
Debt Service	1,381,395	1,302,140	1,175,792	1,440,414	1,248,699
Special Purposes	4,086,721	4,458,381	3,799,508	3,866,944	4,054,291
Unrestricted	<u>1,431,702</u>	<u>1,190,558</u>	<u>2,229,737</u>	<u>(4,213,850)</u>	<u>(2,934,026)</u>
Total Primary Government Net Position	<u>\$21,500,854</u>	<u>\$21,877,880</u>	<u>\$23,305,227</u>	<u>\$17,583,003</u>	<u>\$19,867,253</u>

Note: GASB Statement No. 68 was implemented in fiscal year 2015. Prior years' financial statements were not restated.

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				
	2007	2008	2009	2010	2011
Expenses					
Governmental Activities					
General Government	\$ 1,429,922	\$ 1,570,377	\$ 1,507,318	\$ 1,279,697	\$ 1,462,581
Protection of Persons and Property	2,414,058	2,741,492	2,552,413	2,618,138	2,641,343
Public Works	300,817	261,917	451,141	392,874	342,722
Health and Sanitation	402,730	381,406	416,247	382,127	393,827
Transportation	367,198	392,748	406,464	368,000	338,755
Cultural and Recreational Services	382,523	446,051	413,119	415,344	446,805
Community Development	308,700	405,859	373,244	349,203	429,695
Interest on Long-term Debt	195,925	217,073	189,966	186,711	190,424
Subtotal Governmental Activities Expenses	<u>5,801,873</u>	<u>6,416,923</u>	<u>6,309,912</u>	<u>5,992,094</u>	<u>6,246,152</u>
Business-type Activities					
Airports	684,853	755,983	782,036	765,513	834,071
Harbor	326,368	342,148	382,168	336,104	310,534
Power	2,462,202	2,658,634	2,544,032	2,843,642	2,964,399
Water	605,181	704,529	762,802	787,836	791,049
Sewer	513,377	554,447	553,251	552,006	557,269
Other- Convention Center	35,741	38,753	38,718	32,842	40,400
Subtotal Business-type Activities Expenses	<u>4,627,722</u>	<u>5,054,494</u>	<u>5,063,007</u>	<u>5,317,943</u>	<u>5,497,722</u>
Total Primary Government Expenses	<u>10,429,595</u>	<u>11,471,417</u>	<u>11,372,919</u>	<u>11,310,037</u>	<u>11,743,874</u>
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	256,524	260,540	278,800	204,372	241,681
Protection of Persons and Property	323,736	357,038	281,388	333,778	317,283
Public Works	160,213	173,774	166,387	170,997	162,551
Health and Sanitation	285,705	379,300	445,108	454,586	467,614
Transportation	79,961	90,588	94,832	92,390	99,797
Cultural and Recreational Services	130,399	116,853	119,180	108,822	128,170
Community Development	86,800	91,347	74,988	73,344	63,903
Operating Grants and Contributions	820,809	979,238	854,128	900,569	924,031
Capital Grants and Contributions	94,607	100,994	79,981	86,275	75,744
Subtotal Governmental Activities Program Revenues	<u>2,238,754</u>	<u>2,549,672</u>	<u>2,394,792</u>	<u>2,425,133</u>	<u>2,480,774</u>
Business-type Activities					
Charges for Services					
Airports	846,309	983,787	960,461	968,022	1,052,790
Harbor	458,785	467,161	424,036	424,321	406,606
Power	2,773,547	2,962,693	2,899,485	3,372,648	3,252,872
Water	698,773	777,110	798,664	831,039	783,056
Sewer	521,393	543,417	547,666	545,874	517,212
Other- Convention Center	26,449	26,162	26,798	22,501	26,535
Operating Grants and Contributions	11,776	10,490	--	--	--
Capital Grants and Contributions	150,991	201,299	153,142	151,346	174,574
Subtotal Business-type Activities Program Revenues	<u>5,488,023</u>	<u>5,972,119</u>	<u>5,810,252</u>	<u>6,315,751</u>	<u>6,213,645</u>
Total Primary Government Program Revenues	<u>7,726,777</u>	<u>8,521,791</u>	<u>8,205,044</u>	<u>8,740,884</u>	<u>8,694,419</u>

Continued...

CITY OF LOS ANGELES

Changes in Net Position
 Accrual Basis of Accounting - (Continued)
 Last Ten Fiscal Years
 (amounts expressed in thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental Activities					
General Government	\$ 1,335,180	\$ 2,089,053	\$ 1,481,977	\$ 1,240,898	\$ 1,348,442
Protection of Persons and Property	2,707,892	2,789,023	2,963,882	2,872,296	2,797,651
Public Works	413,348	387,649	383,433	422,558	235,840
Health and Sanitation	416,894	405,934	519,519	467,548	504,364
Transportation	365,841	423,595	425,967	406,573	420,799
Cultural and Recreational Services	445,815	482,692	524,282	541,758	595,454
Community Development	437,229	386,346	321,263	169,121	187,453
Interest on Long-term Debt	194,513	179,588	159,991	146,896	131,893
Subtotal Governmental Activities Expenses	6,316,712	7,143,880	6,780,314	6,267,648	6,221,896
Business-type Activities					
Airports	897,380	922,914	984,754	1,092,463	1,174,620
Harbor	333,355	331,626	372,645	379,809	398,954
Power	2,870,609	2,928,377	3,092,108	3,204,535	3,229,174
Water	799,575	939,094	1,053,150	1,037,652	1,039,575
Sewer	542,850	572,425	542,007	513,226	584,971
Other- Convention Center	39,107	39,073	38,450	43,871	49,531
Subtotal Business-type Activities Expenses	5,482,876	5,733,509	6,083,114	6,271,556	6,476,825
Total Primary Government Expenses	11,799,588	12,877,389	12,863,428	12,539,204	12,698,721
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	246,357	305,545	246,641	285,973	96,117
Protection of Persons and Property	326,396	385,961	443,352	439,901	520,550
Public Works	166,061	169,473	165,229	182,758	253,103
Health and Sanitation	493,422	495,544	492,238	494,420	600,117
Transportation	125,392	121,374	143,103	151,813	179,288
Cultural and Recreational Services	152,434	149,237	153,544	160,736	179,046
Community Development	112,897	111,259	117,097	139,509	183,890
Operating Grants and Contributions	1,023,001	871,459	903,146	834,075	827,258
Capital Grants and Contributions	96,156	55,138	46,878	42,705	123,757
Subtotal Governmental Activities Program Revenues	2,742,116	2,664,990	2,711,228	2,731,890	2,963,126
Business-type Activities					
Charges for Services					
Airports	1,114,431	1,122,704	1,038,506	1,121,584	1,285,816
Harbor	435,291	416,974	425,951	446,895	441,249
Power	3,212,141	3,264,534	3,319,820	3,336,963	3,517,040
Water	849,122	1,073,948	1,141,823	1,082,581	1,131,777
Sewer	532,026	588,987	571,570	594,024	613,092
Other- Convention Center	27,355	27,255	24,937	36,158	44,311
Operating Grants and Contributions	--	--	--	--	--
Capital Grants and Contributions	158,114	109,407	367,841	270,637	232,183
Subtotal Business-type Activities Program Revenues	6,328,480	6,603,809	6,890,448	6,888,842	7,265,468
Total Primary Government Program Revenues	9,070,596	9,268,799	9,601,676	9,620,732	10,228,594

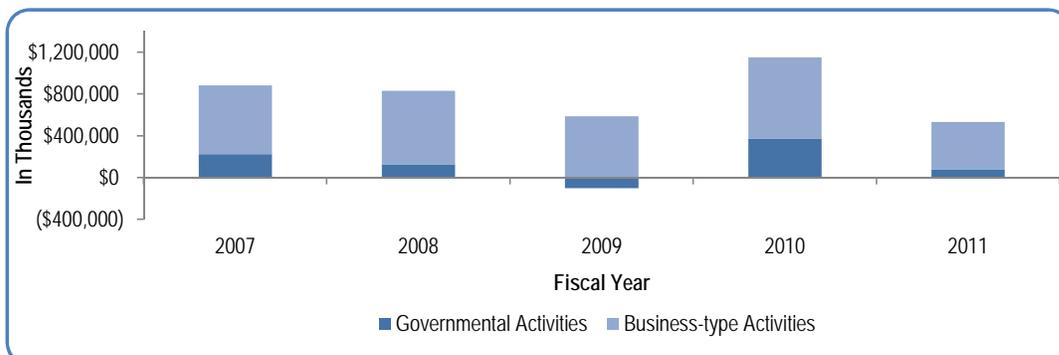
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CITY OF LOS ANGELES
Changes in Net Position
Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Net (Expense)/Revenue					
Governmental Activities	\$ (3,563,119)	\$ (3,867,251)	\$ (3,915,120)	\$ (3,566,961)	\$ (3,765,378)
Business-type Activities	860,301	917,625	747,245	997,808	715,923
Total Primary Government Net Expense	<u>(2,702,818)</u>	<u>(2,949,626)</u>	<u>(3,167,875)</u>	<u>(2,569,153)</u>	<u>(3,049,455)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	1,389,511	1,483,049	1,603,209	1,556,179	1,521,632
Utility Users' Taxes	606,624	631,716	646,165	658,110	628,028
Business Taxes	465,353	534,272	450,848	510,269	410,888
Other Taxes	512,410	497,455	399,851	457,473	392,405
Unrestricted Grants and Contributions					
Sales Taxes	445,480	456,650	412,268	399,330	434,539
Other	58,093	32,064	33,467	56,048	52,704
Unrestricted Investment Earnings	72,559	80,538	46,772	27,372	18,814
Other General Revenues	34,367	64,285	60,879	54,005	75,838
Transfers	204,667	215,407	159,150	220,475	258,815
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	--	--	--	(47,007)
Transfer of Properties from CRA	--	--	--	--	93,410
Return of Properties to CRA	--	--	--	--	--
Transfer of Assets from CRA	--	--	--	--	--
Subtotal Governmental Activities	<u>3,789,064</u>	<u>3,995,436</u>	<u>3,812,609</u>	<u>3,939,261</u>	<u>3,840,066</u>
Business-type Activities					
Unrestricted Investment Earnings	--	--	--	--	--
Other General Revenues	--	--	--	--	--
Transfers	(204,667)	(215,407)	(159,150)	(220,475)	(258,815)
Pollution Remediation Liabilities Adjustment	--	--	--	--	--
Subtotal Business-type Activities	<u>(204,667)</u>	<u>(215,407)</u>	<u>(159,150)</u>	<u>(220,475)</u>	<u>(258,815)</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>3,584,397</u>	<u>3,780,029</u>	<u>3,653,459</u>	<u>3,718,786</u>	<u>3,581,251</u>
Change in Net Position					
Governmental Activities	225,945	128,185	(102,511)	372,300	74,688
Business-type Activities	655,634	702,218	588,095	777,333	457,108
Total Primary Government Change in Net Position	<u>\$ 881,579</u>	<u>\$ 830,403</u>	<u>\$ 485,584</u>	<u>\$ 1,149,633</u>	<u>\$ 531,796</u>

Continued...

Changes in Net Position



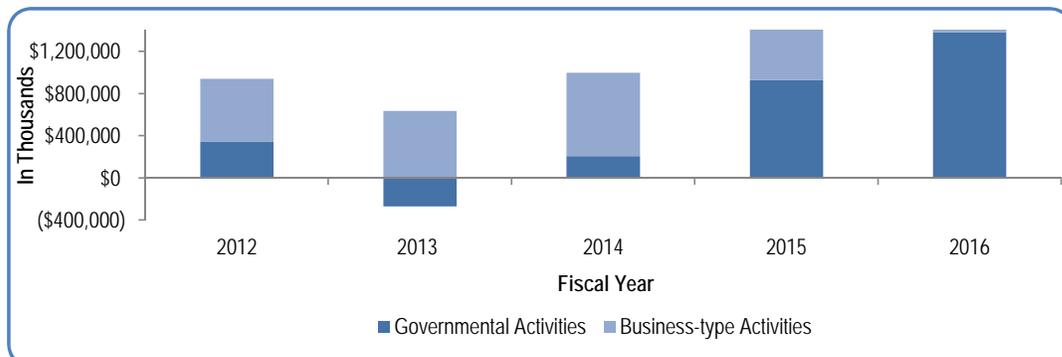
CITY OF LOS ANGELES

Changes in Net Position
Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2012	2013	2014	2015	2016
Net (Expense)/Revenue					
Governmental Activities	\$ (3,574,596)	\$ (4,478,890)	\$ (4,069,086)	\$ (3,535,758)	\$ (3,258,770)
Business-type Activities	845,604	870,300	807,334	617,286	788,643
Total Primary Government Net Expense	(2,728,992)	(3,608,590)	(3,261,752)	(2,918,472)	(2,470,127)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	1,561,778	1,629,914	1,653,067	1,782,124	1,844,945
Utility Users' Taxes	623,721	627,707	626,919	637,248	613,748
Business Taxes	440,327	482,857	463,602	541,844	610,467
Other Taxes	458,741	523,308	565,567	625,889	660,072
Unrestricted Grants and Contributions					
Sales Taxes	425,397	460,086	478,291	494,685	538,123
Other	45,429	20,825	55,149	16,421	8,009
Unrestricted Investment Earnings	21,879	(298)	19,935	20,724	39,737
Other General Revenues	91,735	105,850	117,579	81,303	57,531
Transfers	250,077	246,534	253,000	260,586	266,982
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	--	--	--	--
Transfer of Properties from CRA	--	--	--	--	--
Return of Properties to CRA	--	(93,191)	--	--	--
Transfer of Assets from CRA	--	205,265	44,155	4,855	--
Subtotal Governmental Activities	3,919,084	4,208,857	4,277,264	4,465,679	4,639,614
Business-type Activities					
Unrestricted Investment Earnings	--	--	98,264	86,367	129,316
Other General Revenues	--	--	122,160	275,885	252,429
Transfers	(250,077)	(246,534)	(253,000)	(260,586)	(266,982)
Pollution Remediation Liabilities Adjustment	--	13,387	15,002	--	--
Subtotal Business-type Activities	(250,077)	(233,147)	(17,574)	101,666	114,763
Total Primary Government General Revenues and Other Changes in Net Position	3,669,007	3,975,710	4,259,690	4,567,345	4,754,377
Change in Net Position					
Governmental Activities	344,488	(270,033)	208,178	929,921	1,380,844
Business-type Activities	595,527	637,153	789,760	718,952	903,406
Total Primary Government Change in Net Position	\$ 940,015	\$ 367,120	\$ 997,938	\$ 1,648,873	\$ 2,284,250

Note: GASB Statement No. 68 was implemented in fiscal year 2015. Prior years' financial statements were not restated.

Changes in Net Position



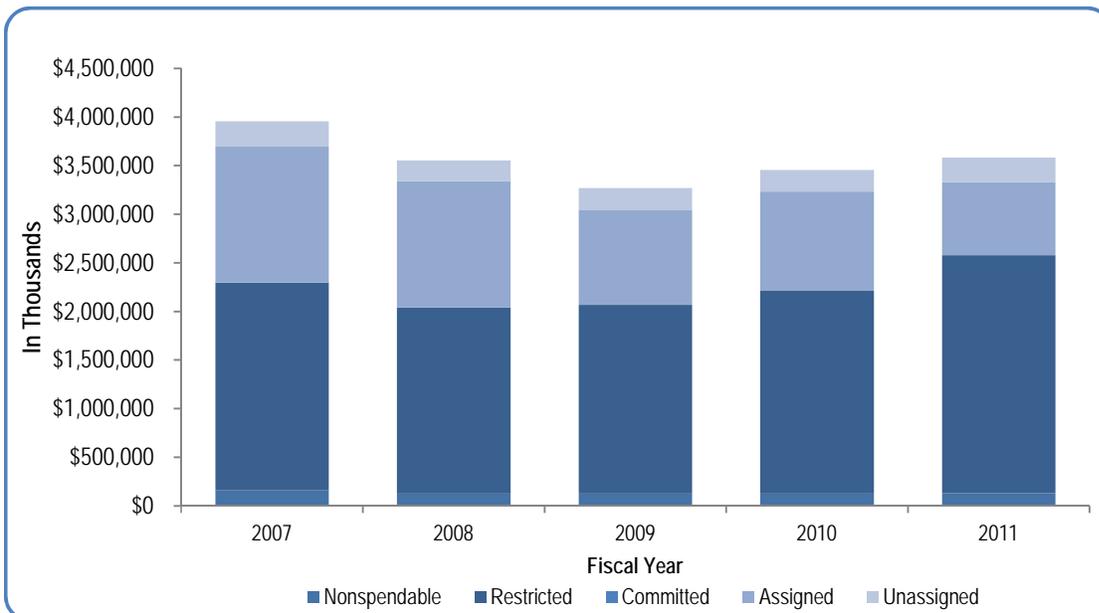
CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Nonspendable	\$ 59,638	\$ 30,304	\$ 27,879	\$ 29,771	\$ 26,299
Committed	--	--	--	--	--
Assigned	391,023	352,416	233,761	182,835	239,877
Unassigned	257,249	215,227	221,811	224,574	253,882
Subtotal General Fund	707,910	597,947	483,451	437,180	520,058
All Other Governmental Funds					
Nonspendable	98,568	97,966	98,048	97,785	104,175
Restricted	2,138,184	1,912,230	1,942,596	2,084,310	2,447,798
Committed	--	--	--	--	--
Assigned	1,011,697	948,735	743,720	838,014	512,650
Unassigned	(1,990)	(2,473)	712	(789)	(1,299)
Subtotal All Other Governmental Funds	3,246,459	2,956,458	2,785,076	3,019,320	3,063,324
All Governmental Funds					
Nonspendable	158,206	128,270	125,927	127,556	130,474
Restricted	2,138,184	1,912,230	1,942,596	2,084,310	2,447,798
Committed	--	--	--	--	--
Assigned	1,402,720	1,301,151	977,481	1,020,849	752,527
Unassigned	255,259	212,754	222,523	223,785	252,583
Total All Governmental Funds	\$3,954,369	\$3,554,405	\$3,268,527	\$3,456,500	\$3,583,382

Continued...

Fund Balances - Governmental Funds

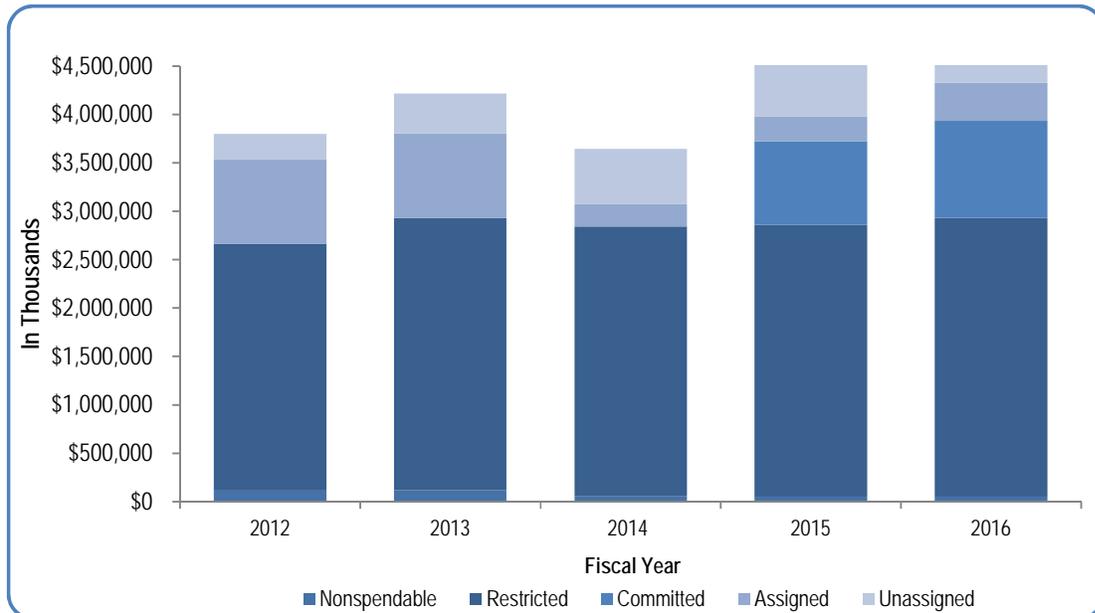


CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 31,134	\$ 43,115	\$ 43,146	\$ 42,146	\$ 44,210
Committed	--	--	--	2,457	1,296
Assigned	267,645	242,643	230,717	253,388	392,418
Unassigned	272,905	436,858	622,208	647,558	590,441
Subtotal General Fund	571,684	722,616	896,071	945,549	1,028,365
All Other Governmental Funds					
Nonspendable	82,397	75,204	10,946	10,473	8,893
Restricted	2,548,980	2,813,386	2,788,734	2,806,864	2,880,111
Committed	--	--	761,828	862,471	1,000,834
Assigned	603,657	631,529	--	14	15
Unassigned	(7,393)	(26,112)	(49,742)	(50,270)	(96,668)
Subtotal All Other Governmental Funds	3,227,641	3,494,007	3,511,766	3,629,552	3,793,185
All Governmental Funds					
Nonspendable	113,531	118,319	54,092	52,619	53,103
Restricted	2,548,980	2,813,386	2,788,734	2,806,864	2,880,111
Committed	--	--	761,828	864,928	1,002,130
Assigned	871,302	874,172	230,717	253,402	392,433
Unassigned	265,512	410,746	572,466	597,288	493,773
Total All Governmental Funds	\$3,799,325	\$4,216,623	\$ 4,407,837	\$4,575,101	\$4,821,550

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				
	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 3,407,996	\$ 3,480,296	\$ 3,506,089	\$ 3,397,650	\$ 3,435,063
Licenses and Permits	59,443	61,047	51,084	48,186	51,691
Intergovernmental	775,771	852,376	838,722	876,470	920,809
Charges for Services	1,134,205	1,254,704	1,375,875	1,419,145	1,436,977
Fines	150,059	154,600	156,211	153,707	158,612
Special Assessments	100,872	103,782	104,149	105,998	106,514
Investment Earnings	231,677	255,254	134,830	104,365	65,978
Other	101,009	134,564	114,336	96,255	142,968
Total Revenues	5,961,032	6,296,623	6,281,296	6,201,776	6,318,612
Expenditures					
General Government	1,243,090	1,268,572	1,339,379	1,357,239	1,269,321
Protection of Persons and Property	2,366,956	2,573,006	2,599,294	2,551,225	2,477,648
Public Works	373,107	379,026	422,994	354,567	347,485
Health and Sanitation	373,644	398,152	467,392	449,083	459,785
Transportation	306,853	357,301	361,371	327,328	321,797
Cultural and Recreational Services	351,536	387,727	376,869	389,371	389,165
Community Development	347,319	435,768	402,152	383,256	463,920
Capital Outlay	730,117	934,999	641,363	491,187	362,867
Debt Service:					
Principal	340,091	391,585	495,258	366,663	367,206
Interest	181,677	206,675	188,552	181,495	189,902
Cost of Issuance	5,745	2,604	6,285	4,954	2,439
Advance Refunding Loan Escrow	--	41,311	--	--	--
Total Expenditures	6,620,135	7,376,726	7,300,909	6,856,368	6,651,535
Excess (Deficiency) of Revenues over (under) Expenditures	(659,103)	(1,080,103)	(1,019,613)	(654,592)	(332,923)
Other Financing Sources (Uses)					
Transfers In	1,058,449	1,021,078	1,088,358	1,041,071	1,086,218
Transfers Out	(853,782)	(805,671)	(929,208)	(820,596)	(827,403)
Issuance of Long-term Debt	695,488	461,035	530,225	545,155	219,186
Loans from HUD	--	--	25,408	63,904	7,388
Discount on Issuance of Long-term Debt	--	--	(1,168)	(370)	--
Premium on Issuance of Long-term Debt	15,138	3,596	6,517	15,479	2,216
Issuance of Refunding Bonds	--	--	253,060	49,485	18,705
Premium on Issuance of Refunding Bonds	--	--	221	3,824	1,198
Payment to Refunded Bond Escrow Agent	--	--	(239,201)	(54,463)	--
Proceeds of Refunding Loan	--	24,110	--	--	1,983
Payment for Current Refunding of Loan	--	(24,110)	--	--	(1,983)
Total Other Financing Sources (Uses)	915,293	680,038	734,212	843,489	507,508
Extraordinary Items					
Loss on Loan Settlement	--	--	--	--	(47,007)
Transfer of Assets from CRA	--	--	--	--	--
Total Extraordinary Items	--	--	--	--	(47,007)
Net Change in Fund Balances	\$ 256,190	\$ (400,065)	\$ (285,401)	\$ 188,897	\$ 127,578
Debt Service as a Percentage of Noncapital Expenditures	8.9%	9.9%	10.3%	8.6%	9.0%

Continued...

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				
	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 3,518,357	\$ 3,687,676	\$ 3,861,140	\$ 4,016,005	\$ 4,163,430
Licenses and Permits	60,474	61,605	66,915	74,428	85,910
Intergovernmental	937,817	866,749	842,540	783,412	860,867
Charges for Services	1,533,626	1,577,623	1,652,732	1,734,882	1,535,948
Fines	158,417	172,437	176,503	164,137	159,254
Special Assessments	123,383	128,762	130,459	132,239	140,994
Investment Earnings	72,411	5,438	53,628	48,735	88,844
Other	172,269	188,800	192,483	194,408	160,957
Total Revenues	6,576,754	6,689,090	6,976,400	7,148,246	7,196,204
Expenditures					
General Government	1,296,788	1,261,771	1,288,088	1,354,114	1,339,233
Protection of Persons and Property	2,532,262	2,667,236	2,919,246	3,097,860	3,166,098
Public Works	389,139	400,017	379,260	399,365	361,380
Health and Sanitation	453,681	438,220	500,921	492,721	487,570
Transportation	345,671	400,047	405,721	390,155	378,821
Cultural and Recreational Services	406,338	431,062	460,274	496,172	512,474
Community Development	465,984	417,285	345,905	199,420	189,865
Capital Outlay	523,931	352,685	345,432	425,267	474,868
Debt Service:					
Principal	410,333	326,913	436,801	452,305	465,129
Interest	182,171	168,497	158,206	145,663	139,030
Cost of Issuance	5,342	1,777	1,312	2,107	6,225
Advance Refunding Loan Escrow	--	--	--	--	--
Total Expenditures	7,011,640	6,865,510	7,241,166	7,455,149	7,520,693
Excess (Deficiency) of Revenues over (under) Expenditures	(434,886)	(176,420)	(264,766)	(306,903)	(324,489)
Other Financing Sources (Uses)					
Transfers In	1,004,650	951,062	1,092,258	1,100,486	1,117,660
Transfers Out	(754,573)	(704,528)	(839,258)	(839,900)	(850,678)
Issuance of Long-term Debt	318,530	116,665	149,479	209,058	117,369
Loans from HUD	52,521	29,003	8,578	2,102	2,500
Discount on Issuance of Long-term Debt	--	--	--	--	--
Premium on Issuance of Long-term Debt	24,672	5,096	--	4,629	150,216
Issuance of Refunding Bonds	595,240	78,780	--	76,670	1,102,920
Premium on Issuance of Refunding Bonds	100,885	9,096	--	17,682	--
Payment to Refunded Bond Escrow Agent	(694,326)	(94,781)	--	(155,196)	(1,084,399)
Proceeds of Refunding Loan	--	--	--	51,730	--
Payment for Current Refunding of Loan	--	--	--	--	--
Total Other Financing Sources (Uses)	647,599	390,393	411,057	467,261	555,588
Extraordinary Items					
Loss on Loan Settlement	--	--	--	--	--
Transfer of Assets from CRA	--	205,265	44,155	4,855	--
Total Extraordinary Items	--	205,265	44,155	4,855	--
Net Change in Fund Balances	\$ 212,713	\$ 419,238	\$ 190,446	\$ 165,213	\$ 231,099
Debt Service as a Percentage of Noncapital Expenditures	9.0%	7.5%	8.6%	8.5%	8.8%

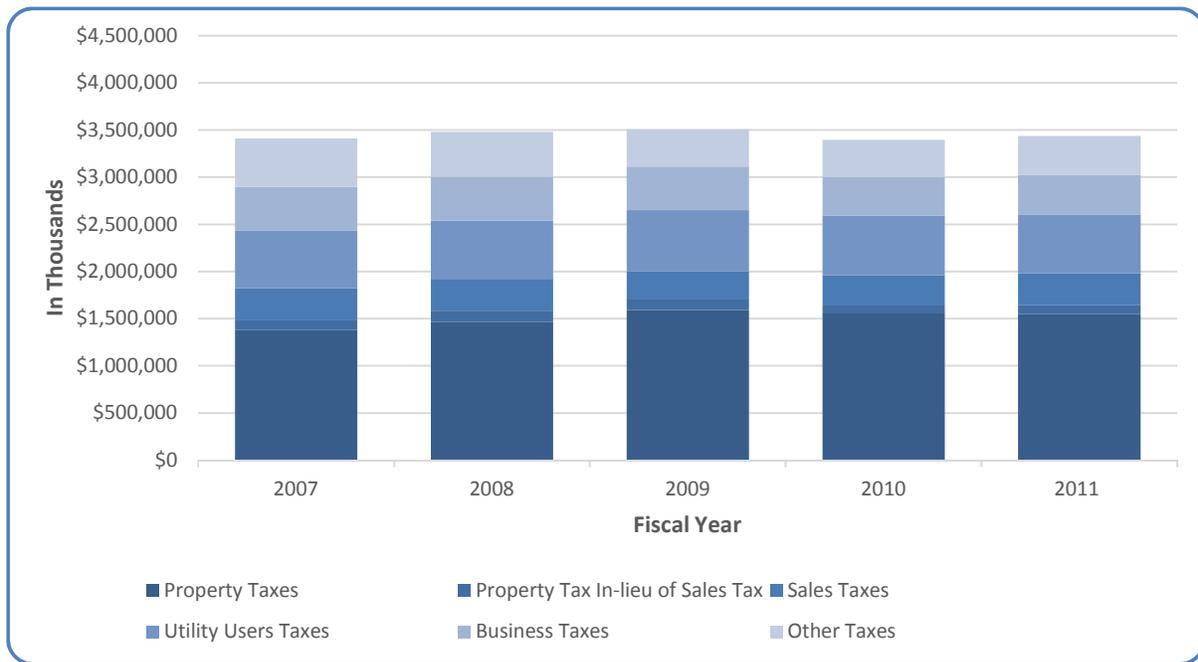
CITY OF LOS ANGELES

**Tax Revenues by Source - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2007	2008	2009	2010	2011
Property Taxes	\$1,378,129	\$1,465,892	\$ 1,591,201	\$ 1,563,514	\$ 1,546,884
Property Tax In-lieu of Sales Tax	112,094	119,337	111,683	84,976	96,812
Sales Taxes	333,386	337,313	300,585	311,520	337,360
Utility Users' Taxes	606,624	617,199	646,256	628,484	618,307
Business Taxes	465,353	465,124	461,374	412,287	424,762
Other Taxes	512,410	475,431	394,990	396,869	410,938
Total Revenues	\$3,407,996	\$3,480,296	\$ 3,506,089	\$ 3,397,650	\$ 3,435,063

Continued...

Tax Revenue by Source - Governmental Funds

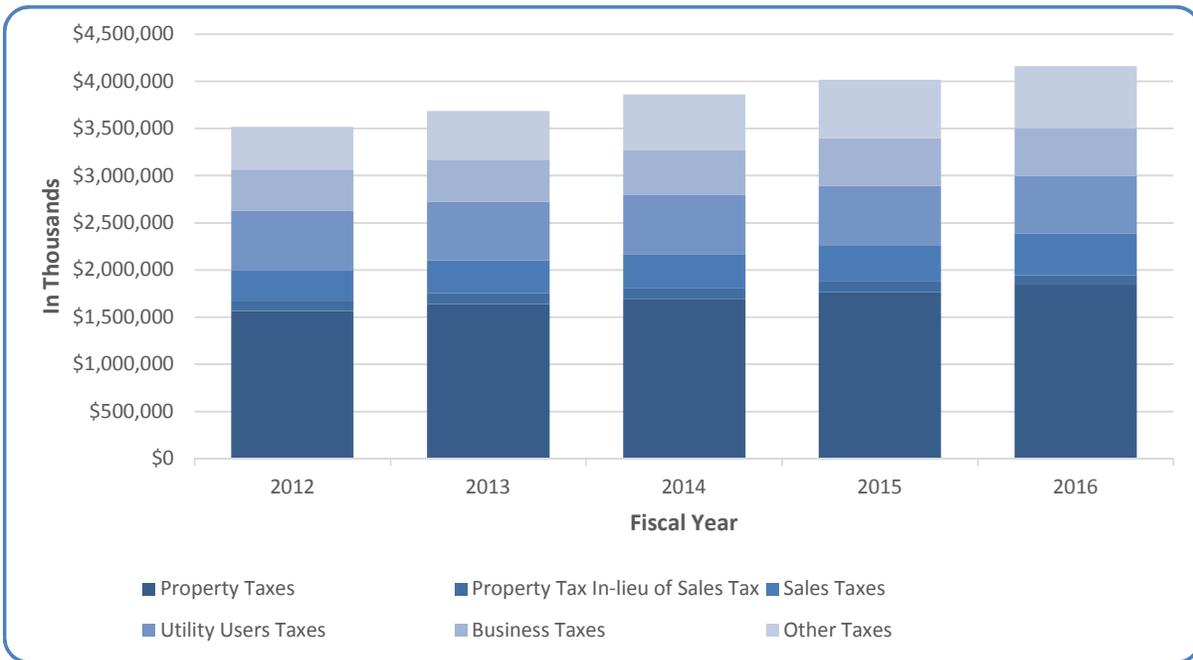


CITY OF LOS ANGELES

**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
	2012	2013	2014	2015	2016	2007-2016
Property Taxes	\$1,564,281	\$1,639,355	\$ 1,688,992	\$ 1,761,960	\$ 1,844,440	34 %
Property Tax In-lieu of Sales Tax	100,538	116,458	121,036	121,903	100,348	(10)
Sales Taxes	328,059	343,628	357,255	372,782	437,775	31
Utility Users' Taxes	634,629	623,794	631,492	637,318	614,814	1
Business Taxes	438,969	447,983	476,908	500,774	507,635	9
Other Taxes	451,881	516,458	585,457	621,268	658,418	28
Total Revenues	\$3,518,357	\$3,687,676	\$ 3,861,140	\$ 4,016,005	\$ 4,163,430	22 %

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)			
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	105
2013	399,640,203	16,899,247	416,539,450	2.48	1.037694	107
2014	420,939,047	17,041,404	437,980,451	5.15	1.029754	111
2015	446,417,768	18,002,725	464,420,493	6.04	1.028096	117
2016	479,014,783	18,881,492	497,896,275	7.21	1.023030	124

Source: Taxpayer's Guide - Auditor Controller, County of Los Angeles.

⁽¹⁾ Net of Homeowners' Exemption.

⁽²⁾ Assessed at 100% of estimated actual value. Include State assessed unsecured property valuation.

⁽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



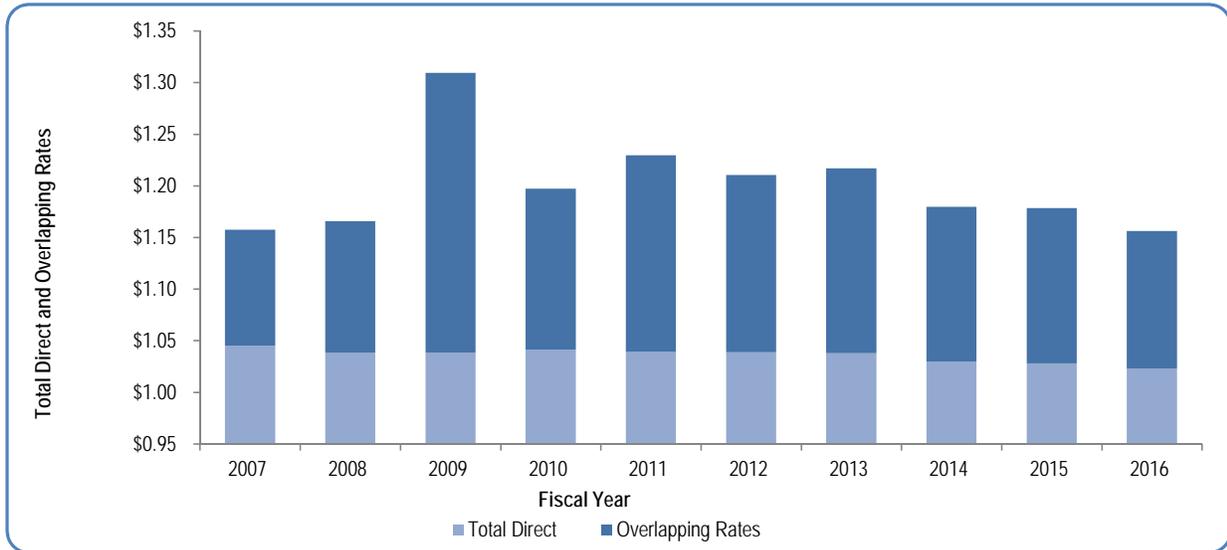
CITY OF LOS ANGELES
Direct and Overlapping Property Tax Rates
Tax Rate Area No. 4^(a)
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct	Los Angeles County	L.A. Unified School District	L.A. Unified Flood Control District		Metropolitan Water District
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
2015	1.000000	0.028096	1.028096	0.000000	0.146881	0.000000	0.003500	1.178477
2016	1.000000	0.023030	1.023030	0.000000	0.129709	0.000000	0.003500	1.156239

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	2016			2007		
	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	\$ 2,625,138,199	1	0.55 %	\$ 1,857,347,141	1	0.56 %
Essex Portfolio LP	1,591,893,951	2	0.33			
FSP South Flower Street Associates LLC	868,880,162	3	0.18			
Anheuser Busch Inc.	793,569,250	4	0.17	815,680,156	3	0.24
Valero Energy Corporation	774,549,383	5	0.16			
Phillips 66	750,133,939	6	0.16			
Rochelle H. Sterling	712,248,965	7	0.15			
One Hundred Towers, LLC	620,885,544	8	0.13	543,860,949	5	0.16
Trizec 333 LA LLC	606,847,300	9	0.13			
Tishman Speyer Archstone Smith	588,816,361	10	0.12			
Arden Realty LP				1,037,689,290	2	0.31
Maguire Partners 355 S. Grand LLC				544,759,668	4	0.16
Duesenberg Investment Company				450,986,733	6	0.14
Donald Sterling				392,325,806	7	0.12
Casden Park La Brea LLC				381,729,612	8	0.11
BRE Properties Inc.				380,788,143	9	0.11
Paramount Pictures Corp.				372,061,693	10	0.11
Total	<u>\$ 9,932,963,054</u>		<u>2.08 %</u>	<u>\$ 6,777,229,191</u>		<u>2.02 %</u>
Total City Secured Assessed Valuation	<u>\$ 478,976,707,293</u>			<u>\$ 333,517,082,107</u>		

Source: California Municipal Statistics Inc
Taxpayers' Guides, 2015-2016 and 2006-2007

CITY OF LOS ANGELES

**Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)**

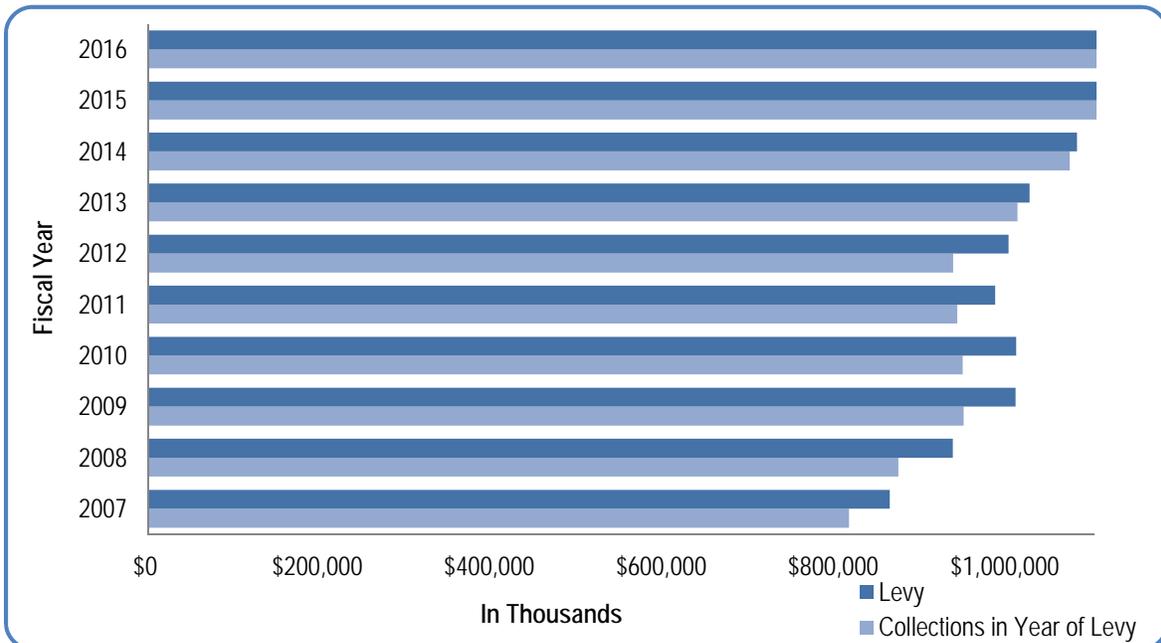
Fiscal Year	Total Tax Levy ^(a) for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^(b)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy ^(c)
2007	\$ 862,415	\$ 814,880	94.49 %	\$ 80,748	\$ 895,628	103.85 %
2008	935,881	872,254	93.20	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
2015	1,172,231	1,137,005	96.99	8,237	1,145,242	97.70
2016	1,249,297	1,209,196	96.79	7,034	1,216,230	97.35

^(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) Based on available information by fiscal year. Details of delinquent taxes by levy year necessary to identify taxes remaining unpaid by taxpayers as applied to specific fiscal year are not available.

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	
	Residential	Commercial and Industrial		Total	Residential	Commercial and Industrial
		All Other				
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
2015	7,311	15,741	2,330	25,382	0.14	0.14
2016	7,482	15,938	1,880	25,300	0.15	0.15

**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)			
	Residential	Commercial and Industrial		Total
		All Other		
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
2015	1,363	123	7	1,493
2016	1,371	123	5	1,499

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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						
	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation and Lease Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable	HUD Loan
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
2015	952,278	38,476	1,393,867	--	578,193	240,506	144,075
2016	842,483	30,827	1,798,130	--	227,880	155,300	135,847

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

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⁾
2007	\$ 9,617,666	\$ 498,745	\$ 3,697	\$ 242,122	\$ 51,855	\$ 14,301,772	3.49 %	\$ 3,800
2008	9,930,796	810,328	3,271	266,441	50,715	14,979,033	3.53	3,968
2009	11,563,845	446,989	2,826	255,723	49,518	16,307,529	3.99	4,312
2010	14,186,991	647,116	2,361	288,273	--	19,365,106	4.63	5,106
2011	16,762,101	415,012	1,874	274,869	--	21,569,921	4.88	5,649
2012	16,517,924	462,199	1,366	314,227	--	21,373,213	4.49	5,536
2013	18,252,193	368,086	--	327,037	--	22,819,545	4.77	5,840
2014	19,276,291	435,000	--	438,128	--	23,761,754	4.75	6,023
2015	21,017,668	200,000	--	544,743	--	25,109,806	N/A	6,308
2016	22,460,800	200,000	--	590,228	--	26,441,495	N/A	6,560

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.

N/A - Data not available

CITY OF LOS ANGELES

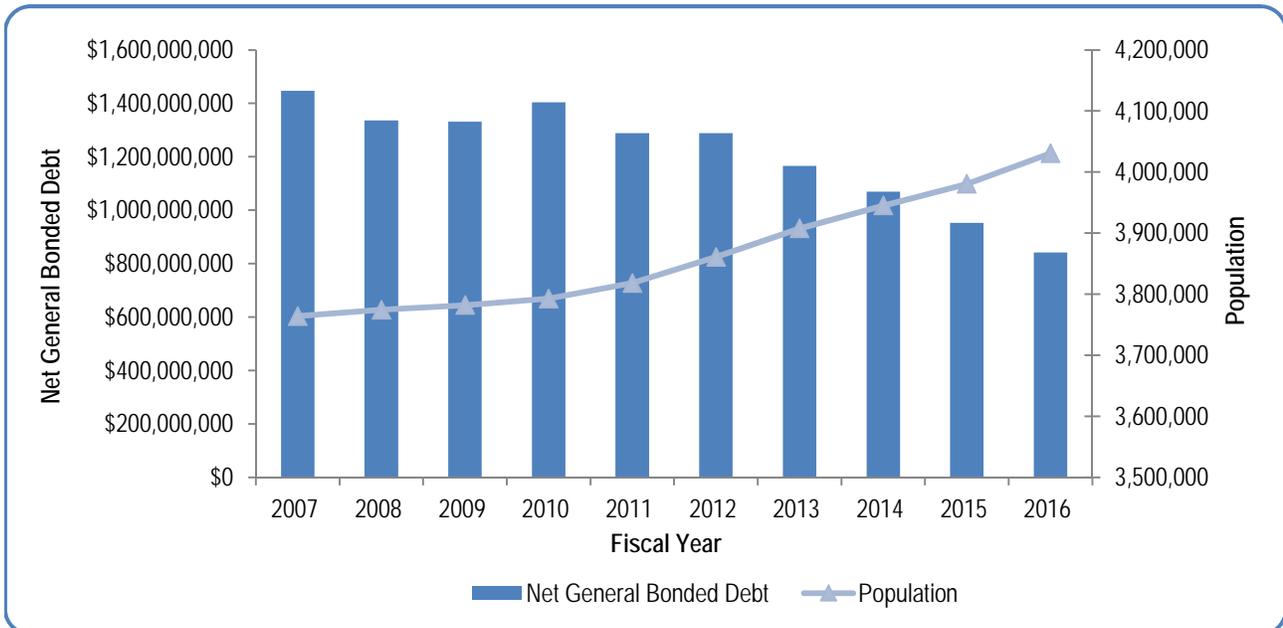
**Ratios of Net General Bonded Debt
to Assessed Value and Per Capita
Last Ten Fiscal Years**

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⁾
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	3,818,120	338
2012	1,288,674,000	406,456,672,926	0.32	3,860,986	334
2013	1,165,924,000	416,539,450,297	0.28	3,907,519	298
2014	1,069,709,000	437,980,451,025	0.24	3,945,037	271
2015	952,278,000	464,420,493,438	0.21	3,980,423	239
2016	842,483,000	497,896,274,993	0.17	4,030,904	209

⁽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, 2016**

	Debt Outstanding June 30, 2016	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt June 30, 2016
Overlapping debt repaid with property taxes			
Los Angeles Flood Control District	\$ 12,630,000	40.049 %	\$ 5,058,189
Metropolitan Water District of Southern California	92,865,000	20.416	18,959,318
Los Angeles Community College District	3,671,000,000	71.006	2,606,630,260
Beverly Hills Unified School District	261,147,261	0.161	420,447
Inglewood Unified School District	116,040,000	1.058	1,227,703
Las Virgenes Joint Unified School District	140,428,289	0.916	1,286,323
Los Angeles Unified School District	10,457,615,000	87.705	9,171,851,236
Other School Districts	497,666,166	Various	430,404
City of Los Angeles Community Facilities District No. 3 (Estimate)	3,550,000	100.000	3,550,000
City of Los Angeles Community Facilities District No. 4	78,930,000	100.000	78,930,000
City of Los Angeles Community Facilities District No. 8	5,825,000	100.000	5,825,000
Mountains Recreation and Conservation Authority Assessment Districts	19,790,000	99.990-100.000	19,788,954
Los Angeles County Regional Park and Open Space Assessment District	50,610,000	39.269	19,874,041
Other overlapping debt			
Los Angeles County General Fund Obligations	2,029,010,694	39.269	796,772,209
Los Angeles County Superintendent of Schools Certificates of Participation	7,944,360	39.269	3,119,671
Los Angeles County Sanitation District Nos. 1, 4, 5, 8 and 16 Authorities	74,382,489	0.002-11.160	3,585,285
Inglewood Unified School District Certificates of Participation	1,520,000	1.058	16,082
Las Virgenes Joint Unified School District Certificates of Participation	10,875,000	0.916	99,615
Los Angeles Unified School District Certificates of Participation	273,805,000	87.705	240,140,675
Less: Los Angeles Unified School District QZAB Bonds (supported by periodic payments to investment accounts)			(11,863,517)
Overlapping tax increment debt:	502,385,000	100.000	502,385,000
Subtotal- overlapping debt			<u>13,468,086,895</u>
City of Los Angeles direct debt			
General Obligation Bonds			842,483,000
Judgment Obligation Bonds			30,827,000
Certificates of Participation and Lease Revenue Bonds			1,798,130,000
Revenue Bonds			227,880,000
Notes Payable			155,300,000
HUD Loans			135,847,000
Subtotal - City of Los Angeles direct debt ⁽²⁾			<u>3,190,467,000</u>
Total direct and overlapping debt			<u><u>\$ 16,658,553,895</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: City of Los Angeles, Office of the City Administrative Officer , for overlapping debt.

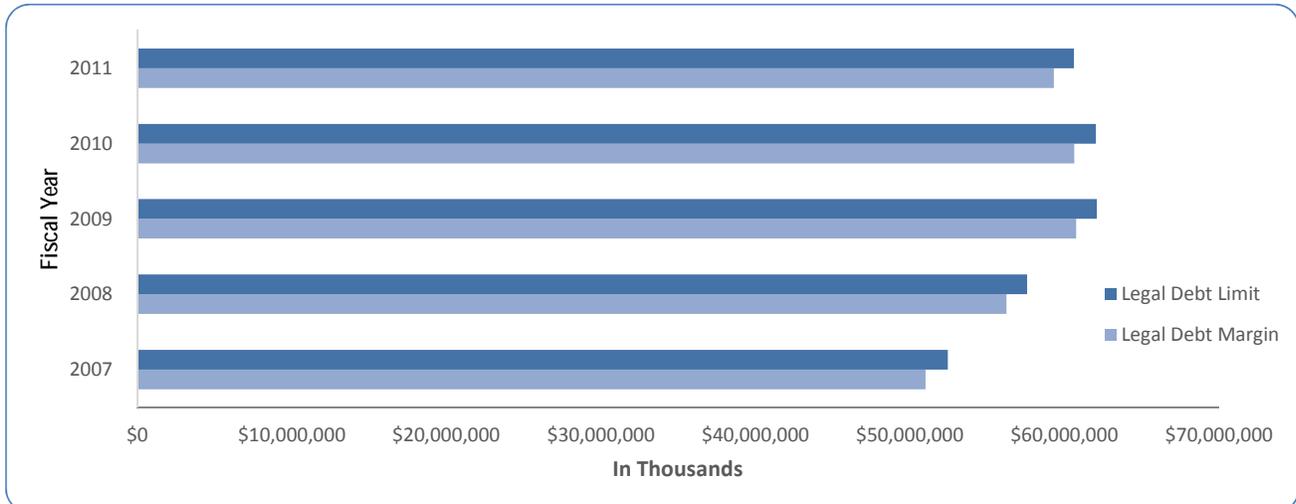
CITY OF LOS ANGELES

**Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2007	2008	2009	2010	2011
Assessed Valuation Net of Homeowners' Exemptions	\$ 346,982,793	\$ 381,153,232	\$ 411,135,224	\$ 410,756,330	\$ 401,273,954
Add: Homeowners' Exemptions	2,637,783	2,664,276	2,688,218	2,707,745	2,696,221
Gross Assessed Valuation	<u>\$ 349,620,576</u>	<u>\$ 383,817,508</u>	<u>\$ 413,823,442</u>	<u>\$ 413,464,075</u>	<u>\$ 403,970,175</u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 52,443,086	\$ 57,572,626	\$ 62,073,516	\$ 62,019,611	\$ 60,595,526
Less: General Obligation Bonds Outstanding	<u>1,446,530</u>	<u>1,336,040</u>	<u>1,331,103</u>	<u>1,404,320</u>	<u>1,288,707</u>
Legal Debt Margin	<u>\$ 50,996,556</u>	<u>\$ 56,236,586</u>	<u>\$ 60,742,413</u>	<u>\$ 60,615,291</u>	<u>\$ 59,306,819</u>
Legal Debt Margin as a Percentage of the Debt Limit	97.24%	97.68%	97.86%	97.74%	97.87%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.41%	0.35%	0.32%	0.34%	0.32%
Population ^(b)	3,764,062	3,774,497	3,781,951	3,792,621	3,818,120
General Obligation Bonds Outstanding Per Capita	\$384	\$354	\$352	\$370	\$339

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Legal Debt Limit (15% of assessed value) and Legal Debt Margin



CITY OF LOS ANGELES

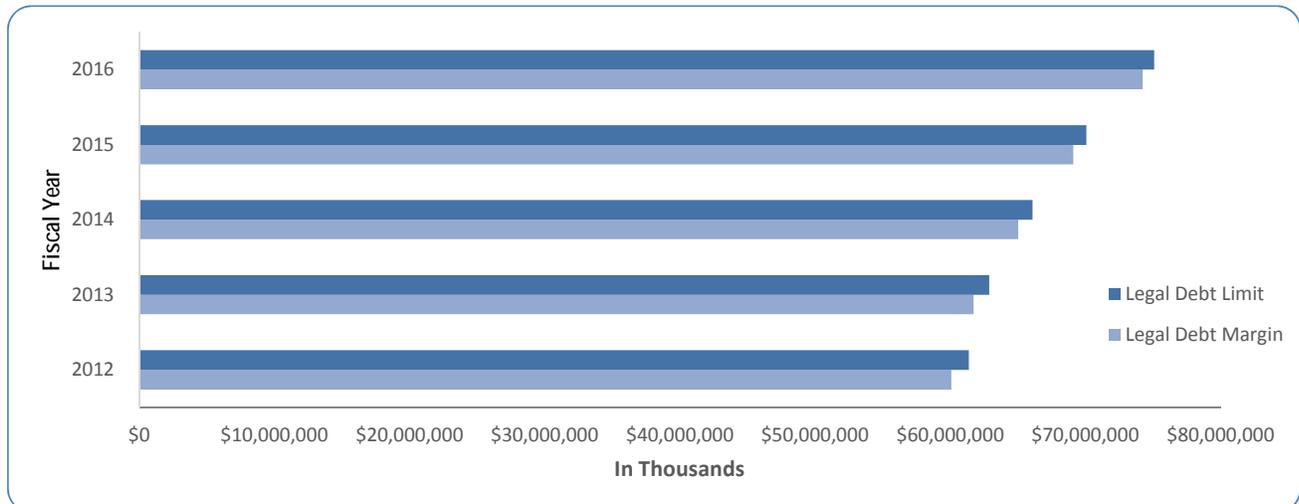
Ratios of General Bonded Debt Outstanding and Legal Debt Margin - (Continued)
Last Ten Fiscal Years
 (amounts expressed in thousands, except per capita)

	Fiscal Year				
	2012	2013	2014	2015	2016
Assessed Valuation Net of Homeowners' Exemptions	\$ 406,456,673	\$ 416,539,450	\$ 437,980,451	\$ 464,420,493	\$ 497,896,275
Add: Homeowners' Exemptions	2,674,226	2,629,357	2,588,592	2,545,253	2,502,726
Gross Assessed Valuation	<u>\$ 409,130,899</u>	<u>\$ 419,168,807</u>	<u>\$ 440,569,043</u>	<u>\$ 466,965,746</u>	<u>\$ 500,399,001</u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 61,369,634	\$ 62,875,321	\$ 66,085,357	\$ 70,044,862	\$ 75,059,850
Less: General Obligation Bonds Outstanding	<u>1,288,674</u>	<u>1,165,924</u>	<u>1,069,709</u>	<u>952,278</u>	<u>842,483</u>
Legal Debt Margin	<u>\$ 60,080,960</u>	<u>\$ 61,709,397</u>	<u>\$ 65,015,648</u>	<u>\$ 69,092,584</u>	<u>\$ 74,217,367</u>
Legal Debt Margin as a Percentage of the Debt Limit	97.90%	98.15%	98.38%	98.64%	98.88%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.31%	0.28%	0.24%	0.20%	0.17%
Population ^(b)	3,860,986	3,907,519	3,945,037	3,980,423	4,030,904
General Obligation Bonds Outstanding Per Capita	\$334	\$298	\$271	\$239	\$209

(a) Debt limit provided in Section 43605 of the State of California Government Code.

(b) Population data updated based on current estimates.

Legal Debt Limit (15% of assessed value) and Legal Debt Margin



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>							
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	411,985	1.9
2015	1,219,715	697,708	522,007	263,454	2.0	424,474	1.6
2016	1,422,362	713,720	708,642	285,325	2.5	512,252	1.8
<u>Harbor Enterprise Fund Revenue Bonds and Notes</u>							
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
2015	460,364	234,249	226,115	70,103	3.2	213,184	3.0
2016	457,521	226,261	231,260	91,831	2.5	189,992	2.1
<u>Power Enterprise Fund Revenue Bonds and Notes</u>							
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
2015	3,542,227	2,445,059	1,097,168	457,933	2.4	1,161,619	2.5
2016	3,734,402	2,451,934	1,282,468	467,251	2.7	972,422	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>							
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
2015	1,151,356	733,283	418,073	120,751	3.5	324,403	2.7
2016	1,215,469	735,769	479,700	241,123	2.0	184,462	0.8
<u>Sewer Enterprise Fund Revenue Bonds and Notes</u>							
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
2015	596,450	289,498	306,952	188,456	1.6	321,017	1.7
2016	619,430	295,523	323,907	199,523	1.6	316,864	1.6

- (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; 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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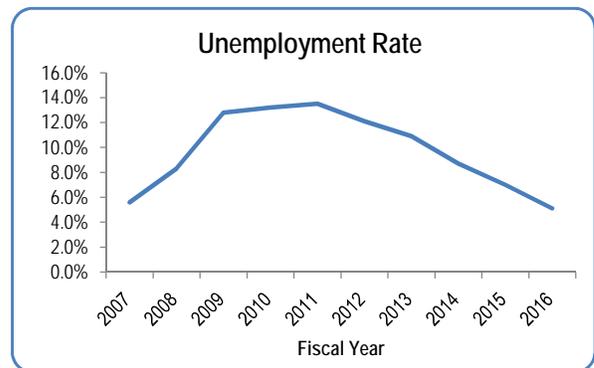
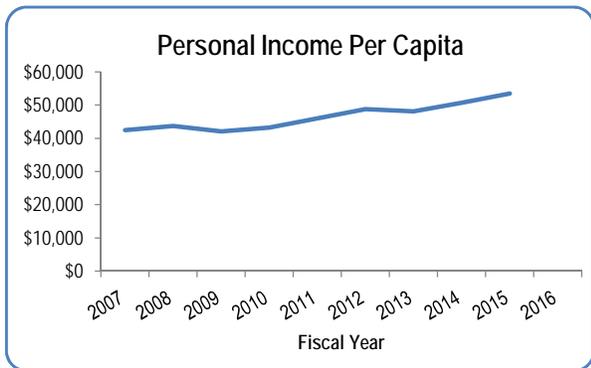
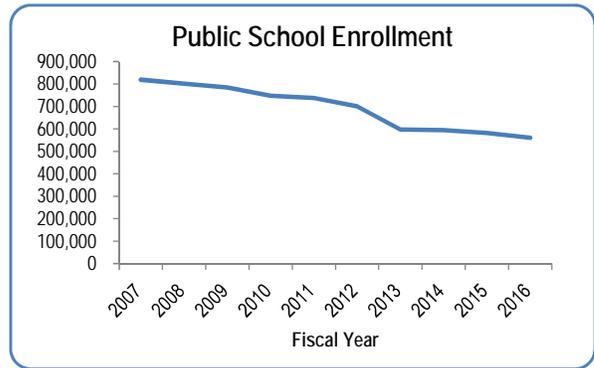
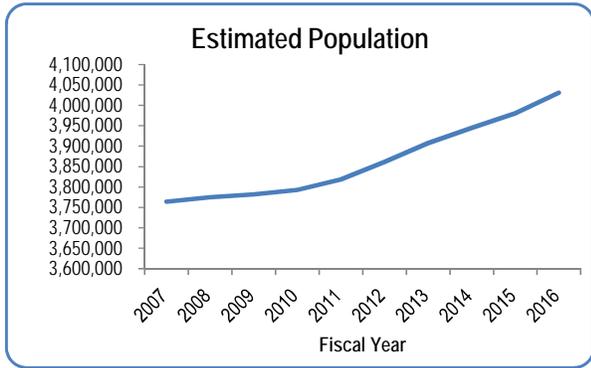
Demographic and Economic Information

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⁾
2007	3,764,062	\$ 412,257,372	\$ 42,499	36.7	819,576	5.6 %
2008	3,774,497	425,573,170	43,715	36.9	801,838	8.3
2009	3,781,951	411,495,352	42,043	36.8	784,457	12.8
2010	3,792,621	424,813,015	43,234	37.2	748,273	13.2
2011	3,818,120	454,935,533	45,969	37.3	738,113	13.5
2012	3,860,986	486,733,508	48,818	37.4	701,208	12.1
2013	3,907,519	483,578,594	48,140	37.5	598,020	10.9
2014	3,945,037	512,846,779	50,730	37.7	594,891	8.7
2015	3,980,423	544,324,900	53,521	N/A	582,430	7.0
2016	4,030,904	N/A	N/A	N/A	560,991	5.1

- (1) Data based on California Department of Finance report E-4, population estimates with 2010 Benchmark, released May 1, 2016.
 - (2) U.S. Department of Commerce, Bureau of Economic Analysis - revised estimates of personal income for Los Angeles County updated on November 17, 2016 with revised estimates for 2007 to 2015.
 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 is 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	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kaiser Permanente	36,987	1	0.8 %	32,784	1	0.7 %
University of Southern California	18,971	2	0.4	12,604	6	0.3
Northrop Grumman Corp.	16,619	3	0.4	20,500	2	0.4
Target Corp.	15,000	4	0.3	12,441	7	0.3
Ralphs/Food 4 Less (Kroger Co. Division)	13,500	5	0.3	14,000	4	0.3
Bank of America Corp.	13,000	6	0.3	11,000	8	0.2
Providence Health & Services Southern California	13,000	7	0.3	--	--	--
Walt Disney Co.	12,500	8	0.3	--	--	--
Albertsons/Vons/Pavillions	12,400	9	0.2	13,603	5	0.3
Cedars-Sinai Medical Center	11,625	10	0.2	9,519	11	0.2
Home Depot	--	--	--	10,000	9	0.2
Boeing Co.	--	--	--	16,510	3	0.4
All Others	4,511,198	--	96.5	4,461,839	--	96.7
Total ⁽¹⁾	<u>4,674,800</u>		<u>100.0 %</u>	<u>4,614,800</u>		<u>100.0 %</u>

Sources: Los Angeles Business Journal (LABJ) dated August 2016.

⁽¹⁾ 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				
	2016	2015	2014	2013	2012
Governmental Activities	31,306	30,606	30,316	31,344	31,225
General Government					
City Administrative Officer	109	108	109	103	102
City Attorney	891	882	834	813	825
City Ethics Commission	22	23	20	18	17
Controller	135	146	143	146	152
Council	339	353	333	364	334
Employee Relations Board	3	3	3	3	3
General Services	1,356	1,321	1,309	1,430	1,630
Information Technology Agency	440	431	452	463	488
Mayor	170	161	146	173	175
Personnel	484	480	460	460	380
Neighborhood Empowerment	26	19	22	23	18
City Clerk	88	95	96	97	98
Commission on the Status of Women ⁽¹⁾	--	--	--	--	--
Human Relations Commission ⁽¹⁾	--	--	--	--	--
Office of Finance ⁽²⁾	317	311	326	336	345
Treasurer ⁽²⁾	--	--	--	--	--
Protection of Persons and Property					
Animal Services	317	309	312	318	311
Building & Safety	849	808	744	760	723
Fire-Civilian	309	293	293	297	298
Fire-Sworn	3,265	3,140	3,181	3,206	3,317
Police- Civilian	2,754	2,723	2,810	2,888	2,783
Police- Sworn	9,866	9,856	9,739	9,875	9,875
Emergency Management ⁽³⁾	25	23	21	31	22
Public Works					
Public Works- Contract Administration	284	270	278	294	287
Public Works- Engineering	756	733	710	701	718
Public Works- Street Lighting	226	205	194	209	192
Public Works- Street Services	865	838	869	931	982
Public Works- Board of Public Works	95	85	81	81	92
Health and Sanitation					
Public Works- Sanitation	2,564	2,425	2,318	2,317	2,333
Environmental Affairs ⁽⁴⁾	--	--	--	--	--
Transportation					
Transportation	1,340	1,276	1,268	1,287	1,307
Cultural and Recreational Services					
Cultural Affairs	46	36	34	34	34
El Pueblo de los Angeles Historical Monument	9	9	9	10	10
Library	748	707	653	999	655
Recreation and Parks	1,332	1,320	1,316	1,388	1,429
Zoo	202	195	198	213	205
Community Development					
Aging	38	32	34	34	41
Economic and Workforce Development ⁽⁵⁾	136	140	151	255	268
Disability	17	15	17	15	11
Housing and Community Investment ⁽⁶⁾	591	567	598	511	531
City Planning	292	268	235	261	234
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**

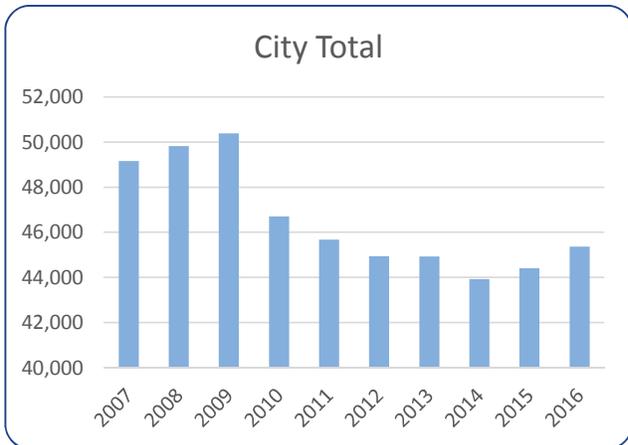
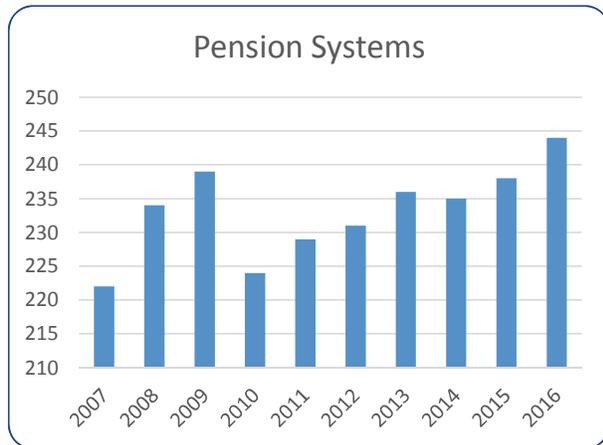
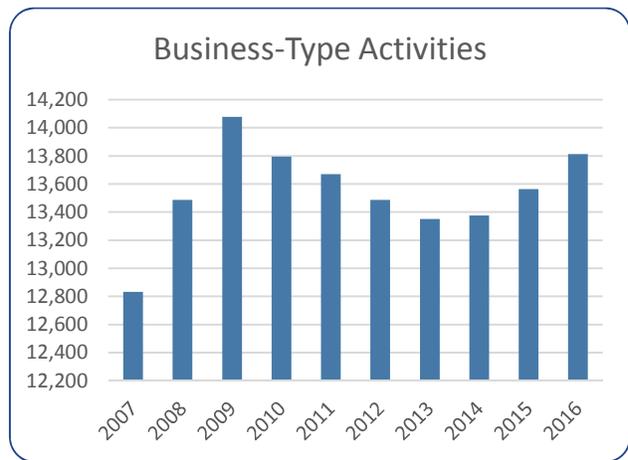
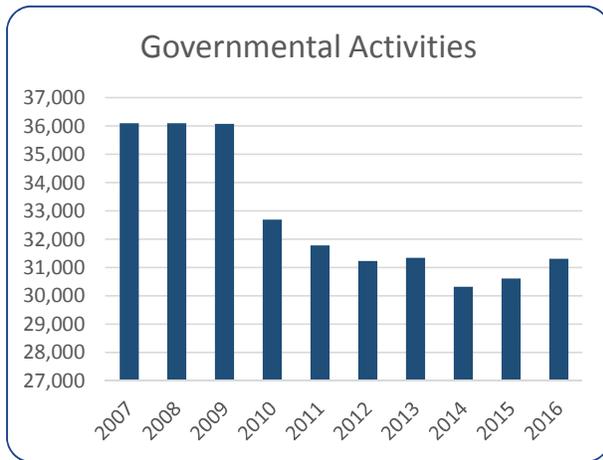
	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities	31,778	32,689	36,074	36,100	36,101
General Government					
City Administrative Officer	103	107	128	128	122
City Attorney	870	885	986	978	984
City Ethics Commission	18	22	26	26	28
Controller	157	156	184	185	173
Council	321	338	350	355	367
Employee Relations Board	3	3	4	3	3
General Services	1,707	1,881	2,273	2,302	2,337
Information Technology Agency	522	582	714	728	734
Mayor	171	195	189	163	154
Personnel	371	384	477	495	492
Neighborhood Empowerment	18	19	42	42	47
City Clerk	96	99	140	146	135
Commission on the Status of Women ⁽¹⁾	--	--	2	9	12
Human Relations Commission ⁽¹⁾	--	--	10	15	16
Office of Finance ⁽²⁾	326	324	372	353	358
Treasurer ⁽²⁾	30	34	39	38	38
Protection of Persons and Property					
Animal Services	319	343	366	379	352
Building & Safety	719	782	958	992	944
Fire-Civilian	296	298	362	366	365
Fire-Sworn	3,459	3,562	3,708	3,730	3,673
Police- Civilian	2,824	2,877	3,256	3,278	3,337
Police- Sworn	9,810	9,878	9,973	9,704	9,509
Emergency Management ⁽³⁾	24	21	27	23	17
Public Works					
Public Works- Contract Administration	293	306	358	371	363
Public Works- Engineering	737	738	932	971	998
Public Works- Street Lighting	200	198	215	210	223
Public Works- Street Services	1,011	1,073	1,327	1,350	1,390
Public Works- Board of Public Works	93	94	131	155	161
Health and Sanitation					
Public Works- Sanitation	2,430	2,427	2,701	2,684	2,691
Environmental Affairs ⁽⁴⁾	--	19	28	31	31
Transportation					
Transportation	1,355	1,414	1,597	1,572	1,637
Cultural and Recreational Services					
Cultural Affairs	39	45	57	67	66
El Pueblo de los Angeles Historical Monument	11	15	18	19	17
Library	664	699	833	828	819
Recreation and Parks	1,478	1,587	1,904	1,980	2,070
Zoo	201	186	211	220	237
Community Development					
Aging	41	42	45	49	50
Economic and Workforce Development ⁽⁵⁾	266	270	236	254	265
Disability	14	16	19	20	22
Housing and Community Investment ⁽⁶⁾	544	528	526	528	528
City Planning	237	242	297	300	283
Commission for Children, Youth and Their Families ⁽¹⁾	--	--	53	53	53

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent
Last Ten Fiscal Years**

	Fiscal Year				
	2016	2015	2014	2013	2012
Business-Type Activities	13,813	13,564	13,375	13,350	13,486
Los Angeles Convention Center	12	12	11	92	109
Water and Power	9,456	9,228	8,924	8,776	8,867
Airports ⁽⁷⁾	3,439	3,439	3,491	3,535	3,552
Harbor ⁽⁷⁾	906	885	949	947	958
Pension Systems	244	238	235	236	231
City Employees Retirement System	131	128	125	127	124
Fire and Police Pension System	113	110	110	109	107
Grand Total	45,363	44,408	43,926	44,930	44,942

**Full-Time Equivalent Employees
Last Ten Fiscal Years**



CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent
Last Ten Fiscal Years**

	Fiscal Year				
	2011	2010	2009	2008	2007
Business-Type Activities	13,671	13,794	14,078	13,487	12,832
Los Angeles Convention Center	112	111	150	156	155
Water and Power	9,065	9,200	9,210	8,592	8,241
Airports ⁽⁷⁾	3,535	3,535	3,747	3,804	3,630
Harbor ⁽⁷⁾	959	948	971	935	806
Pension Systems	229	224	239	234	222
City Employees Retirement System	124	126	134	131	125
Fire and Police Pension System	105	98	105	103	97
Grand Total	45,678	46,707	50,391	49,821	49,155

⁽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:

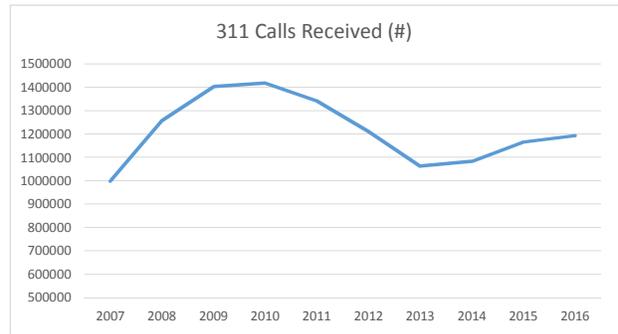
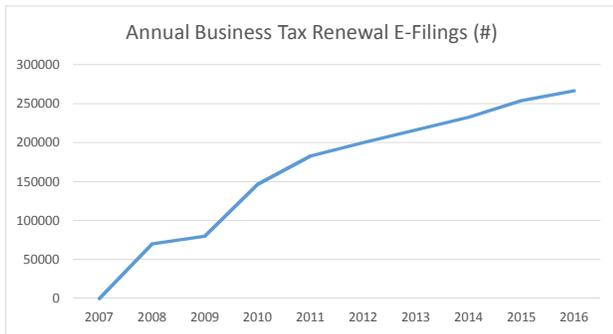
Prior to fiscal year 2006: City of Los Angeles Detail of Department Programs and data from the Fire, Airports, Harbor, Water and Power, Fire and Police Pension, and City Employees Retirement System.

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

General Government

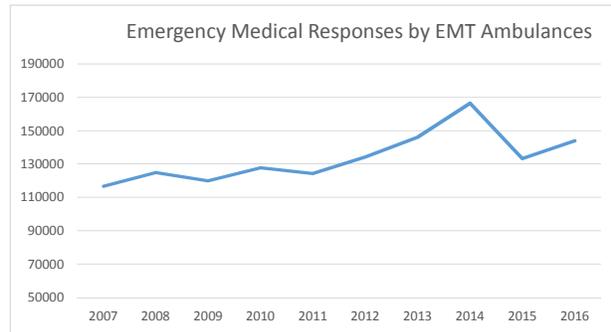
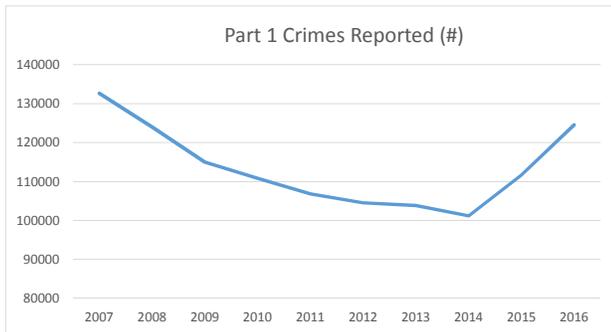


Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
City Attorney											
Criminal and Special Litigation											
	Issues resolved in the neighborhood prosecutor program (%) (3)	97	48	50	46	--	--	62	--	--	--
Criminal Prosecution											
	Combined criminal jury and court trials (#)	352	362	308	342	315	477	632	845	769	699
	Consumer protection-cases reviewed (#)	230	100	150	160	159	160	170	300	265	230
	Environmental cases concluded (#)	383	412	409	329	488	312	350	600	542	450
	Housing/rent control cases concluded (#)	1,007	842	608	603	435	402	395	250	300	176
City Clerk											
Council and Public Services											
	City contracts searched/accessed via website (# of searches)	119,595	92,087	75,877	63,839	--	--	--	--	--	--
	City records viewed via website (# of searches)	2,568,614	2,005,955	1,223,000	970,000	1,450,000	--	--	--	--	--
	Council votes searched/accessed via website (# of searches)	6,632	4,525	4,005	10,140	--	--	--	--	--	--
	Ordinances searched/accessed via website (# of searches)	60,990	48,691	51,842	50,306	--	--	--	--	--	--
Records Management											
	Archival records/documents digitized on demand (#)	366	531	790	500	520	641	1,936	--	--	--
City Ethics Commission											
Governmental Ethics											
	Investigations resolved within 2 years (%)	100	100	100	94	46	93	63	92	85	--
General Services											
Building Maintenance											
	Maintenance work orders completed (%)	71	71	71	--	--	--	--	--	--	--
	Energy conservation audits completed (#)	20	8	12	--	--	--	--	--	--	--
Custodial Services											
	Municipal facilities cleaned per day (% of square feet)	90	90	85	--	--	--	--	--	--	--
Fleet Services											
	Vehicles available for Bureau of Sanitation operations (%)	84	83	83	85	--	--	--	--	--	--
	Vehicles available for Bureau of Street Services operations (%)	82	85	79	78	--	--	--	--	--	--
	Vehicles available for Dept of Transportation operations (%)	93	92	90	91	--	--	--	--	--	--
Real Estate Services											
	City-as-tenant leases remaining	77	88	100	--	--	--	--	--	--	--
Information Technology Agency											
3-1-1 Call Center Operations											
	Average wait time per caller (# of seconds) (5)	142	61	70	224	170	180	140	40	53	--
	Number of calls received (#) (5)	1,193,757	1,166,105	1,083,097	1,062,894	1,211,000	1,341,000	1,417,801	1,402,658	1,257,629	998,218
	Number of wireless calls (#) (5)	762,116	722,708	571,442	515,468	535,000	561,000	525,000	393,626	335,979	286,772
Neighborhood Empowerment											
	Neighborhood Councils certified (#)	2	1	--	--	2	4	--	1	4	2
Office of Finance											
Revenue Billings, Audit and Collections											
	Annual Business Tax renewal e-filings (#)	266,629	254,174	232,651	216,358	200,000	182,801	146,713	80,000	70,000	--
	Collections from Citywide Collection Unit (\$ in thousands)	22,017	24,457	27,551	27,385	31,019	27,281	28,332	30,184	25,700	--
	Refund claims processed (#)	7,417	6,188	8,411	10,667	10,010	16,969	15,591	27,934	26,125	19,374
	Revenue enhancement unit investigations (#)	138,278	143,328	157,949	124,389	107,696	133,009	93,072	83,611	71,234	52,441
	Stratified audit penetration rate (%)	5.18	7.31	6.98	6.50	--	--	--	--	--	--
	Total tax accounts audited (#)	3,465	4,472	4,819	4,839	5,146	5,567	6,297	7,771	6,677	5,880
Personnel											
Employee Training and Development											
	Non-mandated courses completed in the Online Training Academy	7,996	5,624	4,119	951	--	--	--	--	--	--
Liaison Services											
	Supervisors trained (#)	326	329	60	--	--	--	--	--	--	--

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Protection of Persons and Property

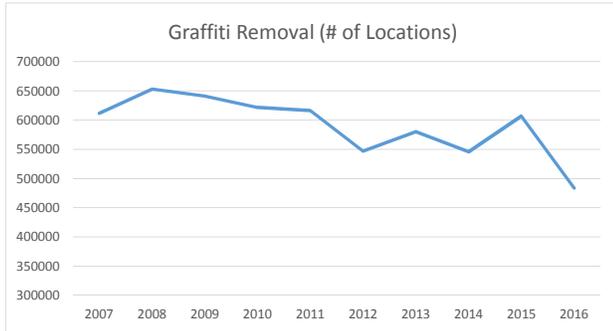


Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
Animal Services											
Animal Licensing and Permitting Operations											
	Dog licenses issued (#) (6)	131,959	120,975	123,008	126,234	123,060	121,817	116,500	121,138	114,531	126,538
Animal Shelter Operations Program											
	Animals adopted (#) (6)	31,100	32,826	32,910	32,440	30,414	29,525	26,952	28,154	23,608	25,427
	Animals euthanized (#) (6)	10,931	14,083	15,028	17,063	23,955	24,632	25,298	24,742	19,942	18,108
	Animals impounded (#) (6) (7)	51,676	57,225	56,813	61,632	64,952	64,417	64,333	65,445	57,804	55,570
	Animals which die while in City's care (%)	5.51	5.45	5.46	5.45	3.12	1.40	1.40	1.50	--	--
Building and Safety											
Conservation of Existing Structures and Mechanical Devices											
	Complaints responded to within 10 days (%)	59	47	52	51	54	56	63	--	--	--
	Residential property reports completed within 15 days (%)	100	100	100	100	100	100	100	--	--	--
Engineering Plan Checking											
	Building Permits issued (#)	156,942	141,445	133,575	126,426	121,140	115,699	115,225	110,992	127,700	139,220
	Case management feasibility studies completed within 10 days after contact (%)	100	100	97	97	96	98	97	--	--	--
	Development services counter customers served within 30 minutes (%)	93	93	91	84	82	89	96	--	--	--
	Plan reviews completed within 15 days (%)	82	78	88	91	89	86	87	--	--	--
General Administration and Support											
	Call center calls answered within two minutes (%)	82	69	69	71	76	77	82	--	--	--
New Construction Inspection											
	Response to inspection requests within 24 hours (%) (6)	90	94	94	98	98	98	100	99	100	--
	Restaurant and hospitality projects assisted within 5 days (%)	100	100	100	100	100	100	100	--	--	--
Fire											
Emergency Ambulance Services											
	Emergency medical responses by EMT ambulances (#)	143,903	133,406	166,580	146,002	134,195	124,439	127,859	120,000	125,000	116,823
	Emergency medical responses by EMT fire resources (#)	123,515	254,716	182,507	178,740	166,684	145,559	153,478	260,000	235,000	266,438
	Emergency medical responses by paramedic ambulances (#)	275,426	267,220	262,404	261,238	250,362	252,587	249,408	262,000	260,000	252,426
	Emergency medical responses by paramedic fire resources (#)	204,745	208,231	191,665	129,152	125,196	126,506	117,449	84,000	78,000	77,467
Fire Suppression											
	Actual Fires - Non structure fires (#)	13,137	12,917	12,069	10,836	10,991	10,686	11,640	12,173	7,400	10,060
	Actual Fires - Structure fires (#)	4,430	4,562	4,698	4,624	4,871	4,172	3,734	4,026	3,800	3,327
	Closure rate in criminal fires investigation (%)	82	50	40	39	40	70	69	71	65	--
	Emergency responses - Fires (includes automatic alarms) (#)	132,546	127,380	133,080	121,381	122,492	118,986	114,121	138,200	137,687	137,309
	Emergency responses - Hazardous conditions (#)	5,238	4,190	4,949	4,734	4,852	5,209	4,636	5,700	5,730	5,567
	Emergency responses - Rescues and others (#)	44,604	34,331	40,268	40,822	39,324	37,834	38,247	35,500	30,211	35,773
Police											
Patrol											
	Part I crimes reported (#)	124,623	111,690	101,228	103,856	104,604	106,827	110,827	115,000	124,000	132,664
	Part II crimes reported (#)	98,535	95,257	90,525	84,174	85,938	74,251	77,325	84,000	95,000	108,246
	Response to emergency calls (# in minutes)	6.1	5.6	6.5	6.0	6.0	6.0	7.0	7.0	--	--
	Total arrests (#)	126,434	125,567	130,262	150,552	162,698	160,480	151,174	168,000	167,000	171,390
Specialized Crime Suppression and Investigation											
	Number of backlogged fingerprint cases reduced (#)	4,105	3,923	3,397	5,070	4,342	5,492	9,669	6,778	3,811	--
	Number of backlogged rape kits reduced (#)	1,158	1,105	1,030	1,188	--	1,097	1,332	2,740	7,240	--
Technical Support											
	Complaint board calls received - 911 (#)	3,196,225	3,220,084	2,284,913	2,276,363	2,269,872	2,140,387	3,557,626	2,520,000	2,303,000	2,104,658
Traffic Control											
	Fatal and injury traffic accidents (#)	24,399	24,974	21,026	20,996	21,216	18,448	20,408	26,000	25,000	23,755
	Traffic citations issued (#)	234,311	336,683	447,062	428,178	504,312	564,432	594,193	553,000	527,000	501,964
	Traffic collisions investigated (#)	54,782	55,901	45,622	44,588	45,446	44,725	45,105	58,000	55,000	52,190

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Public Works

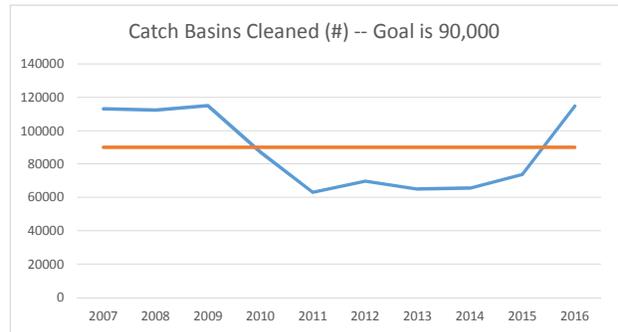
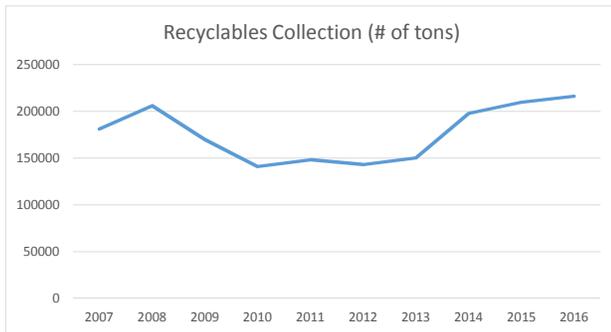


Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
Board of Public Works											
Office of Community Beautification											
	Graffiti eradicated/square footage (# per 1,000 sq ft)	2,754	30,620	32,638	26,117	30,094	35,696	32,771	28,294	31,749	30,504
	Graffiti removal requests completed in 72 hrs (%)	71	78	84	77	80	80	82	--	--	--
	Locations graffiti removed from (#)	483,981	607,273	546,052	580,446	546,904	616,541	621,954	641,156	653,520	612,073
Bureau of Contract Administration											
Construction Inspection											
	Number of private development inspections (#)	150	224	147	157	169	144	--	--	--	--
Bureau of Engineering											
Clean Water Infrastructure											
	Completed capital projects (#)	82	83	77	58	51	65	61	--	--	--
Development Services											
	A Permits issued within 60 minutes (%)	98	98	98	98	97	97	97	--	--	--
	S-Permits issued within 60 minutes (%)	97	95	91	95	95	92	95	--	--	--
Mobility											
	Completed capital projects (#)	37	28	17	21	18	10	16	--	--	--
Public Buildings and Open Spaces											
	Completed capital projects (#)	25	36	30	37	23	43	47	--	--	--
Bureau of Street Lighting											
Design and Construction											
	Cumulative number of streetlights converted to LED Citywide (#)	170,000	160,000	154,000	140,000	95,000	50,000	--	--	--	--
System Operation, Maintenance and Repair											
	Percent of streetlights operating (%)	99.37	99.30	99.00	99.00	99.10	--	--	--	--	--
Street Services											
Maintaining Streets											
	Neighborhood Council Blitz (# of Neighborhood Council's served)	198	198	198	--	--	--	--	--	--	--
	Small asphalt repairs (# of square feet)	1,121,767	1,050,411	1,402,144	1,416,500	1,206,612	1,190,244	1,448,820	--	--	--
Street Cleaning Program											
	Completion frequency-posted routes (%)	91.0	93.4	95.5	97.0	97.0	93.0	95.0	97.0	97.0	97.0
Street Improvement Program											
	Access ramps constructed (#)	742	1,035	1,256	1,560	1,724	1,829	1,556	1,044	1,094	570
	Bus pads constructed (#)	58	101	76	97	144	144	36	76	40	51
	Concrete bus landings installed (#)	65	170	107	30	11	29	15	--	--	--
	Sidewalks repaired (# of square feet)	118,732	--	--	--	--	--	--	59	59	51
Street Resurfacing and Reconstruction Program											
	Streets resurfaced (# of lane miles)	855	855	245	245	236	174	149	200	179	213
	Streets slurry sealed (# of lane miles)	1,555	1,545	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	8,943	8,431	5,578
	Trees trimmed - City forces (broadhead) (#) (9)	--	--	--	2,980	2,046	2,251	21,068	41,804	45,637	48,555
	Trees trimmed by contracted forces (#)	33,850	23,142	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	75,504	51,704	--

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Health and Sanitation

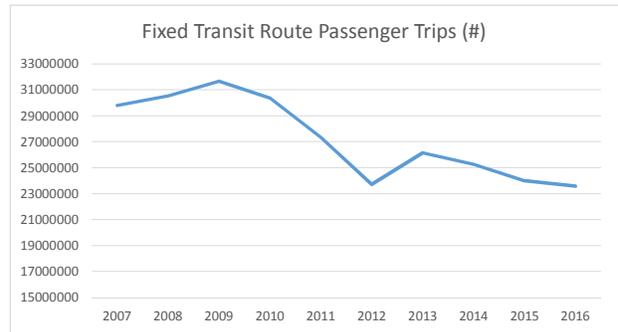
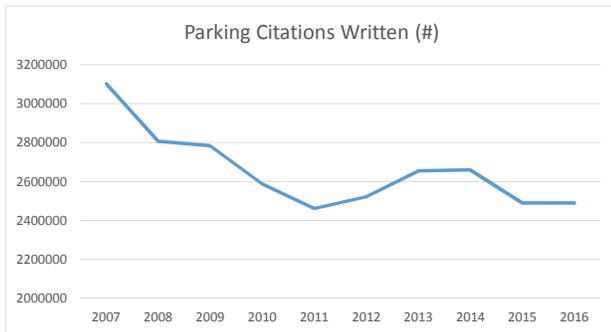


Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
Sanitation											
Clean Water											
	Clean 60,000 pipe reaches as mandated (%)	31.3	253.0	237.0	215.0	231.0	233.0	216.0	194.0	200.0	--
Household Refuse Collection Program											
	Tons Collected - Bulky items (# of tons)	60,101	46,416	33,720	34,000	27,640	32,479	33,330	33,146	33,146	33,047
	Tons Collected - Recyclables (# of tons)	216,542	209,924	198,143	150,380	143,338	148,194	141,314	170,000	206,369	181,215
	Tons Collected - Recycling contamination (# of tons)	64,963	59,232	59,608	55,620	54,064	58,806	69,976	85,000	87,014	85,614
	Tons Collected - Refuse (# of tons)	907,611	873,104	852,635	848,890	851,434	882,005	867,113	1,034,429	1,034,429	932,196
	Tons Collected - Yard trimmings (# of tons)	417,325	425,070	428,237	522,737	470,527	492,341	474,657	555,049	545,467	507,100
Solid Resources											
	Convert refuse collection fleet to clean fuels (%)	78	78	76	78	74	71	66	61	44	--
	Implement LAUSD blue bin recycling program (%) (10)	86	87	100	90	85	85	75	69	54	--
	Increase truck fleet conversion to clean fuel (# of trucks)	546	545	532	554	523	500	--	--	--	--
	Maintain a baseline 99.5% of all waste sources collected on schedule (%)	100	100	100	100	100	100	100	100	100	100
Watershed Protection											
	Catch basin cleaning (#)	114,699	73,772	65,492	65,000	69,772	63,070	87,051	115,000	112,300	113,068
	Clean 90,000 catch basins annually (%)	127	82	73	72	78	70	97	128	125	126

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Transportation

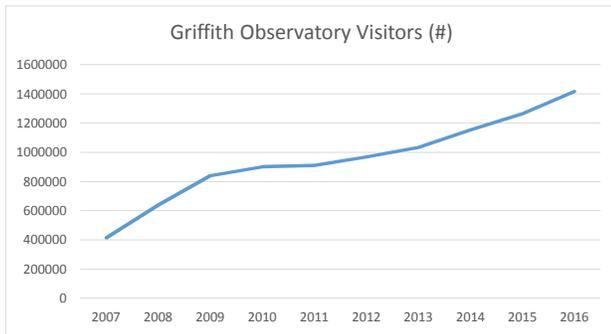


Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
Transportation											
Franchise and Taxicab Regulation											
	Bandit drivers arrested (#)	583	627	825	900	991	1,045	1,036	1,144	1,427	1,116
	Bandit vehicles impounded (#)	498	626	630	611	916	908	812	1,061	446	388
Mass Transit Information Services											
	Shuttle bus transit ridership (# per hour)	9	38	41	43	39	48	46	47	46	46
Parking Management and Intersection Control											
	Abandoned vehicles abated (#)	106,429	113,588	103,982	61,062	74,270	102,911	100,589	116,967	139,325	142,041
	Abandoned vehicles impounded (#)	6,760	5,345	4,152	2,966	2,776	2,924	3,546	6,972	8,602	8,813
	Citations written (#)	2,489,390	2,489,390	2,659,718	2,654,910	2,522,302	2,461,529	2,587,925	2,784,351	2,806,712	3,102,611
	Citations written per officer per eight-hour shift (#)	18	20	21	27	33	32	31	30	31	35
	Crossing guard assignments (#)	523	524	507	492	492	486	486	486	486	486
	Hours of intersection control (#)	25,997	25,997	23,490	23,730	30,370	27,622	42,842	72,618	90,478	79,415
	Peak hour tows and other tows (#)	31,245	49,910	39,999	45,921	48,648	41,244	44,334	55,057	54,231	8,813
Parking Operations Support and Adjudication											
	Citation reviews completed within 21 days (%)	16	17	39	73	81	80	80	80	58	--
	Collection rate of citations issued in the year (%)	77	78	74	75	72	71	68	68	--	--
Traffic Control Devices											
	New signals (Traffic and Pedestrian) installed (#)	31	11	19	32	105	--	--	--	--	--
	Traffic control signals maintained (%)	--	35	24	18	24	24	94	90	87	--
	Traffic signals repaired (#)	766	10,797	8,832	8,769	8,832	--	--	--	--	--
Transit Capital Programming											
	Active traffic congestion relief projects (#)	96	81	79	84	78	59	45	58	43	--
	Increase in bicycle lane miles (# of miles)	9	23	41	101	51	17	10	7	4	--
	Increase in bicycle sharrows miles (# of miles)	1	8	21	22	21	--	--	--	--	--
Transit Operations											
	Fixed transit route passenger trips (#)	23,590,779	24,002,045	25,277,284	26,154,372	23,736,486	27,356,994	30,368,887	31,675,393	30,533,399	29,808,908
	Fixed transit routes in service (#)	45	45	45	45	45	45	55	56	54	55
	Total transit vehicle passenger trips (#)	23,895,017	24,306,283	25,453,959	26,467,594	23,824,821	27,466,279	30,535,921	31,860,898	30,724,278	29,990,787
Transportation System Operations											
	Lane markings installed (# of miles)	--	158	92	122	255	--	--	--	--	--
	Red curb miles reinstalled/installed (#)	362	334	372	392	470	466	540	611	523	729
	Signs maintained/replaced (#)	52,422	49,029	7,812	43,728	66,556	63,019	89,415	108,032	96,885	116,414
	Temporary signs installed/removed (#)	646,724	365,068	436,589	471,376	423,759	414,268	347,990	365,389	383,005	360,573
	Thermoplastic longline striping installed/reinstalled (# of miles)	1,326	137	61	151	925	540	632	617	717	820

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Cultural and Recreational Services

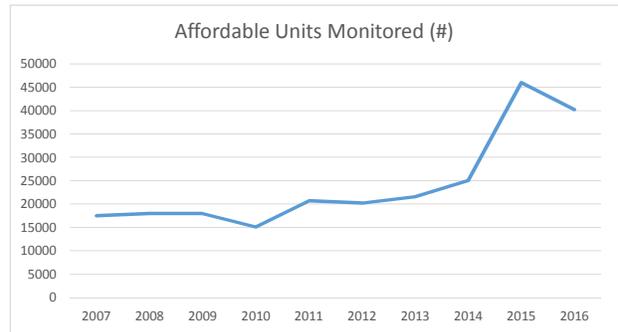


Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
Convention Center											
Convention and Tourism Development											
	Citywide conventions and center events (#)	29	25	23	24	23	22	13	19	--	--
	Delegates attending Citywide conventions (#)	496,886	320,900	299,274	215,800	291,700	363,000	167,160	--	--	--
	Exhibit hall events hosted (#)	167	156	126	140	137	149	161	161	180	175
	Repeat events hosted (#)	177	192	216	284	281	304	297	274	339	279
Cultural Affairs											
City Arts											
	Art class enrollment (#)	121,356	212,506	15,000	14,000	13,500	13,000	15,000	16,850	--	--
	Theater attendance (#)	68,129	91,166	150,000	140,000	128,625	115,000	121,014	120,000	--	--
Community Arts											
	Art exhibitions presented (#)	655	1,082	65	60	52	27	46	52	70	70
	Special events/festivals (#)	118	142	20	17	15	18	30	33	104	104
El Pueblo											
Events											
	Cultural and special events (#) (6)	137	73	119	--	--	--	--	--	--	--
	Special events/festivals held (#) (11)	--	--	--	85	85	89	67	55	55	52
History and Museums											
	Museum visitors (#) (6)	582,623	627,301	588,517	--	--	--	--	--	--	--
	Tours provided to the public (#) (6)	9,661	6,205	11,498	859	936	1,042	967	1,000	962	--
Library											
Public Library Services											
	Attendance level for cultural programming (#)	368,339	371,810	355,211	531,498	332,937	301,387	283,000	282,380	279,560	--
	Items circulated (#)	16,353,158	15,800,499	15,086,605	14,983,679	15,337,032	15,144,804	16,524,292	15,925,000	15,900,000	15,800,000
	Number of people visiting library facilities (#)	13,504,301	14,093,505	14,584,162	14,096,741	13,821,289	12,673,629	16,041,407	16,400,000	16,100,000	16,003,909
	Number of volunteers for special programs (#)	9,834	7,932	7,091	5,617	4,524	2,964	2,800	2,600	2,373	--
	Registered borrowers (#)	1,411,764	1,236,890	1,148,250	1,099,165	1,076,578	1,231,764	1,368,354	1,475,000	1,445,000	1,440,000
Recreation and Parks											
Advance Planning											
	New parks opened to the public (#)	8	7	10	8	16	--	--	--	--	--
Building and Facilities Maintenance											
	Maintenance job orders completed (#)	26,000	26,284	25,672	23,458	20,905	23,601	--	--	--	--
Educational Exhibits											
	Observatory attendance (#)	1,417,282	1,264,376	1,155,104	1,033,429	969,479	909,668	902,489	840,151	641,000	415,000
Expo Center											
	Number of visitors to the Expo Center (#)	877,374	489,257	448,860	889,000	819,000	--	--	--	--	--
Museums and Educational											
	Visitors to museums (excluding Griffith Observatory) (#)	585,230	472,044	429,085	310,000	325,000	--	--	--	--	--
Recreational Opportunities											
	Aquatics - Attendance for recreational swim (#)	2,962,513	2,648,817	2,951,899	3,255,404	2,696,366	2,635,207	3,296,327	2,811,807	2,849,338	--
	Aquatics - Pool attendance (#)	1,227,584	1,177,964	1,320,675	1,330,653	1,327,220	1,230,362	1,287,602	1,208,758	1,500,000	1,292,655
	Camps - Camper days (# of days)	65,283	66,626	62,427	55,624	56,204	18,900	34,060	39,513	52,000	50,000
	Municipal Sports - Team sports participants (#)	86,806	83,045	90,815	101,916	94,141	72,502	75,500	76,543	76,000	74,000
	Occupancy at child care facilities (#)	135	135	170	94	97	95	59	69	68	--
	Senior Citizens Services - Number of senior club members (#)	10,500	10,584	10,946	12,252	12,393	10,770	15,800	14,125	13,317	--
	Youth Services and Intervention Programming - Youth (ages 5-15) in organized sports programs (#)	81,000	81,298	66,476	61,876	61,947	55,752	53,422	64,328	76,000	--
	Number of classes and cultural programs offered (#)	200,000	200,951	134,142	--	--	--	--	--	--	--
Zoo											
Educational Exhibits											
	Attendance (#)	1,784,786	1,752,279	1,550,343	1,506,274	1,660,450	1,543,232	1,459,080	1,556,162	1,602,171	1,564,674

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Community Development

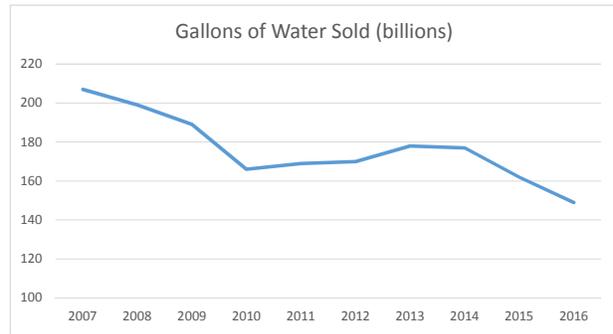
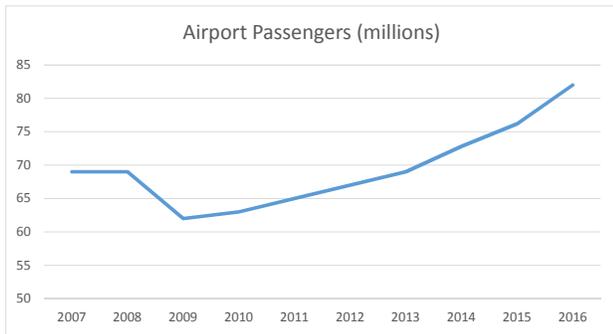


Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
Aging											
Family Caregiver Services	Community education participants (#)	2,486	3,327	8,490	7,682	14,820	13,026	13,412	12,012	2,668	3,032
Older Workers	Participants in the Older Workers Program (#)	202	160	180	149	227	287	283	196	299	297
Senior Social Services	Congregate meals served (#)	697,731	726,865	711,895	768,560	834,063	844,074	845,797	840,605	835,229	859,169
	Homebound meals served (#)	737,100	740,713	755,480	768,536	756,462	781,553	809,649	791,422	817,630	816,581
	Prop A - One-way transportation trips (#)	130,229	132,101	131,269	129,354	128,300	134,412	135,057	134,849	142,152	133,807
City Planning											
Geographic Project Planning	Cases Completed (#)	2,397	2,133	1,774	1,549	1,432	--	--	--	--	--
Historic Resources	Certificate cases completed within 75 days (%)	50	56	43	71	43	--	--	--	--	--
Disability											
ADA Compliance	Sign language and captioning requests processed (#)	389	397	245	342	294	--	--	--	--	--
AIDS Coordination	HIV tests/referrals provided (#)	21,406	18,222	37,176	10,000	10,840	--	3,000	2,500	2,400	--
	Individuals serviced by Prevention Program (#)	27,528	25,569	46,877	--	--	--	--	--	--	--
	Syringes removed (# in millions)	1.09	0.95	1.10	1.00	1.00	--	--	--	--	--
Economic and Workforce Development											
Economic Development	Businesses established by Business Source (#)	--	205	221	231	64	182	--	--	--	--
	New jobs created through business source and lending (#)	25,000	2,000	331	--	--	--	--	--	--	--
Workforce Development	HireLA Youth placed in employment (#)	11,644	11,382	10,256	--	--	--	--	--	--	--
	Job training enrollments for adults/dislocated workers (#)	--	19,253	3,900	4,695	4,218	6,237	--	--	--	--
	WIOA funded adults placed in jobs (#)	10,000	4,248	1,386	--	--	--	--	--	--	--
Housing and Community Investment											
Code Enforcement	Multi-family unit inspected every 4 years (#)	742,523	720,000	180,000	179,728	189,771	180,000	183,741	183,741	--	--
	Complaints responded to within 72 hours (%)	93	96	81	--	--	--	--	--	--	--
	Periodic unit inspections (#)	169,568	164,655	165,928	180,484	178,160	176,908	189,611	180,776	192,316	213,224
	Urgent repair referrals (#)	564	541	656	--	--	--	--	564	564	497
Compliance Monitoring	Affordable units monitored (#)	40,218	46,041	25,061	21,578	20,226	20,684	15,121	18,000	18,000	17,476
	REAP habitability violations resolved vs REAP cases opened (%)	110	167	162	--	--	--	--	--	--	--
Finance & Development	New funded transit oriented development housing units (#)	585	526	828	--	--	--	--	--	--	--
Homeownership and Preservation	Number of housing units made lead safe (# housing units)	61	84	114	121	195	41	80	138	135	--
Housing Preservation and Production	Low income units financed under the Homeownership Pgm (#)	81	88	91	--	--	--	--	57	133	120
Rent	Complaints resolved within 120 days (%)	79	89	88	--	--	--	--	--	--	--
	Rent adjustments processed (#)	405	476	381	--	--	--	--	550	525	575
	Rental units registered (#)	527,732	528,395	530,894	529,106	531,603	531,999	532,691	518,000	518,000	518,658
	Tenant complaints processed (#)	6,897	6,248	5,874	5,780	5,426	6,408	5,632	8,900	8,100	7,404
Strategic Planning & Policy Development	Housing unit at risk of losing affordability restrictions contacts (#)	3,441	842	344	--	--	--	--	--	--	--

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Business-Type Activities



Department/Program	Indicator	Fiscal Year									
		2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽¹⁾	2008	2007
Airports	Air cargo (# in thousand tons)	2,655	2,588	2,393	2,400	2,366	2,296	2,242	2,018	2,519	2,631
	Aircraft movements (# in thousands)	970	944	974	939	976	989	1,025	1,049	1,249	1,225
	Passengers (# in millions)	82.0	76.2	72.8	69.0	67.0	65.0	63.0	62.0	69.0	69.0
Harbor	Containerized cargo volume (# in millions of TEUs)	8	8	8	8	8	8	7	8	8	8
	Cruise passengers (#)	676,644	578,902	541,418	355,875	515,827	667,434	802,899	990,965	1,191,449	1,194,984
	Inbound tonnage (# in millions tons)	106	103	99	93	98	94	88	94	105	118
	Miles of waterfront (#)	43	43	43	43	43	43	43	43	43	43
	Outbound tonnage (# in millions tons)	79	75	74	72	75	68	67	66	65	72
	Vessel arrivals (#)	2,014	1,846	2,196	2,089	2,100	2,236	2,124	2,322	2,467	2,920
Power	Cumulative Feed in Tariff (FIT) installations (# of kilowatts)	14,636	7,532	800	--	--	--	--	--	--	--
	Customers- number (# in thousands)	1,499	1,493	1,503	1,479	1,471	1,461	1,447	1,452	1,446	1,448
	Energy production (# of kwh in billions)	27	27	27	27	28	27	28	29	29	28
	Megawatt hours of power from energy efficiency (# of Mwh)	412,191	1,481,336	1,453,801	--	--	--	--	--	--	--
	Kilowatt hours sold (# of hours in billions)	25	25	26	26	25	25	26	25	26	26
	Net system capability (# of megawatts)	8	8	8	8	7	7	7	7	7	7
	Power poles replaced, installed and reinforced (#)	2,436	2,393	1,599	1,135	1,813	2,211	3,113	2,745	--	--
	Solar Incentive Program (SIP) cumulative capacity (# of kilowatts)	176,330	135,620	108,466	79,605	55,099	36,181	22,663	17,248	12,549	10,471
	Solar Incentive Program (SIP) installed capacity (# of kilowatts)	40,710	27,250	28,861	24,505	18,919	13,518	4,650	4,699	2,078	--
	System Average Interruption Duration Index - SAIDI (# of minutes per customer)	125.31	85.34	61.69	71.85	189.51	114.60	120.70	78.10	122.00	--
	System Average Interruption Frequency Index - SAIFI (# of interruptions per customer)	0.91	0.70	0.48	0.48	0.90	0.80	0.84	0.69	0.79	--
Wastewater	DCT wastewater treatment (# in MGD)	32	34	35	57	57	52	52	65	62	54
	DCT water recycled (# in MGD)	32	34	29	28	28	32	34	32	30	25
	HWRP wastewater recycled (# in MGD)	47	50	47	35	28	26	35	35	35	32
	HWRP wastewater treatment (# in MGD)	252	263	279	305	305	297	305	350	350	342
	LAG wastewater treatment (# in MGD)	14	14	15	20	20	20	20	20	20	21
	LAG water recycled (# in MGD)	14	14	5	5	5	8	8	6	6	4
	Maintain 3-yr rolling average of 60 miles of renewing sewers (%)	--	33	105	100	100	100	100	129	--	--
	TIWRP wastewater recycled (# in MGD)	4	5	4	4	1	2	4	5	4	3
	TIWRP wastewater treatment (# in MGD)	15	16	15	16	16	15	16	16	16	16
	WCSD sewer cleaning - miles of sewers cleaned (# of miles)	7,127	6,928	6,614	6,750	6,750	6,093	5,903	5,000	4,981	4,930
Water	DWP water sourced from local groundwater (%)	16.3	17.7	11.5	10.1	11.2	9.3	14.2	10.1	11.3	13.9
	Recycled water use (# of acre feet)	9,910	10,097	10,536	7,480	6,953	--	--	--	--	--
	Cumulative miles of water main replaced (# of miles)	207	174	154	131	102	85	63	47	29	14
	Customers - number (# in thousands)	678	676	679	676	674	667	659	666	666	667
	Gallons sold (billions of gallons)	149	162	177	178	170	169	166	189	199	207
	Net water supply (billions of gallons)	170	178	191	183	177	169	173	197	210	216
	Water main breaks (# of breaks)	1,547	1,241	1,146	1,148	1,319	1,237	1,453	1,422	1,363	2,031
	Water purchased from MWD (% of total water supply)	71.2	70.7	76.3	68.6	38.5	31.3	47.7	70.9	64.7	43.8

CITY OF LOS ANGELES

**Capital Assets Information
Governmental Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2016	2015	2014	2013	2012
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 apparatus ⁽⁴⁾	380	377	367	367	337
Fire stations	106	106	106	106	106
Patrol units	1,345	1,374	1,374	1,374	1,374
Police stations	29	28	28	29	29
Police training centers	3	3	3	3	3
Public Works					
Bridges	515	517	517	514	508
Street lights	220,000	210,662	209,397	207,384	206,757
Streets (centerline miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	697	698	701	750	750
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	68	57	50	48	48
Bike paths (miles)	14	14	14	14	13
Commuter buses	399	387	385	371	361
Traffic signals	4,697	4,683	4,677	4,657	4,625
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	16,152	16,152	16,149	16,001	15,865
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	256	256	256
Children's play areas	387	387	387	383	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	13	13	11
Libraries	73	73	73	73	73
Licensed child-care centers	2	3	2	2	2
Museums	12	12	12	12	12
Park sites	444	444	442	435	427
Pools	62	62	62	62	61
Recreational centers	184	184	184	184	184
Regional parks	5	5	5	5	5
Residential camps	9	9	9	9	7
Senior citizen centers	30	31	35	31	31
Skate parks	26	26	28	21	18
Tennis courts	321	321	321	321	321
Therapeutic centers	--	--	--	--	--
Wedding sites	19	19	19	19	19

CITY OF LOS ANGELES

**Capital Assets Information
Governmental Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2011	2010	2009	2008	2007
General Government					
Fiber optic cabling (fiber miles) ⁽¹⁾	150	150	3,426	9,876	9,870
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire apparatus ⁽⁴⁾	336	362	362	360	360
Fire stations	106	106	106	105	104
Patrol units	1,374	1,374	1,374	1,374	1,374
Police stations	29	28	26	25	21
Police training centers	3	3	3	3	3
Public Works					
Bridges	508	508	509	507	507
Street lights	204,750	204,000	207,000	206,000	231,402
Streets (centerline miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	732	742	744	744	725
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	48	48	48	46	41
Bike paths (miles)	13	13	12	12	12
Commuter buses	407	450	468	440	488
Traffic signals	4,607	4,589	4,530	4,515	4,506
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	15,717	15,717	15,786	15,710	15,944
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	256	256	255
Children's play areas	368	368	368	368	377
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	11	11	9
Libraries	73	73	72	72	72
Licensed child-care centers	2	2	26	26	26
Museums	12	12	12	12	7
Park sites	427	427	417	404	398
Pools	61	61	60	60	60
Recreational centers	184	184	183	183	181
Regional parks	5	5	5	5	5
Residential camps	7	7	7	7	7
Senior citizen centers	31	31	31	31	30
Skate parks	9	9	9	9	7
Tennis courts	321	321	321	321	287
Therapeutic centers	--	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				
	2016	2015	2014	2013	2012
Airports					
Number of airports ⁽²⁾	3	3	3	3	4
Harbor					
Number of cargo terminals	23	23	23	24	24
Number of major container terminals	8	8	8	8	8
Power					
Generating units ⁽³⁾	245	241	242	242	235
Overhead distribution lines (miles)	10,300	10,288	10,213	10,220	10,220
Transmission lines (miles)	3,632	3,632	3,632	3,632	3,626
Underground distribution lines (miles)	3,680	3,677	3,608	3,561	3,594
Wastewater					
Sanitary sewers (miles)	6,700	6,700	6,700	6,700	6,700
Storm drain pipe mainline (miles)	1,260	1,272	1,260	1,244	1,200
Water					
Aqueduct (miles)	472	472	472	472	472
Distribution pipe (miles)	7,288	7,270	7,263	7,246	7,225
Number of storage reservoirs and tanks	120	120	114	114	114
Service connections	729,680	704,176	696,989	702,485	701,644

CITY OF LOS ANGELES

**Capital Assets Information
Business-Type Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2011	2010	2009	2008	2007
Airports					
Number of airports ⁽²⁾	4	4	4	4	4
Harbor					
Number of cargo terminals	24	24	25	25	25
Number of major container terminals	8	8	8	8	8
Power					
Generating units ⁽³⁾	235	51	50	51	50
Overhead distribution lines (miles)	10,186	10,140	8,782	6,947	6,954
Transmission lines (miles)	3,626	3,631	3,631	3,643	3,643
Underground distribution lines (miles)	3,547	3,505	3,235	6,095	6,061
Wastewater					
Sanitary sewers (miles)	6,700	6,500	6,500	6,550	6,500
Storm drain pipe mainline (miles)	1,200	1,200	1,200	1,200	1,000
Water					
Aqueduct (miles)	472	390	367	367	340
Distribution pipe (miles)	7,221	7,273	7,248	7,227	7,229
Number of storage reservoirs and tanks	114	106	114	104	108
Service connections	719,154	718,511	716,919	715,430	712,184

⁽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.

⁽⁴⁾ "Fire trucks" renamed to "fire apparatus."

Source: City departments

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