



RON GALPERIN
CONTROLLER

January 31, 2019

Honorable Mayor Eric Garcetti
Honorable Members of the Los Angeles City Council
All Angelenos

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT, FISCAL YEAR 2018

I respectfully submit the City of Los Angeles' Comprehensive Annual Financial Report (CAFR) for fiscal year 2018. The CAFR presents the City's financial position and activities for the previous fiscal year, consistent with Generally Accepted Accounting Principles, and has been audited by Macias, Gini & O'Connell, a firm of independent certified public accountants.

In addition to the government-wide financial statements, the CAFR also includes:

- Revenue and expenditure reports;
- Extensive information about pension and retiree benefits, contributions and funding;
- Fund balances;
- Debt and debt capacity;
- Operating indicators, metrics and graphs; and
- Information on tax abatement agreements as required by the Government Accounting Standards Board - an important step toward greater transparency.

The CAFR, along with the City's Annual Budget and the City Administrative Officer's financial status reports, is central to understanding the City's financial opportunities and challenges.

Since the Great Recession, the City has experienced relatively strong economic growth and a general uptick in revenues. In FY18, revenue increased by 4.6 percent, an improvement over the smaller 1.9 percent increase in the year prior. Overall expenses increased by less than one percent in FY18.

More than three quarters of the value of the City's \$68.7 billion in assets is in capital assets, such as land, infrastructure and heavy equipment. The largest single category of liabilities is the net pension liability, which totaled \$8.4 billion - down from \$10 billion the year prior - across the City's three retirement systems. However, the City's pension systems again reported improvements in their funding levels due to robust investment earnings over the past year. While pointing to an improved situation, gains in the pensions' investment portfolios are impacted by stock market volatility.

This CAFR is the first to detail the long term liability of retiree healthcare benefits on the City's balance sheet. The total liability for retiree healthcare is nearly \$9 billion, but because of the City's longtime strategy of pre-funding these benefits, the net liability is the significantly lesser sum of \$2.8 billion. Net liability is defined as total future costs minus current system assets. Unlike most other retiree healthcare benefits systems across the United States, which use the pay-as-you-go model, the City's 68 percent funding ratio is a good example of the City's sound approach to financial management.

An important trend my office has examined before, also shown in this CAFR, is the growth in special fund balances. At the close of FY18, the total balance in the City's governmental funds (not including enterprise funds or pensions) had grown by \$400 million over the prior year, to \$5.3 billion. This growth was fueled by an increase in special purpose fund balances of \$200 million, to a total of \$4.1 billion at the close of FY18. In contrast, the General Fund balance had increased by only \$43.2 million over the previous year to \$929.2 million at the close of FY18.

There remains a clear need to examine our many special purpose funds to determine how they can best be managed to achieve the City's priorities, such as investing in vital infrastructure projects, including affordable housing, new parks and more. My office is committed to continuing our work to address the complex issue of special purpose funds and will be providing a report in the near future on how the City can better manage them.

Our City's fiscal state is stable, but challenges remain and we must remain prudent going forward. I am optimistic that with strong leadership and innovative solutions we can continue the progress we have made in recent years.

To explore the CAFR and the interactive Popular Annual Financial Report, visit lacontroller.org/cafr2018.

Respectfully,



RON GALPERIN
L.A. Controller



City of Los Angeles, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



RON GALPERIN
LA CONTROLLER

The logo for Ron Galperin, LA Controller. It features the name "RON GALPERIN" in a bold, blue, sans-serif font. To the right of the name is a blue circular icon containing a white stylized letter "G". Below the name, "LA CONTROLLER" is written in a smaller, red, sans-serif font.

City of Los Angeles California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

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

CITY OF LOS ANGELES CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Prepared by the Office of Los Angeles City Controller Ron Galperin



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INTRODUCTORY SECTION



RON GALPERIN
CONTROLLER

January 31, 2019

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, 2018, 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 requirement of 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 2018.

The independent auditor expressed an opinion that the City's financial statements for fiscal year 2018 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.

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.

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

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, 2017. This was the twenty-third 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

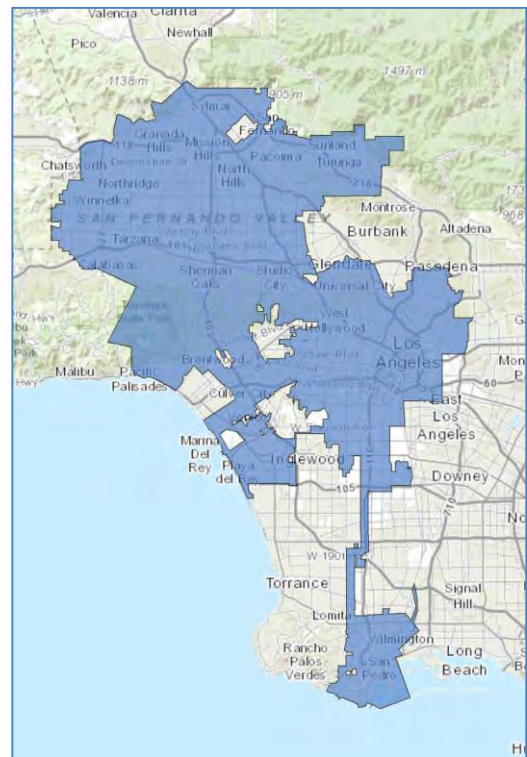
LETTER OF TRANSMITTAL

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.

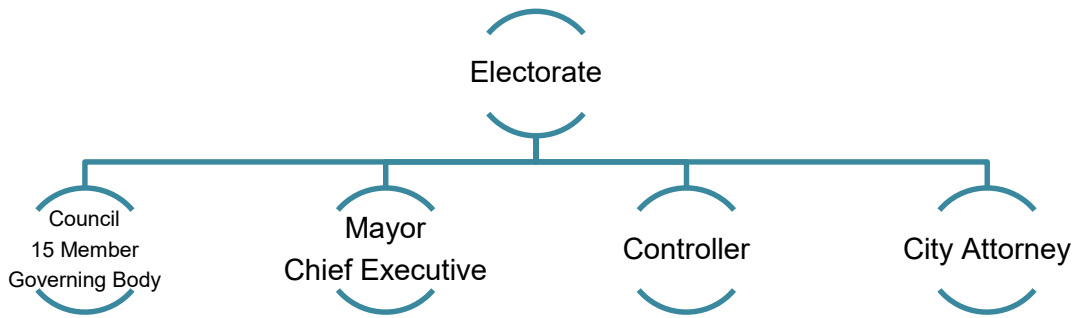
I. Profile of the Government

The City of Los Angeles is the second most populous city in the nation with an estimated January 1, 2018 population of 4,054,400. 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 local government 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 contracts, authorizes public improvements, adopts zoning and other land use controls, 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 independently elected City Attorney and City Controller.





The City has 38 departments, bureaus, commissions and offices for which operating funds are annually budgeted by the Council. In addition, three departments consisting of Department of Water and Power (DWP), Harbor Department, and Department of Airports are under the control of boards appointed by the Mayor and confirmed by Council. While the City appoints a voting majority of the governing board of the Housing Authority 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. Two departments, Los Angeles City Employees’ Retirement System and Fire and Police Pension System, are under the control of boards whose membership is comprised of Mayoral appointees and representatives elected by system members. The Water and Power Employees’ Retirement 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 elected by system members and one retiree appointed by the DWP Board. The City’s reporting entity also includes the Municipal Improvement Corporation of Los Angeles (MICLA) as a blended component unit.

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; community development; housing and aging services; 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 object by 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, allotments, or a combination of both.



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, environmental technology and aerospace. Major components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal and food processing. Fueled by trade with Pacific Rim countries, the Port of Los Angeles handles the largest volume of containerized cargo of all U.S. ports and is ranked number one in container volume in U.S. waterborne foreign traffic. Los Angeles International Airport (LAX) is the fifth busiest airport in the world and second in the United States. LAX ranks 13th in the world and fourth in the nation in air cargo tonnage with over 2.3 million tons of air cargo.

The seasonally adjusted unemployment rate in Los Angeles County is 4.6 percent in November 2018, slightly up from 4.3 percent compared to the same period last year. This is in line with the state's steady pace of employment growth which continues to be broad based with high-skill and low-skill sectors boosting payrolls. Beacon Economics Winter 2018 outlook has California's economy continuing to expand moderately through 2020 with wage and income increases outpacing inflation. While job growth has increased in "population serving" industries such as health care and hospitality, California's economic output comes primarily from its "external industries", especially those related to technology.

III. Financial Policies

As part of the City's efforts towards financial sustainability, the City has adopted "Financial Policies for the City of Los Angeles" promoting good fiscal stewardship across a number of critical areas. Following are summaries of select financial policies and charts that provide measures of the City's current year and next fiscal year compliance.



<u>Policy</u>	<u>2017-18</u>	<u>2018-19</u>
Reserve Fund Policy		
July 1st Percent of General Fund Receipts	6.08%	5.99%
Budget Stabilization Fund Policy		
Growth of seven major General Fund tax receipts	5.50%	6.00%
Amount of Revenue Growth above 3.4% (millions)	\$ 83.0	\$ 108.2
Amount of Deposit (millions)	\$ 0.4	\$ 9.0
Capital Infrastructure Policy		
One Percent of General Fund Receipts	1.28%	1.62%
One-Time Revenue Policy		
One-Time Revenue (millions)	\$ 65.0	\$ 45.0
One-Time Expenditures (millions)	\$ 108.0	\$ 127.0
Debt Management Policy		
Non-Voter	4.29%	4.14%
Total Approved	6.25%	6.03%

Reserve Fund Policy

The Reserve Fund Policy (Policy) provides guidelines to ensure sufficient reserves are maintained for revenue shortfalls or unanticipated expenditures in the General Fund. 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 year-start 2017-18 and 2018-19 adjusted Reserve Fund Balance was \$354.5 million and \$345.8 million, respectively, which exceeded the five percent Policy.

Budget Stabilization Fund Policy

The Budget Stabilization Fund (BSF), also established by Charter Amendment P, is designed to set aside revenues 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 2017-18 and 2018-19 was 5.5 percent and 6.0 percent, respectively. Of the \$108 million in 2018-19 revenue growth, \$100 million was used to fund capital infrastructure and \$9 million was transferred to the BSF.



Capital Assets and Infrastructure Funding Policy

The Capital Assets and Infrastructure Funding (Capital Funding) Policy acknowledges the importance of maintaining the City's capital assets on an ongoing basis to avoid major deferred maintenance and to extend the useful life of those assets. The Capital Funding Policy requires that the City annually budget at least one percent of General Fund revenue to fund capital assets or infrastructure improvements. In 2017-18 and 2018-19, the City budgeted approximately \$75 million and \$100 million, respectively, for capital and infrastructure projects.

One-Time Revenue Policy

The One-Time Revenue Policy requires that one-time revenues will only be used for one-time expenditures. In 2017-18 and 2018-19, one-time expenditures exceeded one-time revenues by \$43 million and \$82 million, respectively.

Debt Management Policy

The Debt Management Policy (Debt 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.

The 2017-18 and 2018-19 Budget ratio of non-voter debt service and total debt service as a percent of General Fund revenue were below the Debt Policy cap.

IV. Major Initiatives

The City has pursued the following selected initiatives to promote a livable and sustainable city, more prosperous, safe, and well-run government. In addition, major infrastructure initiatives are being undertaken by the City, including a selected few listed below.

- In September 2018, the first emergency bridge housing site was opened in downtown Los Angeles, the first of many projects in the pipeline. The City has committed \$275 million in Proposition HHH funds to construct permanent supportive housing for homeless and at-risk individuals, and \$36 million for facilities, shelters and navigation centers as a pathway to housing. In addition, the City has established a \$20 million crisis and bridge housing fund to get homeless encampments off the streets faster and interim housing projects off the ground sooner.
- LAX's \$14 billion capital improvement program projected to complete in 2023 is considered the largest public works program in the City. A centerpiece of the program is the \$5.5 billion Landside Access Modernization Program that include five major elements:



a 2.25-mile Automated People Mover that will connect three on-airport stations to Metro Rail and transit services; a Consolidated Rent-A-Car center; two Intermodal Transportation Facilities for additional parking, ground transportation services, and “meeter and greeter” activities; and roadway improvements.

- The Port of Los Angeles’s 2019-20 capital budget of \$153.9 million reflects its goal to maintain its competitive edge by developing infrastructure that supports growth and efficiency, and secure and sustainable port operations. Projects include terminal improvement, transportation and infrastructure projects, public access and environmental enhancements, security systems and maritime services.
- As part of its continuing efforts to further improve road safety, the City has prioritized reconstructing its most trafficked and hazardous streets through several initiatives: the Complete Streets program funded by various funding sources, including SB1 and the voter-approved half-cent sales tax Measure M; \$90 million towards Vision Zero Action Plan, a roadmap to achieve zero traffic fatalities by 2025 through the installation of high-visibility crosswalks, upgrade of street signs, development of street redesign plans and traffic signal optimization; transformation of 15 corridors through the Great Streets initiative to improve access and mobility on neighborhood streets; and \$41 million for its Sidewalk Repair Program.
- In his report, *Alert and Aware: Modernizations to Improve NotifyLA, the City’s Emergency Mass Notification System*, the City Controller reviewed the effectiveness of the City’s system that sends emergency alerts via wireless or landlines run by the Emergency Management Department. The Controller proposed several ways to strengthen notification for large scale emergencies to City residents.
- The City Controller recognizes that the ability to deliver City services depends on its 47,000 employees. The City Controller proposed adapting to new ways of hiring, recruiting and managing its human resources in, “*A Hire Calling: Modernizing City Recruitment and Hiring*”. Through a review of the City’s hiring process, the City Controller suggested ways to modernize hiring practices, expand candidate pool, evaluate salaries, job qualifications and titles, improve gender representation, update the Civil Service system and employ best practices for attracting a new generation of employees.

V. Mayor’s Top Priority Outcomes

The Mayor’s “Back-to-Basics” approach focuses on new ways to expand and improve service to City residents in every community. The continued emphasis on this approach is aimed to reinforce the City’s fiscal foundation, improve the core functions of City government, and set Los Angeles on a course toward a better, healthier, more sustainable future.



The Mayor's 2019-20 Proposed Budget will reflect the goals and priorities set during each General Manager Review process; propose initiatives to fight homelessness; reduce the City's risk and liability; maximize use of special funds to provide services in-lieu of the General Fund; clearly demonstrate project Return on Investments or show evidence of fiscal or operational efficiencies; provide innovative solutions that include new methodologies, process improvements, adoption of best practices or the use of technology.

VI. 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:

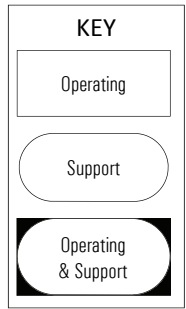
1. Implement a budget based on performance and measurable results;
2. Focus on Return on Investment (ROI);
3. Reform City procurement;
4. Reduce liabilities with a comprehensive risk mitigation strategy;
5. Invest in technology;
6. Invest in much needed City infrastructure and put the City's vast assets 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.

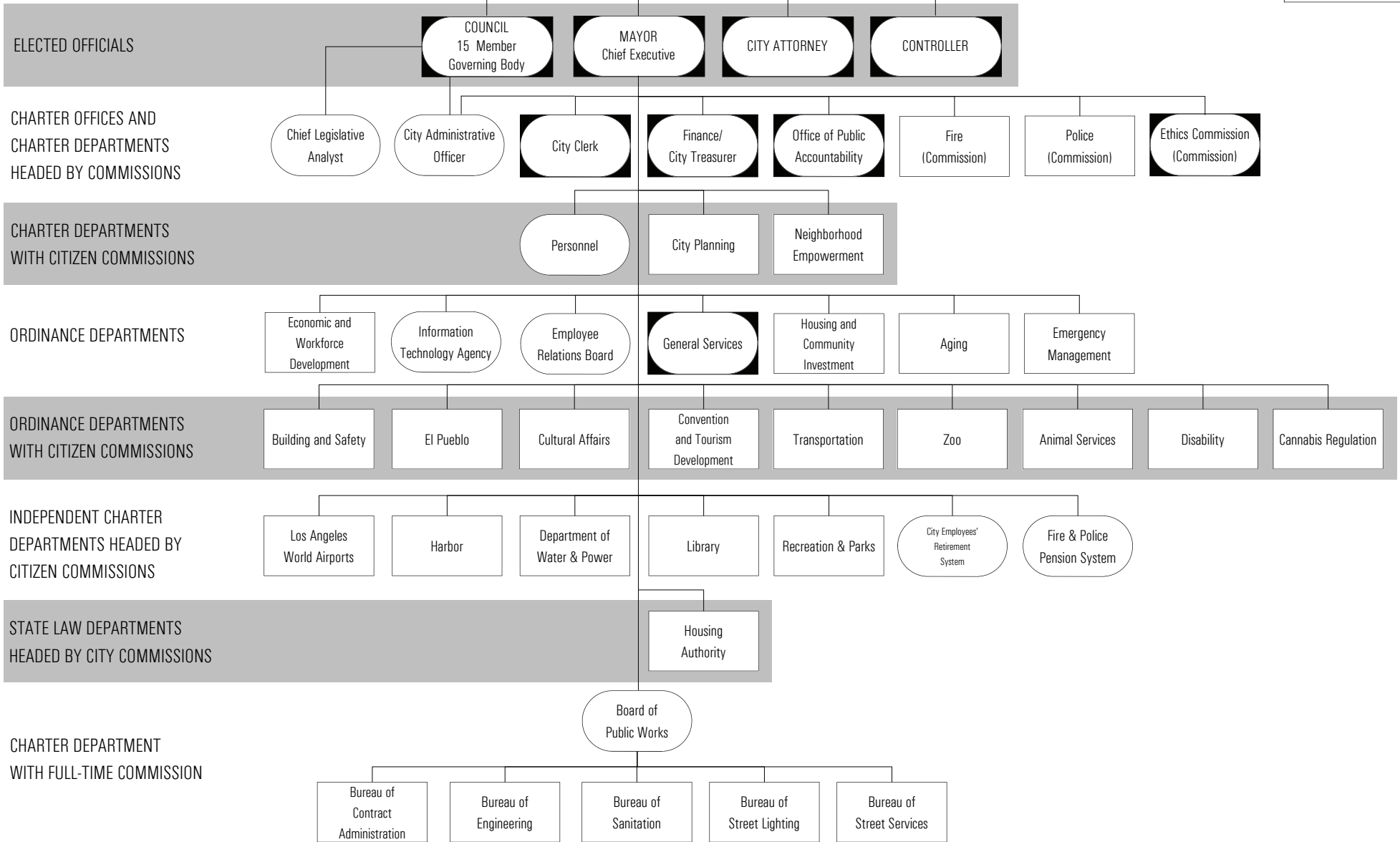


ORGANIZATION OF THE CITY OF LOS ANGELES

FY 2017-2018



ELECTORATE



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



Nury Martinez
District 6
President Pro Tempore



Joe Buscaino
District 15
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



Monica Rodriguez
District 7



Marqueece Harris-Dawson
District 8



Curren Price, Jr.
District 9



Mike Bonin
District 11



Greig Smith
District 12



Mitch O'Farrell
District 13



José Huizar
District 14

Non-Elected Fiscal Officers

Claire Bartels
Director of Finance
City Treasurer

Richard H. Llewellyn, Jr.
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).

Following a successful first term, Ron Galperin was reelected on July 1, 2017. His second and final term ends in 2022.

The City Controller is also the Controller for Municipal Improvement Corporation of Los Angeles (MICLA).



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, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



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, 2018, 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 Los Angeles World Airports (Airports), Department of Water and Power (DWP) Water System (Water) and Power System (Power), Los Angeles 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 the assets, net position, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net Position	Revenues/ Additions
Business-type Activities: Airports, Water, Power	79%	70%	85%
Each Major Enterprise Fund:			
Airports	100%	100%	100%
Water	100%	100%	100%
Power	100%	100%	100%
Aggregate Remaining Fund Information:			
Pensions, LACERS, and DWP Plans	90%	92%	73%

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 Airports, Water, Power, 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, 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2017, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension plans schedules of employer contributions, the schedules of changes in net pension liability and related ratios, the OPEB plans schedules of employer contributions, the schedule of changes in net other postemployment benefits liability and related ratios, the 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

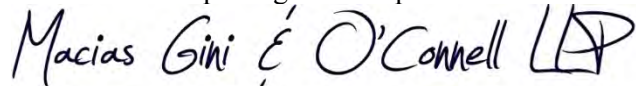
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional 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 January 31, 2019, 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 solely 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 the effectiveness of the City's 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.



Los Angeles, California
January 31, 2019

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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, 2018. 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 2018 by \$20.1 billion, a decrease of \$0.9 billion of which \$2.0 billion was the change in net position for the current year and \$(2.9) billion was to adjust beginning net position for the effects of the implementation of GASB Statement No. 75 on Other Postemployment Benefits (OPEB) liabilities. The net position of \$20.1 billion consisted of: \$19.7 billion net investment in capital assets; \$4.7 billion restricted net position which represents resources that are subject to certain restrictions on how they may be used; \$3.7 billion unrestricted net position which may be used to meet the City's obligations for its business-type activities; and \$(8.0) billion deficit of governmental activities.
- Of the \$2.0 billion total change in net position, governmental activities represented \$892.1 million, and business-type activities represented \$1.1 billion.
- As of June 30, 2018, the aggregate ending fund balance of the City's governmental funds was \$5.3 billion, an increase of \$378.8 million from June 30, 2017. Of the combined fund balance of \$5.3 billion, \$50.7 million or 1.0% were nonspendable, \$3.3 billion or 62.2% were restricted, \$1.2 billion or 21.7% were committed, \$290.9 million or 5.5% were assigned to specific purposes, and \$517.7 million or 9.7% were unassigned.
- At the end of the fiscal year, the General Fund showed a fund balance of \$929.2 million, of which \$41.8 million were nonspendable, \$289.1 million were assigned for various purposes, \$25.1 million were committed and \$573.2 million were unassigned.
- The City's bonded debt and long-term notes payable at June 30, 2018 totaled \$28.5 billion, a net increase of \$1.1 billion from the prior year's balance of \$27.4 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, 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 Municipal Improvement Corporation of Los Angeles (MICLA). Although legally separate, MICLA is included as an integral part of the primary government because the City Council is its governing body and its sole purpose is to provide services entirely to and 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. The funds of the City are 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 Balance* is prepared on a modified cash basis of accounting that is different from Generally Accepted Accounting Principles (GAAP). 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*.

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 functions presented as *business-type activities* in the government-wide financial statements. 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. Agency funds do not have a measurement focus.

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 net pension and OPEB liabilities and contributions related to the City's pension and OPEB plans. Also included in this section is the condition assessment for City bridges.

The **combining and individual fund statements and schedules** 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: Net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20.1 billion at the close of fiscal year 2018.

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 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Assets						
Current and other assets.....	\$ 7,071,243	\$ 6,878,840	\$ 11,921,709	\$ 12,704,796	\$ 18,992,952	\$ 19,583,636
Capital assets.....	7,892,830	7,704,573	37,902,607	35,666,537	45,795,437	43,371,110
Total assets.....	14,964,073	14,583,413	49,824,316	48,371,333	64,788,389	62,954,746
Deferred outflows of resources.....	2,333,580	2,428,229	1,583,704	2,088,087	3,917,284	4,516,316
Liabilities						
Current and other liabilities.....	915,023	1,069,555	1,650,801	1,945,364	2,565,824	3,014,919
Long-term liabilities.....	14,467,663	13,491,848	29,125,728	28,215,583	43,593,391	41,707,431
Total liabilities.....	15,382,686	14,561,403	30,776,529	30,160,947	46,159,215	44,722,350
Deferred inflows of resources.....	1,551,369	1,172,986	917,080	596,757	2,468,449	1,769,743
Net position						
Net investment in capital assets.....	5,699,812	5,385,062	14,032,397	12,798,720	19,732,209	18,183,782
Restricted.....	2,686,056	2,471,515	2,001,892	3,421,375	4,687,948	5,892,890
Unrestricted.....	(8,022,270)	(6,579,324)	3,680,122	3,481,621	(4,342,148)	(3,097,703)
Total net position.....	\$ 363,598	\$ 1,277,253	\$ 19,714,411	\$ 19,701,716	\$ 20,078,009	\$ 20,978,969

Note: Certain accounts were reclassified to conform with fiscal year 2018 presentation; the fiscal year 2017 statements have not been restated for the effects of GASB 75.

Of the total net position, \$19.7 billion or 98.3% 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 and inflows 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, \$4.7 billion or 23.3%, represents resources subject to various restrictions on how they may be used. The balance of \$(4.3) billion or (21.6%) is the net amount of the governmental activities deficit of \$(8.0) billion, and \$3.7 billion unrestricted net position that may be used to meet the City's obligations for its business-type activities.

Compared to fiscal year 2017, net investment in capital assets increased by \$1.5 billion or 8.5%. Restricted net position decreased by \$1.2 billion or 20.5% mainly due to decrease in net position restricted for OPEB of Department of Water and Power (DWP), while the deficit in unrestricted net position increased by \$1.2 billion or 40.2% primarily due to the net effect of the restatement of the beginning balance of net position as a result of adjustments related with the implementation of GASB Statement No. 75 on recognition of net OPEB liability and other related accounts.

The deficit balance for the governmental activities unrestricted net position of \$(8.0) billion was mainly due to the net pension liability of \$6.2 billion, net OPEB liability of \$2.2 billion, and 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). 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 \$2.4 billion or 5.6%. The increase for governmental activities was \$188.3 million or 2.4%, and increase in business-type activities was \$2.2 billion or 6.3%. For governmental activities, the increase was primarily due to various projects under construction for recreational, police, fire, bridges, public works, streets, transportation, and cultural and community centers; and acquisition of vehicles for firefighting, police patrol, public transit, 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 decreased by \$590.7 million or 3.0%. Business-type activities declined by \$783.1 million or 6.2%, offset by an increase in governmental activities of \$192.4 million or 2.8%. Business-type activities in restricted pooled cash and other investments decreased by \$258.0 million primarily attributed to the repayment of short-term notes, and a decrease of \$979.4 million in net OPEB assets due to GASB 75 implementation, offset by a net increase of \$513.2 million in other assets. Governmental activities in loans and notes receivables increased by \$227.6 million or 10.3% mainly attributed to a significant increase in Low and Moderate income Housing loans, Home Investment Partnership Program loans, and various grants during the fiscal year, offset by a decline in cash and other investments of \$35.5 million. Deferred outflows of resources decreased by \$599.0 million almost entirely due to net change of \$577.1 million in deferred outflows from pensions and OPEB.

The City's current and other liabilities decreased by \$449.1 million or 14.9%. Business-type activities declined by \$294.6 million or 15.1%, while governmental activities decreased by \$154.5 million or 14.4% from the prior year. Business-type activities primarily decreased in accounts payable and accrued expenses of \$390.4 million due to lower outstanding short-term notes. Governmental activities mainly decreased in other liabilities of \$246.7 million mainly due to lower recognition of investments acquired at trade date of June 30, 2018, offset by increase of \$53.3 million in obligations under securities lending transactions. Deferred inflows of resources from pensions and OPEB increased by \$327.5 million and \$372.9 million, respectively.

Compared to the prior year, the total net position was lower by \$901.0 million or 4.3% with governmental activities down by \$913.7 million from the fiscal year 2017 net position of \$1.3 billion, and business-type activities were slightly up \$12.7 million or 0.1%. The significant decreases in net position were primarily due to the net effect of the restatement of beginning net position balances to reflect the cumulative effect of the implementation of the new GASB Statement No. 75 on OPEB liabilities. Net investment in capital assets increased by \$314.8 million for governmental activities and went up by \$1.2 billion for business-type activities. For governmental activities, restricted net position went up \$214.5 million and the deficit in unrestricted net position increased by \$1.4 billion. For business-type activities, restricted net position decreased by \$1.4 billion. The changes in restricted net position were decreases of \$7.4 million for capital projects, \$349.3 million for debt service, \$1.7 million for public safety, \$23.7 million for public works and sanitation, \$27.0 million for transportation, \$109.2 million for passenger/customer facility charges, and \$979.4 million for other postemployment benefits. Offsetting these decreases were increases of \$33.3 million for culture and recreation activities, \$214.7 million for community development and housing, and \$44.8 million for other purposes.

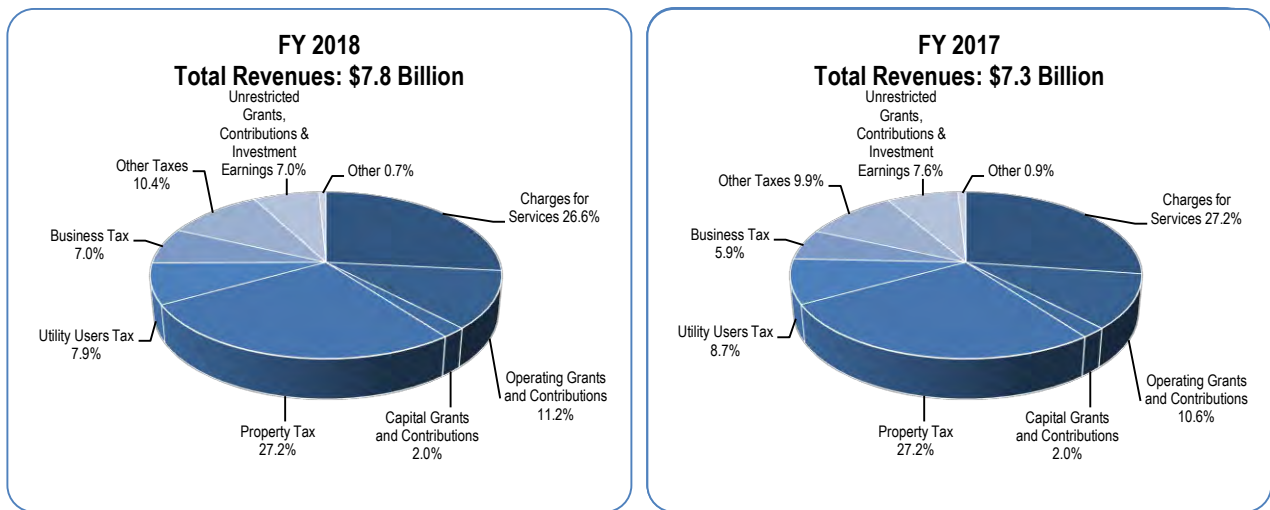
Analysis of Activities: The following table presents condensed information showing how the City’s net position changed during the most recent fiscal year. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the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

CITY OF LOS ANGELES						
Condensed Statement of Activities						
(amounts expressed in thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues						
Program Revenues						
Charges for Services.....	\$ 2,061,474	\$ 1,991,694	\$ 7,659,448	\$ 7,344,966	\$ 9,720,922	\$ 9,336,660
Operating Grants and Contributions.....	866,203	774,953	--	--	866,203	774,953
Capital Grants and Contributions.....	152,315	145,509	153,892	186,635	306,207	332,144
General Revenues						
Property Taxes	2,108,154	1,991,949	--	--	2,108,154	1,991,949
Utility Users' Taxes.....	614,335	629,952	--	--	614,335	629,952
Business Taxes.....	542,349	433,985	--	--	542,349	433,985
Other Taxes.....	802,548	727,376	--	--	802,548	727,376
Unrestricted Grants and Contributions.....	539,548	555,409	--	--	539,548	555,409
Unrestricted Investment Earnings.....	7,142	1,291	54,763	32,997	61,905	34,288
Other Revenues.....	57,051	63,831	377,160	386,934	434,211	450,765
Total Revenues	7,751,119	7,315,949	8,245,263	7,951,532	15,996,382	15,267,481
Expenses						
General Government.....	1,380,143	1,480,735	--	--	1,380,143	1,480,735
Protection of Persons and Property.....	3,209,073	3,348,298	--	--	3,209,073	3,348,298
Public Works.....	485,045	411,168	--	--	485,045	411,168
Health and Sanitation.....	496,132	478,040	--	--	496,132	478,040
Transportation.....	504,166	506,782	--	--	504,166	506,782
Cultural and Recreational Services.....	682,076	556,152	--	--	682,076	556,152
Community Development	216,225	242,636	--	--	216,225	242,636
Interest on Long-term Debt.....	127,970	124,364	--	--	127,970	124,364
Airports.....	--	--	1,388,201	1,284,299	1,388,201	1,284,299
Harbor	--	--	410,133	412,315	410,133	412,315
Power	--	--	3,429,928	3,414,456	3,429,928	3,414,456
Water.....	--	--	1,053,783	1,049,397	1,053,783	1,049,397
Sewer.....	--	--	568,199	577,240	568,199	577,240
Convention Center.....	--	--	59,408	53,686	59,408	53,686
Total Expenses.....	7,100,830	7,148,175	6,909,652	6,791,393	14,010,482	13,939,568
Excess of Revenues Over Expenses.....	650,289	167,774	1,335,611	1,160,139	1,985,900	1,327,913
Transfers.....	241,848	265,427	(241,848)	(265,427)	--	--
Special Item.....	--	--	--	(225,347)	--	(225,347)
Extraordinary Item.....	--	--	--	9,150	--	9,150
Increase in Net Position.....	892,137	433,201	1,093,763	678,515	1,985,900	1,111,716
Net Position - July 1, As Previously Reported.....	1,277,253	844,052	19,701,716	19,023,201	20,978,969	19,867,253
Change in Accounting Principles, GASB 75						
Implementation	(1,805,792)	--	(1,081,068)	--	(2,886,860)	--
Net Position - July 1, Restated.....	(528,539)	844,052	18,620,648	19,023,201	18,092,109	19,867,253
Net Position - June 30.....	\$ 363,598	\$ 1,277,253	\$ 19,714,411	\$ 19,701,716	\$ 20,078,009	\$ 20,978,969

Governmental Activities

For the fiscal year ended June 30, 2018, total revenues of governmental activities were \$7.8 billion while total expenses were \$7.1 billion. Of the \$7.1 billion total expenses, 65.8% was funded by taxes and other general revenues, and the remaining 34.2% was funded by program revenues, transfers from business-type funds. 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 2018 and 2017:



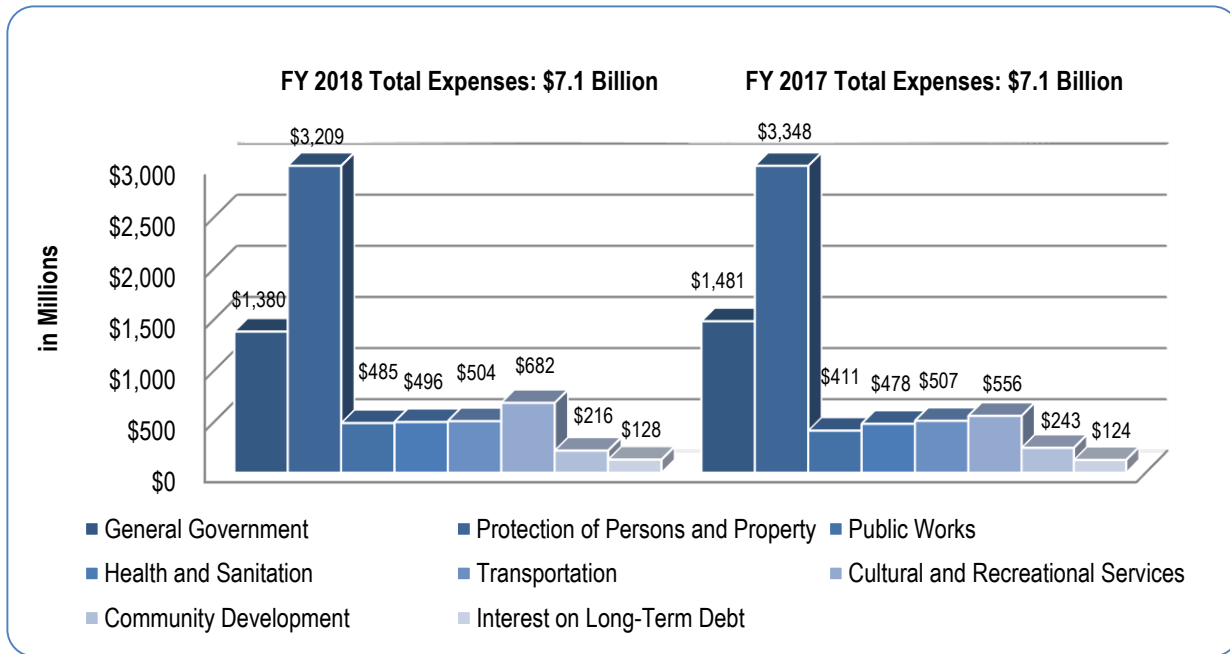
Revenues from charges for services of \$2.1 billion, property taxes of \$2.1 billion, and operating grants and contributions of \$0.8 billion were the three largest revenue sources for governmental activities. Together, these accounted for \$5.0 billion or 65.0% of total revenues.

Charges for services rose by \$69.8 million or 3.5% in fiscal year 2018 compared to fiscal year 2017 mainly attributed to \$53.4 million increase in receipts from the services to Los Angeles County Metropolitan Transportation Authority (LAMTA) provided by Police Department and an increase of \$17.5 million in reimbursement of General Fund costs from Sewer. Operating grants and contributions increased by \$91.3 million or 11.8% mainly due to new grant receipts from Measure M of \$42.3 million, Medi-Cal intergovernmental transfer receipts of \$35.7 million, and an additional \$27.6 million in Federal grants for the Sixth Street Viaduct improvement project. Capital grants and contributions were \$6.8 million higher due to increased grant receipts in Recreation and Parks and the Local Transportation Program.

Property tax revenue increased by \$116.2 million or 5.8% due to steady growth in the taxable assessed value of properties. The increase of \$108.4 million in business tax is attributed to new cannabis business taxes combined with steady growth in local economy. Utility users’ taxes decreased by \$15.6 million due to lower receipts of telephone users’ tax revenue and gas users’ tax from the continued decline in landline usage and lower natural gas prices respectively.

Other taxes increased by \$75.2 million or 10.3% primarily from \$62.4 million higher Transient Occupancy tax, and \$20.3 million increase in Franchise income, due to increased lodging and occupancy demand and new revenue from the first year of solid waste collection franchises for multi-family residences and commercial properties, respectively. Documentary Transfer tax, Parking users’ tax, and miscellaneous taxes decreased by a combined \$7.6 million in fiscal year 2018. Unrestricted investment earnings increased by \$5.9 million due to the higher rate of return in cash management.

The following charts are graphical fiscal year 2018 and 2017 comparisons of the City’s governmental expenses by function:



Total expenses decreased by \$47.3 million or 0.7% below fiscal year 2017. Decreases in expenses were attributed to decreases in general government of \$100.6 million, protection of persons and property of \$139.2 million, transportation of \$2.6 million and community development of \$26.4 million offset by an increase of \$217.9 million in public works, health and sanitation, and cultural and recreational services. Interest on long-term debt posted an increase of \$3.6 million.

General government decreased by \$100.6 million or 6.8% mainly due to decreases in liability claims of \$94.7 million. Protection of persons and property posted a decrease of \$139.2 million or 4.2% primarily due to net decreases of \$277.4 million in allocated pension expense, noncapital assets acquisitions of \$17.3 million in fire and police operating equipment and supplies, and liability claims of \$18.3 million offset by a net increase of \$170.6 million in salaries and benefits, and contractual services.

Public works went up by \$73.9 million or 18.0% mainly from various noncapital outlays and adjustments of \$39.8 million, allocated pension expense of \$32.5 million, and salaries and benefits increase of \$8.4 million offset by a net decrease of \$11.3 million liability claims.

Health and sanitation was \$18.1 million higher primarily due to increases in pension costs of \$24.6 million, noncapital assets acquisitions and adjustments of \$23.6 million, and net increase of \$8.9 million in salaries and benefits, and contractual services offset by a lower liability claim costs of \$37.6 million. Transportation went slightly down by \$2.6 million or 0.5% mainly from a decrease in liability claims of \$6.0 million offset by an increase in salary and benefits of \$3.4 million.

Cultural and recreational services went up by \$125.9 million or 22.6% due to higher allocated share in pension costs of \$61.6 million, \$8.0 million of liability claims, and \$56.1 million in salaries and benefits, contractual services, and various projects and activities during the fiscal year. Community development was \$26.4 million or 10.9% lower due to decreases in liability claims of \$22.3 million and decline in outlays of granting subsidies to outside organizations for community projects of \$19.0 million in various housing and community development offset by a higher pension costs of \$11.8 million.

Business-type Activities

The \$7.6 billion combined operating revenues of the City's six business-type activities were \$1.6 billion more than the \$6.0 billion combined operating expenses. 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

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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.

Governmental Funds

At June 30, 2018, the City's governmental funds reported combined fund balances of \$5.3 billion, an increase of \$378.8 million over the previous fiscal year. Of the total fund balance, \$50.7 million were nonspendable, associated with inventories, prepaid items and certain advances to other funds, \$3.3 billion were classified as restricted, \$1.2 billion were committed and \$290.9 million were assigned. The remaining balances of \$517.7 million were classified as unassigned and mainly associated with the General Fund.

Governmental functions revenue totaled \$7.7 billion, while expenditures were \$7.9 billion. Although total revenues were \$182.2 million less than total expenditures, other financing sources bridged the gap. Other financing sources include proceeds from issuance of bonds, net of payment to refunding bond escrow agent, HUD loan proceeds, and the Power revenue transfer.

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, 2018, the General Fund reported a total fund balance of \$929.2 million, composed of \$41.8 million nonspendable from inventories of \$33.0 million and advances to other funds of \$8.8 million; \$25.2 million committed; \$289.1 million assigned for general government purposes; and \$573.2 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 2018	FY 2017	% Change		FY 2018	FY 2017	% Change
Revenues				Expenditures			
Property Taxes	\$ 1,958,033	\$ 1,857,683	5.4	% General Government.....	\$ 1,332,676	\$ 1,356,842	(1.8) %
Sales Taxes	534,236	521,910	2.4	Protection of Persons			
Utility Users' Taxes.....	640,711	611,160	4.8	and Property.....	2,963,819	2,874,117	3.1
Business Taxes.....	534,994	546,494	(2.1)	Public Works.....	186,390	268,201	(30.5)
Other Taxes.....	688,804	641,755	7.3	Health and Sanitation.....	95,705	87,722	9.1
Licenses and Permits.....	38,777	37,133	4.4	Transportation.....	119,240	129,893	(8.2)
Intergovernmental.....	17,822	15,337	16.2	Cultural and Recreational			
Charges for Services.....	315,900	243,379	29.8	Services.....	61,996	12,222	407.2
Services to Enterprise				Community			
Funds	316,245	328,511	(3.7)	Development	39,074	79,002	(50.5)
Fines	141,346	147,023	(3.9)	Capital Outlay	27,858	23,359	19.3
Special Assessments.....	1,755	1,490	17.8	Debt Service- Interest.....	13,524	9,116	48.4
Investment Earnings.....	33,024	25,353	30.3	Debt Service- Cost			
Change in Fair Value of Investments.....	(26,754)	(23,740)	12.7	of Issuance	763	931	(18.0)
Other.....	55,039	54,116	1.7	Total Expenditures.....	4,841,045	4,841,405	(0.0)
Total Revenues.....	5,249,932	5,007,604	4.8	Other Financing Uses			
Other Financing Sources				Transfers Out.....	643,061	603,044	6.6
Transfers In	277,315	297,649	(6.8)	Total Expenditures and			
Total Revenues and				Other Financing Uses.....	\$ 5,484,106	\$ 5,444,449	0.7
Other Financing Sources.....	5,527,247	\$ 5,305,253	4.2				
Excess of Revenues							
Over Expenditures	408,887	\$ 166,199	146.0				
Net Change in							
Fund Balance.....	43,141	\$ (139,196)					

Total taxes accounted for nearly \$4.4 billion or 83.0% of General Fund revenue. Overall tax revenues grew by \$177.8 million or 4.3% from prior year compared to 5.7% increase in fiscal year 2017.

Total property taxes, which represent 37.3% of General Fund revenue, increased by \$100.4 million or 5.4% mainly due to higher current secured property tax receipts of \$88.3 million.

Economy-sensitive revenues reflect the steady improvement in the economy, but signs of weakening are present. Sales tax revenues tempered during the fiscal year, growing by \$12.3 million or 2.4% due to low-to-modest growth in the local economy. The decrease in business tax revenues of \$11.5 million or 2.1% is reflective of the unusually high receipts of new cannabis business taxes by end of the fiscal year 2017.

Utility users' tax revenues, which consist of electric, gas and communications users' taxes, posted a net increase of \$29.6 million or 4.8% primarily due to electricity users' tax growth from rate adjustments and increased power usage offset by lower telephone users' tax receipts. Other tax revenues were up \$47.0 million or 7.3% mainly attributed to \$33.4 million increase in transient occupancy tax driven by receipts from short-term rentals and \$15.0 million higher franchise income attributed to new revenue from the first year of solid waste collection franchises for multi-family residences and commercial properties.

Licenses and permits slightly went up by \$1.6 million or 4.4% mainly due to new revenue from the first year of cannabis license fee of \$4.0 million. Charges for services were \$72.5 million or 29.8% higher mainly attributed to \$53.4 million increase in receipt from the services to LAMTA provided by Police Department and an increase of \$17.5 million in reimbursement of General Fund costs from Sewer. Net investment earnings were up by \$4.7 million due to the higher rate of return in cash management.

Fiscal year 2018 total General Fund expenditures were \$4.8 billion, a very slight decrease from the prior fiscal year. Despite the decrease in overall expenditures, the salaries and benefits increased due to more vacant positions filled and Cost-Of-Living Adjustments (COLA). These accounted for changes in expenditures as discussed below.

General government expenditures posted a \$24.2 million net decrease or 1.8% mainly due to \$17.3 million lower Los Angeles City Employees' Retirement System (LACERS) pension contributions and a reduction of \$46.0 million in allocated liability claims payouts, offset by an increases of \$38.7 million in salaries and benefits and health insurance subsidies.

Protection of persons and property expenditures grew by \$89.7 million or 3.1% mainly due to \$73.3 million higher salaries, benefits and pension contributions, \$17.2 million and \$14.2 million higher police and fire contractual services, respectively, and \$3.3 million acquisition of fire and police operating equipment and supplies. These increases were offset by a lower amount in allocated liability claims of \$18.0 million.

Decrease of \$55.6 million in salaries, benefits, health insurance subsidies and contractual services mainly accounted for the \$81.8 million lower public works expenditures. Additional decreases were \$11.0 million in liability claims payouts, \$2.5 million lower utility expenses, and \$8.8 million LACERS pension contributions.

Increases of \$14.6 million in salaries, benefits, contractual services, and allocated share of liability claims were offset by decreases of \$8.0 million LACERS pension contributions, mainly account for the \$8.0 million higher health and sanitation expenditures. Increases of \$49.8 million in cultural and recreational services were mainly attributed to the increase of \$8.0 million of liability claims payout and \$43.0 million more in LACERS pension contributions due to reclassification of certain accounts.

Transportation expenditures were \$10.7 million lower primarily due to net decrease of \$11.4 million LACERS pension contributions and liability claims, offset by an increase of \$3.4 million in salaries, benefits, and contractual services.

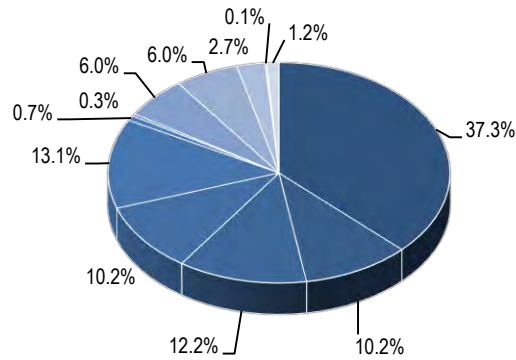
Community development expenditures were \$39.9 million lower due to decline in outlays of granting subsidies to outside organizations for community projects of \$27.4 million, \$24.9 million decrease in allocation of liability claims and pension cost, offset by \$10.2 million higher salaries and contractual services.

Overall, General Fund revenues exceeded expenditures by \$408.9 million, in comparison to \$166.2 million in fiscal year 2017. Transfers in from other funds amounted to \$277.3 million, while transfers out were \$643.1 million. The Power Enterprise Fund transfer of \$241.8 million largely accounted for total transfers in. The \$643.1 million transfers out included: \$207.1 million for debt service obligations; \$193.0 million for parks and recreational facilities; \$167.8 million for libraries, \$21.7 million for arts and cultural facilities, \$13.7 million for sidewalk and curb repairs, and \$39.8 million for other departmental operations.

The above items contributed to a year end fund balance of \$929.2 million; an increase of \$43.0 million from the prior year's fund balance of \$886.2 million.

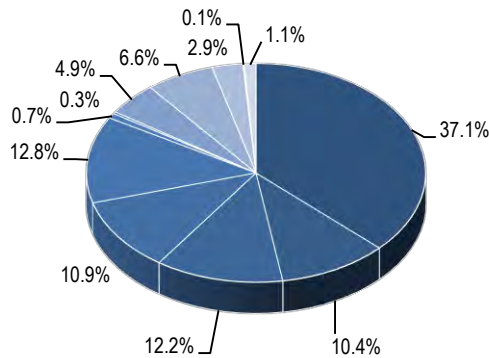
The following charts are graphical comparisons between June 30, 2018 and 2017, for General Fund revenues by source and expenditures by function:

**General Fund Revenues by Source: \$5.2 Billion
Fiscal Year Ended June 30, 2018**



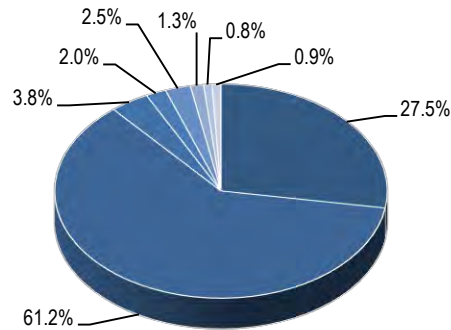
- Property Taxes (37.3%)
- Business Taxes (10.2%)
- Intergovernmental (0.3%)
- Fines (2.7%)
- Sales Taxes (10.2%)
- Other Taxes (13.1%)
- Charges for Services (6.0%)
- Special Assessments (0.1%)
- Utility Users' Taxes (12.2%)
- Licenses and Permits (0.7%)
- Services to Enterprise Funds (6.0%)
- Investment Earnings / Other (1.2%)

**General Fund Revenues by Source: \$5.0 Billion
Fiscal Year Ended June 30, 2017**



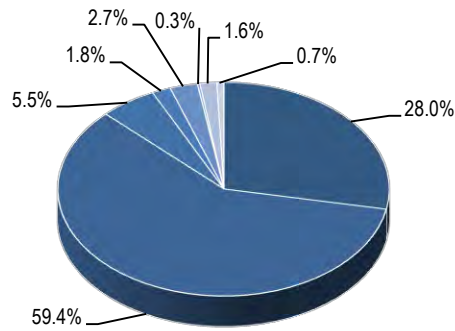
- Property Taxes (37.1%)
- Business Taxes (10.9%)
- Intergovernmental (0.3%)
- Fines (2.9%)
- Sales Taxes (10.4%)
- Other Taxes (12.8%)
- Charges for Services (4.9%)
- Special Assessments (0.1%)
- Utility Users' Taxes (12.2%)
- Licenses and Permits (0.7%)
- Services to Enterprise Funds (6.6%)
- Investment Earnings / Other (1.1%)

**General Fund Expenditures by Function: \$4.8 Billion
Fiscal Year Ended June 30, 2018**



- General Government (27.5%)
- Protection of Persons and Property (61.2%)
- Public Works (3.8%)
- Health and Sanitation (2.0%)
- Transportation (2.5%)
- Cultural and Recreational Services (1.3%)
- Community Development (0.8%)
- Capital Outlay / Others (0.9%)

**General Fund Expenditures by Function: \$4.8 Billion
Fiscal Year Ended June 30, 2017**



- General Government (28.0%)
- Protection of Persons and Property (59.4%)
- Public Works (5.5%)
- Health and Sanitation (1.8%)
- Transportation (2.7%)
- Cultural and Recreational Services (0.3%)
- Community Development (1.6%)
- Capital Outlay / Others (0.7%)

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 were \$214.9 million, while lease payments from the General Fund and certain Special Revenue Funds were \$222.9 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, 2018 (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Nonmajor Convention Center	Total
Operating Revenues.....	\$ 1,446,226	\$ 490,760	\$ 3,804,221	\$ 1,190,181	\$ 677,886	\$ 50,174	\$ 7,659,448
Operating Expenses.....	(1,180,976)	(404,939)	(3,078,962)	(851,184)	(452,700)	(59,408)	(6,028,169)
Operating Income (Loss)	265,250	85,821	725,259	338,997	225,186	(9,234)	1,631,279
Net Nonoperating Revenues (Expenses).....	73,270	3,006	(247,681)	(171,879)	(106,276)	--	(449,560)
Capital Contributions.....	55,897	4,524	42,460	33,155	17,856	--	153,892
Transfers Out	--	--	(241,848)	--	--	--	(241,848)
Special Item.....	--	--	--	--	--	--	--
Extraordinary Item.....	--	--	--	--	--	--	--
Change in Net Position.....	<u>\$ 394,417</u>	<u>\$ 93,351</u>	<u>\$ 278,190</u>	<u>\$ 200,273</u>	<u>\$ 136,766</u>	<u>\$ (9,234)</u>	<u>\$ 1,093,763</u>

Business-type Activities Change in Net Position For the Fiscal Year Ended June 30, 2017 (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Nonmajor Convention Center	Total
Operating Revenues.....	\$ 1,372,730	\$ 474,532	\$ 3,697,924	\$ 1,118,547	\$ 634,060	\$ 47,173	\$ 7,344,966
Operating Expenses.....	(1,087,324)	(400,570)	(3,086,198)	(857,419)	(457,358)	(53,686)	(5,942,555)
Operating Income (Loss)	285,406	73,962	611,726	261,128	176,702	(6,513)	1,402,411
Net Nonoperating Revenues (Expenses).....	23,846	1,530	(202,610)	(151,811)	(99,878)	16	(428,907)
Capital Contributions.....	87,756	18,801	32,177	31,184	16,717	--	186,635
Transfers Out	--	--	(264,427)	--	--	(1,000)	(265,427)
Special Item.....	(225,347)	--	--	--	--	--	(225,347)
Extraordinary Item.....	--	9,150	--	--	--	--	9,150
Change in Net Position.....	<u>\$ 171,661</u>	<u>\$ 103,443</u>	<u>\$ 176,866</u>	<u>\$ 140,501</u>	<u>\$ 93,541</u>	<u>\$ (7,497)</u>	<u>\$ 678,515</u>

Airports

The Airports Enterprise Fund (Airports) accounts for the operation of the Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). Airports voluntarily returned the certificate relating to LA/Palmdale Regional Airport (PMD) to the Federal Aviation Administration (FAA), but may, upon compliance with certain requirements, request to have the PMD certificate issued. The Airports no longer operates LA/Ontario International Airport (ONT), which was transferred to the Ontario International Airport Authority (OIAA) on November 1, 2016 pursuant to the ONT Settlement Agreement.

Airports operating revenues totaled \$1.4 billion, a \$73.5 million or 5.4% increase over fiscal year 2017. Aviation and non-aviation revenues grew by \$55.2 million and \$18.3 million, respectively. Landing fees increased by \$18.9 million or 7.1%. Building rental revenues grew \$28.4 million or 5.6% 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. Land rental revenue contributed a net addition of \$8.6 million mainly due to increased leased areas. Total revenue from concession was higher by \$18.1 million or 4.0% mainly due to increased passenger traffic and increase of Transportation Network Companies revenue.

Airports total operating expenses were \$1.2 billion, a \$93.7 million or 8.6% increase over the prior fiscal year. There was a \$19.4 million or 4.3% increase in salaries and benefits. Contractual services increased by \$13.9 million due to increased City services charges of \$6.7 million, increased escalator and elevator preventive maintenance of \$3.5 million, and increased custom and border protection charges of \$2.7 million. The higher City services were mainly due to the increase in the City's cost allocation as a result of higher salaries and general overhead costs especially in the costs of Fire Department and Police Department, two of the largest providers of services to LAX. Utilities increased by \$2.7 million. Materials and supplies increased by \$5.7 million mainly due to increased field paints and computer licenses and support fees. Depreciation increased from \$309.1 million to \$365.5 million as a result of the completion of the associated projects related to Bradley West core renovation, Terminal 7 renovation, and Terminal 1 renovation.

Airports nonoperating revenue increased by \$59.7 million due to increase in customer facility charges of \$21.9 million, \$5.7 million increase in investment income and \$27.5 million increase in other nonoperating revenues, and a \$4.7 million increase in passenger facility charges. Nonoperating expenses increased by \$10.2 million due to \$10.8 million higher interest expense attributed to issuance of bonds, offset by \$0.6 million lower other nonoperating expenses.

As a result of the above financial changes and capital contributions of \$55.9 million, the Airports Enterprise Fund's change in net position for fiscal year 2018 amounted to \$394.4 million.

Harbor

The Harbor Enterprise Fund (Harbor) accounts for the operations of the Port of Los Angeles. It provides for maritime commerce, navigation, fisheries, and water-related activities for the benefit of the State of California.

Harbor operating revenues increased to \$490.8 million, reflecting a 3.4% increase from the prior year revenue of \$474.5 million primarily due to higher shipping services and rentals. Shipping services increased by \$7.0 million due to higher wharfage rates realized on cargo volumes moved through terminals. Rental income increased by \$10.2 million due to rental rate increases and new permits.

Harbor's operating expenses excluding depreciation increased by \$9.3 million to \$237.0 million from \$227.7 million in fiscal year 2017. Salaries and benefits increased by \$2.9 million due to salary increases. Payments to City services increased by \$3.2 million from higher cost allocation plan rates and City salary increases as well as higher fireboat maintenance expenses. Outside services increased by \$4.9 million due to higher spending in security, technology, internal audit and environmental assessment services. Materials and supplies expenses increased by \$1.7 million. Other operating expenses decreased by \$3.6 million due to lower provisioning for pollution remediation obligations by \$5.3 million and lower provisioning for workers' compensation liabilities by \$2.3 million, offset by higher provisioning for litigation and claim expenses by \$1.3 million, payments of \$1.1 million related to cruise incentive program, and higher miscellaneous other operating expenses by \$1.6 million.

Nonoperating revenues decreased by \$2.4 million due to lower interest and investment income by \$0.5 million and lower other nonoperating revenues by \$1.7 million. Nonoperating expenses decreased by \$3.8 million in fiscal year 2018 primarily due to lower pass-through grant funding disbursements by \$5.2 million and the non-recurrence of bond issuance costs of \$0.9 million incurred in the prior fiscal year. These declines were partially offset by higher capital projects by \$0.9 million, higher interest expense by \$1.0 million and a loss of \$0.4 million related to the retirement of crane assets.

As a result of the above financial changes including capital contributions of \$4.5 million, the Harbor Enterprise Fund's change in net position for fiscal year 2018 was \$93.4 million.

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.

Power

The Power Enterprise Fund's (Power) total operating revenues grew by \$106.3 million or 2.9% from the prior fiscal year primarily due to a \$76.0 million increase in base rate revenue from the Base Rate Revenue Target Adjustment (BRRTA). Underrecovered costs of \$311.6 million were recognized as revenue and will be billed during fiscal year 2019.

Power operating expenses were \$7.2 million lower as compared to fiscal year 2017, driven primarily by the following: a \$24.0 million decrease in fuel for generation costs due to lower natural gas prices, a \$22.0 million decrease in purchased power costs, a \$30.0 million decrease in other operating expenses due to lower administrative and general expenses and decreased injuries and damages costs, lower customer accounting and decrease in collection, offset by a \$36.0 million increase in maintenance expenses, and a \$33.0 million increase in depreciation and amortization expense due to the change in depreciation method from the 58.0% sinking fund method based on estimated service lives to all straight line method of depreciation resulting from a 2016 Depreciation Study.

The major nonoperating activities of Power for fiscal year 2018 included the transfer of \$241.8 million to the City's General Fund, investment income of \$32.0 million from changes in market values of investments and restructuring of the Intermountain Power Agreement's long-term notes, \$34.0 million in federal bond subsidies, and \$340.0 million in debt expenses from issuances of new bonds in fiscal year 2018 offset by capitalized interest of \$1.0 million, and \$32.0 million in other nonoperating revenue mainly from the net sale of CO2 emission allowances.

As a result of the above financial changes, including capital contributions of \$42.5 million, Power's change in net position for fiscal year 2018 amounted to \$278.2 million.

Water

During fiscal year 2018, operating revenues increased by \$71.6 million, or 6.4%, from fiscal year 2017, due to higher water sales of 9.0 million hundred cubic feet, or 5.0%, which resulted in an increase of \$63.9 million in pass-through operating revenues, as compared to 2017. The increase in operating revenues can be attributed to the rebound from conservation after the drought, and economic growth.

Operating expenses for fiscal year 2018 were \$6.2 million lower attributed to \$9.7 million decrease in purchased water expenses, and \$5.0 million lower maintenance and other operating expenses, offset by an increase of \$8.5 million in depreciation and amortization expenses. Purchased water expenses decreased due to more water being supplied by the aqueduct due to an increase in rainfall in fiscal year 2018 over 2017. The increase in depreciation and amortization expense can mainly be attributed to year over year increases in depreciation and amortization for regulatory assets, distribution plant, source of supply, and general plant.

Nonoperating revenue was \$9.4 million lower. The \$11.3 million decrease in other nonoperating income can be primarily attributed to a onetime insurance reimbursement Water had in fiscal year 2017 not reoccurring in 2018. The \$1.9 million increase in investment income can be mainly attributed to the change in the market values of investments. Increase in debt costs due to the issuances of new debt accounted for the increase in nonoperating expenses.

As a result of the above financial changes including capital contributions of \$33.2 million, the Water Enterprise Fund's change in net position for fiscal year 2018 was \$200.3 million.

Sewer

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

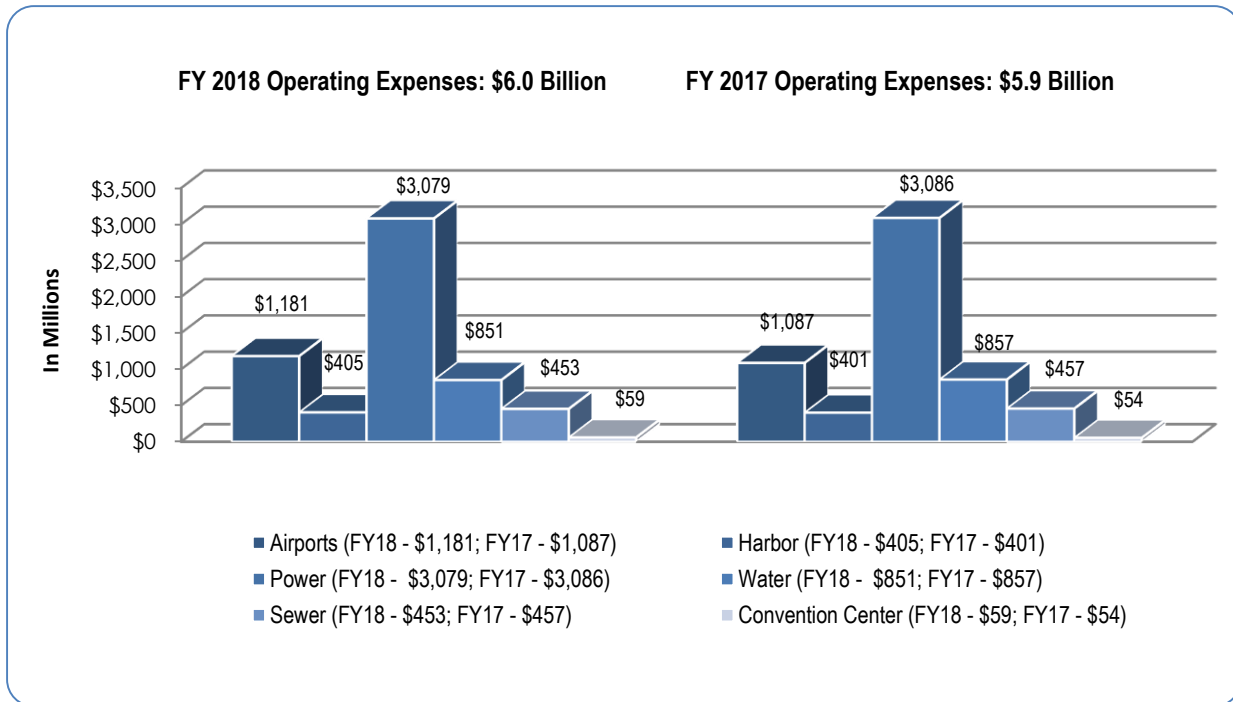
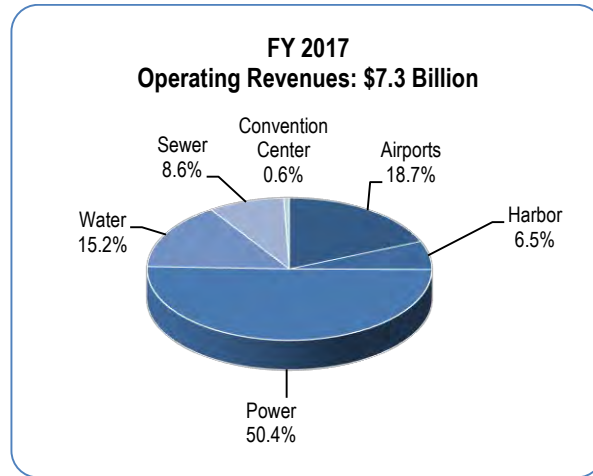
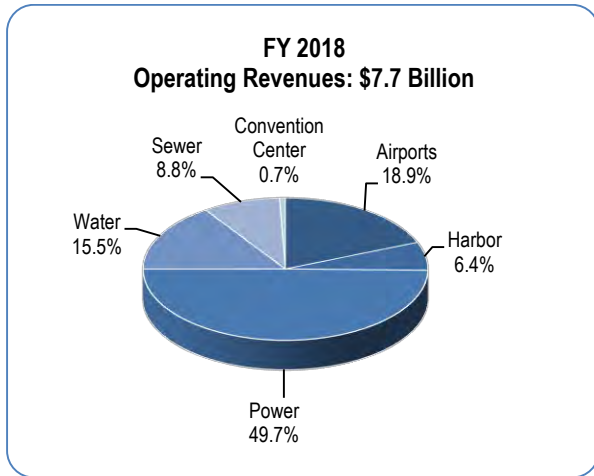
Sewer's total operating revenues of \$677.9 million increased by \$43.8 million or 6.9% from the previous fiscal year. The increase of \$43.8 million was attributed to increases in sewer service charges of \$28.4 million or 5.0%, other operating revenues of \$11.8 million or 253.7%, and wastewater service contracts of \$6.6 million or 29.4%, offset by decreases in industrial waste surcharges of \$0.3 million or 1.9% and sewerage facilities charges of \$2.7 million or 14.3%. 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.

Sewer's total operating expenses of \$452.7 million decreased by \$4.6 million or 1.0% compared to prior year due to lower costs of power consumption and steam charges in operating and maintenance expense.

Changes in nonoperating revenues and expenses included an increase in investment income of \$4.6 million due to higher interest rate as compared to last fiscal year, and an increase of \$13.7 million or 13.6% in interest expense due to new bonds issuance in fiscal year 2017. Other nonoperating revenue for fiscal year 2018 was \$3.6 million, which is \$2.7 million higher than fiscal year 2017.

As a result of the above financial changes, including capital contributions of \$17.9 million, Sewer's change in net position for fiscal year 2018 was \$136.8 million.

The following charts are graphical comparisons between June 30, 2018 and 2017, for enterprise funds/business-type activities operating revenues and operating expenses:



GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2018, the City budgeted the General Fund Operating Account. For purposes of the budget, the 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 and 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, 2018				
(amounts expressed in thousands)				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Above (Below)
	Original	Final		
Revenues and Other Financing Sources				
Taxes.....	\$ 4,293,712	\$ 4,293,712	\$ 4,332,089	\$ 38,377
Licenses, Permits, Fees and Fines.....	1,187,894	1,189,416	1,155,887	(33,529)
Intergovernmental.....	21,568	23,212	10,671	(12,541)
Interest	23,957	23,958	24,897	939
Other	9,084	11,031	10,759	(272)
Total Revenues	5,536,215	5,541,329	5,534,303	(7,026)
Power Transfer.....	242,500	242,500	241,848	(652)
Transfers from Other Funds.....	1,138,674	1,415,592	1,181,579	(234,013)
Loans to Other Funds	--	--	1,571	1,571
Total Revenues and Other Financing Sources.....	6,917,389	7,199,421	6,959,301	(240,120)
Expenditures and Other Financing Uses				
General Government.....	1,704,025	1,789,235	1,650,158	(139,077)
Protection of Persons and Property	2,375,694	2,452,999	2,406,786	(46,213)
Public Works.....	351,080	381,908	368,412	(13,496)
Health and Sanitation.....	273,316	276,709	263,810	(12,899)
Transportation	158,500	165,770	154,252	(11,518)
Cultural and Recreational Services	42,874	45,374	40,890	(4,484)
Community Development	162,745	159,667	139,057	(20,610)
Pension and Retirement Contributions	2,890	2,570	2,465	(105)
Capital Outlay.....	89,294	98,896	26,797	(72,099)
Total Expenditures	5,160,418	5,373,128	5,052,627	(320,501)
Transfers to Other Funds.....	1,817,996	1,826,293	1,823,767	(2,526)
Total Expenditures and Other Financing Uses.....	6,978,414	7,199,421	6,876,394	(323,027)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
	(61,025)	--	82,907	82,907
Fund Balance, July 1.....	61,025	61,025	--	(61,025)
Appropriation of Fund Balances and Carryforward				
Appropriations.....	--	(61,025)	--	61,025
Encumbrances Lapsed	--	--	23,897	23,897
Reversion to Reserve Fund	--	--	(106,804)	(106,804)
Fund Balance, June 30	\$ --	\$ --	\$ --	\$ --

In fiscal year 2018 total actual revenues and other financing sources were \$240.1 million or 3.3% below final budget mainly due to a lower than budgeted transfer of \$234.0 million from other special revenue funds. Licenses, permits and fines were \$33.5 million lower than anticipated due to the decline in reimbursement as a result of cost overpayments made by special funds as well as delays in reimbursement for current year spending. Declining ticket issuances resulted to decrease in parking fine revenues.

Total taxes were \$38.4 million better than the final budgets. Property taxes, business taxes and transient occupancy taxes posted \$85.0 million higher while utility users' tax and documentary transfer tax were \$46.6 million lower compared to the final budgets. Higher secured and unsecured property tax receipts, increased redemptions, and a lower-than-projected property tax refunds have contributed to a higher property tax revenue. The dissolution of the former Community Redevelopment Agency (CRA) resulted in a distribution of net tax increment monies to the City on a go-forward basis. The increment receipts were above plan as a result of unanticipated receipts from surplus property sales and higher tax remittances. Business taxes continued to rise on positive economic growth reflected in the increase of tax renewal and non-renewal revenues. In addition, increases in hotels and Airbnb rentals resulted in higher revenues from transient occupancy taxes. Continued decline in landline usage and lower natural gas prices were attributed to lower utility users' tax. Slight dropped in documentary transfer tax was due to modest sales growth in property sales. Power revenue transfer of \$241.8 million was slightly lower than budgeted due to less than anticipated power use

The City's General Fund expenditures were \$320.5 million or 6.0% below projections during fiscal year 2018. All categories of expenditures showed decline in costs compared to the budget. The City continued to exercise fiscal restraint and adopted a strategic approach to manage the City's finances. Savings were realized through actions of the Mayor and City Council to implement various efficiencies and reductions such as strict managed hiring process of position vacancies and expense account reductions particularly those related with contractual and outside services. General government's actual expenditures were \$139.1 million lower than estimates mainly due to expenditures that were appropriated but were not expended during the fiscal year, including \$43.3 million under unappropriated balance fund and various materials and construction projects under general services department. Capital outlay expenditures were \$72.1 million lower compared to budget mainly due to various construction projects that were not fully implemented in fiscal year 2018 including \$30.2 million for Potrero Canyon Park and \$7.8 million for 7th Street Streetscape improvements.

As a result of below budget expenditures and other financing uses totaling \$323.0 million, and lapsed encumbrances of \$23.9 million, offset by below budget revenues and other financing sources of \$240.1 million, a total of \$106.8 million was reverted from the General Fund to the Reserve Fund at fiscal year-end.

LONG-TERM DEBT

At June 30, 2018 the City's bonded indebtedness and long-term notes payable totaled \$28.5 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 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Debt Backed by the City						
General Obligation Bonds.....	\$ 736,177	\$ 756,414	\$ --	\$ --	\$ 736,177	\$ 756,414
Judgment Obligation Bonds	14,748	22,933	--	--	14,748	22,933
Debt Secured by Specified Revenue Sources						
Certificates of Participation and						
Lease Revenue Bonds	1,634,552	1,693,317	--	--	1,634,552	1,693,317
Revenue Bonds and Notes Payable.....	476,834	466,264	25,572,629	24,401,630	26,049,463	24,867,894
Loans Payable to U.S. Department						
of Housing and Urban Development.....	90,467	105,659	--	--	90,467	105,659
Total	\$ 2,952,778	\$ 3,044,587	\$ 25,572,629	\$ 24,401,630	\$ 28,525,407	\$ 27,446,217

Significant new issuances during the year included the following:

- On July 13, 2017, the City issued General Obligation Bonds (GOB) Series 2017-A Proposition HHH for \$86.4 million, for the purpose of providing safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, senior, foster youth, and the disabled, and providing facilities to increase access to mental health care, drug and alcohol treatment and other services, as authorized by over two-thirds of all of the qualified votes at the special election on November 8, 2016. Also on July 13, 2017, the City issued General Obligation Refunding Bonds Series 2017-B for \$81.9 million to refund \$26.4 million of Series 2005-B, \$35.1 million of Series 2006-A, and \$52.5 million of Series 2008-A GOB bonds.
- MICLA issued Lease Revenue Bonds Series 2018-A, \$54.4 million for refunding commercial paper for capital equipment purposes, \$31.3 million Series 2018-B Bonds for refunding commercial paper for the improvement of certain real properties, and \$25.6 million Series 2018-C Taxable Refunding Bonds to prepay of the outstanding Taxable Certificate of Participation (MICLA AK) Hollywood and Highland Theater Project.
- Airports issued \$260.6 million of LAX subordinate revenue bonds Series 2017A, \$88.7 million LAX subordinate revenue bonds Series 2017B, \$426.5 million LAX subordinate revenue bonds Series 2018A, \$226.5 million LAX senior refunding revenue bonds Series 2018B. The Series 2017A, 2017B, and 2018A bonds were issued to fund certain capital projects at LAX. The Series 2018B bonds were issued to refund and defease a portion of the Series 2008A senior revenue bonds.
- Power issued \$375.0 million of Power System Revenue Bonds, 2017 Series C to be used for capital improvements. Power also issued \$354.4 million of Power System Revenue Bonds, 2018 Series A to refund all of the outstanding Power System Revenue Bonds, 2008 Series A, Subseries A-1 and Subseries A-2.
- Water issued \$231.0 million of Water System Revenue Bonds, 2018 Series A to be used for capital improvements.
- Sewer issued \$50.0 million commercial paper notes.

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, 2018, the ratings of the City's debts by rating agencies were 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	AA	A+	n/a
MICLA Lease Revenue Obligations (Real Property)	Aa3	AA-	A+	AA-
MICLA Lease Revenue Obligations (Equipment)	Aa3	AA-	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 15.0% 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. As of June 30, 2018, the City had \$700.2 million of General Obligation bonds, excluding bond premium, 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, 2018, 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, 2018, LAX has underlying ratings of AA, Aa3 and AA on its senior revenue bonds and underlying ratings of AA-, A1 and AA- on its subordinate revenue bonds from Fitch Ratings (Fitch), Moody's Investors Service (Moody's), and Standard & Poor's Rating Services (S&P), respectively.

Harbor

As of June 30, 2018, for all outstanding bonds, Harbor continues to maintain an AA/Aa2/AA credit ratings with S&P, Moody's, and Fitch, respectively.

Power

In March 2018, S&P, Moody's, and Fitch affirmed the Power's bond rating of AA, Aa2, and AA respectively.

Water

In January 2018, S&P, Moody's, and Fitch affirmed Water's bond rating of AA+, 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, 2018, amounted to \$45.8 billion (net of accumulated depreciation and amortization). This investment in capital assets, which accounts for 70.7% 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 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Not Depreciated / Amortized						
Land.....	\$ 862,891	\$ 822,260	\$ 2,907,171	\$ 2,676,203	\$ 3,770,062	\$ 3,498,463
Infrastructure.....	614,526	528,002	--	--	614,526	528,002
Construction in Progress.....	735,941	786,803	4,330,101	3,820,390	5,066,042	4,607,193
Intangible Assets.....	28,508	22,134	60,144	60,442	88,652	82,576
Nuclear Fuel.....	--	--	41,527	41,465	41,527	41,465
Natural Gas Field.....	--	--	181,548	198,145	181,548	198,145
Subtotal.....	<u>2,241,866</u>	<u>2,159,199</u>	<u>7,520,491</u>	<u>6,796,645</u>	<u>9,762,357</u>	<u>8,955,844</u>
Depreciated / Amortized, Net						
Buildings, Facilities and Equipment.....	3,563,698	3,468,699	30,157,124	28,678,753	33,720,822	32,147,452
Infrastructure.....	2,036,247	2,025,145	--	--	2,036,247	2,025,145
Intangible Assets.....	51,019	51,530	224,992	191,139	276,011	242,669
Subtotal.....	<u>5,650,964</u>	<u>5,545,374</u>	<u>30,382,116</u>	<u>28,869,892</u>	<u>36,033,080</u>	<u>34,415,266</u>
Total.....	<u>\$ 7,892,830</u>	<u>\$ 7,704,573</u>	<u>\$ 37,902,607</u>	<u>\$ 35,666,537</u>	<u>\$ 45,795,437</u>	<u>\$ 43,371,110</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 \$211.1 million. These building projects included \$61.4 million for recreational, cultural and community centers, \$44.2 million for various municipal facilities, \$17.1 million for transportation facilities, \$82.8 million for fire and police facilities, and \$5.6 million for various public facilities.
- Capitalized charges for various projects under construction totaled \$193.5 million. These projects included \$53.2 million for recreational, cultural and community centers, \$35.3 million for municipal facilities projects, \$63.9 million for various public work projects, \$32.1 million for transportation projects, and \$9.0 million for fire and police facilities.
- Total capitalized infrastructure assets amounted to \$173.1 million.
- Acquisition of machinery and equipment that were capitalized totaled \$135.8 million, while those retired, salvaged, deleted or sold amounted to \$64.5 million.
- Intangible assets including net additions to work in progress amounted to \$17.6 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 needed costs for preservation and maintenance were \$1.6 million, but \$2.5 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 \$1.1 billion, or 12.1%. Major capital assets activities at LAX included \$478.9 million renovations at Terminals 1 to 8; \$385.8 million for the construction of Midfield Satellite Concourse (MSC); \$167.9 million project costs related to Landside Access Modernization Program (LAMP); \$100.4 million residential acquisition, soundproofing and noise mitigation; \$79.8 million construction of runways and taxiways; \$31.4 million interior improvements and security upgrades at Tom Bradley International Terminal (TBIT) and Bradley West; \$15.0 million construction of TBIT baggage handling system; \$14.2 million Central Terminal Area (CTA) curbside development project and Second Level Roadway Joint and Deck replacement; \$11.4 million various IT network and system projects; \$9.4 million in costs related to construction of west maintenance facility.
- Harbor's net capital assets were \$3.9 billion in fiscal year 2018. The major capital assets activities during the fiscal year were: \$14.6 million various projects at the Port's World Cruise Center, \$13.2 million design and construction of San Pedro and Wilmington waterfronts, \$6.3 million wharf rehabilitation at the WWL Vehicle Services Americas, Inc. terminal, \$4.0 million various transportation projects and other facility and street improvements, \$3.5 million redevelopment projects at the Yusen Terminals Inc. (YTI) terminal, \$2.7 million various projects at berths with liquid bulk oil cargo handling facilities, and \$2.3 million redevelopment projects at the TraPac Container Terminal.
- During fiscal year 2018, Power's plant additions totaled \$1.1 billion. Approximately \$359.5 million of the \$1.1 billion in additions were construction work in progress (CWIP) expenditures and the remaining \$714.5 million were direct additions to utility plant categories. Major CWIP additions/expenditures during the year included \$27.0 million for Substation Automation Systems, \$25.0 million for Scattergood-Olympic cable, \$23.0 million for energy storage project at Beacon Solar site, \$17.0 million to replace Sylmar Converter Station AC filters, and \$13.0 million to replace submarine segment of Sylmar electrode line. About \$198.1 million in CWIP projects were transferred from CWIP to plant accounts. Transfers from CWIP included \$49.0 million for Castaic Power Plant modernization and additions, \$37.0 million for Beacon solar plant site development, \$17.0 million to replace 138 KV underground transmission cable at Fairfax RS-D to the Gramercy line 1 and 2, \$15.0 million for purchase of 6060 Sepulveda Blvd office building, and \$13.0 million for transformer replacement program. The completion of these large projects along with current year CWIP additions, caused the balance in the CWIP account to increase by \$161.5 million. Direct additions were mostly related to improvements in distribution infrastructure as part of the Power System's Power Reliability Program (PRP). Approximately, \$489.8 million and \$25.6 million were direct additions to distribution and transmission plant accounts, respectively. Major direct additions included \$131.0 million for replacement of deteriorated poles and cross arms, \$69.0 million for new business line customer facilities, \$55.2 million for design and construction of customer stations and facilities, \$49.0 million for reliability replacement of 4.8kv and 34.5kv cables, \$20.0 million for automatic reading meter installations, and \$18.0 million for permanent electric service restorations.

- Water added utility plant costs of \$642.2 million, of which approximately \$424.1 million were construction work in progress (CWIP) and the balance of \$218.1 million comprised direct additions to utility plant categories. Major CWIP additions/expenditures during the year included: \$44.0 million for Headworks West reservoir to replace Ivanhoe and Silver Lake reservoir, \$35.0 million for mainline replacement program, \$28.0 million for LA Reservoir Ultraviolet Light Treatment plant formerly Granada Hills reservoir, \$23.0 million for Machado Lake Pipeline project, \$19.0 million to replace 25,000 feet of pipes to 60 inches at Foothill trunk line, \$18.0 million for Owens Lake Dust Mitigation, \$17.0 million for North Hollywood West Wellhead treatment plant, and \$14.0 million to modify Upper Stone Canyon Reservoir to comply with the Surface Water Treatment Rule (SWTR). Direct additions were mostly related to improvements in distribution infrastructure as part of Water's reliability program. This included replacement of mains, services and meters, installation of new fire hydrants, improvements to facilities and yards that support water distribution, improvements to water reservoirs and tanks, field instrumentations, industrial control systems, and tools/equipment for operations facilities improvements.
- Sewer capitalized \$273.6 million, including transfers from construction in progress. Of this amount, \$145.8 million was capitalized for treatment plants and equipment, \$92.1 million for project data collection systems, and \$35.8 million for pumping plants, site improvement, and other equipment and vehicles including maintenance yards. Total charges to construction in progress during the fiscal year was \$214.7 million. As of June 30, 2018, \$163.6 million of construction in progress charges had been capitalized.

Significant commitments that include construction contracts are discussed in Note 5C of the Notes to the Basic Financial Statements. As of June 30, 2018, the City's contractual commitments for various capital projects amounted to \$215.4 million for governmental activities and \$385.7 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 2018-19 total adopted budget is \$9.9 billion. Of this amount, \$4.6 billion, (46.8%), is appropriated for departmental expenditures. The remainder of \$5.3 billion (53.2%) is appropriated for non-departmental expenditures such as human resources benefits, pension contribution, capital expenditures and debt service. The various sources of funds included in the budget are \$6.2 billion in General Fund receipts, \$3.0 billion in special fund revenue and, \$740.9 million in special fund available balances, The adopted budget for fiscal year 2018-19 start Reserve Fund balance of \$351.0 million represents 5.67% 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, a total of \$108.5 million in the Budget Stabilization Fund may be drawn upon to stabilize revenues during economic downturns.

The 2018-19 General Fund budgeted receipts of \$6.2 billion projected an increase of \$364.2 million (6.3%) from 2017-18 actual receipts, as follows (in millions):

	FY 2019 Budget	FY 2018 Receipts	Increase (Decrease)	
			Amount	Percentage
Taxes.....	\$ 4,587.5	\$ 4,336.7	\$ 250.8	5.8 %
Licenses, permits, fees and fines.....	1,269.9	1,154.3	115.6	10.0
Intergovernmental.....	14.1	10.7	3.4	31.8
Interest.....	32.1	24.9	7.2	28.9
Other.....	11.0	11.0	-	0.0
Transfers from other funds.....	276.0	288.7	(12.7)	(4.4)
Total.....	\$ 6,190.6	\$ 5,826.3	\$ 364.3	6.3 %

Note: Transfers from other funds include Reserve Fund, Power Fund and Special Parking Revenue Fund

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 2018-19 overall tax receipts are anticipated to increase by \$250.8 million or 5.8% from actual fiscal year 2017-18 revenue primarily from higher property, utility users’, sales, business, transient occupancy, documentary transfer tax, and franchise income receipts. Property tax receipts are projected to increase by \$109.7 million or 5.9% mainly due to an estimated increase in the City’s total property assessed valuation. Utility users’ tax revenue are estimated to grow by \$15.7 million or 2.5% primarily due to improvement in electricity users’ tax revenue, which reflects the approved rate increase and the power usage assumptions made by the Department of Water and Power. Sales tax receipts are anticipated to increase by \$28.2 million or 5.3% in line with state forecasts and correlates to low unemployment. Business tax revenue estimated increase of \$35.5 million or 6.4% primarily reflects positive trends in renewal revenue. Transient occupancy tax receipts are expected to rise by \$23.1 million or 7.7% and include receipts from short-term rental tax collection agreement and hotel tax revenue growth based on hotel industry experts. Documentary transfer tax receipts are projected to slightly increase by \$6.7 million or 3.2% based on projected sales and price trends. Franchise income revenue increase of \$21.9 million or 38.6% reflects the second-year implementation of solid waste collection franchises for multi-family and commercial properties.

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

According to the California State Legislative Analyst Office's *The 2019-20 Budget: California's Fiscal Outlook*, the California economy is projected to continue its moderate expansion consistent with consensus forecast on the U.S. economy. While wages and salary growth will be steady due to record low unemployment, the tight labor market will slow the pace of job growth. The expected slowdown in home price growth reflects the rising supply of homes for sale, tighter mortgage lending, and higher interest rates. Recent events that have created uncertainties include trade dispute, rising interest rates, and stock market volatility.

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 6, 2018, includes no significant changes to revenue and projects a current expenditure deficit of \$84.0 million, mainly due to Police and Fire Department overtime, petroleum and election expenditures. The CAO recommendations addressed \$12.0 million of the overspending and identified anticipated departmental savings and transfers that would reduce the year-end deficit to approximately \$31 million. In order to maintain the City's Reserve Fund above the City's 5 percent threshold, City departments will be required to manage within existing resources and meet budgeted revenue targets, as well as absorb any potential cost of living adjustments should labor agreements be reached with employee bargaining units in the current fiscal year.

The Four-Year Budget Outlook (Outlook) is based on the existing budget, known major future expenditure commitments and projections of revenues and expenditures. The most recent Outlook forecasts budget gaps of \$160.3 million in 2019-20 and \$56.3 million in 2020-21, with surpluses in 2021-22 through 2022-23. The Outlook assumes flat employment after 2018-19, with no major increases to City services. Many labor agreements expired at the end of 2017-18 and the Outlook does not account for potential salary increases related to pending labor negotiations. It also excludes an estimated \$33 million increase in the 2019-20 City contributions to its civilian retirement system for actuarial assumption changes made after the budget was adopted.

Other issues of concern relate to the potential fiscal impact from the alignment of the Community Development Block Grant Consolidated Plan Year with the City fiscal year, liability claims, and overpayment of certain related cost reimbursements.

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, 2018
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 4,461,832	\$ 2,828,126	\$ 7,289,958
Other Investments	--	2,167	2,167
Receivables, Net	2,435,222	1,621,758	4,056,980
Due from Fiduciary Funds	185	--	185
Inventories	33,004	223,801	256,805
Prepaid Items and Other Assets	8,838	748,934	757,772
Restricted Assets	20,354	4,055,397	4,075,751
Investment in Joint Ventures	--	5,733	5,733
Properties Held for Housing Development	111,808	--	111,808
Regulatory Assets	--	2,435,793	2,435,793
Capital Assets			
Not Depreciated / Amortized	2,241,866	7,520,491	9,762,357
Depreciated / Amortized, Net	5,650,964	30,382,116	36,033,080
TOTAL ASSETS	14,964,073	49,824,316	64,788,389
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Debt Refunding	59,959	199,901	259,860
Deferred Outflows from Derivative Instruments	--	39,461	39,461
Deferred Outflows from Pensions	1,885,644	1,214,867	3,100,511
Deferred Outflows from OPEB	387,977	129,475	517,452
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,333,580	1,583,704	3,917,284
LIABILITIES			
Accounts Payable and Accrued Expenses	504,147	974,533	1,478,680
Obligations Under Securities Lending Transactions	87,525	74,700	162,225
Accrued Interest Payable	26,303	370,027	396,330
Internal Balances	59,114	(59,114)	--
Unearned Revenue	35,364	--	35,364
Deposits and Advances	34,877	208,125	243,002
Other Liabilities	147,075	43,071	190,146
Advances from Fiduciary Funds	20,618	--	20,618
Derivative Instrument Liabilities	--	39,459	39,459
Long-term Liabilities			
Net Pension Liability	6,161,051	2,277,146	8,438,197
Net OPEB Liability	2,157,104	656,809	2,813,913
Other Long-term Obligations			
Due Within One Year	836,091	970,627	1,806,718
Due In More Than One Year	5,313,417	25,221,146	30,534,563
TOTAL LIABILITIES	15,382,686	30,776,529	46,159,215
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Business Activities	--	103,720	103,720
Deferred Inflows from Debt Refunding	--	27,768	27,768
Deferred Inflows from Pensions	1,381,064	583,040	1,964,104
Deferred Inflows from OPEB	170,305	202,552	372,857
TOTAL DEFERRED INFLOWS OF RESOURCES	1,551,369	917,080	2,468,449
NET POSITION			
Net Investment in Capital Assets	5,699,812	14,032,397	19,732,209
Restricted for:			
Capital Projects	90,884	--	90,884
Debt Service	208,037	797,375	1,005,412
Public Safety	159,452	--	159,452
Public Works and Sanitation	60,530	--	60,530
Transportation Programs	507,761	--	507,761
Culture and Recreation Activities	372,708	--	372,708
Community Development and Housing	1,286,684	--	1,286,684
Passenger/Customer Facility Charges	--	672,951	672,951
Other Purposes	--	531,566	531,566
Unrestricted (Deficit)	(8,022,270)	3,680,122	(4,342,148)
TOTAL NET POSITION	\$ 363,598	\$ 19,714,411	\$ 20,078,009

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, 2018
(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	\$ 1,380,143	\$ 290,901	\$ 41,763	\$ --	\$ (1,047,479)	\$ --	\$ (1,047,479)
Protection of Persons and Property	3,209,073	540,702	182,331	--	(2,486,040)	--	(2,486,040)
Public Works	485,045	177,530	116,002	62,143	(129,370)	--	(129,370)
Health and Sanitation	496,132	480,670	22,512	1,672	8,722	--	8,722
Transportation	504,166	206,240	268,630	46,293	16,997	--	16,997
Cultural and Recreational Services	682,076	214,499	--	42,207	(425,370)	--	(425,370)
Community Development	216,225	150,932	234,965	--	169,672	--	169,672
Interest on Long-Term Debt	127,970	--	--	--	(127,970)	--	(127,970)
Total Governmental Activities	7,100,830	2,061,474	866,203	152,315	(4,020,838)	--	(4,020,838)
Business-type Activities:							
Airports	1,388,201	1,446,226	--	55,897	--	113,922	113,922
Harbor	410,133	490,760	--	4,524	--	85,151	85,151
Power	3,429,928	3,804,221	--	42,460	--	416,753	416,753
Water	1,053,783	1,190,181	--	33,155	--	169,553	169,553
Sewer	568,199	677,886	--	17,856	--	127,543	127,543
Convention Center	59,408	50,174	--	--	--	(9,234)	(9,234)
Total Business-type Activities	6,909,652	7,659,448	--	153,892	--	903,688	903,688
Total	\$ 14,010,482	\$ 9,720,922	\$ 866,203	\$ 306,207	(4,020,838)	903,688	(3,117,150)
General Revenues:							
Property Taxes					2,108,154	--	2,108,154
Utility Users' Taxes					614,335	--	614,335
Business Taxes					542,349	--	542,349
Other Taxes							
Documentary Transfer					208,845	--	208,845
Transient Occupancy					359,748	--	359,748
Parking Occupancy					113,288	--	113,288
Franchise Income					117,365	--	117,365
Miscellaneous					3,302	--	3,302
Grants and Contributions Not Restricted to Specific Programs							
Sales Taxes					517,495	--	517,495
Other					22,053	--	22,053
Unrestricted Investment Earnings					7,142	54,763	61,905
Other					57,051	377,160	434,211
Transfers					241,848	(241,848)	--
Total General Revenues and Transfers					4,912,975	190,075	5,103,050
Change In Net Position					892,137	1,093,763	1,985,900
Net Position - July 1, As Previously Reported					1,277,253	19,701,716	20,978,969
Cumulative Effect of Change in Accounting Principle, GASB 75 Implementation					(1,805,792)	(1,081,068)	(2,886,860)
Net Position July 1, As Restated					(528,539)	18,620,648	18,092,109
Net Position - June 30					\$ 363,598	\$ 19,714,411	\$ 20,078,009

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

CITY OF LOS ANGELES

**Balance Sheet
Governmental Funds
June 30, 2018**

(amounts expressed in thousands)

	General	Municipal Improvement Corporation	
		Special Revenue	Debt Service
ASSETS			
Cash and Pooled Investments	\$ 1,058,705	\$ 96,007	\$ 60,880
Taxes Receivable			
(Net of Allowance for Uncollectibles of \$14,249)	669,205	--	--
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$375,431)	107,631	--	--
Special Assessments Receivable	3,040	--	--
Investment Income Receivable	12,985	154	69
Intergovernmental Receivable	143,773	--	1,168
Loans Receivable			
(Net of Allowance for Uncollectibles of \$945,339)	--	--	--
Due from Other Funds	115,287	--	--
Inventories	33,004	--	--
Prepaid Items and Other Assets	5	25	--
Advances to Other Funds	8,814	--	130,829
Restricted Assets	--	--	--
Properties Held for Housing Development	--	--	--
TOTAL ASSETS	\$ 2,152,449	\$ 96,186	\$ 192,946
LIABILITIES			
Accounts, Contracts and Retainage Payable	\$ 83,488	\$ 4,185	\$ --
Obligations Under Securities Lending Transactions	33,339	470	--
Accrued Salaries and Overtime Payable	203,015	--	--
Accrued Compensated Absences Payable	9,254	--	--
Claims and Judgments Payable	69,831	--	--
Intergovernmental Payable	493	--	--
Due to Other Funds	133,283	4,811	--
Unearned Revenue	972	--	--
Deposits and Advances	9,094	--	--
Interest Payable	--	--	--
Advances from Other Funds	18,391	--	--
Other Liabilities	45,737	143	--
Liability for Excess CRA Bond Proceeds	--	--	--
TOTAL LIABILITIES	606,897	9,609	--
DEFERRED INFLOWS OF RESOURCES			
Real Estate Tax	62,674	--	--
Taxes Other than Real Estate	344,215	--	--
Receivables from Other Government Agencies	125,663	--	--
Other Deferred Inflows of Resources	83,785	--	--
TOTAL DEFERRED INFLOWS OF RESOURCES	616,337	--	--
FUND BALANCES			
Nonspendable	41,823	25	--
Restricted	--	86,552	192,946
Committed	25,151	--	--
Assigned	289,080	--	--
Unassigned	573,161	--	--
TOTAL FUND BALANCES	929,215	86,577	192,946
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,152,449	\$ 96,186	\$ 192,946

Continued...

CITY OF LOS ANGELES

Balance Sheet - (Continued)

Governmental Funds

June 30, 2018

(amounts expressed in thousands)

	Nonmajor Governmental Funds	Total
ASSETS		
Cash and Pooled Investments	\$ 3,246,240	\$ 4,461,832
Taxes Receivable		
(Net of Allowance for Uncollectibles of \$14,249)	16,715	685,920
Accounts Receivable		
(Net of Allowance for Uncollectibles of \$375,431)	101,150	208,781
Special Assessments Receivable	9,505	12,545
Investment Income Receivable	11,525	24,733
Intergovernmental Receivable	124,566	269,507
Loans Receivable		
(Net of Allowance for Uncollectibles of \$945,339)	1,233,736	1,233,736
Due from Other Funds	114,731	230,018
Inventories	--	33,004
Prepaid Items and Other Assets	8,808	8,838
Advances to Other Funds	347	139,990
Restricted Assets	20,354	20,354
Properties Held for Housing Development	111,808	111,808
TOTAL ASSETS	\$ 4,999,485	\$ 7,441,066
LIABILITIES		
Accounts, Contracts and Retainage Payable	\$ 182,157	\$ 269,830
Obligations Under Securities Lending Transactions	53,716	87,525
Accrued Salaries and Overtime Payable	26,573	229,588
Accrued Compensated Absences Payable	--	9,254
Claims and Judgments Payable	--	69,831
Intergovernmental Payable	4,236	4,729
Due to Other Funds	126,691	264,785
Unearned Revenue	34,392	35,364
Deposits and Advances	25,783	34,877
Interest Payable	278	278
Advances from Other Funds	166,379	184,770
Other Liabilities	23,015	68,895
Liability for Excess CRA Bond Proceeds	78,180	78,180
TOTAL LIABILITIES	721,400	1,337,906
DEFERRED INFLOWS OF RESOURCES		
Real Estate Tax	14,063	76,737
Taxes Other than Real Estate	1,318	345,533
Receivables from Other Government Agencies	61,500	187,163
Other Deferred Inflows of Resources	82,426	166,211
TOTAL DEFERRED INFLOWS OF RESOURCES	159,307	775,644
FUND BALANCES		
Nonspendable	8,808	50,656
Restricted	3,033,895	3,313,393
Committed	1,129,752	1,154,903
Assigned	1,770	290,850
Unassigned	(55,447)	517,714
TOTAL FUND BALANCES	4,118,778	5,327,516
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,999,485	\$ 7,441,066

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, 2018

(amounts expressed in thousands)

Total Fund Balances - Governmental Funds \$ 5,327,516

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. 7,892,830

Deferred outflows of resources reported in the statement of net position, but not recognized in the governmental funds. 2,333,580

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities. 775,644

Deferred inflows of resources reported in the statement of net position, but not recognized in the governmental funds. (1,551,369)

Long-term liabilities, including net pension and OPEB liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (14,414,603)

Net Position of Governmental Activities \$ 363,598

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, 2018
(amounts expressed in thousands)

	Municipal Improvement Corporation		
	General	Special Revenue	Debt Service
REVENUES			
Property Taxes	\$ 1,958,033	\$ --	\$ --
Sales Taxes	534,236	--	--
Utility Users' Taxes	640,711	--	--
Business Taxes	534,994	--	--
Other Taxes	688,804	--	--
Licenses and Permits	38,777	--	--
Intergovernmental	17,822	--	1,796
Charges for Services	315,900	--	--
Services to Enterprise Funds	316,245	--	--
Fines	141,346	--	--
Special Assessments	1,755	--	--
Investment Earnings	33,024	1,081	780
Change in Fair Value of Investments	(26,754)	(387)	--
Program Income	--	--	--
Other	55,039	3	--
TOTAL REVENUES	5,249,932	697	2,576
EXPENDITURES			
Current			
General Government	1,332,676	33	2,655
Protection of Persons and Property	2,963,819	--	--
Public Works	186,390	--	--
Health and Sanitation	95,705	--	--
Transportation	119,240	--	--
Cultural and Recreational Services	61,996	--	--
Community Development	39,074	--	--
Capital Outlay	27,858	122,934	--
Debt Service			
Principal	--	--	247,601
Interest	13,524	--	66,836
Cost of Issuance	763	--	856
TOTAL EXPENDITURES	4,841,045	122,967	317,948
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)			
EXPENDITURES	408,887	(122,270)	(315,372)
OTHER FINANCING SOURCES (USES)			
Transfers In	277,315	330	245,807
Transfers Out	(643,061)	(38,979)	--
Issuance of Long-Term Debt	--	155,000	--
Premium on Issuance of Long-Term Debt	--	--	--
Issuance of Refunding Bonds	--	--	111,330
Premium on Issuance of Refunding Bonds	--	--	14,458
Payment to Refunding Bond Escrow Agent	--	--	(29,007)
Loans from HUD	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(365,746)	116,351	342,588
NET CHANGE IN FUND BALANCES	43,141	(5,919)	27,216
FUND BALANCES, JULY 1	886,228	92,496	165,730
DECREASE IN RESERVE FOR INVENTORIES	(154)	--	--
FUND BALANCES, JUNE 30	\$ 929,215	\$ 86,577	\$ 192,946

Continued...

CITY OF LOS ANGELES
Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Nonmajor Governmental Funds	Total
REVENUES		
Property Taxes	\$ 145,020	\$ 2,103,053
Sales Taxes	--	534,236
Utility Users' Taxes	--	640,711
Business Taxes	--	534,994
Other Taxes	82,208	771,012
Licenses and Permits	64,708	103,485
Intergovernmental	967,373	986,991
Charges for Services	951,818	1,267,718
Services to Enterprise Funds	8,938	325,183
Fines	5,878	147,224
Special Assessments	145,632	147,387
Investment Earnings	40,963	75,848
Change in Fair Value of Investments	(43,611)	(70,752)
Program Income	40,241	40,241
Other	72,062	127,104
	<u>2,481,230</u>	<u>7,734,435</u>
TOTAL REVENUES		
EXPENDITURES		
Current		
General Government	22,217	1,357,581
Protection of Persons and Property	434,093	3,397,912
Public Works	227,003	413,393
Health and Sanitation	379,705	475,410
Transportation	333,370	452,610
Cultural and Recreational Services	537,564	599,560
Community Development	167,630	206,704
Capital Outlay	362,803	513,595
Debt Service		
Principal	128,587	376,188
Interest	40,779	121,139
Cost of Issuance	919	2,538
	<u>2,634,670</u>	<u>7,916,630</u>
TOTAL EXPENDITURES		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)		
EXPENDITURES	<u>(153,440)</u>	<u>(182,195)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	499,922	1,023,374
Transfers Out	(99,486)	(781,526)
Issuance of Long-Term Debt	86,370	241,370
Premium on Issuance of Long-Term Debt	582	582
Issuance of Refunding Bonds	81,895	193,225
Premium on Issuance of Refunding Bonds	12,569	27,027
Payment to Refunding Bond Escrow Agent	(117,925)	(146,932)
Loans from HUD	4,005	4,005
	<u>467,932</u>	<u>561,125</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	314,492	378,930
FUND BALANCES, JULY 1	3,804,286	4,948,740
DECREASE IN RESERVE FOR INVENTORIES	--	(154)
FUND BALANCES, JUNE 30	<u>\$ 4,118,778</u>	<u>\$ 5,327,516</u>

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, 2018
(amounts expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 378,930

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. 188,257

Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds. (3,460)

Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized as revenues for governmental activities. (35,073)

Accrued interest expense on long-term debt is reported in the 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.

Change in accrued interest expense	\$ (427)	
Net deferral and amortization of bond premiums and discounts	7,481	
Total net interest expense, deferral of bond premiums, and amortization of discount/premium		7,054

The issuance of long-term debt (e.g. bonds) provides current financial resources to the governmental funds, while the repayment of the principal and refundings of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 84,328

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. 50,053

Changes in net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB do not require the use of current financial resources, and therefore, are not reported in the governmental funds. 222,202

Decrease in reserve for inventory (154)

Change in Net Position of Governmental Activities \$ 892,137

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, 2018
(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	\$ 4,293,712	\$ 4,293,712	\$ 4,332,089	\$ 38,377
Licenses, Permits, Fees and Fines	1,187,894	1,189,416	1,155,887	(33,529)
Intergovernmental	21,568	23,212	10,671	(12,541)
Interest	23,957	23,958	24,897	939
Other	9,084	11,031	10,759	(272)
TOTAL REVENUES	<u>5,536,215</u>	<u>5,541,329</u>	<u>5,534,303</u>	<u>(7,026)</u>
EXPENDITURES				
Current				
General Government	1,704,025	1,789,235	1,650,158	139,077
Protection of Persons and Property	2,375,694	2,452,999	2,406,786	46,213
Public Works	351,080	381,908	368,412	13,496
Health and Sanitation	273,316	276,709	263,810	12,899
Transportation	158,500	165,770	154,252	11,518
Cultural and Recreational Services	42,874	45,374	40,890	4,484
Community Development	162,745	159,667	139,057	20,610
Pension and Retirement Contributions	2,890	2,570	2,465	105
Capital Outlay	89,294	98,896	26,797	72,099
TOTAL EXPENDITURES	<u>5,160,418</u>	<u>5,373,128</u>	<u>5,052,627</u>	<u>320,501</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>375,797</u>	<u>168,201</u>	<u>481,676</u>	<u>313,475</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	1,381,174	1,658,092	1,423,427	(234,665)
Loans from Other Funds	--	--	1,571	1,571
Transfers to Other Funds	(1,817,996)	(1,826,293)	(1,823,767)	2,526
TOTAL OTHER FINANCING SOURCES (USES)	<u>(436,822)</u>	<u>(168,201)</u>	<u>(398,769)</u>	<u>(230,568)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(61,025)</u>	<u>--</u>	<u>82,907</u>	<u>82,907</u>
FUND BALANCE, JULY 1	61,025	61,025	--	(61,025)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(61,025)	--	61,025
Encumbrances Lapsed	--	--	23,897	23,897
Reversion to Reserve Fund	--	--	(106,804)	(106,804)
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, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
ASSETS				
CURRENT ASSETS				
Cash, Pooled and Other Investments				
Unrestricted	\$ 912,337	\$ 672,166	\$ 751,164	\$ 344,773
Restricted	874,413	14,218	384,648	176,450
Investments Held by Escrow and Fiscal Agents				
Unrestricted	2,167	--	--	--
Restricted	1,042,477	--	--	--
Loans and Notes Receivable	150	--	123,545	--
Accounts Receivable				
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$308,566)	44	49,400	313,012	99,461
Accrued Unbilled Revenue	21,879	--	197,811	109,112
Investment Income Receivable	7,492	2,908	3,094	862
Intergovernmental Receivable	16,413	3,906	4,173	462
Restricted Passenger/Customer Facility Charge Receivable	33,417	--	--	--
Due from Other Funds	2,935	--	9,846	--
Inventories	1,405	2,464	176,233	26,442
Prepaid Items and Other Assets	4,550	470	455,574	162,596
TOTAL CURRENT ASSETS	2,919,679	745,532	2,419,100	920,158
NONCURRENT ASSETS				
Restricted Assets				
Pooled Cash and Cash Equivalents, and Other Investments	--	9,842	318,455	141,299
Investments Held by Escrow and Fiscal Agents	--	62,230	602,258	50,558
Total Restricted Assets	--	72,072	920,713	191,857
Long-term Investment				
Investment in Joint Ventures	--	5,733	--	--
Capital Assets				
Land	1,225,777	1,106,805	221,719	172,420
Construction in Progress	1,542,910	178,319	820,472	1,330,975
Buildings, Facilities and Equipment	9,523,196	4,773,557	18,194,183	9,455,543
Natural Gas Field	--	--	181,548	--
Nuclear Fuel	--	--	41,527	--
Intangible Assets	85,331	25,360	160,035	--
Accumulated Depreciation/Amortization	(2,571,375)	(2,212,639)	(8,242,031)	(2,925,890)
Total Capital Assets	9,805,839	3,871,402	11,377,453	8,033,048
Other Noncurrent Assets				
Loans and Notes Receivable	233	--	429,764	--
Intergovernmental Receivable	35,984	--	--	--
Advances to Other Funds	--	--	--	--
Regulatory Assets	--	--	1,810,961	624,832
Other Assets	--	--	125,649	--
Total Other Noncurrent Assets	36,217	--	2,366,374	624,832
TOTAL NONCURRENT ASSETS	9,842,056	3,949,207	14,664,540	8,849,737
TOTAL ASSETS	12,761,735	4,694,739	17,083,640	9,769,895
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows from Debt Refunding	40,307	15,584	27,363	24,252
Deferred Outflows from Derivative Instruments	--	--	22,206	--
Deferred Outflows from Pensions	142,155	43,790	699,604	329,318
Deferred Outflows from OPEB	19,947	6,939	68,275	34,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	202,409	66,313	817,448	387,884

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
ASSETS			
CURRENT ASSETS			
Cash, Pooled and Other Investments			
Unrestricted	\$ 125,913	\$ 21,773	\$ 2,828,126
Restricted	238,302	--	1,688,031
Investments Held by Escrow and Fiscal Agents			
Unrestricted	--	--	2,167
Restricted	--	--	1,042,477
Loans and Notes Receivable	--	--	123,695
Accounts Receivable			
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$308,566)	142,045	3,625	607,587
Accrued Unbilled Revenue	48,989	--	377,791
Investment Income Receivable	1,061	--	15,417
Intergovernmental Receivable	--	--	24,954
Restricted Passenger/Customer Facility Charge Receivable	--	--	33,417
Due from Other Funds	33,079	--	45,860
Inventories	17,257	--	223,801
Prepaid Items and Other Assets	--	95	623,285
TOTAL CURRENT ASSETS	606,646	25,493	7,636,608
NONCURRENT ASSETS			
Restricted Assets			
Pooled Cash and Cash Equivalents, and Other Investments	103,330	--	572,926
Investments Held by Escrow and Fiscal Agents	3,500	--	718,546
Total Restricted Assets	106,830	--	1,291,472
Long-term Investment			
Investment in Joint Ventures	--	--	5,733
Capital Assets			
Land	40,859	139,591	2,907,171
Construction in Progress	457,425	--	4,330,101
Buildings, Facilities and Equipment	7,780,550	595,084	50,322,113
Natural Gas Field	--	--	181,548
Nuclear Fuel	--	--	41,527
Intangible Assets	--	--	270,726
Accumulated Depreciation/Amortization	(3,895,944)	(302,700)	(20,150,579)
Total Capital Assets	4,382,890	431,975	37,902,607
Other Noncurrent Assets			
Loans and Notes Receivable	--	--	429,997
Intergovernmental Receivable	6,333	--	42,317
Advances to Other Funds	24,162	--	24,162
Regulatory Assets	--	--	2,435,793
Other Assets	--	--	125,649
Total Other Noncurrent Assets	30,495	--	3,057,918
TOTAL NONCURRENT ASSETS	4,520,215	431,975	42,257,730
TOTAL ASSETS	5,126,861	457,468	49,894,338
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Debt Refunding	92,395	--	199,901
Deferred Outflows from Derivative Instruments	17,255	--	39,461
Deferred Outflows from Pensions	--	--	1,214,867
Deferred Outflows from OPEB	--	--	129,475
TOTAL DEFERRED OUTFLOWS OF RESOURCES	109,650	--	1,583,704

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
LIABILITIES				
CURRENT LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 285,961	\$ 37,634	\$ 372,756	\$ 79,626
Obligations Under Securities Lending Transactions	31,401	11,535	24,114	7,650
Accrued Salaries and Overtime Payable	18,870	7,999	75,125	24,170
Accrued Compensated Absences Payable	4,365	10,643	65,806	41,669
Due to Other Funds	--	--	--	9,846
Deposits and Advances	--	--	--	205,474
Accrued Interest Payable	39,887	17,420	188,662	113,069
Bonds and Notes Payable - Current Portion	181,662	44,015	265,005	103,846
Other Current Liabilities	29,976	34,897	68,347	8,824
TOTAL CURRENT LIABILITIES	592,122	164,143	1,059,815	594,174
LONG-TERM LIABILITIES				
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$1,935,432)	5,960,266	878,418	9,507,255	5,682,566
Net Pension Liability	723,062	210,882	916,758	426,444
Net OPEB Liability	77,566	24,416	378,679	176,148
Derivative Instrument Liabilities	--	--	22,204	--
Other Long-term Liabilities	133,585	110,939	70,475	33,530
TOTAL LONG-TERM LIABILITIES	6,894,479	1,224,655	10,895,371	6,318,688
TOTAL LIABILITIES	7,486,601	1,388,798	11,955,186	6,912,862
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Business Activities	--	--	103,720	--
Deferred Inflows from Debt Refunding	--	--	13,233	14,115
Deferred Inflows from Pensions	72,397	31,374	324,374	154,895
Deferred Inflows from OPEB	19,219	6,009	119,669	57,655
TOTAL DEFERRED INFLOWS OF RESOURCES	91,616	37,383	560,996	226,665
NET POSITION				
Net Investment in Capital Assets	4,706,733	2,964,553	1,772,899	2,359,417
Restricted for:				
Debt Service	--	62,225	643,121	71,340
Passenger/Customer Facility Charges	672,951	--	--	--
Other Purposes	211,543	--	239,575	30,636
Unrestricted (Deficit)	(205,300)	308,093	2,729,311	556,859
TOTAL NET POSITION	\$ 5,385,927	\$ 3,334,871	\$ 5,384,906	\$ 3,018,252

Continued...

CITY OF LOS ANGELES
Statement of Net Position - (Continued)
Proprietary Funds
June 30, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts, Contracts and Retainage Payable	\$ 68,587	\$ 3,377	\$ 847,941
Obligations Under Securities Lending Transactions	--	--	74,700
Accrued Salaries and Overtime Payable	--	428	126,592
Accrued Compensated Absences Payable	--	533	123,016
Due to Other Funds	1,062	--	10,908
Deposits and Advances	--	2,651	208,125
Accrued Interest Payable	10,989	--	370,027
Bonds and Notes Payable - Current Portion	147,943	--	742,471
Other Current Liabilities	6,167	--	148,211
TOTAL CURRENT LIABILITIES	234,748	6,989	2,651,991
LONG-TERM LIABILITIES			
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Premiums and Discounts of \$1,935,432)	2,801,653	--	24,830,158
Net Pension Liability	--	--	2,277,146
Net OPEB Liability	--	--	656,809
Derivative Instrument Liabilities	17,255	--	39,459
Other Long-term Liabilities	42,459	--	390,988
TOTAL LONG-TERM LIABILITIES	2,861,367	--	28,194,560
TOTAL LIABILITIES	3,096,115	6,989	30,846,551
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Business Activities	--	--	103,720
Deferred Inflows from Debt Refunding	420	--	27,768
Deferred Inflows from Pensions	--	--	583,040
Deferred Inflows from OPEB	--	--	202,552
TOTAL DEFERRED INFLOWS OF RESOURCES	420	--	917,080
NET POSITION			
Net Investment in Capital Assets	1,796,820	431,975	14,032,397
Restricted for:			
Debt Service	20,689	--	797,375
Passenger/Customer Facility Charges	--	--	672,951
Other Purposes	49,812	--	531,566
Unrestricted (Deficit)	272,655	18,504	3,680,122
TOTAL NET POSITION	\$ 2,139,976	\$ 450,479	\$ 19,714,411

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, 2018
(amounts expressed in thousands)**

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
OPERATING REVENUES				
Charges for Services	\$ 284,686	\$ 405,279	\$ 3,804,221	\$ 1,190,181
Rent, Concessions and Royalties	1,124,505	61,521	--	--
Other Operating Revenues	37,035	23,960	--	--
TOTAL OPERATING REVENUES	1,446,226	490,760	3,804,221	1,190,181
OPERATING EXPENSES				
Fuel for Generation	--	--	268,610	--
Purchased Power/Water	--	--	1,143,535	184,957
Maintenance and Repairs	--	--	313,389	152,268
Operating and Administrative	815,511	236,955	799,074	348,669
Depreciation and Amortization	365,465	167,984	554,354	165,290
TOTAL OPERATING EXPENSES	1,180,976	404,939	3,078,962	851,184
OPERATING INCOME (LOSS)	265,250	85,821	725,259	338,997
NONOPERATING REVENUES (EXPENSES)				
Investment Income	9,945	2,619	32,135	5,171
Interest Expense	(205,308)	(1,612)	(348,264)	(197,236)
Other Income (Expenses), Net	268,633	1,999	68,448	20,186
TOTAL NONOPERATING REVENUES (EXPENSES)	73,270	3,006	(247,681)	(171,879)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	338,520	88,827	477,578	167,118
Capital Contributions	55,897	4,524	42,460	33,155
Transfers Out	--	--	(241,848)	--
CHANGE IN NET POSITION	394,417	93,351	278,190	200,273
NET POSITION, JULY 1, As Previously Reported	5,069,265	3,265,398	5,767,946	3,136,184
Cumulative Effect of Change in Accounting Principle, GASB 75 Implementation	(77,755)	(23,878)	(661,230)	(318,205)
NET POSITION, JULY 1, As Restated	4,991,510	3,241,520	5,106,716	2,817,979
NET POSITION, JUNE 30	\$ 5,385,927	\$ 3,334,871	\$ 5,384,906	\$ 3,018,252

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, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
OPERATING REVENUES			
Charges for Services	\$ 661,420	\$ 5,391	\$ 6,351,178
Rent, Concessions and Royalties	--	30,228	1,216,254
Other Operating Revenues	16,466	14,555	92,016
TOTAL OPERATING REVENUES	677,886	50,174	7,659,448
OPERATING EXPENSES			
Fuel for Generation	--	--	268,610
Purchased Power/Water	--	--	1,328,492
Maintenance and Repairs	--	2,740	468,397
Operating and Administrative	284,184	44,069	2,528,462
Depreciation and Amortization	168,516	12,599	1,434,208
TOTAL OPERATING EXPENSES	452,700	59,408	6,028,169
OPERATING INCOME (LOSS)	225,186	(9,234)	1,631,279
NONOPERATING REVENUES (EXPENSES)			
Investment Income	4,893	--	54,763
Interest Expense	(114,767)	--	(867,187)
Other Income (Expenses), Net	3,598	--	362,864
TOTAL NONOPERATING REVENUES (EXPENSES)	(106,276)	--	(449,560)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	118,910	(9,234)	1,181,719
Capital Contributions	17,856	--	153,892
Transfers Out	--	--	(241,848)
CHANGE IN NET POSITION	136,766	(9,234)	1,093,763
NET POSITION, JULY 1, As Previously Reported	2,003,210	459,713	19,701,716
Cumulative Effect of Change in Accounting Principle, GASB 75 Implementation	--	--	(1,081,068)
NET POSITION, JULY 1, As Restated	2,003,210	459,713	18,620,648
NET POSITION, JUNE 30	\$ 2,139,976	\$ 450,479	\$ 19,714,411

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, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,490,373	\$ 475,683	\$ 3,941,463	\$ 1,339,714
Receipts for Interfund Services	--	--	677,655	585,288
Payments to Suppliers	(177,916)	(83,761)	(1,931,532)	(259,390)
Payments to Employees	(443,712)	(120,253)	(687,098)	(324,057)
Payments for Interfund Services	(108,374)	(42,749)	(909,214)	(775,876)
NET CASH PROVIDED BY OPERATING ACTIVITIES	760,371	228,920	1,091,274	565,679
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	--	--	(241,848)	--
Interest Paid on Noncapital Revenue Bonds	--	--	(5,946)	--
Cash Received from Noncapital Grants	11,761	1,505	--	--
Cash Received from Nonoperating Revenues	--	--	--	--
Payments on line of credit for operations	--	--	--	(250,000)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	11,761	1,505	(247,794)	(250,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(1,381,674)	(81,644)	(1,100,185)	(618,001)
Proceeds from Sale of Capital Assets	--	2,222	--	--
Receipts from Passenger/Customer Facility Charges	220,934	--	--	--
Proceeds from Sale of Bonds and Notes	896,748	--	445,126	323,090
Payments on Bonds and Notes - Interest	(265,918)	(42,532)	(399,872)	(219,592)
Payments on Bonds and Notes - Principal	(112,745)	(37,615)	(131,756)	(78,303)
Payments of Bonds and Notes Expenses	(1,679)	--	--	--
Receipts from Bond Sinking Fund	--	53	--	--
Capital Contributions/Grants Received	61,375	1,537	44,579	33,155
Federal Bond Subsidies	--	--	33,580	17,307
Other	--	1,032	--	--
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(582,959)	(156,947)	(1,108,528)	(542,344)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	10,986	1,694	29,381	5,063
Cash Collateral Paid Under				
Securities Lending Transactions	18,448	7,151	--	--
(Purchase) Sale of Investment Securities	(187,003)	(31,267)	(758,995)	(92,099)
Proceeds from Maturities of Investment Securities	--	--	746,712	91,486
Proceeds from Notes Receivable	--	--	48,512	--
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(157,569)	(22,422)	65,610	4,450

Continued...

CITY OF LOS ANGELES
Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 656,447	\$ 50,631	\$ 7,954,311
Receipts for Interfund Services	7,020	--	1,269,963
Payments to Suppliers	--	(28,812)	(2,481,411)
Payments to Employees	--	(11,664)	(1,586,784)
Payments for Interfund Services	(306,126)	(6,400)	(2,148,739)
NET CASH PROVIDED BY OPERATING ACTIVITIES	357,341	3,755	3,007,340
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers Out	--	--	(241,848)
Interest Paid on Noncapital Revenue Bonds	--	--	(5,946)
Cash Received from Noncapital Grants	3,330	--	16,596
Cash Received from Nonoperating Revenues	10,499	--	10,499
Payments on line of credit for operations	--	--	(250,000)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	13,829	--	(470,699)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(321,184)	(2,668)	(3,505,356)
Proceeds from Sale of Capital Assets	--	--	2,222
Receipts from Passenger/Customer Facility Charges	--	--	220,934
Proceeds from Sale of Bonds and Notes	50,000	--	1,714,964
Payments on Bonds and Notes - Interest	(128,142)	--	(1,056,056)
Payments on Bonds and Notes - Principal	(95,754)	--	(456,173)
Payments of Bonds and Notes Expenses	(1,136)	--	(2,815)
Receipts from Bond Sinking Fund	--	--	53
Capital Contributions/Grants Received	13,642	--	154,288
Federal Bond Subsidies	3,884	--	54,771
Other	--	--	1,032
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(478,690)	(2,668)	(2,872,136)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	4,695	--	51,819
Cash Collateral Paid Under Securities Lending Transactions	--	--	25,599
(Purchase) Sale of Investment Securities	--	--	(1,069,364)
Proceeds from Maturities of Investment Securities	--	--	838,198
Proceeds from Notes Receivable	--	--	48,512
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	4,695	--	(105,236)

Continued...

CITY OF LOS ANGELES
Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 31,604	\$ 51,056	\$ (199,438)	\$ (222,215)
CASH AND CASH EQUIVALENTS, JULY 1	<u>2,688,387</u>	<u>635,328</u>	<u>1,653,705</u>	<u>884,737</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 2,719,991</u>	<u>\$ 686,384</u>	<u>\$ 1,454,267</u>	<u>\$ 662,522</u>
CASH AND CASH EQUIVALENTS COMPONENTS				
Unrestricted Cash, Pooled and Other Investments	\$ 912,337	\$ 672,166	\$ 751,164	\$ 344,773
Restricted Cash, Pooled and Other Investments	874,413	14,218	703,103	317,749
Unrestricted Investments Held by Escrow and Fiscal Agents	2,167	--	--	--
Restricted Investments Held by Escrow and Fiscal Agents	931,074	--	--	--
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 2,719,991</u>	<u>\$ 686,384</u>	<u>\$ 1,454,267</u>	<u>\$ 662,522</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 265,250	\$ 85,821	\$ 725,259	\$ 338,997
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation and Amortization	365,465	167,984	554,354	165,290
Depletion	--	--	16,618	--
Amortization of Nuclear Fuel	--	--	13,185	--
Bad Debts Provision (Recovery)	(32)	6,276	32,996	3,866
Other Nonoperating Revenues	39,292	--	--	--
Decrease (Increase) in Assets				
Loans Receivable	11,367	--	--	--
Accounts Receivable	1,613	(21,351)	(7,768)	(22,756)
Accrued Unbilled Revenue	22,622	--	(2,978)	(12,480)
Due from Other Funds	--	--	(1,244)	--
Inventories	--	97	(6,168)	(2,389)
Prepaid Items and Other Current Assets	(446)	(339)	(266,719)	(1,692)
Other Assets	--	--	--	103,493
Increase (Decrease) in Liabilities and Deferred Amounts				
Accounts, Contracts and Retainage Payable	51,661	2,438	17,444	(29,405)
Accrued Salaries and Overtime Payable	733	1,698	7,911	2,182
Accrued Compensated Absences Payable	1,194	--	2,958	1,551
Due to Other Funds	--	--	--	1,244
Deferred Inflows, Credits and Other Liabilities	--	(13,286)	202,497	--
Deposits and Advances	--	--	--	--
Net Pension and Net OPEB Liabilities and Related Changes in Deferred Outflows and Inflows of Resources	10,438	(418)	(197,071)	--
Other Liabilities	(8,786)	--	--	17,778
TOTAL ADJUSTMENTS	<u>495,121</u>	<u>143,099</u>	<u>366,015</u>	<u>226,682</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 760,371</u>	<u>\$ 228,920</u>	<u>\$ 1,091,274</u>	<u>\$ 565,679</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Net Proceeds of Refunding Bonds Deposited with an Irrevocable Trust Account	\$ 262,851	\$ --	\$ 418,500	\$ --
Defeased Debt and Costs Paid Through Escrow with Revenue Bonds	(262,851)	--	(415,700)	--
Acquisition of Capital Assets Included in Accounts and Contracts Payable	148,912	9,594	10,695	6,035
Contributions Received in Relation to Capital Assets	5,478	--	--	--
Write-off On Discontinued Construction Project	--	1,592	--	--

Continued...

CITY OF LOS ANGELES
Statement of Cash Flows - (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Nonmajor Convention Center	Total
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, JULY 1	\$ (102,825)	\$ 1,087	\$ (440,731)
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 467,545</u>	<u>\$ 21,773</u>	<u>\$ 6,012,482</u>
CASH AND CASH EQUIVALENTS COMPONENTS			
Unrestricted Cash, Pooled and Other Investments	\$ 125,913	\$ 21,773	\$ 2,828,126
Restricted Cash, Pooled and Other Investments	341,632	--	2,251,115
Unrestricted Investments Held by Escrow and Fiscal Agents	--	--	2,167
Restricted Investments Held by Escrow and Fiscal Agents	--	--	931,074
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 467,545</u>	<u>\$ 21,773</u>	<u>\$ 6,012,482</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 225,186	\$ (9,234)	\$ 1,631,279
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation and Amortization	168,516	12,599	1,434,208
Depletion	--	--	16,618
Amortization of Nuclear Fuel	--	--	13,185
Bad Debts Provision (Recovery)	1,146	157	44,409
Other Nonoperating Revenues	--	--	39,292
Decrease (Increase) in Assets			
Loans Receivable	--	--	11,367
Accounts Receivable	(22,586)	457	(72,391)
Accrued Unbilled Revenue	--	--	7,164
Due from Other Funds	--	--	(1,244)
Inventories	(1,158)	--	(9,618)
Prepaid Items and Other Current Assets	--	233	(268,963)
Other Assets	--	--	103,493
Increase (Decrease) in Liabilities and Deferred Amounts			
Accounts, Contracts and Retainage Payable	10,984	755	53,877
Accrued Salaries and Overtime Payable	--	(57)	12,467
Accrued Compensated Absences Payable	--	(62)	5,641
Due to Other Funds	(24,747)	--	(23,503)
Deferred Inflows, Credits and Other Liabilities	--	--	189,211
Deposits and Advances	--	(1,093)	(1,093)
Net Pension and Net OPEB Liabilities and Related Changes in Deferred Outflows and Inflows of Resources	--	--	(187,051)
Other Liabilities	--	--	8,992
TOTAL ADJUSTMENTS	<u>132,155</u>	<u>12,989</u>	<u>1,376,061</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 357,341</u>	<u>\$ 3,755</u>	<u>\$ 3,007,340</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Net Proceeds of Refunding Bonds Deposited with an Irrevocable Trust Account	\$ --	\$ --	\$ 681,351
Defeased Debt and Costs Paid Through Escrow with Revenue Bonds	--	--	(678,551)
Acquisition of Capital Assets Included in Accounts and Contracts Payable	32,438	--	207,674
Contributions Received in Relation to Capital Assets	--	--	5,478
Write-off On Discontinued Construction Project	320	--	1,912

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, 2018
(amounts expressed in thousands)**

	Pension and Other Postemployment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and Pooled Investments	\$ 15,082	\$ 402,600
Accounts Receivable	97,774	99,027
Special Assessments Receivable	--	235
Investment Income Receivable	159,570	437
Due from Brokers	502,469	--
Investments	56,035,575	474
Advances to Other Funds	--	20,663
Prepaid Expense	3	--
Prepaid Health Subsidy	10,551	--
Capital Assets (Net of Accumulated Depreciation of \$4,777)	35,108	--
TOTAL ASSETS	56,856,132	\$ 523,436
LIABILITIES		
Accounts Payable and Accrued Expenses	94,610	\$ --
Benefits in Process of Payment	19,528	--
Due to Brokers	729,865	--
Fiduciary Liabilities	--	299,134
Obligations Under Securities Lending Transactions	2,053,662	3,209
Due to Other Funds	--	185
Advances from Other Funds	--	45
Mortgage Loan Payable - Current Portion	24,068	--
Mortgage Loan Payable - Noncurrent Portion	147,987	--
Deposits and Advances	26	220,863
TOTAL LIABILITIES	3,069,746	\$ 523,436
NET POSITION		
Restricted for Pension and Other Postemployment Benefits		
Benefit Pension Plans	47,072,909	
Disability Plan	46,414	
Death Benefit Plan	27,210	
Postemployment Healthcare Plans	6,639,853	
TOTAL NET POSITION	\$ 53,786,386	

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, 2018
(amounts expressed in thousands)**

	Pension and Other Postemployment Benefits Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,751,011
Plan Member	476,146
Other	5,536
Total Contributions	2,232,693
Investment Income	
Net Appreciation in Fair Value of Investments	3,806,948
Interest Income	381,128
Income from Alternative Investments	33,505
Dividend Income	580,541
Securities Lending Income	33,479
Other Investment Income	56,952
Income from Real Estate Investment	89,737
Investment Income	4,982,290
Investment Expense	(223,395)
Securities Lending Expense	(15,433)
Net Investment Income	4,743,462
TOTAL ADDITIONS	6,976,155
DEDUCTIONS	
Benefit Payments	2,775,305
Refunds of Member Contributions	18,510
Administrative Expenses	50,312
TOTAL DEDUCTIONS	2,844,127
CHANGE IN NET POSITION	
Benefit Pension Plans	3,509,899
Disability Plan	(782)
Death Benefit Plan	(374)
Postemployment Healthcare Plans	623,285
TOTAL CHANGE IN NET POSITION	4,132,028
Net Position Restricted for Pension and Other Postemployment Benefits, July 1	
Benefit Pension Plans	43,563,010
Disability Plan	47,196
Death Benefit Plan	27,584
Postemployment Healthcare Plans	6,016,568
NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30	\$ 53,786,386

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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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 emergency medical services; 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 and economic development; housing and aging services; land use 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. 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 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.

1. Blended Component Unit

Although the following is legally separate from the City, it has been "blended" as though it is part of the City because 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 the component unit provides services entirely to the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (Board) consists of five members. Appointments to fill vacancies are made by the Board, subject to City Council approval. Board members do not receive compensation. The City indemnifies Board members for any liabilities occurring in connection with the performance of their duties. MICLA is reported as major special revenue and debt service funds.

2. 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)**3. Excluded Organizations**Jointly Governed Organizations

The Los Angeles Memorial Coliseum Commission (Commission) was created by a joint powers agreement between the City, County of Los Angeles (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.

4. Separately Audited Financial StatementsCity 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: 500 West Temple Street, Los Angeles, CA 90012
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, telephone and information technology services, 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; and 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: Los Angeles International Airport and Van Nuys Airport.

The *Harbor Fund* accounts for the operations of the Harbor formed for purposes of maritime commerce, navigation, fisheries and water-dependent activities for the benefit of the State 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.

The City reports the Convention Center Fund as a nonmajor enterprise fund. The Convention Center Fund accounts for the operation of the Los Angeles Convention Center and Exhibition Hall and other related facilities.

Additionally, the City reports the following fund types:

The *Pension 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, such as 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****1. 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.

2. 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 the lower of average cost or market value except for Airports, which uses cost on a first-in, first-out basis. Fuel is recorded at the lower of cost or market value on an average cost basis.

3. Restricted Assets

For governmental activities and governmental funds, assets of \$20.4 million are classified as restricted because their use is limited to activities related to low and moderate income housing projects and systematic code enforcement fee.

Business-type activities' and proprietary funds' restricted assets of \$4.1 billion 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, restricted passenger/customer facility, China Shipping and Community Mitigation Trust Funds, Narcotics/ Customs Enforcement Forfeiture Fund, and Clean Truck Program Fee Fund.

4. 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 and in the proprietary funds 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The business-type activities and proprietary funds capitalize interest costs as well as preliminary development costs of capital projects incurred prior to the finalization of formal construction contracts.

Airports capitalizes interest costs of bond proceeds used during construction net of interest earnings on the temporary investment of tax-exempt bond proceeds. Net interest capitalized in fiscal year 2018 was \$45.2 million. Airports also capitalizes preliminary costs of capital projects incurred prior to the finalization of formal construction contracts.

Harbor capitalizes interest costs incurred on indebtedness issued in connection with the acquisition, development, and construction or improvement of capital assets, net of interest revenue on reinvested debt proceeds. Interest capitalized in fiscal year 2018 was \$32.1 million. Indirect project costs allocated to construction projects of \$16.6 million in fiscal year 2018 were also capitalized.

Power and Water 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 AFUDC rates as of June 30, 2018 for Power and Water were 3.7% and 3.6%, 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.

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 2016, escalated to year 2017 dollars. As of June 30, 2018, Power has recorded \$154.0 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 \$134.0 million as of June 30, 2018.

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 2018, Power recorded \$16.6 million of depletion expense.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Tunnels 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Pensions' land and building 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 \$8.5 million as of June 30, 2017. Pensions' new headquarter was occupied in fiscal year 2016 that provided long-term control over its future space needs and lease costs. Computer software represents the cost of developing Pensions' retirement information system which is expected to be in use in 2019.

LACERS' office furniture, equipment and software includes costs for developing the LACERS' new Pension Administration System (PAS). The total capitalized cost for the PAS project up to its completion in February 2018 was \$9.1 million and will be amortized over 15 years using the straight-line method. Office furniture and equipment acquisitions of at least \$5,000 are capitalized and depreciated over five years.

5. Compensated AbsencesAccrued Vacation and Sick Leave

Eligible civilian 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 900 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 Memoranda of Understanding (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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 noncurrent liabilities in the appropriate proprietary funds.

Accumulated Compensated Time-Off

Accumulated 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, accumulated compensated time-off is generally liquidated by the General Fund.

6. 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.

7. Other Assets

Other assets of Power of \$125.6 million as of June 30, 2018 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 Ordinances 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.

8. 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 settlement have not exceeded insurance coverage in each of the past three years.

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 that 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**9. 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.

10. 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.

11. 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 presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. 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.
- **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 which is the only fund that reports a positive unassigned fund balance amount. 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 governmental 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, 2018, were distributed as follows (in thousands):

	General	MICLA		Nonmajor Governmental Funds	Totals
		Special Revenue	Debt Service		
Nonspendable					
Advances to Other Funds	\$ 8,814	\$ --	\$ --	\$ --	\$ 8,814
Inventories	33,004	--	--	--	33,004
Prepaid Items and Other Assets	5	25	--	8,808	8,838
	<u>41,823</u>	<u>25</u>	<u>--</u>	<u>8,808</u>	<u>50,656</u>
Restricted					
Affordable Housing, Community Development and Services	--	--	--	1,364,691	1,364,691
Debt Service	--	--	192,946	164,477	357,423
Fee Supported Programs	--	--	--	3,599	3,599
Fire and Crime Prevention and Emergency Services	--	--	--	59,134	59,134
Fire and Police Facilities	--	--	--	66,688	66,688
Governmental Functions and Services	--	--	--	30,789	30,789
Library and Cultural Activities	--	--	--	58,684	58,684
Other Capital Projects and Improvements	--	86,552	--	104,862	191,414
Recreation and Parks	--	--	--	522,800	522,800
Stormwater and Sanitation Projects and Services	--	--	--	155,269	155,269
Street Projects and Maintenance	--	--	--	12,251	12,251
Transit Projects and Services	--	--	--	490,651	490,651
	<u>--</u>	<u>86,552</u>	<u>192,946</u>	<u>3,033,895</u>	<u>3,313,393</u>
Committed					
Affordable Housing, Community Development and Services	21,378	--	--	257,608	278,986
Fee Supported Programs	--	--	--	445,285	445,285
Fire and Crime Prevention and Emergency Services	3,679	--	--	10,270	13,949
Street Projects and Maintenance	--	--	--	13,677	13,677
Governmental Functions and Services	94	--	--	71,196	71,290
Library and Cultural Activities	--	--	--	19,961	19,961
Other Capital Projects and Improvements	--	--	--	7,354	7,354
Recreation and Parks	--	--	--	50,560	50,560
Stormwater and Sanitation Projects and Services	--	--	--	222,835	222,835
Transit Projects and Services	--	--	--	31,006	31,006
	<u>25,151</u>	<u>--</u>	<u>--</u>	<u>1,129,752</u>	<u>1,154,903</u>
Assigned					
Affordable Housing, Community Development and Services	780	--	--	1,754	2,534
Fire and Crime Prevention and Emergency Services	4,472	--	--	--	4,472
Governmental Functions and Services	203,242	--	--	16	203,258
Library and Cultural Activities	2,497	--	--	--	2,497
Other Capital Projects and Improvements	17,757	--	--	--	17,757
Community and Economic Development	12,249	--	--	--	12,249
Health and Sanitation	5,934	--	--	--	5,934
Public Safety	26,720	--	--	--	26,720
Public Works and Transportation	15,429	--	--	--	15,429
	<u>289,080</u>	<u>--</u>	<u>--</u>	<u>1,770</u>	<u>290,850</u>
Unassigned					
Reserve, Emergency and Contingency	477,982	--	--	--	477,982
Economic Stabilization	95,179	--	--	--	95,179
Unassigned	--	--	--	(55,447)	(55,447)
	<u>573,161</u>	<u>--</u>	<u>--</u>	<u>(55,447)</u>	<u>517,714</u>
	\$ 929,215	\$ 86,577	\$ 192,946	\$ 4,118,778	\$ 5,327,516

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Reserve Fund is where unrestricted cash is set aside outside the budget for unforeseen expenditures and emergencies. The Charter and Administrative Code provide for a Reserve Fund Policy which establishes an Emergency Reserve Account and a Contingency Reserve Account.

Funds for urgent economic necessity based on a significant economic downturn, an earthquake or other natural disaster after the budget is completed are 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.

The Contingency Reserve Account provides additional funding in the event that there are unanticipated expenses or revenue shortfalls impacting programs approved in the current year budget. 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 establishes a goal for the Reserve Fund of 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.

As of June 30, 2018, the City's Emergency and Contingency Reserve cash accounts were \$160.2 million and \$275.9 million, respectively.

The Charter also establishes a Budget Stabilization Fund (BSF). 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 the 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, 2018, the BSF's fund balance was \$95.2 million.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**13. 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 (expense/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 (revenue) 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 loss on debt refunding, changes in the fair value of hedging derivative instruments and changes related to pensions and other postemployment benefits ("OPEB") from the implementation of GASB Statement Nos. 68 and 75, respectively. Deferred inflows of resources are reported for changes related to pensions and OPEB from the implementation of GASB Statement Nos. 68 and 75, gains on debt refunding, and regulated business activities. In addition to this, when an asset is recorded in the 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 and OPEB liabilities, 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, 2017.

Power reported deferred inflows of resources from business activities of \$103.7 million at June 30, 2018, which pertain to revenues collected from customers where funds are deferred for future stabilization or deferred because the earnings process is not complete, consistent with accounting standards applicable to regulated utilities. For the fiscal year ended June 30, 2018, Power did not recognize any of this revenue.

14. 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/amortization 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, 2018, the governmental activities restricted net position totaled \$2.7 billion, of which \$782.8 million is restricted by enabling legislation. Business-type activities' restricted net position totaled \$2.0 billion, of which \$910.7 million is restricted by enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unrestricted net position - This category represents net position of the City that is not “restricted” or “net investment in capital assets.”

15. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) 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.

16. 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 GAAP.

17. Adoption of New GASB Pronouncements

The primary government adopted the following in fiscal year 2018:

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” 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 other postemployment benefits (“OPEB”). For defined benefit 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 attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, “Irrevocable Split-Interest Agreements.” Issued in March 2016, this statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The statement has no impact on the City’s financial statements because the City does not receive resources pursuant to an irrevocable split-interest agreement.

GASB Statement No. 82, “Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No. 73.” Issued in March 2016, all provisions of this statement were implemented in fiscal year 2017, except for the provision for the selection of assumptions used in determining the total pension liability and related measures as of the City’s June 30, 2017 measurement date. For purposes of the selection of assumptions, a deviation from the guidance in an Actuarial Standard of Practice issued by the Actuarial Standards Board should not be considered to be in conformity with the requirements of GASB Statement No. 68. The City implemented this provision in fiscal year 2018, which did not have an impact on the financial statements as there were no deviations from actuarial standards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 85, “Omnibus 2017.” Issued in March 2017, this statement addresses issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The City implemented this statement in fiscal year 2018, which did not have an impact on the financial statements.

GASB Statement No. 86, “Certain Debt Extinguishment Issues.” Issued in May 2017, this statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement has no impact on the City's financial statements.

18. Recent GASB Pronouncements

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

GASB Statement No. 83, “Certain Asset Retirement Obligations.” Issued in November 2016, this statement addresses accounting and financial reporting for certain assets retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital assets. The statement will enhance comparability and usefulness in governmental financial statements by establishing uniform criteria for governments to recognize and measure certain AROs and requiring disclosure related to those AROs. This statement will be effective beginning fiscal year 2019.

GASB Statement No. 84, “Fiduciary Activities.” Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement will be effective beginning fiscal year 2020.

GASB Statement No. 87, “Leases.” Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. This statement will be effective beginning fiscal year 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” Issued in April 2018, this statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement will be effective beginning fiscal year 2019.

GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.” Issued in June 2018, this statement (1) enhances the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and (2) simplifies accounting for interest cost incurred before the end of a construction period. The statement will be effective beginning fiscal year 2021.

GASB Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.” Issued in August 2018, this statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The statement will be effective beginning fiscal year 2020.

19. Restatements and Effects of New Pronouncements

The City adjusted for the cumulative effect of applying the provision of GASB Statement No. 75 as a restatement of beginning net position. As a result, adjustments to beginning net position of \$1.8 billion and \$1.1 billion were recognized for governmental activities and business-type activities, respectively. Likewise, deferred outflows of resources including contributions made after the measurement date and deferred inflows of resources of \$517.5 million and \$372.9 million, respectively, were recognized as of June 30, 2018. OPEB expense of \$348.4 million was reported in fiscal year 2018. The City also recorded a total net OPEB liability of \$2.8 billion as of June 30, 2018.

	Net Position, at Beginning of Year (amounts expressed in thousands)		
	July 1, 2017 As Previously Reported	Cumulative Effect of Change in Accounting Principle	July 1, 2017 As Restated
Governmental Activities	\$ 1,277,253	\$ (1,805,792)	\$ (528,539)
Business-type Activities			
Airports	5,069,265	(77,755)	4,991,510
Harbor	3,265,398	(23,878)	3,241,520
Power	5,767,946	(661,230)	5,106,716
Water	3,136,184	(318,205)	2,817,979
Total Business-type Activities	17,238,793	(1,081,068)	16,157,725
Total City	\$ 18,516,046	\$ (2,886,860)	\$ 15,629,186

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 net pension and OPEB liabilities and bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$14,414,603 difference are as follows (in thousands):

Bonds, Certificates of Participation, and Notes	\$ 2,663,528
Add: Issuance Premium/Discount (to be amortized as interest expenses)	198,783
HUD Loans	90,467
Accrued Interest Payable	26,025
Accrued Compensated Absences	620,031
Estimated Claims and Judgments Payable	2,433,871
Accrued Landfill Liability	46,909
Estimated Pollution Remediation Liability	16,834
Net Pension Liability	6,161,051
Net OPEB Liability	<u>2,157,104</u>
Net adjustments to reduce governmental fund balance to arrive at governmental activities net position	<u>\$ 14,414,603</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 *change 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 \$188,257 difference are as follows (in thousands):

Capital Outlay	\$ 513,595
Additional Capital Outlay	13,726
Depreciation expense	<u>(339,064)</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at change in net position of governmental activities	<u>\$ 188,257</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 and refundings of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of this \$84,328 difference are as follows (in thousands):

Debt issued or incurred	
General and Judgment Obligation Bonds	\$ (168,265)
Certificates of Participation and Lease Revenue Bonds	(111,330)
MICLA Commercial Paper Notes	(155,000)
Principal repayments and bond refunding	
General and Judgment Obligation Bonds	196,480
Certificates of Participation and Lease Revenue Bonds	198,351
MICLA Commercial Paper Notes	108,900
HUD Loans	<u>15,192</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at change in net position of governmental activities	<u>\$ 84,328</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 \$50,053 difference are as follows (in thousands):

Increase in Accrued Compensated Absences	\$ 29,784
Decrease in Estimated Claims and Judgments	(49,821)
Increase in Accrued Landfill Liability	829
Decrease in Pollution Remediation Liability	<u>(30,845)</u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at change in net position of governmental activities	<u>\$ (50,053)</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 38 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 Accessible Housing Fund, Animal Sterilization Fund, ARRA EECBG Fund Housing, ARRA-Nea, AT SAC Trust, Audit Repayment, Business Improvement Trust, CalHome Trust, CDD Section 108 Loan Guarantee, City Attorney Consumer Protection, City Health Commission Trust, City Planning System Development, City/County Collaboration Anti-Gang, Coastal Transportation Corridor Trust, Code Compliance Fund, CPUC Gas Company, CRA/LA Excess Non-Housing Bond Proceeds, Department of Transportation Expedited Fee, Development Services Trust Fund, Enterprise Zone Tax Credit Vouchers, Federal Emergency Shelter Grant, Foreclosure Registry Program, FY 15 UASI Homeland Security Grant Fund, Housing and Community Investment Department Small Grands Award, Healthy Homes 1, Housing Production Revolving, HUD Connection Grant, Industrial Development Authority, Innovation Fund, Integrated Solid Waste Management, LA Regional Initiative for Social Enterprise, LEAD Grant 10, LEAD Grand Nine, LEAD Grant 11, Local Law Enforcement Block Grant, LA Performance Partnership Pilot, LA Regional Agency, Low and Moderate Income Housing, Medical Intergovernmental Transfer Program Trust Fund, MICLA 2017 Streetlights Construction Fund, Narcotics Enforcement Surveillance Team, Neighborhood Stabilization Program 3, Neighborhood Stabilization Program, Off-Site Sign Periodic Inspection Fee, Operation ABC, Permit Parking Program Revenue, Pershing Square Trust, Planning Long-Range Plan, Repair and Demolition, Street Banners Revenue, Temporary Assistance for Needy Families, Traffic Safety Education Program, Transportation Regulation and Enforcement, Transportation Grants Fund, Used Oil Collection, Vacated Fire Department Facilities, Ventura/Cahuenga Corridor Plan, Warner Center Transportation Trust, West LA Transportation Improvement and Mitigation, and Workforce Innovation Fund) 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

Transportation Grants

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:

GOB Refunding Series 2017-B

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

General Obligation Bonds Series 2011-A

General Obligation Bonds Series 2017-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 certain 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. The City permits intra-departmental transfer between department accounts in an amount not to exceed the limit of \$52,189 or 1% of the budget for the account receiving the transfer, whichever is greater. Approval of the Mayor is required for transfers between departments and/or funds in an amount not to exceed \$50,000. Transfers above these limits require Council approval.

During the fiscal year, capital related appropriations of \$97.7 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).

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. Encumbrance balances 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, 2018 is presented in the following pages for the City's budgeted major fund. 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	\$ 82,907
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.	(24,909)
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).	(1,571)
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 fund balance (GAAP).	
Encumbrances reported as budgetary expenditures	403,168
Prior year encumbrances expended in current year	(365,313)
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.	(50,925)
Additional Budgeted Funds included as General category but reported in Nonmajor Special Revenue Funds:	
Department of Neighborhood Empowerment	(201)
City Ethics Commission	(15)
	43,141
Net Change in Fund Balance - GAAP Basis	\$ 43,141

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

C. Deficit Fund Balances

At June 30, 2018, the Special Parking Revenue Fund (SPRF) had a deficit of \$5.1 million. The deficit of \$5.1 million was due primarily to transfers from the SPRF to the Reserve Fund of \$31.0 million. The SPRF deficit will be paid by future parking fees. SPRF had a positive net change in fund balance of \$6.5 million in fiscal year 2018.

The Street Lighting Maintenance Assessment Fund (SLMAF) had a deficit of \$4.9 million. The deficit of \$4.9 million was due to an increase of \$11.0 million in functional expenditures and repayment of advance to MICLA Funds. The SLMAF deficit will be paid by future special assessment fees.

The Workforce Innovation Opportunity Act Fund (WIOA) had a deficit fund balance of \$1.0 million mainly from timing differences in the receipt of grant funds and front funding by the City of expenditures 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 \$11.8 million due to the payment of principal and interest of certain bonds, which will be repaid by future revenues of the Convention Center. The CCF had a positive net change in fund balance of \$1.3 million in fiscal year 2018.

NOTE 4 – DETAILED NOTES ON ALL FUNDS**A. Cash, Deposits and Investments****1. Summary of Cash and Investments**

At June 30, 2018, the summary of cash, pooled and other investments for governmental and business-type activities, and fiduciary funds is as follows (in thousands):

	Governmental Activities	Business-Type Activities	Fiduciary Funds		Total
			Pension and Other Postemployment		
			Benefits Trust	Agency	
Cash and Pooled Investments	\$ 4,461,832	\$ 2,828,126	\$ 15,082	\$ 402,600	\$ 7,707,640
Other Investments with Escrow and Fiscal Agents	--	2,167	--	474	2,641
Restricted Assets					
Cash and Pooled Investments	20,354	2,260,957	--	--	2,281,311
Cash and Investments with Escrow and Fiscal Agents	--	1,761,023	--	--	1,761,023
Investments of Retirement Systems	--	--	56,035,575	--	56,035,575
Total Deposits and Investments	\$ 4,482,186	\$ 6,852,273	\$ 56,050,657	\$ 403,074	\$ 67,788,190
Cash on hand					\$ 122
Deposits					205,721
Investments					
Pooled					9,680,214
Other					57,902,133
Total Deposits and Investments					\$ 67,788,190

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 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.

2. Deposits

At June 30, 2018, the book balance of the City's deposits was \$205.7 million and the balance per various financial institutions was \$205.6 million. The difference of \$0.1 million represents primarily deposits in transit and other reconciling items. Of the bank balance, \$8.8 million was covered by Federal Deposit Insurance Corporation (FDIC) and \$196.8 million was uninsured. The uninsured deposits of \$196.8 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.

3. 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, Power, Water, 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.

Pursuant to California Government Code Section 53607 (State Code) and the Council File No. 94-2160, the City Treasurer shall render to the Council a statement of investment policy (the Policy) annually. Council File No. 11-1740 was adopted on December 1, 2017, 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 Treasurer 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, 2018, 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	\$ 48,872	\$ 7,765	\$ 41,107	\$ --	\$ --	\$ --
U.S. Treasury Notes	5,749,557	--	--	878,442	4,857,135	13,980
U.S. Agencies Securities	806,638	181,205	57,937	92,173	427,013	48,310
Medium-Term Notes	1,424,599	10,002	--	186,343	1,228,254	--
Mutual Funds	4,787	4,787	--	--	--	--
Commercial Paper	813,424	632,859	50,950	129,615	--	--
Municipal Bonds	78,274	--	--	19,973	58,301	--
Asset-Backed Securities	113,973	--	--	--	113,973	--
Supranational Obligations	298,584	156,606	--	--	141,978	--
Short-Term Investment Funds	177,796	177,796	--	--	--	--
Securities Lending Short-Term Repurchase Agreements	163,710	163,710	--	--	--	--
Total General and Special Pools	\$ 9,680,214	\$ 1,334,730	\$ 149,994	\$ 1,306,546	\$ 6,826,654	\$ 62,290

4. 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, 2018, 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	\$ 5,749,557	\$ 49,763	\$ 5,699,794
U.S. Agencies Securities	546,116	--	546,116
Medium-Term Notes	1,424,599	--	1,424,599
Municipal Bonds	78,274	--	78,274
Asset-Backed Securities	113,973	--	113,973
Supranational Obligations	141,978	--	141,978
Total Investments Subject to Fair Value	<u>\$ 8,054,497</u>	<u>\$ 49,763</u>	<u>\$ 8,004,734</u>
Investment Not Subject to Fair Value Hierarchy			
Short-Term Investment Funds *	\$ 177,796		
U.S. Treasury Bills*	48,872		
U.S. Agencies Securities *	260,522		
Commercial Paper *	813,424		
Supranational Obligations *	156,606		
Securities Lending Short-Term Repurchase Agreements **	163,710		
Total Investments Not Subject to Fair Value Hierarchy	<u>1,620,930</u>		
Total Investments Measured at Fair Value	<u>9,675,427</u>		
Investments Measured at the Net Asset Value (NAV)			
Mutual Funds - AMT-Free, Tax Exempt	4,787		
Total Investments	<u>\$ 9,680,214</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 agreements.

Investments classified in Level 1 of the fair value hierarchy, valued at \$49.8 million, are valued using observable unadjusted quoted prices in an active market.

Investments classified in Level 2, totaling \$8.0 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.

Investments measures at NAV (in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual Funds - AMT-Free, Tax Exempt	\$ 4,787	\$ --	Anytime	-

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Mutual Fund investments measured at NAV normally invest substantially all of their assets in short-term, high quality municipal obligations that provide income exempt from federal income taxes. The fund also may invest in high quality, short-term structured notes, which are derivative instruments whose value is tied to underlying municipal obligations. There are no restrictions on redemption and no stipulated redemption notice period.

Interest Rate Risk. The Policy limits the maturity of its investments to five years for the U.S. Treasury and U.S. Agency obligations, 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 \$806.6 million investments in U.S. government sponsored enterprises consist of securities issued by the Federal Home Loan Bank - \$227.8 million, Federal National Mortgage Association (Fannie Mae) - \$403.7 million, Federal Home Loan Mortgage Corporation (Freddie Mac) - \$175.1 million. Of the City's \$806.6 million investments in U.S. Agencies securities, \$546.1 million were rated AA+ by S&P and Aaa by Moody's; \$260.5 million were not rated individually by S&P nor Moody's.

Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes must have at least an A rating at the time of purchase. The City's \$1.4 billion investments in medium-term notes consist of securities issued by banks and corporations that comply with these requirements and were rated A or better by S&P and A3 or better by Moody's. 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 the highest letter and number rating by nationally recognized statistical rating organization (NRSRO). The issuing corporation must be organized and operating within the United States and have assets in excess of \$500.0 million. The City's \$813.4 million 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 NRSROs. The City's \$4.8 million investments in mutual funds were rated AAAM by S&P and not rated by Moody's.

Municipal bonds have no minimum rating requirement. The City's \$78.3 million investments in municipal bonds were rated AA- by S&P and Aa3 by Moody's.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Investments in supranational obligations must have a minimum of AA rating. The City's investments in supranational obligations of \$142.0 million were rated AAA by S&P and Aaa by Moody's; \$156.6 million were rated A-1+ by S&P and P-1 by Moody's. These short-term securities are backed by the full faith of the issuing entities, which are rated AAA/Aaa.

Investments in asset-backed securities of \$84.1 million were rated AAA by S&P and were not rated individually by Moody's, the remaining \$29.8 million were rated Aaa by Moody's and were not rated by S&P.

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, medium-term notes and supranational obligations, 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 U.S. Agency obligations. 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, no one issuer represent 5% or more of the total investments as of June 30, 2018.

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, 2018:

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 - Pooled Funds* ^G	270 days	40% of the agency's money ^E	Highest letter and number rating by an NRSRO ^F
Commercial Paper - Non-Pooled Funds* ^D	270 days	25% of the agency's money ^E	Highest letter and number rating by an NRSRO ^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% ^I (inclusive of placement service CD)	None
Placement Service Certificate of Deposits	5 years	30% ^I (combined with negotiable CD)	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^J	20% of the base value of the portfolio	None ^K
Medium-Term Notes* ^L	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple ^{N,O}
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better
County Pooled Investments Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple ^Q
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund ^R	N/A	None	None
Supranational Obligations ^S	5 years	30%	"AA" rating category or its equivalent or better

* 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 of 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 the 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, and debt other than commercial paper must be in rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, has program wide credit enhancements, and has commercial paper that is rated "A-1" or, higher or the equivalent, by a nationally recognized statistical rating agency.
- ^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 in negotiable certificates of deposit that are authorized under Section 53601(i).
- ^I No more than 30 percent of the agency's money may be invested in deposits, including certificates of deposit, though a placement service (excludes negotiable certificates of deposit authorized under Sections 53601(i)).
- ^J 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.
- ^K 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.
- ^L "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 United States or by depository institutions licensed by the United States or any state and operating within the United States."
- ^M No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^N 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)

- 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.
- ᵀ Issuer must be rated in the category "A", or its equivalent or better as provided by a nationally recognized rating organization.
- ᶀ 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).
- ᶁ 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.
- ᶂ 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, U.S. Agencies Securities, Medium-Term Notes and Supranational Obligations. 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 2018, 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, 2018 (in thousands):

Type of Investment Lent		
For Cash Collateral		
U.S. Agencies Securities	\$	133,116
U.S. Treasury Notes		5,967
Medium-Term Notes		4,037
Supranational Obligations		17,210
Total Cash Collateral		<u>160,330</u>
For Non-Cash Collateral		
U.S. Treasury Notes		245,904
U.S. Agencies Securities		30,214
Total Non-Cash Collateral		<u>276,118</u>
Total Market Value of Securities Lent	\$	<u><u>436,448</u></u>
Type of Collateral Received		
Cash Collateral *	\$	163,710
Non-Cash Collateral **		
For Lent U.S Treasury Notes and U.S Agencies Securities		282,448
Total Collateral Received	\$	<u><u>446,158</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 2018.

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**5. 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 generally accepted accounting principles. 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. The fair value of 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, 2018 are as follows (in thousands):

DWP	\$	652,816
Pensions		23,105,712
LACERS		17,825,726
DWP Plans		15,104,137
Others		1,213,742
Total	\$	<u>57,902,133</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, 2018, 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	
					Years	Over 5 Years
U.S. Government Securities	\$ 34,753	\$ 4,998	\$ --	\$ 21,935	\$ 7,820	\$ --
U.S. Agencies Securities	256,021	8,245	12,982	115,937	92,356	26,501
Supranationals	17,866	1,999	5,996	4,935	4,936	--
Medium-Term Notes	167,009	5,030	--	91,894	70,085	--
Commercial Paper	22,092	10,995	4,986	6,111	--	--
Negotiable Certificates of Deposit	54,658	16,897	--	37,761	--	--
California Local Agency Bonds	36,138	2,654	9,746	7,130	16,608	--
California State Bonds	26,862	--	--	9,246	17,616	--
Other State Bonds	31,910	--	5,966	7,175	18,769	--
Money Market Funds	5,507	5,507	--	--	--	--
Total	\$ 652,816	\$ 56,325	\$ 39,676	\$ 302,124	\$ 228,190	\$ 26,501

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, 2018, DWP's summary of the fair value hierarchy of investments are as follows (in thousands):

	Amount	Fair Value Measurements Using			Not Classified
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level					
Debt Securities					
U.S Government Securities	\$ 34,753	\$ 34,753	\$ --	\$ --	\$ --
U.S Agencies	256,021	--	256,021	--	--
Supranationals	17,866	--	17,866	--	--
Medium-Term Corporate Notes	167,009	--	167,009	--	--
California Local Agency Bonds	36,138	--	36,138	--	--
California State Bonds	26,862	--	26,862	--	--
Other State Bonds	31,910	--	31,910	--	--
Total Debt Securities	570,559	34,753	535,806	--	--
Other					
Commercial Paper	22,092	--	22,092	--	--
Negotiable Certificates of Deposit	54,658	--	54,658	--	--
Money Market Funds	5,507	--	--	--	5,507
Total Other	82,257	--	76,750	--	5,507
Total Investments by Fair Value Level	\$ 652,816	\$ 34,753	\$ 612,556	\$ --	\$ 5,507
Derivative Instruments					
Financial Natural Gas Hedges	\$ (22,204)	\$ --	\$ (22,204)	\$ --	\$ --

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. 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, 2018, \$248.3 million (97.0%) was rated with either the highest or second highest possible credit ratings by the Nationally Recognized Statistical Rating Organizations (NRSROs) that rated them and \$7.7 million (3.0%) 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, 2018, \$9.0 million (5.3%) was rated in the category of AAA, \$55.0 million (33.0%) was rated in the category of AA, and \$103.0 million (61.7%) was rated in the category of A by at least one NRSRO.

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, 2018, 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, 2018, DWP's investments in certificates of deposits included \$54.7 million of negotiable certificates of deposit with at least the highest letter and number rating as provided by at least two NRSROs.

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, 2018, \$5.7 million (15.7%) was rated in the category of AAA; \$22.9 million (63.3%) was rated in the category of AA, and \$7.5 million (21.0%) was rated in the category of A or the equivalent or better short-term rating.

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, 2018, \$26.9 million (100%) 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, 2018, \$12.9 million (40.4%) was rated in the category of AAA, \$10.1 million (31.6%) was rated in the category of AA, \$8.9 million (28.0%) was rated in the category of A 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, 2018, 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. Included within DWP's total investments as of June 30, 2018, \$86.8 million (13.3%) was invested in securities issued by the Federal Home Loan Mortgage Corporation, \$78.9 million (12.1%) was invested in securities issued by the Federal Home Loan Bank, and \$53.5 million (8.2%) was invested in securities issued by the Federal National Mortgage Association and \$27.6 million (4.2%) was invested in securities issued by the Federal Farm Credit Bank.

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

At June 30, 2018, Pensions' investments are as follows (in thousands):

Investment Type	Pensions Plan	Health Subsidy Plan	Total
Short-Term Investments	\$ 1,429,879	\$ 130,366	\$ 1,560,245
U.S. Government Obligations	2,400,177	218,830	2,619,007
Domestic Corporate Bonds	1,494,592	136,266	1,630,858
Foreign Bonds	21,572	1,967	23,539
Domestic Stocks	7,760,975	707,588	8,468,563
Foreign Stocks	4,085,666	372,500	4,458,166
Real Estate	1,274,863	116,232	1,391,095
Alternative Investments	2,227,754	203,110	2,430,864
Security Lending Collateral	479,645	43,730	523,375
Total	\$ 21,175,123	\$ 1,930,589	\$ 23,105,712

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2018, Pensions has the following recurring fair value measurements (in thousands):

	Amount	Fair Value Measurements Using		
		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	\$ 2,122,366	\$ --	\$ 2,122,366	\$ --
U.S. Agencies	496,232	--	496,128	104
Municipal/Provincial Bonds	19,024	--	19,024	--
Collateralized Debt Obligations	168,519	--	167,102	1,417
Commercial Paper	12,170	--	12,170	--
Corporate Bonds	1,436,670	--	1,436,670	--
Total Debt Securities	<u>4,254,981</u>	<u>--</u>	<u>4,253,460</u>	<u>1,521</u>
Equity Securities				
Common Stock	12,854,408	12,831,568	19,012	3,828
Preferred Stock	72,072	72,072	--	--
Other	135	130	--	5
Total Equity Securities	<u>12,926,615</u>	<u>12,903,770</u>	<u>19,012</u>	<u>3,833</u>
Other				
Real Estate	644,044	--	--	644,044
Total Investments by Fair Value Level	<u>\$ 17,825,640</u>	<u>\$ 12,903,770</u>	<u>\$ 4,272,472</u>	<u>\$ 649,398</u>
Investment measured at the net asset value (NAV)				
Private Equity Partnerships	\$ 2,328,364			
Commingled Real Estate Funds	747,051			
Hedge Funds	102,734			
Corporate Debt Securities	18,013			
U.S. Agencies Debt Securities	410			
Total Investments Measured at NAV	<u>\$ 3,196,572</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 used market-based inputs.

Debt securities, namely collateralized debt obligations 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)

Real estate corporate accounts investments are valued based on an independent appraisal or other methods using various techniques including models. Real estate corporate accounts are scheduled for independent appraisal on a rolling 3-year period.

Pensions' investments such as private equity partnerships, comingled real estate funds, hedge funds, asset/mortgage-backed security funds and commercial mortgages are valued using the net asset value (NAV). Real estate pooled 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 internal 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	\$ 2,328,364	\$ 1,316,735	N/A	--
Comingled Real Estate Funds ⁽¹⁾	747,051	223,832	Quarterly	90-179 days
Hedge Funds	102,734	--	Quarterly	90 days
Corporate Debt Securities	18,013	--	Anytime	--
U.S. Agencies Debt Securities	410	--	N/A	--
Total Investments Measured at NAV	<u>\$ 3,196,572</u>	<u>\$ 1,540,567</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.

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. Pensions manages its exposure to interest rate risk by requiring a fixed income investment manager to maintain the effective duration of their portfolio within a specified range of (1) the Bloomberg Barclays US Aggregate Bond Index for core fixed income investments, (2) the Bloomberg 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 Pensions' investments to interest rate fluctuations is provided in the following table that shows the weighted average effective duration of Pensions' fixed income investments by investment type:

Investment Type	Amount (in thousands)	Weighted Average Maturity (in years)
Asset-Backed Securities	\$ 79,534	12.69
Bank Loans	12,170	5.31
Commercial Mortgage-Backed	37,361	26.38
Commercial Paper	11,518	0.79
Corporate Bonds	1,351,935	10.41
Corporate Convertible Bonds	8,527	4.74
Government Agencies Bonds	69,633	8.76
Government Bonds	1,194,699	11.44
Government Mortgage-Backed Securities	345,585	21.38
Government Issued Commercial Mortgage-Backed	20,863	5.79
Index Linked Government Bonds	962,141	9.23
Municipal/Provincial Bonds	20,498	53.92
Non-Government Backed Collateralized Mortgage Obligations	59,968	22.68
Short-Term Bills and Notes	7,949	0.17
Foreign Bonds	1,126	3.75
Asset/Mortgage-Backed Securities/Other Fixed Income Funds	89,897	N/A
Total	\$ 4,273,404	

Investments that are highly sensitive to interest rate risk at June 30, 2018 are as follows (in thousands):

Investment Type	Amount
Asset-Backed Securities	\$ 79,534
Commercial Mortgage - Backed	37,361
Government Agencies Bonds	69,633
Government Mortgage - Backed Securities	366,448
Index Linked Government Bonds	962,141
Non-Government Backed Collateralized Mortgage Obligations	59,968
Total	\$ 1,575,085

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, 2018, the quality ratings of Pensions' fixed income investments are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 2,214,812	58.84 %
AA	90,968	2.42
A	347,849	9.24
BBB	403,256	10.71
BB	255,989	6.80
B	244,332	6.49
CCC	54,472	1.45
CC	10,098	0.27
C	3,833	0.10
Not Rated	138,417	3.68
Subtotal	3,764,026	100.00 %
U.S. Government Issued or Guaranteed Securities	509,378	
Total Fixed Income Investments	\$ 4,273,404	

Concentration of Credit Risk. As of June 30, 2018, 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, 2018, Pensions' exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to \$28.1 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, 2018, 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, 2018, Pensions' sole hedge fund investment of \$102.7 million, private equity of \$2.3 billion and commingled real estate funds of \$747.1 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, 2018, are as follows (in thousands):

Foreign Currency	Fair Value
Australian Dollar	\$ 160,740
Brazilian Real	68,483
British Pound Sterling	707,083
Canadian Dollar	157,934
Chilean Peso	6,094
Colombian Peso	2,499
Czech Koruna	5,464
Danish Krone	62,145
Euro	1,312,521
HK offshore Chinese Yuan Renminbi	21,593
Hong Kong Dollar	336,389
Hungarian Forint	3,915
Indian Rupee	86,722
Indonesian Rupiah	34,449
Japanese Yen	666,545
Kenyan Shilling	5,836
Malaysian Ringgit	16,020
Mexican Peso	54,056
New Israeli Shekel	5,452
New Taiwan Dollar	163,835
New Zealand Dollar	20,569
Norwegian Krone	28,649
Philippine Peso	6,184
Polish Zloty	7,905
Singapore Dollar	42,929
South African Rand	93,108
South Korean Won	219,802
Swedish Krona	95,220
Swiss Franc	218,735
Thai Baht	21,276
Turkish Lira	11,212
United Arab Emirates Dirham	3,473
Total	\$ 4,646,837

The foreign currency total comprises 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, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on Pensions' investments, gross of Pensions' investment expense, for the year ended June 30, 2018 was 9.2%. The source for the rate of return was the June 30, 2018 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 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.

The borrower has 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.

These agreements provide the return of the securities and revenue determined by the type of collateral received (from which the custodian's fee is deducted). The securities on loan to brokers are shown at their fair value on Pensions' Statement of Fiduciary Net Position.

Cash received as collateral on securities lending transactions is reported as an asset, and the liabilities from these transactions are reported in the Statement of Fiduciary Net Position. Pensions cannot pledge or sell non-cash collateral unless the borrower defaults.

As of June 30, 2018, the fair value of securities on loan was \$1.5 billion and the fair value of collateral received was \$1.5 billion. Of the \$1.5 billion collateral received as of June 30, 2018, \$523.4 million was cash collateral and \$971.5 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, 2018:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	\$ 261,475	\$ 35,811	\$ 297,286
Domestic Corporate Fixed Income Securities	30,854	110,390	141,244
Domestic Equities	161,314	690,994	852,308
International Fixed Income Securities	781	--	781
International Equities	68,951	134,286	203,237
	\$ 523,375	\$ 971,481	\$ 1,494,856

Fair value of loaned securities as of June 30, 2018:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	\$ 255,630	\$ 35,036	\$ 290,666
Domestic Corporate Fixed Income Securities	30,099	107,345	137,444
Domestic Equities	157,419	674,254	831,673
International Fixed Income Securities	727	--	727
International Equities	65,652	125,706	191,358
	\$ 509,527	\$ 942,341	\$ 1,451,868

For fiscal year ended June 30, 2018, securities lending income amounted to \$7.9 million, while securities lending expenses amounted to \$1.1 million.

Derivative Instruments. Pensions, through its outside investment managers, holds investments in swaps, options, rights, and warrants and 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 counter-parties 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.

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. For options, swaps, rights, and warrants pricing would come from the exchange they are traded on if they are exchange traded securities.

They can also trade as over the counter securities and the market values would then be determined by the value of a reference security or value that would typically be publicly priced. For assets traded over the counter and held at the custodian bank an independent pricing service is involved in calculating the price of the derivative security using the value of the reference security or reference value.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2018, 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, 2018		Notional Amount
	Classification	Amount	Classification	Amount	
Investment Derivatives:					
Futures - Shorts	--	\$ --	Investment	\$ --	\$ (71,009)
Futures - Longs	Investment Loss	10,102	Investment	--	188,611
Forwards	Investment Loss	(122)	Investment	(4)	--
Options	Investment Loss	409	Investment	46	--
Rights/Warrants	Investment Revenue	378	Investment	135	--
Swaps	Investment Revenue	4,942	Investment	202	--

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

At June 30, 2018, LACERS' investments are as follows (in thousands):

Investment Type	Retirement Plan	Postemployment Health Care Plan	Total
Short-Term Investments	\$ 394,176	\$ 73,705	\$ 467,881
U.S. Government Obligations	988,611	184,856	1,173,467
Municipal Bonds	2,129	398	2,527
Domestic Corporate Bonds	700,560	130,995	831,555
International Bonds	460,764	86,156	546,920
Other Fixed Income	871,072	162,878	1,033,950
Bank Loans	4,547	850	5,397
Opportunistic Debts	92,614	17,317	109,931
Domestic Stocks	3,963,597	741,136	4,704,733
International Stocks	4,278,603	800,038	5,078,641
Mortgage-Backed Securities	357,725	66,889	424,614
Government Agencies	34,593	6,469	41,062
Derivative Instruments	843	157	1,000
Real Estate	675,353	126,281	801,634
Alternative Investments	1,522,628	284,710	1,807,338
Security Lending Collateral	669,828	125,248	795,076
Total	<u>\$ 15,017,643</u>	<u>\$ 2,808,083</u>	<u>\$ 17,825,726</u>

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 NAV.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

LACERS has the following recurring fair value measurements as of June 30, 2018 (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	\$ 1,397,966	\$ --	\$ 1,397,966	\$ --
Government Agencies	71,808	--	71,808	--
Municipal/Provincial Bonds	7,360	--	7,360	--
Corporate Bonds	1,118,397	--	1,117,321	1,076
Bank Loans	5,397	--	5,397	--
Government Mortgage Bonds	377,823	--	377,823	--
Commercial Mortgage Bonds	46,791	--	46,791	--
Opportunistic Debts	13,616	--	--	13,616
Total Debt Securities	3,039,158	--	3,024,466	14,692
Equity Securities				
Common Stock				
Basic Industries	1,238,136	1,237,912	112	112
Capital Goods Industries	551,108	550,914	--	194
Consumer & Services	2,191,161	2,190,664	--	497
Energy	853,206	853,066	--	140
Financial Services	1,678,531	1,678,497	--	34
Health Care	1,017,635	1,017,540	--	95
Information Technology	1,756,797	1,755,023	--	1,774
Real Estate	435,519	435,460	--	59
Miscellaneous	7,026	5,020	251	1,755
Total Common Stock	9,729,119	9,724,096	363	4,660
Preferred Stock	42,317	42,317	--	--
Stapled Securities	11,938	9,809	2,129	--
Total Equity Securities	9,783,374	9,776,222	2,492	4,660
Private Equity Funds	136,552	--	--	136,552
Real Estate Funds	111,465	--	110,242	1,223
Total Investments by Fair Value Level	\$ 13,070,549	\$ 9,776,222	\$ 3,137,200	\$ 157,127
Investments Measured at the Net Asset Value (NAV)				
Common Fund Assets	1,033,950			
Private Equity Funds	1,670,786			
Real Estate Funds	690,169			
Opportunistic Debts	96,315			
Total Investments Measured at NAV	3,491,220			
Total Investments Measured at Fair Value ⁽¹⁾	\$ 16,561,769			
Investment Derivative Instruments				
Future Contracts (liabilities)	\$ 696	\$ 696	\$ --	\$ --
Foreign Exchange Contracts (liabilities)	(65)	--	(65)	--
Rights/Warrants	369	167	199	3
Total Investment Derivative Instruments	\$ 1,000	\$ 863	\$ 134	\$ 3

⁽¹⁾ Excluded investment derivative instruments of \$1.0 million which is shown separately.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Investments measured at NAV (in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Assets (1)	\$ 1,033,950	\$ --	Daily	2 days
Private Equity Funds (2)	1,670,786	774,191	N/A	N/A
Real Estate Funds (3)	690,169	34,629	Daily, Quarterly	1-90 days
Opportunistic Debts (4)	96,315	--	Monthly	30 days
Total Investments measured at NAV	<u>\$ 3,491,220</u>	<u>\$ 808,820</u>		

(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 186 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair values of these investments have 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 28 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Seven investments, representing approximately 70.2% 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-one investments, representing approximately 29.8% of the value of 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 LACERS' 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, 2018 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	\$ 85,268	1.12
Bank Loans	5,397	0.23
Commercial Mortgage-Backed Securities	46,791	4.66
Corporate Bonds	1,031,566	5.48
Government Agencies	71,807	4.58
Government Bonds	801,489	6.74
Government Mortgage-Backed Securities	377,823	4.81
Index Linked Government Bonds	596,477	7.17
Municipal/Provincial Bonds	7,360	2.89
Non-Government Backed Collateralized		
Mortgage Obligations (C.M.O.s)	1,563	1.03
Opportunistic Debts	109,931	0.19
Other Fixed Income (Funds)	1,033,950	6.02
Derivative Instruments	(173)	12.6
Total	<u>\$ 4,169,249</u>	

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by Standard and Poor's (S&P), a nationally-recognized statistical rating organization, as of June 30, 2018, are as follows:

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

S & P Ratings	Fair Value (in thousands)	Percentage
AAA	\$ 84,057	2.86 %
AA	1,447,300	49.25
A	147,895	5.03
BBB	488,161	16.61
BB	245,712	8.36
B	337,064	11.47
CCC	34,995	1.19
C	1,079	0.04
D	607	0.02
Not Rated	152,102	5.17
	2,938,972	100.00 %
U.S. Government Guaranteed Securities *	1,230,277	
Total Fixed Income Investments	\$ 4,169,249	

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

Concentration of Credit Risk. The investment portfolio as of June 30, 2018, 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, 2018, LACERS has exposure to such risk in the amount of \$31.3 million, or 0.5% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 11 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, 2018, 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 27% 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, 2018, which represent 28.5% of the fair value of total investments, are as follows (in thousands):

Foreign Currency	Fair Value
Australian Dollar	\$ 176,106
Brazilian Real	59,463
British Pound Sterling	690,674
Canadian Dollar	199,911
Chilean Peso	3,554
Chinese Yuan Renminbi	(933)
Colombian Peso	3,495
Czech Koruna	3,585
Danish Krone	63,180
Egyptian Pound	3,364
Euro	1,326,652
Hong Kong Dollar	423,876
Hungarian Forint	(880)
Indian Rupee	119,122
Indonesian Rupiah	24,212
Israeli New Shekel	8,664
Japanese Yen	832,765
Malaysian Ringgit	32,194
Mexican Peso	31,133
New Taiwan Dollar	142,661
New Zealand Dollar	13,764
Norwegian Krone	54,258
Peruvian Nuevo Sol	1,303
Philippine Peso	5,216
Polish Zloty	8,445
Qatari Rial	4,904
Russian Ruble	17,305
Singapore Dollar	67,399
South African Rand	68,224
South Korean Won	165,848
Swedish Krona	99,099
Swiss Franc	258,639
Thai Baht	30,685
Turkish Lira	15,084
United Arab Emirates Dirham	1,914
Total	\$ 4,954,885

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	\$ 85,268
Commercial Mortgage-Backed Securities	46,791
Government Agencies	71,807
Government Mortgage-Backed Securities	377,823
Non-Government Backed C.M.O.s	1,563
Total	\$ 583,252

Money-Weighted Rate of Return. For the fiscal year ended June 30, 2018, the aggregate annual money-weighted rate of return on LACERS investments, net of investment expenses was 9.55%. 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, 2018, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Commodities	\$ 180,587	\$ 1,057	\$ (1,104)
Equity Index	16,278	111	243
Foreign Exchange	(25,500)	(299)	(300)
Interest Rate	(5,064)	(173)	(181)
Currency Forward			
Contracts	234,346	(65)	(4)
Currency Options	N/A	198	(71)
Right / Warrants	N/A	171	57
Total Value		\$ 1,000	\$ (1,360)

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, 2018, without respect to netting arrangements, LACERS maximum loss on derivative instruments subject to credit risk, namely currency forward contracts, is \$2.8 million. All counterparties of these investment derivatives had the credit rating of "A" or "AA" assigned by Standard & Poor's.

Securities Lending Transactions. Under authority granted by the City Charter, 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-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, 2018, 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.

The following table represents the fair value of securities on loan and cash/non-cash collateral received as of June 30, 2018 (in thousands):

Securities on Loan	Fair Value of Securities on Loan	Cash/Non-Cash Collateral Received
U.S. Government and Agency Securities	\$ 426,027	\$ 435,948
Domestic Corporate Fixed Income Securities	137,145	140,723
International Fixed Income Securities	97,385	103,495
Domestic Stocks	426,234	437,096
International Stocks	563,588	600,872
	\$ 1,650,379	\$ 1,718,134

As of June 30, 2018, the fair value of the securities on loan was \$1.7 billion. The fair value of associated collateral was \$1.7 billion. Of this amount, \$795.1 million represents the cash collateral and \$923.1 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 (DWP Plans)**

At June 30, 2018, DWP Plans' investments are as follows (in thousands):

Investment Type	Retirement, Disability, and Death Benefit	Retiree Health Benefits	Total
	Insurance Plan	Plan	
Domestic Stocks	\$ 4,320,048	\$ 761,220	\$ 5,081,268
International Stocks	2,342,245	392,987	2,735,232
Mortgage and Asset-Backed Securities	141,716	26,062	167,778
Domestic Corporate Bonds	845,773	143,229	989,002
International Bonds	427,081	68,961	496,042
Alternative Investments	1,628,016	281,791	1,909,807
Real Estate	716,441	107,330	823,771
U.S. Treasuries	696,548	120,834	817,382
U.S. Agency Notes	761,301	129,716	891,017
Municipal / Provincial Bonds	3,919	662	4,581
Short-Term Investments	391,626	61,420	453,046
Security Lending Collateral	608,737	126,474	735,211
Total	\$ 12,883,451	\$ 2,220,686	\$ 15,104,137

DWP Plans has the following recurring fair value measurement as of June 30, 2018 (in thousands):

Investments by Fair Value	Fair Value Measurements 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	\$ 5,081,268	\$ --	\$ --	\$ 5,081,268
International Equities	2,735,232	--	--	2,735,232
Preferred Securities	32,218	--	--	32,218
Fixed Income Securities				
U.S. Treasuries	--	817,382	--	817,382
U.S. Agencies	--	891,017	--	891,017
Mortgage and Asset Backed Securities	--	167,778	--	167,778
Corporate Debt - Domestic	--	956,784	--	956,784
Corporate Debt - International	--	348,557	--	348,557
Government Debt - International	--	147,485	--	147,485
Municipal / Provincial Bonds	--	4,581	--	4,581
Alternative Investments				
GILS	--	424,712	--	424,712
Real Estate	61,030	--	--	61,030
Total Investments by Fair Value	\$ 7,909,748	\$ 3,758,296	\$ --	\$ 11,668,044

* Mutual funds of \$453.0 million and Sec Lending ST investments of \$735.2 million are not included in FV hierarchy. Investment measured at NAV are also not included within the fair value hierarchy.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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.

Alternative investments classified under level 2 include global inflation linked securities (GILS) managed by Western Assets Management Company with total fair value of \$424.7 million. The fair value determination techniques may include, but not be limited to, matrix pricing and 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 for multiple companies and applied to the capital structure of the security being priced.

Fair Value of Investments Measured at the Net Asset Value (NAV). Below is a summary of the DWP Plans' investments at June 30, 2018 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
Private Equity				
Direct partnership	\$ 486,339	\$ 399,914	Not Eligible	Not Eligible
Fund of funds	97,287	209,435	Not Eligible	Not Eligible
Real Estate				
Open ended	444,037	--	Quarterly	45-90 days
Close ended	318,704	420,390	Not Eligible	Not Eligible
Real Return				
Commodities	161,152	--	Daily	2 days
Timberland	39,798	--	Not Eligible	Not Eligible
Hedge Fund				
Fund of funds	700,519	--	1-30 Days	30-60 Days
Total Investments Measured at the NAV	<u>\$ 2,247,836</u>	<u>\$ 1,029,739</u>		

DWP Plans' private equity portfolio consists of, ventured capital, leveraged buyouts, distressed debt, and other special equity funds. DWP Plans' participation is either through direct partnership or fund of funds. Both structures are not eligible for redemption. Instead, distributions are received as underlying investments within the partnerships and funds are liquidated, which on average can occur over the span of 10 to 15 years.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The real estate portfolio consists of investments in domestic and international commercial and industrial real property. DWP Plans is invested in both open ended and close ended funds/partnerships. Open ended funds/partnerships can be redeemed subject to the redemption schedule as listed above. Close ended funds/partnerships are not eligible for redemption. Instead, distributions are received as underlying investments within the funds/partnerships are liquidated, which on average can occur over the span of 10 to 15 years.

Real return investments include a commingled commodities fund and two timberland direct partnerships. The timberland partnerships are not eligible for redemption. The estimated duration of these partnerships ranges from 10 to 15 years.

Two hedge fund investments are executed through fund of funds. The underlying third party hedge fund managers' strategies could include, but is not limited to convertible arbitrage, distressed securities, fixed income arbitrage, merger arbitrage, long/short credit, long/short equity, etc.

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. If a bond is rated by all three rating agencies, then it must be graded BB+ or Ba1 or below by two or more rating agencies. If a bond is rated by two rating agencies, it must be rated below investment grade by at least one rating agency.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The credit ratings of DWP Plans' investments at June 30, 2018 are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 107,775	5.11 %
A or better	136,654	6.48
B or better	1,137,677	53.91
C or better	145,719	6.90
Not rated	582,624	27.60
Subtotal	2,110,449	100.00 %
U.S. Government Issued or Guaranteed Securities	1,708,399	
Total Fixed Income Investments	\$ 3,818,848	

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, 2018, 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 investment shall be invested in any one issue. United States Treasury or United States Agency issues are exempted from this limitation. As of June 30, 2018, there were no investments holdings of more than 5% in any one issue of each fund's net position or in the 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, 2018, DWP Plans' exposure to interest rate risk is as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 817,382	3.97
U.S. Agency Notes	891,017	21.21
Preferred Securities/Convertible Bonds/Other	32,218	--
Mortgage and Asset-Backed Securities	167,778	18.43
Corporate Debt - Domestic	956,784	9.15
Corporate Debt - International	348,557	17.45
Government Debt - International	147,485	11.39
Municipal / Provincial Bonds	4,581	17.19
Mutual Funds	453,046	--
Total	\$ 3,818,848	10.95

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, 2018, DWP Plans' exposure to foreign currency risk is 13.1% of the fair value of total investments, as follows (in thousands):

Foreign Currency	Fair Value
Australian Dollar	\$ 55,385
Brazil Real	16,917
Canadian Dollar	81,212
Danish Krone	12,499
Euro Currency Unit	659,790
Hong Kong Dollar	122,032
Hungarian Forint	1,045
Indonesian Rupiah	10,778
Japanese Yen	328,669
Malaysian Ringgit	15,349
Mexican New Peso	22,577
New Taiwan Dollar	57,216
New Zealand Dollar	8,392
Norwegian Krone	18,946
Philippine Peso	1,017
Polish Zloty	1,511
Pound Sterling	316,088
S. African Rand	18,398
Singapore Dollar	6,534
South Korea Won	60,347
Swedish Krona	19,316
Swiss Franc	120,336
Thailand Baht	16,469
Turkish Lira	8,366
Total	<u>\$ 1,979,189</u>

Money-Weighted Rate of Return. For the fiscal year ended June 30, 2018, the annual money-weighted rate of return on DWP Plans' investments, net of investment expense, was 8.9%. 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, 2018, 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)	\$ 14,752	Investment	\$ 10,448	\$ 1,273,019

At June 30, 2018, 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 the DWP Plans' custodial bank. DWP Plans or the borrowers can terminate the contract with advance notice. Prior to August 2013, the lending arrangements are collateralized by cash and marketable securities (guaranteed by the full faith and credit of the U.S. Government) at (i) 102% with respect to U.S. Securities; (ii) 105% with respect to foreign securities; or (iii) a percentage mutually agreed of the underlying securities' market value. In August 2013, DWP Plans Retirement 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 the 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, 2018, DWP Plans has no credit risk exposure because the value of the collateral received exceeded the value of the securities on loan.

DWP Plans' custodian is the authorized agent to handle DWP Plans' securities lending activity. DWP Plans' custodian may invest the cash collateral received in connection with securities on loan in investments permitted by DWP Plans. DWP Plans bears sole risk of all losses of the invested collateral, including losses incurred in the event of liquidation of the permitted investments. The custodian bank is responsible for the return of loaned securities from borrowers. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which has an average maturity of 79 days as of June 30, 2018.

The fair values of the underlying securities on loan, collateralized by cash and securities as of June 30, 2018 are (in thousands):

Securities on Loan	Amount
Global Equities	\$ 200,350
Global Corporate Fixed	19,218
Global Government Fixed	496,180
U.S. Agency Notes	4,665
U.S. Corporate Fixed	174,073
U.S. Equities	415,300
U.S. Government Fixed	274,916
Total	<u>\$ 1,584,702</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, 2018, 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	\$ 161	\$ 161	\$ --	\$ --	\$ --
U.S. Agencies Securities	488,348	39,063	280,019	127,639	41,627
Mutual Funds	60,880	60,880	--	--	--
Money Market Funds	441,611	441,611	--	--	--
Common Stock	263	263	--	--	--
State of California LAIF	222,479	--	--	222,479	--
Total	\$ 1,213,742	\$ 541,978	\$ 280,019	\$ 350,118	\$ 41,627

Credit Risk. At June 30, 2018, \$35.8 million of U.S. Agencies Securities were rated AA+ by S&P and Aaa by Moody's. \$61.2 was rated Aaa by Moody's. The remaining \$391.3 million were not rated by S&P or Moody's. \$428.6 million of money market funds were rated AAAM or higher by S&P and Aaa by Moody's. The remaining \$13.0 million were not rated by S&P or Moody's. Mutual funds and short-term investment funds were not rated by S&P or Moody's.

As of June 30, 2018, investments in the Local Agency Investment Fund (LAIF) held by fiscal agents totaled \$222.5 million. The total amount invested by all public agencies in LAIF was \$22.5 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2018, the investments in the PMIA totaled \$88.9 billion, of which 97.3% is invested in non-derivative financial products and 2.7% in structured notes and asset-backed securities. The weighted average maturity of LAIF investments was 193 days as of June 30, 2018. 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, 2018, the City had no investment holdings of more than 10% in any one issuer.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**B. Receivables****1. Primary Government**

The primary government's net receivables at June 30, 2018 are as follows (in thousands):

	Governmental Activities	Business-type Activities
Gross Receivables		
Taxes	\$ 700,169	\$ --
Accounts	584,212	1,293,944
Special Assessments	12,545	--
Investment Income	24,733	15,417
Intergovernmental	269,507	67,271
Loans and Notes	2,179,075	553,692
Total	<u>3,770,241</u>	<u>1,930,324</u>
Allowance for Uncollectibles		
Taxes	(14,249)	--
Accounts	(375,431)	(308,566)
Loans and Notes	(945,339)	--
Total	<u>(1,335,019)</u>	<u>(308,566)</u>
Net Receivables	<u>\$ 2,435,222</u>	<u>\$ 1,621,758</u>
Net Receivables not scheduled for collection during the subsequent year:		
Loans, Notes and Intergovernmental	\$ 1,228,966	\$ 472,314

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 0.0% 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 \$429.8 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) Term 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, 2018 (in thousands):

	Governmental Activities	Business-type Activities
Cash and Investments		
Pooled Cash and Cash Equivalents, and Other Investments	\$ 20,354	\$ 2,260,957
Investments Held by Escrow and Fiscal Agents	--	1,761,023
Subtotal	<u>20,354</u>	<u>4,021,980</u>
Other Restricted Assets		
Restricted Passenger/Customer Facility Charge Receivable	--	33,417
Total (Refer to Note 1E)	<u>\$ 20,354</u>	<u>\$ 4,055,397</u>

Restricted assets of \$20.4 million for governmental activities pertain to funds restricted for low and moderate income housing projects and systematic code enforcement fee.

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)**1. Power Enterprise Fund**

Below is a summary of Power's regulatory assets and liabilities at June 30, 2018 (in thousands):

Description	Balance			Balance June 30, 2018
	June 30, 2017	Additions	Deductions	
Assets				
Underrecovered Costs	\$ 155,629	\$ --	\$ (29,980)	\$ 125,649
Regulatory Assets – Legal Settlements	112,000		(16,000)	96,000
Regulatory Assets – Solar Incentive Program	205,314	22,806	(12,996)	215,124
Regulatory Assets – Energy Efficiency Program	374,687	166,767	(54,273)	487,181
Regulatory Assets – Customer Care and Billing System	63,302	39,967	(2,878)	100,391
Regulatory Assets – Other	755,303	229,540	(86,147)	898,696
Regulatory Assets – Pension	614,850	--	(132,657)	482,193
Regulatory Assets – OPEB	--	451,182	(21,110)	430,072
Current Portion of Underrecovered Costs	213,912	311,646	(213,912)	311,646
Total Regulatory Assets	\$ 1,739,694	\$ 992,368	\$ (483,806)	\$ 2,248,256
Liabilities				
Deferred Inflows from Business Activities	103,627	93	--	103,720
Total Regulatory Liabilities	\$ 103,627	\$ 93	\$ --	\$ 103,720

Regulatory assets for legal settlements 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. At June 30, 2018, Power has 26 energy efficiency programs. 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 OPEB regulatory asset was established in relation with the implementation of GASB Statement No. 75 and is expected to be amortized over a period not to exceed 15 years.

As provided in the Electric Rate Ordinance, overrecovered 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. The Power plans to adjust rates to recover the accumulated balance in underrecovered costs in the next 12 months and thus, overrecovered costs are shown as a current liability and underrecovered costs are shown as a current asset and represent the balance in the balancing accounts when the amount billed through rates is higher or lower than the costs for the year then conservation efforts resulting in less pass through revenue.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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. For the year ended June 30, 2018, the Power did not recognize any of this revenue.

Underrecovered costs of \$125.6 million was shown as other noncurrent assets in the Statement of Net Position at June 30, 2018.

2. Water Enterprise Fund

Below is the summary of Water's regulatory assets at June 30, 2018 (in thousands):

Description	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Regulatory Assets – Water Conservation Rebates	\$ 113,498	\$ 13,005	\$ (10,128)	\$ 116,375
Regulatory Assets – Stormwater Capture Program	35,489	--	(941)	34,548
Regulatory Assets – Customer Care and Billing System	27,813	18,495	(1,339)	44,969
Regulatory Assets – Other	176,800	31,500	(12,408)	195,892
Regulatory Assets – Pension	293,212	--	(63,761)	229,451
Regulatory Assets – OPEB	--	211,740	(12,251)	199,489
Underrecovered Costs	266,231	131,394	(266,231)	131,394
Total	\$ 736,243	\$ 374,634	\$ (354,651)	\$ 756,226

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.

The goal of Water's Stormwater Capture Program is 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 customers. Beginning August 2013, customers' bills include a related charge to be collected over a period of at least 30 years.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

In 2016, the Board approved using regulatory accounting for certain Customer Care and Billing System (CC&B) settlement costs for remediation efforts. These costs will be accumulated as regulatory assets to be recovered at a future date. As part of the implementation of CC&B, significant investments in the training of the Water's employees were capitalized as a regulatory asset. Beginning January 2014, customers' bills include a charge to be collected over a 10-year period for the training costs.

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 OPEB regulatory asset was established in relation with the implementation of GASB Statement No. 75 and is expected to be amortized over a period not to exceed 15 years.

As provided in the Water System Rate Ordinance, Water is required to maintain balancing accounts to record differences between specific costs incurred and amounts billed through rates to recover those costs. At June 30, 2018, underrecovered costs of \$131.4 million was included in the prepaid and other assets in the Statement of Net Position.

E. Joint Ventures**1. 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. At June 30, 2018, there were no outstanding bonds.

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, 2018 was \$5.7 million.

2. 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 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, 2018, 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****1. Governmental Activities**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2018 is as follows (in thousands):

	Balance June 30, 2017	Additions / Transfers	Deductions / Transfers	Balance June 30, 2018
Capital Assets Not Depreciated / Amortized				
Land	\$ 822,260	\$ 40,631	\$ --	\$ 862,891
Infrastructure	528,002	86,524	--	614,526
Construction in Progress	786,803	193,510	(244,372)	735,941
Intangible Assets	22,134	6,914	(540)	28,508
Total Capital Assets Not Depreciated / Amortized	<u>2,159,199</u>	<u>327,579</u>	<u>(244,912)</u>	<u>2,241,866</u>
Capital Assets Depreciated / Amortized				
Buildings and Improvements	4,830,530	211,097	--	5,041,627
Machinery, Furniture and Equipment	1,524,275	135,799	(64,488)	1,595,586
Infrastructure	3,473,024	86,543	(1,289)	3,558,278
Intangible Assets	126,629	11,215	--	137,844
Total Capital Assets Depreciated / Amortized	<u>9,954,458</u>	<u>444,654</u>	<u>(65,777)</u>	<u>10,333,335</u>
Less: Accumulated Depreciation / Amortization				
Buildings and Improvements	(1,795,427)	(123,213)	--	(1,918,640)
Machinery, Furniture and Equipment	(1,090,679)	(128,684)	64,488	(1,154,875)
Infrastructure	(1,447,879)	(75,441)	1,289	(1,522,031)
Intangible Assets	(75,099)	(11,726)	--	(86,825)
Total Accumulated Depreciation / Amortization	<u>(4,409,084)</u>	<u>(339,064)</u>	<u>65,777</u>	<u>(4,682,371)</u>
Total Capital Assets Depreciated / Amortized, Net	<u>5,545,374</u>	<u>105,590</u>	<u>--</u>	<u>5,650,964</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,704,573</u>	<u>\$ 433,169</u>	<u>\$ (244,912)</u>	<u>\$ 7,892,830</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	\$ 40,835
Protection of Persons and Property	99,457
Public Works	52,298
Health and Sanitation	30,013
Transportation	54,846
Cultural and Recreational Services	60,516
Community Development	1,099
Total Depreciation Expense - Governmental Activities	<u>\$ 339,064</u>

2. Business-type Activities

Capital asset activity for business-type activities for the fiscal year ended June 30, 2018 is as follows (in thousands):

	Balance June 30, 2017	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2018
Capital Assets Not Depreciated / Amortized				
Land	\$ 2,676,203	\$ 232,186	\$ (1,218)	\$ 2,907,171
Construction in Progress	3,820,390	2,528,071	(2,018,360)	4,330,101
Intangible Assets	60,442	--	(298)	60,144
Nuclear Fuel	41,465	13,249	(13,187)	41,527
Natural Gas Field	198,145	21	(16,618)	181,548
Total Capital Assets Not Depreciated / Amortized	<u>6,796,645</u>	<u>2,773,527</u>	<u>(2,049,681)</u>	<u>7,520,491</u>
Capital Assets Depreciated / Amortized				
Buildings, Facilities and Equipment	47,571,976	2,814,022	(81,490)	50,304,508
Intangible Assets	193,711	34,476	--	228,187
Total Capital Assets Depreciated / Amortized	<u>47,765,687</u>	<u>2,848,498</u>	<u>(81,490)</u>	<u>50,532,695</u>
Less: Accumulated Depreciation / Amortization				
Buildings, Facilities and Equipment	(18,893,223)	(1,317,247)	63,086	(20,147,384)
Intangible Assets	(2,572)	(623)	--	(3,195)
Total Accumulated Depreciation / Amortization	<u>(18,895,795)</u>	<u>(1,317,870)</u>	<u>63,086</u>	<u>(20,150,579)</u>
Capital Assets Depreciated / Amortized, Net	<u>28,869,892</u>	<u>1,530,628</u>	<u>(18,404)</u>	<u>30,382,116</u>
Business Type Activities Capital Assets Net	<u>\$ 35,666,537</u>	<u>\$ 4,304,155</u>	<u>\$ (2,068,085)</u>	<u>\$ 37,902,607</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Depreciation expense charged to functions of business-type activities:

Airports	\$ 365,465
Harbor	167,984
Power	554,354
Water	165,290
Sewer	168,516
Convention Center	<u>12,599</u>
Total	<u><u>\$ 1,434,208</u></u>

Depreciation and amortization expense on the Statement of Revenues, Expenses and Changes in Fund Net Position includes amortization expense on regulatory assets, which is not included in the additions to accumulated depreciation above.

Power has undivided direct interests in several electric generating stations and transmission systems that 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, 2018:

	Ownership Interest	Share of Capacity (megawatts)	Utility Plant in Service (in thousands)	
			Cost	Accumulated Depreciation
Palo Verde Nuclear Generating Station	5.7 %	224	\$ 598,434	\$ 412,775
Mojave Generating Station	10.0	--	3,408	229
Pacific Intertie DC Transmission Line	40.0	1,240	190,174	81,045
Other Transmission Systems	--	Various	<u>112,929</u>	<u>68,718</u>
Total			<u><u>\$ 904,945</u></u>	<u><u>\$ 562,767</u></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, 2018 (in thousands):

1. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	MICLA Special Revenue	\$ 4,811
	Nonmajor Governmental Funds	109,419
	Sewer	1,057
		<u>115,287</u>
Nonmajor Governmental Funds	General	97,385
	Nonmajor Governmental Funds	17,156
	Agency Fund	185
	Sewer	5
		<u>114,731</u>
Airports	General	<u>2,935</u>
Power	Water	<u>9,846</u>
Sewer	General	32,963
	Nonmajor Governmental Funds	116
		<u>33,079</u>
Total		<u>\$ 275,878</u>

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 Nonmajor Governmental 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, 2018.

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**2. Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	\$ 8,814
MICLA Debt Service	Nonmajor Governmental Funds	130,829
Nonmajor Governmental Funds	General	2
	Nonmajor Governmental Funds	300
	Agency Funds	45
		<u>347</u>
Sewer	General	18,389
	Nonmajor Governmental Funds	5,773
		<u>24,162</u>
Agency Funds	Nonmajor Governmental Funds	20,663
Total		<u>\$ 184,815</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 \$130.8 million MICLA Debt Service advances to other funds represent loans for redeeming Special Parking Revenue Fund bonds, repayment of Street Lighting Maintenance Assessment Fund liabilities to DWP and California Energy Resources and Development Commission; Sixth Street Viaduct Improvement Fund; and Staples Center Trust Fund. The \$18.4 million Sewer advances to the General Fund pertain to related costs reimbursements of \$12.3 million, and \$6.1 million expenditures incurred for the repair of various wastewater facilities damaged during the Northridge earthquake.

3. Interfund Transfers

Transfers In	Transfers Out	Amount
General	MICLA Special Revenue	\$ 257
	Nonmajor Governmental Funds	35,210
	Power	241,848
		<u>277,315</u>
MICLA Special Revenue	General	330
MICLA Debt Service	General	207,085
	MICLA Special Revenue	38,722
		<u>245,807</u>
Nonmajor Governmental Funds	General	435,646
	Nonmajor Governmental Funds	64,276
		<u>499,922</u>
Total		<u>\$ 1,023,374</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 2018, significant transfers include the following: 1) \$241.9 million from Power to the General Fund; 2) \$245.8 million from General Fund and MICLA Special Revenue Fund for the purpose of debt requirement obligations; and 3) \$435.6 million budget allocation from the General Fund to finance various departmental programs including \$191.1 million to the Recreation and Parks, \$167.8 million for Library Department, and \$13.7 million for payments of sidewalk and curb repairs.

H. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at June 30, 2018 are broken down as follows (in thousands):

	Governmental Activities	Business-type Activities
Accounts, Contracts and Retainage Payable	\$ 269,830	\$ 847,941
Accrued Salaries and Overtime Payable	229,588	126,592
Intergovernmental Payable	4,729	--
Other Current Liabilities (excluding workers' compensation, claims, and pollution remediation liability)	--	43,071
Total	<u>\$ 504,147</u>	<u>\$ 1,017,604</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**I. Long-term Liabilities****1. Governmental Activities**Changes in Long-term Liabilities

The changes in the governmental activities long-term liabilities for the fiscal year ended June 30, 2018 are as follows (in thousands):

	Balance June 30, 2017 Restated	Additions	Deductions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds	\$ 720,435	\$ 168,265	\$ (188,490)	\$ 700,210	\$ 91,340
Judgment Obligation Bonds	22,545	--	(7,990)	14,555	8,365
Certificates of Participation and Lease Revenue Bonds	1,536,964	111,330	(166,996)	1,481,298	147,887
Commercial Paper Notes	274,000	155,000	(108,900)	320,100	--
Revenue Bonds	178,720	--	(31,355)	147,365	31,560
Subtotal Bonds and Notes	2,732,664	434,595	(503,731)	2,663,528	279,152
Add: Unamortized Premium and Discount	206,264	27,609	(35,090)	198,783	--
Total Bonds and Notes	2,938,928	462,204	(538,821)	2,862,311	279,152
Claims and Judgments	2,549,226	270,990	(316,514)	2,503,702	379,444
Loans Payable to HUD	105,659	--	(15,192)	90,467	4,659
Compensated Absences	600,134	459,809	(430,658)	629,285	169,693
Landfill Liability	46,080	829	--	46,909	--
Estimated Pollution Remediation Liability	47,679	17,852	(48,697)	16,834	3,143
Net Pension Liability	7,071,117	1,258,831	(2,168,897)	6,161,051	--
Net OPEB Liability	2,183,423	388,592	(414,911)	2,157,104	--
Governmental Activities Long-term Liabilities	<u>\$ 15,542,246</u>	<u>\$ 2,859,107</u>	<u>\$ (3,933,690)</u>	<u>\$ 14,467,663</u>	<u>\$ 836,091</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, 2018	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
November 2016	Homelessness Reduction and Prevention and Housing Projects	1,200,000	86,370	1,113,630
Total		<u>\$ 3,723,948</u>	<u>\$ 2,549,818</u>	<u>\$ 1,174,130</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, 2018 and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Series 2009-A	9/1/23	1.500% - 4.000%	\$ 123,550	\$ 4,050
Series 2009-B	9/1/29	5.500% - 5.650%	52,950	52,950
Series 2011-A	9/1/31	1.500% - 5.000%	117,000	11,700
Series 2011-B, Refunding	9/1/23	2.000% - 5.000%	259,660	159,605
Series 2012-A, Refunding	9/1/25	3.000% - 5.000%	225,850	163,395
Series 2016-A, Refunding	9/1/31	1.050% - 3.150%	143,815	140,245
Series 2017-A	9/1/37	1.470% - 3.500%	86,370	86,370
Series 2017-B, Refunding	9/1/27	0.820% - 1.850%	81,895	81,895
Total			<u>\$ 1,091,090</u>	<u>\$ 700,210</u>

On July 13, 2017, the City issued General Obligation Bonds (GOB) Series 2017-A Proposition HHH Construction Fund for \$86.4 million, for the purpose of providing safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, senior, foster youth, and the disabled, and providing facilities to increase access to mental health care, drug and alcohol treatment and other services, as authorized by over two-thirds of all of the qualified vote at the special election on November 8, 2016. On July 13, 2017, the City issued General Obligation Refunding Bonds Series 2017-B for \$81.9 million to refunding GOB Series 2005-B, 2006-A and 2008-A.

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>
2019	\$ 91,340	\$ 27,827	\$ 119,167
2020	91,640	23,818	115,458
2021	88,245	19,934	108,179
2022	83,345	16,256	99,601
2023	70,605	12,969	83,574
2024-2028	187,280	32,887	220,167
2029-2033	66,180	8,035	74,215
2034-2038	21,575	1,855	23,430
Subtotal	700,210	143,581	843,791
Unamortized Premium and Discount	35,967	--	35,967
Total	<u>\$ 736,177</u>	<u>\$ 143,581</u>	<u>\$ 879,758</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, 2018 and the original amounts issued are as follows (in thousands):

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Series 2009-A	6/1/19	2.000% - 5.000%	\$ 20,600	\$ 2,430
Series 2010-A	6/1/20	4.000% - 5.000%	50,875	12,125
Total			<u>\$ 71,475</u>	<u>\$ 14,555</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>
2019	\$ 8,365	\$ 662	\$ 9,027
2020	6,190	305	6,495
Subtotal	14,555	967	15,522
Unamortized Premium and Discount	193	--	193
Total	<u>\$ 14,748</u>	<u>\$ 967</u>	<u>\$ 15,715</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, 2018 and the aggregate original amount issued for MICLA's certificates of participation and lease revenue bonds are as follows (in thousands):

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
MICLA Various Projects	Various dates through 2040	1.260% - 7.842%	<u>\$ 1,953,580</u>	<u>\$ 1,481,298</u>

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 2018 totaled \$214.9 million, while revenue from leases received and investment earnings totaled \$222.9 million.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 147,887	\$ 63,885	\$ 211,772
2020	143,623	56,818	200,441
2021	137,524	51,156	188,680
2022	131,534	45,772	177,306
2023	89,469	41,028	130,497
2024-2028	346,816	154,285	501,101
2029-2033	230,610	87,369	317,979
2034-2038	228,830	30,173	259,003
2039-2040	25,005	1,983	26,988
Subtotal	<u>1,481,298</u>	<u>532,469</u>	<u>2,013,767</u>
Unamortized Premium and Discount	<u>153,254</u>	<u>--</u>	<u>153,254</u>
Total	<u>\$ 1,634,552</u>	<u>\$ 532,469</u>	<u>\$ 2,167,021</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

On February 6, 2018, MICLA issued Lease Revenue Bonds Series 2018-A of \$54.4 million and 2018-B of \$31.3 million with interest rates of 5.000%, and maturing on November 1, 2027 and November 1, 2037, respectively. These bonds were issued for retiring of certain maturities of commercial paper notes. Within the same issuance, MICLA issued Lease Revenue Refunding Bonds Series 2018-C of \$25.6 million with interest rates of 2.020% to 3.417% and maturing on November 1, 2027. These bonds were issued to advance refund all of the outstanding Taxable Certificates of Participation (MICLA AK) Hollywood and Highland Theater Project.

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). The Mayor and City Council increased the Program to \$300.0 million in December 2009, to \$335.0 million in June 2013, and to \$395.0 million in May 2016. This program supplements the MICLA capital equipment and real property lease program, and allows MICLA to access financial markets quickly; to obtain flexible, short-term maturities; to borrow only those amounts needed as invoices are received; and to borrow at more favorable rates. The notes issued mature at a specific time between one and 270 days of issuance. Upon maturity, they are either re-sold in the open market or refinanced with longer-term bonds. As a security to the notes, the City and MICLA entered into an asset-transfer lease agreement on certain capital assets with a carrying net book value as of June 30, 2018 of \$112.2 million and estimated fair value of \$565.4 million. In November 2015, the City created a separate commercial paper program to issue Lease Revenue Commercial Paper Notes for the purposes of making capital improvements to the Los Angeles Convention Center facility, which would also represent a lease obligation of the City.

The notes are further secured by direct-pay letters of credit (LOCs) from five commercial banks. Should the City draw on the LOCs and not repay the advance within ninety days, the advance is converted to a term loan with quarterly payments due for five years at various interest rates based on the different letter of credit and reimbursement agreement with banks 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 LOCs are as follows (in thousands):

Series	Authorized Amount	Outstanding Amount	LOC Fee Rate	Expiration Date
Convention Center	\$ 110,000	\$ 17,700	0.350%	6/30/2019
Series A-1/B-1	130,000	85,300	0.450%	6/30/2019
Series A-2/B-2	55,000	45,000	0.450%	6/30/2019
Series A-3/B-3	60,000	54,600	0.400%	6/30/2019
Series A-4/B-4	150,000	117,500	0.480%	6/30/2021
	<u>\$ 505,000</u>	<u>\$ 320,100</u>		

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

During the year, MICLA issued \$155.0 million of commercial paper notes for the acquisition of capital assets. At June 30, 2018, outstanding commercial paper notes amounted to \$320.1 million with interest rates ranging from 1.20% to 2.25%.

Build America and Qualified Energy Conservation Bonds

MICLA has designated Series 2009-D, Series 2010-B, and Series 2010-C as “Recovery Zone Economic Development Bonds” and Series 2011-A as a “Qualified Energy Conservation Bond” under the provisions of the American Recovery and Reinvestment Act of 2009. MICLA 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, 2018, MICLA recorded \$1.8 million of the interest subsidy as revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance. Due to the actions by Congress relative to sequestration on March 1, 2013, the subsidy amount of the interest due to bondholders was reduced by 7.3%.

Revenue Bonds

The revenue bonds outstanding at June 30, 2018 and the original amounts issued are as follows (in thousands):

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Solid Waste Resources				
Revenue Bonds				
2009-A Series	2/01/19	2.000% - 5.000%	\$ 65,020	\$ 9,820
2009-B Series, Refunding	2/01/20	2.000% - 5.000%	49,485	10,390
2013-A Series	2/01/27	2.000% - 5.000%	73,665	56,665
2013-B Series, Refunding	2/01/29	2.000% - 5.000%	78,780	17,085
2015 Series, Refunding	2/01/24	2.000% - 5.500%	76,670	53,405
Total			<u>\$ 343,620</u>	<u>\$ 147,365</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 \$38.9 million and \$302.9 million, respectively.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year	Principal	Interest	Total
2019	\$ 31,560	\$ 6,021	\$ 37,581
2020	32,470	4,441	36,911
2021	15,385	2,720	18,105
2022	11,410	1,951	13,361
2023	12,185	1,380	13,565
2024 - 2028	43,355	2,624	45,979
2029	1,000	27	1,027
Subtotal	147,365	19,164	166,529
Unamortized Premium	9,369	--	9,369
Total	<u>\$ 156,734</u>	<u>\$ 19,164</u>	<u>\$ 175,898</u>

Loans Payable to HUD

The Loans Payable to HUD consist of \$32.3 million fixed-rate loans and \$58.2 million interim financing loans. The loans will be repaid from program income generated by Home Partnership Act Grant (HOME), Community Development Block Grant (CDBG) entitlements and Section 108 Loan Program Funds. The debt service requirements to maturity are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2019	\$ 4,659	\$ 2,520	\$ 7,179
2020	6,235	2,350	8,585
2021	6,930	2,152	9,082
2022	7,105	1,890	8,995
2023	7,528	1,669	9,197
2024 - 2028	31,866	5,260	37,126
2029 - 2033	26,144	1,275	27,419
Total	<u>\$ 90,467</u>	<u>\$ 17,116</u>	<u>\$ 107,583</u>

The interest rates on the fixed-rate loans of \$32.3 million range from 2.620% to 7.210% and have maturity dates through 2033. The interim financing loans of \$58.2 million bear interest payable quarterly at 20 basis points (0.20%) above the applicable London Interbank Offered Rate (LIBOR). The loans mature on various dates through 2033. The interest rate in effect (LIBOR + 0.200%) as of June 30, 2018 of 2.530% was used in the debt service requirement schedule.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**2. 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, 2018 are as follows (in thousands):

	Balance June 30, 2017			Balance June 30, 2018	Due Within One Year
	Restated	Additions	Deductions		
Airports Revenue Bonds and Notes	\$ 5,006,095	\$ 1,063,147	\$ (372,895)	\$ 5,696,347	\$ 181,662
Harbor Revenue Bonds and Loans	891,740	--	(37,615)	854,125	44,015
Power System Revenue Bonds and Revenue Certificates	8,830,404	729,440	(547,433)	9,012,411	265,005
Water System Revenue Bonds and Loans	5,137,384	280,688	(78,374)	5,339,698	103,846
Wastewater System Revenue Bonds, Notes, and Loans	2,780,370	50,000	(95,754)	2,734,616	147,943
Subtotal Revenue Bonds, Notes, and Loans	22,645,993	2,123,275	(1,132,071)	23,637,197	742,471
Add (Less):					
Net Unamortized Premiums and Discounts	1,755,637	329,057	(149,262)	1,935,432	--
Net Revenue Bonds, Notes, and Loans	24,401,630	2,452,332	(1,281,333)	25,572,629	742,471
Compensated Absences	183,477	31,944	(24,609)	190,812	123,016
Claims and Judgments	217,873	46,879	(21,871)	242,881	18,107
Estimated Pollution Remediation Liability	151,879	33,003	(24,810)	160,072	87,033
Other Liabilities	23,820	25,379	(23,820)	25,379	--
Subtotal	24,978,679	2,589,537	(1,376,443)	26,191,773	970,627
Net Pension Liability	3,197,067	--	(919,921)	2,277,146	--
Net OPEB Liability	878,495	86,992	(308,678)	656,809	--
Derivative Instrument Liabilities	39,837	39,459	(39,837)	39,459	--
Total	\$ 29,094,078	\$ 2,715,988	\$ (2,644,879)	\$ 29,165,187	\$ 970,627

Airports Revenue Bonds and Notes

Revenue bonds, revenue refunding bonds, and commercial paper notes outstanding at June 30, 2018, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2048	1.425% - 7.053%	\$ 6,814,590	\$ 5,635,515
Commercial paper notes	--	variable	60,832	60,832
Subtotal			\$ 6,875,422	5,696,347
Net unamortized bond premiums and discounts				445,581
Net revenue bonds and notes				\$ 6,141,928

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

On July 26, 2017, Airports issued \$260.6 million of LAX subordinate revenue bonds Series 2017A with a premium of \$38.8 million, and \$88.7 million LAX subordinate revenue bonds Series 2017B with a premium of \$15.9 million. On March 15, 2018, Airports issued \$426.5 million LAX subordinate revenue bonds Series 2018A with a premium of \$54.1 million. On April 12, 2018, Airports issued \$226.5 million LAX senior refunding revenue bonds Series 2018B with a premium of \$37.3 million. The Series 2017A, 2017B, and 2018A bonds were issued to fund certain capital projects at LAX. The Series 2018B bonds were issued to refund and defease a portion of the Series 2008A senior revenue bonds in an amount of \$265.0 million. This transaction resulted in a cash flow savings of \$72.7 million and an economic gain of \$52.7 million.

The 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 amounts of \$136.0 million for debt service in fiscal year 2018.

The total principal and interest remaining to be paid on the bonds is \$9.9 billion. Principal and interest paid during fiscal year 2018 and the net pledged revenues, after application of the \$136.0 million PFCs funds were \$372.9 million and \$793.9 million, respectively. Airports' net pledged revenues include substantially the total operating revenue with the Build America Bonds (BABs) subsidy, nonoperating Transportation Security Administration (TSA) revenue, interest income net of PFC, Customer Facility Charges (CFC) and construction funds, but do not include PFC revenues, CFC revenues, and certain other nonoperating revenues. 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
2019	\$ 120,830	\$ 287,356	\$ 408,186
2020	129,490	277,200	406,690
2021	137,820	271,440	409,260
2022	144,415	264,856	409,271
2023	149,760	257,927	407,687
2024 - 2028	888,205	1,166,937	2,055,142
2029 - 2033	1,142,155	913,579	2,055,734
2034 - 2038	1,474,695	592,490	2,067,185
2039 - 2043	1,037,570	226,616	1,264,186
2044 - 2048	410,575	51,965	462,540
Subtotal	5,635,515	4,310,366	9,945,881
Net unamortized bond premiums and discounts	445,581	--	445,581
Total	\$ 6,081,096	\$ 4,310,366	\$ 10,391,462

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2018, Airport had outstanding commercial paper (CP) notes of \$60.8 million. The respective average interest rates in effect as of June 30, 2018 are 1.96%. 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.

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: Barclays Bank PLC for \$109.0 million to expire on September 11, 2020; Sumitomo Mitsui Banking Corporation; acting through its New York Branch for \$218.0 million to expire on September 11, 2020; and Wells Fargo Bank for \$218.0 million to expire on September 11, 2020. Airports had the following CP activities during fiscal year 2018 (in thousands):

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Series B	\$ 3,081	\$ 16,299	\$ --	\$ 19,380
Series C	45,655	692	(4,895)	41,452
	<u>\$ 48,736</u>	<u>\$ 16,991</u>	<u>\$ (4,895)</u>	<u>\$ 60,832</u>

Build America Bonds

LAX 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 ending September 30, 2018 reduced the subsidy. The interest subsidy on the BABs was \$7.5 million in fiscal year 2018. The subsidy is recorded as a noncapital grant, a component of other nonoperating revenue.

Harbor Revenue Bonds and Loans

Revenue bond and revenue refunding bonds outstanding at June 30, 2018, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Revenue bonds	2045	2.000% - 5.250%	<u>\$ 997,795</u>	\$ 854,125
Net unamortized bond premiums and discounts				<u>68,308</u>
Net revenue bonds				<u>\$ 922,433</u>

Revenue bonds and refunding bonds are collateralized by the future revenues of the Harbor Enterprise Fund. Principal and interest paid for the current year and net pledged revenue were \$80.1 million and \$264.7 million, respectively. Harbor's net pledged revenue is the difference between operating revenue, pledged pooled investment or interest income and noncapital 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 current credit facilities that support the Program is at \$200.0 million. The Port is in the process of renewing the Program.

There was no outstanding commercial paper as of June 30, 2018.

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

Fiscal Year	Principal	Interest	Total
2019	\$ 44,015	\$ 40,868	\$ 84,883
2020	46,515	38,836	85,351
2021	48,295	36,547	84,842
2022	51,280	34,069	85,349
2023	54,080	31,414	85,494
2024 – 2028	254,285	113,540	367,825
2029 – 2033	104,870	73,017	177,887
2034 – 2038	126,370	44,433	170,803
2039 – 2043	91,465	18,143	109,608
2044 – 2045	32,950	1,668	34,618
Subtotal	854,125	432,535	1,286,660
Net unamortized bond premiums and discounts	68,308	--	68,308
Total	\$ 922,433	\$ 432,535	\$ 1,354,968

There were no new bond issuances in fiscal year 2018.

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	2048	1.179% - 5.583%	\$ 9,004,938	\$ 7,698,511
Variable rate revenue bonds	2039	variable	1,113,900	1,113,900
Revenue certificates	--	variable	200,000	200,000
Subtotal			\$ 10,318,838	9,012,411
Net unamortized premiums and discounts				759,849
Net revenue bonds and notes				\$ 9,772,260

Revenue bonds generally are callable 10 years after issuance. Power 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

In July 2017, Power issued \$375 million of Power System Revenue Bonds, 2017 Series C. The net proceeds of \$444.3 million, including a \$69.3 million issue premium net of underwriter's discount, were deposited into the construction fund to be used for capital improvements.

In April 2018, Power issued \$354.4 million of Power System Revenue Bonds, 2018 Series A. The net proceeds of \$418.5 million, including a \$64.1 million issue premium net of underwriter's discount, were used to refund all of the outstanding Power System Revenue Bonds, 2008 Series A, Subseries A-1, amounting to \$200 million, and Subseries A-2, amounting to \$215.7 million. The transaction resulted in a net present value savings of \$85.8 million and a net loss for accounting purposes of \$7.7 million, which was capitalized as deferred outflows on debt refunding and is being amortized over the life of the refunded bonds.

In May 2017, Power entered into a First Amendment to Continuing Covenant Agreement (Amended CCA) with Wells Fargo Bank to extend the expiration date of the current Continuing Covenant Agreement (CCA) to May 4, 2020. In May 2014, the \$200.0 million Power System Revenue Bonds, 2014 Series A (Power 2014A Bonds) were sold under the CCA in an index floating rate mode under a Direct Purchase structure. Under the Amended CCA, the Power 2014A Bonds will pay interest at a fixed spread of 23 basis points (0.23%) above the Securities Industry and Financial Markets Association Index for the 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, such as a fixed-rate mode or a traditional variable-rate mode, that utilizes a standby agreement.

As of June 30, 2018, Power had \$1.1 billion in variable rate bonds. The variable rate bonds currently bear interest at weekly and daily rates ranging from 0.45% to 1.5% as of June 30, 2018. 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 \$579.0 million and \$335.0 million to provide liquidity for the variable rate bonds. The extended standby agreements expire in February 2019 for the \$206.0 million, January 2020 for the \$106.0 million, and January 2021 for the \$267.0 million, for a total of \$579.0 million, and in May 2020 for the \$335.0 million.

Under the agreements, the \$579.0 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 \$335.0 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%. 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 \$91.0 million at June 30, 2018.

Principal and interest paid for the current year and net pledged revenue were \$534.8 million and \$1.4 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.

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

Fiscal Year	Principal	Interest	Total
2019	\$ 153,615	\$ 346,735	\$ 500,350
2020	191,818	355,549	547,367
2021	208,575	350,562	559,137
2022	223,971	342,822	566,793
2023	240,354	334,530	574,884
2024 - 2028	1,427,766	1,510,400	2,938,166
2029 - 2033	1,735,970	1,191,771	2,927,741
2034 - 2038	1,562,744	892,148	2,454,892
2039 - 2043	1,861,035	500,751	2,361,786
2044 - 2048	1,181,565	75,460	1,257,025
Subtotal	8,787,413	5,900,728	14,688,141
Net Unamortized Premiums and Discounts	759,849	--	759,849
Total	\$ 9,547,262	\$ 5,900,728	\$ 15,447,990

The maturity schedule presented above reflected the scheduled debt service requirements for all of the Power's long-term debt, except for the portion of Power System Revenue Bonds 2010 Series C, of which a sinking fund is established in the amount of \$15.0 million as of June 30, 2018. The schedule is presented assuming that the tender options on the variable rate bonds, as discussed on the previous page, will not be exercised and that the full amount of the revenue certificated 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 \$1.3 billion in variable rate bonds and revenue certificates outstanding over the next seven years, as follows: \$111.0 million in fiscal year 2019, \$223.0 million in fiscal year 2020, \$263.0 million in each of the fiscal years 2021 through 2023, \$151.0 million in fiscal year 2024, and \$40.0 million in fiscal year 2026. Accordingly, the statements of net position recognize the possibility of the exercise of the tender options and reflect the \$111.0 million that could be due in fiscal year 2019 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, 2018 averages 1.137%.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)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	2053	2.483% - 5.118%	\$ 4,848,770	\$ 4,456,285
Variable rate revenue bonds	2036	variable	325,000	325,000
Loans payable to California SWRCB	2047	1.663% - 2.600%	654,460	558,413
Subtotal			<u>\$ 5,828,230</u>	<u>5,339,698</u>
Net unamortized premiums and discounts				446,714
Net revenue bonds, notes and loans				<u>\$ 5,786,412</u>

Revenue bonds generally are callable 10 years after issuance. Water 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 Drinking Water State Revolving Fund (DWSRF), administered by the State of California's State Water Resources Control Board, assists public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with Safe Drinking Water Act (SDWA) requirements. The DWSRF 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 SDWA; and projects assisting public water systems most in need on a per household-affordability basis. DWP has applied for and received funding from the DWSRF 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 Water in the form of low or zero percent interest loans with a repayment period of up to 30 years.

In March 2018, Water issued \$231.0 million of Water System Revenue Bonds, 2018 Series A. The net proceeds of \$272.9 million, including \$41.9 million issue premium net of underwriter's discount, were deposited into the construction fund to be used for capital improvements.

The variable rate bonds currently bear interest at daily and weekly rates ranging from 0.460% to 1.150% as of June 30, 2018. Water 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. Water 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 2021 and July 2019, respectively.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Under the agreements, the \$225.0 million variable rate bonds will bear interest that is payable monthly at the greatest of (i) Prime Rate plus 1.000%; (ii) the Federal Funds Rate plus 2.000%; and (iii) 7.500%, while the \$100.0 million variable rate bonds will bear interest that is payable monthly at the LIBOR Index Rate plus 7.500%. 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, Water has the ability to convert the outstanding bonds to fixed rate obligations, which cannot be tendered by the bondholders.

The variable rate bonds have been classified as long-term on the statement of net position as the liquidity facilities give Water the ability to refinance on a long-term basis and Water 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, 2018.

Principal and interest paid for the current year and net pledged revenue were \$267.8 million and \$570.8 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
2019	\$ 71,346	\$ 210,522	\$ 281,868
2020	86,515	208,619	295,134
2021	91,727	206,384	298,111
2022	103,243	202,596	305,839
2023	117,864	198,314	316,178
2024 - 2028	721,270	915,356	1,636,626
2029 - 2033	866,415	776,289	1,642,704
2034 - 2038	1,024,377	606,283	1,630,660
2039 - 2043	1,242,192	362,864	1,605,056
2044 - 2048	773,654	137,379	911,033
2049 - 2053	241,095	14,222	255,317
Subtotal	5,339,698	3,838,828	9,178,526
Net Unamortized			
Premiums and Discounts	446,714	--	446,714
Total	\$ 5,786,412	\$ 3,838,828	\$ 9,625,240

The maturity schedule presented above reflects the above 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 2019, \$65.0 million in each of the fiscal years 2020 through 2023, and \$32.5 million in fiscal year 2024. 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 2019, as a current portion of long-term debt payable.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2018, averages 0.980%. Should the tender options be exercised, the interest would be payable at the rate in effect at the time the standby agreements are activated.

On December 1, 2015, Water entered into a revolving credit agreement (as amended, the Wells Fargo RCA) with Wells Fargo Bank, National Association (Wells Fargo), pursuant to which Wells Fargo has committed to make loans to Water in a principal amount not-to-exceed \$500.0 million outstanding at any one time. The borrowings bear interest based on the Securities Industry and Financial Markets Association Index Rate (SIFMA) or London Interbank Offered Rate (LIBOR) plus a 0.290% spread for tax exempt loans and 0.400% spread for taxable loans. Interest is paid monthly. This agreement is collateralized by the Water Revenue Fund and expired on December 14, 2018. Water can request loans for Water improvements, Power improvements and/or such other lawful purposes of Water.

In June 2017, Water borrowed \$250.0 million from the Wells Fargo RCA, which was deposited into the Water Revenue Fund to meet the Board adopted financial planning criteria of maintaining a cash balance of at least 150 days of operating expenses of Water. In March 2018, Water repaid the \$250.0 million loan. As of June 30, 2018, Water has no obligations outstanding under the Wells Fargo RCA.

Wastewater System Revenue Bonds, Notes, and Loans

Revenue bonds, revenue refunding bonds, commercial paper notes, and loans outstanding at June 30, 2018, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2047	1.000% - 5.813%	\$ 3,069,685	\$ 2,315,250
Variable rate revenue bonds	2032	variable	280,860	280,860
Loans payable to SWRCB	2024	1.800%	219,081	88,506
Commercial paper notes		variable	50,000	50,000
Subtotal			<u>\$ 3,619,626</u>	<u>2,734,616</u>
Net unamortized premiums and discounts				214,980
Net revenue bonds and notes				<u>\$ 2,949,596</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 the Sewer's revenues (as defined) to secure the payment of all bonds issued under the General Resolution. Certain bond agreements provide for the early redemption of the revenue bonds at the City's option at various dates with redemption prices ranging from 100% to 102% of the principal amount of the bonds called for redemption. There were no new revenue bond issuance in fiscal year 2018.

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, 2018, Sewer recorded interest subsidies of \$1.6 million.

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, 2018, the Loan balance amounted to \$88.5 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 1.800%. 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.

Principal and interest paid for the current year and net pledged revenue were \$210.3 million and \$398.6 million, respectively. Sewer's net pledged revenue is the difference between operating revenues and investment income and operating expenses (excluding depreciation and amortization). Information on Sewer'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
2019	\$ 147,943	\$ 126,097	\$ 274,040
2020	105,151	121,641	226,792
2021	105,888	117,293	223,181
2022	115,180	112,635	227,815
2023	116,376	107,430	223,806
2024 - 2028	603,543	456,993	1,060,536
2029 - 2033	578,725	315,246	893,971
2034 - 2038	423,335	198,961	622,296
2039 - 2043	368,835	93,085	461,920
2044 - 2047	169,640	14,911	184,551
Subtotal	2,734,616	1,664,292	4,398,908
Net Unamortized			
Premiums and Discounts	214,980	--	214,980
Total	\$ 2,949,596	\$ 1,664,292	\$ 4,613,888

The maturity schedule presented above reflects the scheduled debt service requirements for all of Sewer's long-term debt. Additionally, the 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, 2018 of 1.487%.

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 Sewer. The Notes are secured by Letters of Credit (LOCs) from Barclays Bank PLC and Toronto-Dominion Bank that both expire on October 22, 2021. The aggregate maximum principal amount of the LOCs is \$272.5 million, which consist of \$150 million in principal plus \$13.5 million in interest for Toronto-Dominion Bank and \$100 million in principal plus \$9.0 million in interest for Barclays Bank PLC. Sewer is responsible for the payment of a nonrefundable 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 Notes are secured by the LOCs with expiration dates in excess of one year after June 30, 2018, Sewer reported these Notes as Long-Term liabilities. There is \$50 million outstanding Notes as of June 30, 2018.

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**3. Fiduciary Funds**

Following is a summary of gross notes payable activity of Pensions for the fiscal year ended June 30, 2018 (in thousands):

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Notes Payable	\$ 204,883	\$ --	\$ (27,106)	\$ 177,777	\$ 24,068

The notes payable of the Pensions are secured by real estate. Interest rates range from 2.90% to 7.50% per annum. The debt service payments to maturity for these notes are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2019	\$ 24,068	\$ 7,082	\$ 31,150
2020	12,623	5,327	17,950
2021	2,001	5,228	7,229
2022	71,888	4,555	76,443
2023	554	2,219	2,773
2024-2025	66,643	747	67,390
Total	\$ 177,777	\$ 25,158	\$ 202,935
Less: Appreciation / Depreciation - of Mortgage Payable	(5,722)		
	\$ 172,055		

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

Refunding Debt	Refunded Debt	Cash Flow Savings	Economic Gain
<u>Governmental Activities</u>			
General Obligation Bond Series 2017-B \$81,895 5.000%	General Obligation Bond Series 2005-B \$26,840 5.000% Series 2006-A \$35,100 4.000% - 5.000% Series 2008-A \$52,500 3.750% - 4.500%	\$ 35,803	\$ 11,923
MICLA Lease Revenue Bonds Series 2018-C \$25,630 2.020% - 3.417%	MICLA Lease Revenue Bonds MICLA AK \$28,295 7.25%	5,403	5,408
<u>Business-type Activities</u>			
Airports Senior Refunding Revenue Bonds 2018 Series B (AMT) \$226,500 5.000%	Airports Senior Revenue Bonds 2008 Series A (AMT) \$265,045 5.250% - 5.375%	72,654	52,725
Power System Revenue Bonds 2018 Series A \$354,440 4.000% - 5.000%	Power System Revenue Bonds 2008 Series A-1 and Series A-2 \$415,675 5.000% - 5.250%	112,873	80,777

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, 2018, the following bonds are considered defeased (in thousands):

Governmental Activities	
General Obligation Bonds	\$ 174,650
Solid Waste Resources Bonds	24,635
MICLA Certificates of Participation and Lease Revenue Bonds	190,835
Total	<u>\$ 390,120</u>
Business-type Activities	
Harbor Revenue Bonds	\$ 10,765
Power Revenue Bonds	430,565
Water Revenue Bonds	66,040
Sewer Revenue Bonds	228,620
Total	<u>\$ 735,990</u>

L. Tax and Revenue Anticipation Notes

On July 6, 2017, in anticipation of receiving taxes and other revenues, the City issued tax and revenue anticipation notes (TRAN) with an overall true interest cost of 0.957% and total premium of \$37.4 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, 2018 was as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Notes	\$ --	\$ 1,449,055	\$ (1,449,055)	\$ --

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**M. Interest Rate Swaps****1. 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, 2018.

The fair value and notional amounts of the interest rate swaps outstanding at June 30, 2018, 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, 2018		Notional Amount
	Classification	Amount	Classification	Amount	
Cash flow hedges:					
Interest rate swaps	Deferred outflow of resources	\$ 17,255	Liabilities	\$ 17,255	\$ 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, 2018, 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	3.340 %	64.100% of LIBOR ⁽²⁾	\$ 8,628	6/1/2028	Aa2/AA-/AA
75,543	4/6/2006	3.340	64.100% of LIBOR ⁽²⁾	8,628	6/1/2028	Baa3/BBB/BBB+

⁽¹⁾ Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively as of June 30, 2018.

⁽²⁾ One-month LIBOR reset monthly. 64.1% of one-Month LIBOR as of June 30, 2018 was 1.33985%.

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Method of calculating fair value. Because swap interest rates were lower on June 30, 2018 than at the date the Swap Agreements were entered into, the swap's fair value decreased as of June 30, 2018. 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, 2018.

Credit risk. The fair values of the swaps represented Sewer's credit exposure to the swap counterparties as of June 30, 2018. 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, 2018; 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 64.100% 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, 2018, the weighted average rate on the variable rate bonds were 1.489% whereas 64.100% of applicable LIBOR was equal to 1.340%.

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Swap Payments and Associated Debt. Using rates as of June 30, 2018, 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	Total
	Principal	Interest ⁽¹⁾	Swaps, Net ⁽²⁾	
2019	\$ --	\$ 2,246	\$ 3,022	\$ 5,268
2020	--	2,246	3,022	5,268
2021	--	2,246	3,022	5,268
2022	--	2,246	3,022	5,268
2023	--	2,246	3,022	5,268
2024 - 2028	151,085	10,200	13,722	175,007
Total	\$ 151,085	\$ 21,430	\$ 28,832	\$ 201,347

⁽¹⁾ Assumes rate of 1.48685% (the applicable rate on June 30, 2018), excluding fixed rate component

⁽²⁾ Assumes swap rate of 3.34% less 1.33985% (64.1% of applicable LIBOR on June 30, 2018)

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, the Department of Water and Power (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), some of the forward purchases made are renewable energy and biomethane gas. Effective May 1, 2018 the DWP's biogas agreement (Agreement) was mutually terminated due to Southern California Gas Company's unstable transmission pipelines.

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, 2018, 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	249,600 Mwh	\$ 33.92 - 45.25	07/01/18	09/30/18	\$ 1,799	\$ --

O. Leases**1. 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, 2018 were approximately \$30.7 million.

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

Fiscal Year	Amount
2019	\$ 10,220
2020	9,280
2021	9,109
2022	8,868
2023	8,846
2024 - 2028	27,026
2029 - 2033	13,177
2034 - 2038	8,478
2039 - 2043	9,828
2044 - 2048	11,393
2049 - 2053	13,208
2054 - 2057	5,554
Total	\$ 134,987

The City also leases certain property and equipment under capital leases with the following fund:

Municipal Improvement Corporation of Los Angeles (MICLA)

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

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**2. 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.

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, 2018, revenues from such agreements were \$356.9 million, of which \$96.9 million were 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 (amounts in thousands):

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 185,949
2020	142,121
2021	125,882
2022	97,869
2023	91,824
Total	<u>\$ 643,645</u>

On March 1, 2012, Airports and Westfield Airports, LLC (Westfield) entered into a Terminal Commercial Management Concession Agreement (3-1-12 Agreement) for Westfield to develop, lease, and manage retail, food and beverage and certain passenger services in specified locations at the Tom Bradley International Terminal (TBIT) and Terminal 2 at 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 3-1-12 Agreement, the MAG will be adjusted each year by the greater of (a) \$210.0 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

On June 22, 2012, Airports and Westfield entered into another Terminal Commercial Management Concession Agreement (6-22-12 Agreement) for Westfield to develop, lease, and manage retail, food and beverage and certain passenger services in specified locations at the Terminals 1, 3, and 6 at LAX. The term of this agreement is 17 years consisting of 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.

Under the 6-22-12 Agreement, the MAG will be adjusted each year by the greater of (a) \$240.0 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 (amounts in thousands):

Fiscal Year	Amount
2019	\$ 38,028
2020	38,979
2021	39,953
2022	40,952
2023	42,494
Total	<u>\$ 200,406</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 ended June 30. The land and terminal lease agreements are accounted for as operating leases. For the fiscal year ended June 30, 2018, revenues from these leases were \$655.3 million.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year	Amount
2019	\$ 645,461
2020	625,265
2021	610,021
2022	538,534
2023	488,296
Total	<u>\$ 2,907,577</u>

The carrying cost and the related accumulated depreciation of property held for operating leases as of June 30, 2018 are as follows (in thousands):

Buildings and facilities	\$ 5,601,330
Less: Accumulated Depreciation	<u>(1,050,231)</u>
Net	4,551,099
Land	626,715
Total	<u>\$ 5,177,814</u>

Airports leases office spaces under operating lease agreements that expire through 2032. Lease payments for the fiscal year ended June 30, 2018 amounted to \$7.3 million. Future minimum lease payments under the agreements are as follows (in thousands):

Fiscal Year	Amount
2019	\$ 7,417
2020	5,739
2021	3,651
2022	3,642
2023	3,642
2024 - 2028	17,299
2029 - 2033	7,584
Total	<u>\$ 48,974</u>

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

A substantial portion of Harbor's lands and facilities are leased to others. Leases relating to terminal operations tend to be long-term in nature (as long as 50 years), which generate 95.1% of Harbor's operating revenues. Leases relating to revocable permits and space assignments that are short-term in nature provide for cancellation on a 30-day notice by either party. Majority of Harbor's leases provide retention of ownership by Harbor or restoration of the property to pre-leases conditions at the expiration of the agreement; accordingly, no leases are considered capital leases.

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 50 years) and are made to provide Harbor with a firm tenant commitment. These agreements are subject to periodic review and reset of base amounts. For the fiscal year ended June 30, 2018, the minimum rental income from such lease agreements was approximately \$61.4 million. For the year ended June 30, 2018, the MAG payments were approximately \$274.6 million and were reported under shipping services revenue.

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):

Fiscal Year	Rental Income	MAG Income
2019	\$ 62,033	\$ 290,162
2020	62,653	295,239
2021	63,280	296,330
2022	63,912	296,263
2023	64,552	296,263
Total	\$ 316,430	\$ 1,474,257

The carrying cost and related accumulated depreciation of property held for operating leases as of June 30, 2018 are as follows (in thousands):

Wharves and sheds	\$ 1,195,956
Cranes/bulk facilities	27,028
Municipal warehouses	13,949
Port pilot facilities and equipment	9,691
Buildings and other facilities	1,082,969
Cabrillo Marina	180,015
Total	2,509,608
Less: Accumulated depreciation	(1,279,809)
Net	\$ 1,229,799

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**3. Fiduciary Funds**

LACERS leases building facilities under a non-cancelable operating lease that expires in March 2023, at which time a three-year renewal option is available. This lease also contains provisions for LACERS to pay its prorated share of subsequent increases in operating costs and taxes over the base rate established during the initial year of the lease.

P. Risk Management - Estimated Claims and Judgments Payable**1. 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, 2018, 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, 2018 at approximately \$588.4 million. Of this amount, approximately \$194.4 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 \$47.0 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, 2018.

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, 2018, the City estimates its workers' compensation liability at \$1.9 billion. Of this amount, \$185.0 million is estimated to be payable in the next fiscal year.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**2. Business-type Activities**Airports Enterprise Fund

The Risk Management Division administers Airports' risk and claims management program by implementing a comprehensive risk identification, assessment, regulation and insurance program. The program addresses key risks that may adversely affect Airports' ability to meet its business goals and objectives and effectively insures against losses, transfers risk or otherwise mitigates risk losses. Airports maintains insurance coverage of \$1.3 billion for general aviation liability perils and \$1.0 billion for war and allied perils (Terrorism). Additional insurance coverage is carried for general all risk property insurance for \$2.5 billion, that includes \$250.0 million sub-limits for boiler and machinery, and \$25.0 million for earthquake perils. Deductibles for these policies are \$10,000 per claim with a \$500,000 annual aggregate for general liability losses, and \$100,000 per occurrence and no aggregate for general property casualty. Historically, no liability or property claims have reached or exceeded the stated policy limits stated above.

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. Airports also monitors contractual transfer of risk by and through insurance review and requirements of contractors, tenants, airlines. For fiscal year 2018, no claims were in excess of Airports' insurance coverage or approached a substantial portion of the overall coverage capacities. A number of claims/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 and other claims for the fiscal year ended June 30, 2018 was \$10.1 million. Airports is self-insured as part of the City's program for workers' compensation. All workers' compensation cases are processed by the City. Liability and risk are retained by Airports. The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. The present value of the estimated outstanding losses was calculated based on a 3% yield on investments. Airports' accrued workers' compensation liabilities at June 30, 2018 was \$88.4 million.

Harbor Enterprise Fund

Harbor purchases insurance for a variety of exposures associated with property, automobiles, vessels, employment practices, travel, police, pilotage, special events, 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. Harbor's accrued workers' compensation liability at June 30, 2018 was \$15.3 million. A number of lawsuits were pending against Harbor that arose in the normal course of operations. Harbor recognizes a liability for claims and 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, 2018 was \$3.6 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, 2018.

Liabilities for unpaid workers' compensation claims are recorded at their net present value when they are probable of occurrence and the amount can be reasonably estimated. The liability is actuarially determined based on an estimate of the present value of the claims outstanding and an amount for claim events incurred but not reported based upon the DWP's loss experience, less the amount of claims and settlements paid to date. The discount rate used to calculate this liability at its present value was 2.0% at June 30, 2018. The Department has third-party insurance coverage for workers' compensation claims over \$600,000.

Overall indicated reserves for workers' compensation claims, for both the Power and Water, undiscounted, have increased from \$115.0 million as of June 30, 2017 to \$120.0 million as of June 30, 2018. This increase was mainly attributable to the number of open cases filed at the DWP. Workers' compensation claims typically take longer than one year to settle and close out.

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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2018, 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					
2018 - 2019	28,287,500	\$ 2.030 - 2.780	07/01/18	06/30/19	\$ (7,575)
2019 - 2020	20,130,000	1.870 - 2.830	07/01/19	06/30/20	(7,566)
2020 - 2021	13,140,000	1.930 - 2.610	07/01/20	06/30/21	(3,702)
2021 - 2022	7,300,000	2.040 - 2.470	07/01/21	06/30/22	(2,658)
2022 - 2023	1,825,000	2.260 - 2.500	07/01/22	06/30/23	(703)
Total	70,682,500				\$ (22,204)

* Contract quantities in MMBtu - Million British Thermal Units

The fair value of the natural gas hedges decreased by \$7.60 million during the fiscal year ended June 30, 2018 due to the drop in natural gas prices and is reported as a liability and is offset by a deferred outflow on the statement of net position. All fair values were estimated using forward market prices available from broker quotes and exchanges

Credit Risk. DWP is exposed to credit risk related to nonperformance by its wholesale counterparties under the terms of contractual agreements. In order to limit the risk of counterparty default, DWP has implemented a Wholesale Marketing Counterparty Evaluation Policy, which was renamed as Counterparty Evaluation Credit Policy (Credit Policy). The Credit Policy has been amended from time to time, and the latest board approval was on November 28, 2017. The Credit current scope includes physical power, transmission, physical natural gas, financial natural gas, and environmental products. Also, the credit limit structure are 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 Policy includes provisions to limit risk, including the assignment of internal credit ratings to all of the Power System'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, 2018, the 5 financial natural gas hedge counterparties were rated by Moody's as follows: three at A3, one at A2, and one at A1. The counterparties were rated by S&P as follows: one at AA-, one at A, one at A-, and two at BBB+.

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, 2018, the fair values of the financial natural gas hedges are within the credit limits and collateral posting was not required.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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.

Claim Changes

The Enterprise Funds estimated claims and judgments payable of \$242.9 million consisted of \$36.7 million litigation-type claims and \$206.2 million workers' compensation liability. The amount estimated to be payable in the next fiscal year is approximately \$18.1 million.

The changes in the City's total governmental and business-type estimated claims and judgments liability are as follows (in thousands):

	FY 2018	FY 2017
Unpaid Claims, July 1	\$ 2,767,099	\$ 2,732,821
Provisions for current year's events and changes in provision for prior years' events	317,869	514,626
Claims payments	<u>(338,385)</u>	<u>(480,348)</u>
Unpaid Claims, June 30	<u>\$ 2,746,583</u>	<u>\$ 2,767,099</u>

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**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 systematically recognized a portion of the estimated closure and post-closure care costs 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, 2018, the City's liability of \$46.9 million is comprised of \$45.0 million post-closure care costs of the landfill and \$1.9 million corrective action costs for foreseeable release. The post-closure care cost of \$45.0 million represents post-closure duration of 25 years. Pursuant to Section 22211 of Title 27 of the California Code of Regulations, the City requested CalRecycle's approval to reduce this amount to \$43.2 million to cover the remaining duration of 24 years. The estimated costs of post-closure care are subject to changes due to inflation, changes in laws and regulations, or changes in technology. As of June 30, 2018, there was no liability due within one year.

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. Since the landfill was closed and certified by the applicable regulatory agencies, the closure trust fund was no longer necessary and therefore closed. The City is not currently required to advance fund post-closure care costs.

The City owns and maintains 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 Closure and Post-closure Maintenance Trust Fund, reported as nonmajor other special revenue funds, was set up to defray the closure and post-closure maintenance costs of City landfills.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**R. Pollution Remediation Obligations****1. Governmental Activities**

The pollution remediation obligations for governmental activities for the fiscal year ended June 30, 2018 are as follows (in thousands):

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Obligating Event				
Violation of pollution prevention-related permit or license	\$ 15,046	\$ 16,124	\$ (16,124)	\$ 15,046
Voluntary commencement	32,633	1,728	(32,573)	1,788
Total	<u>\$ 47,679</u>	<u>\$ 17,852</u>	<u>\$ (48,697)</u>	<u>\$ 16,834</u>
Pollution Type				
Soil and/or groundwater remediation	\$ 46,015	\$ 16,001	\$ (47,033)	\$ 14,983
Lead paint removal	423	951	(423)	951
Methane protection	141	141	(141)	141
Asbestos removal	605	302	(605)	302
Mold	495	457	(495)	457
Total	<u>\$ 47,679</u>	<u>\$ 17,852</u>	<u>\$ (48,697)</u>	<u>\$ 16,834</u>

The \$16.8 million liabilities for governmental activities include \$1.8 million for voluntary commencement and \$15.0 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. The addition of \$16.1 million in fiscal year 2018 included \$10.5 million cost of removal of heavy metals, soil gasses and aerially deposited lead for the Sixth Street viaduct from Mateo Street to Highway 101, \$1.0 million for removal of solvents in the groundwater caused by leaking underground storage tank at the Southwest Street site, and \$4.6 million remediation costs for various other sites. For fiscal year 2018, no remediation outlays were capitalized. Estimated expenditures for fiscal year 2019 and beyond are \$3.1 million and \$13.7 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)**2. Business-type Activities**

The pollution remediation obligations for business-type activities for the fiscal year ended June 30, 2018 are as follows (in thousands):

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Obligating Event				
Violation of pollution prevention-related permit or license	\$ 1,130	\$ --	\$ (80)	\$ 1,050
Named by a regulator as a potential party to remediation	95,939	2,500	(20,628)	77,811
Named in lawsuit and compelled to participate in remediation	11,274	--	(2,450)	8,824
Voluntary commencement	43,536	30,503	(1,652)	72,387
Total	\$ 151,879	\$ 33,003	\$ (24,810)	\$ 160,072
Pollution Type				
Soil and/or groundwater remediation	\$ 151,879	\$ 33,003	\$ (24,810)	\$ 160,072

Airports bear 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.

Harbor's estimated pollution remediation liability as of June 30, 2018 was \$82.9 million, of which \$9.9 million is due within one year. These costs relate mostly to soil and ground water contamination on sites within Harbor 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, Harbor has adopted the "Managed Environmental Risk" approach in estimating the remediation liability. Harbor 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Power had identified sites that require remediation work and the estimated liability for these sites for fiscal year 2018 was approximately \$68.0 million, all due within one year. These were mainly for soil and groundwater cleanup.

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 was approximately \$8.4 million, all due within one year, and included remediation and ongoing operation and maintenance costs where estimable. There were no estimated recoveries.

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 4 – DETAILED NOTES ON ALL FUNDS (Continued)**S. Economic Development Incentives - Tax Abatements**

The City has two main types of tax abatement programs: (a) agreements whereby the City provides financial assistance to development projects to be funded by net new tax revenues generated by the projects, and (b) contracts entered into with property owners of qualified historical properties for their preservation, maintenance, and rehabilitation in return for property tax abatement.

The threshold for reporting agreements individually is \$1 million, though agreements with no payments in the reporting year are reported individually if they are anticipated to exceed the threshold in future years.

1. Development Incentive Agreements

As of June 30, 2018, the City had entered into seven development incentive agreements. Each of these agreements is for a term of up to 25 years. The projects are projected to provide new General Fund tax revenues to the City including but not limited to property taxes, sales taxes, utility users taxes, gross receipts taxes, parking occupancy taxes, transient occupancy taxes and construction related tax revenues. Certain portions of the projected new General Fund tax revenues are used by the City in providing project financing to the developers. City policy maintains that the financial assistance payments to the developers must be no more than 50% of the net new revenues generated by the project during the term of the agreement. These agreements require the approval of the Mayor and the City Council and incentive payments are administered by the City Administrative Officer.

Convention Center Headquarters Hotel Project

This agreement was entered by the City and Anschutz Entertainment Group (Developer) for the development of a hotel within the LA Live/convention center complex at 900 W. Olympic Blvd., as a combination of an 878-room J.W. Marriot Hotel and a 123-room Ritz Carlton hotel. Annual incentive payments paid to the Developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$270 million over 25 years, or \$62 million as net present value (NPV). In fiscal year 2018, the City paid \$12.8 million in financial assistance to the developer.

901 Olympic North Hotel Project

This agreement was entered by the City and 901 West Olympic Blvd. L.P. (Developer) for the development of two hotels, both 3-star rated Marriot products, in one building with a total of 393 rooms located in the vicinity of the Los Angeles Convention Center (LACC) in order to make Los Angeles a more attractive convention destination. Annual incentive payments paid to the Developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$67.3 million over 25 years, or \$21.9 million as NPV. In fiscal year 2018, the City paid \$4.1 million in financial assistance to the developer.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)Metropolis Hotel Project

This agreement was entered by the City and Greenland LA Metropolis Hotel Development, LLC (Developer) for the development of the Metropolis Hotel Project. The project includes a 350 room 18-story hotel, including residential parking, open space, 1,692 square feet of retail space and business center. The project is of public benefit and will contribute to the general welfare of citizens, create new jobs and support LACC. Annual incentive payments paid to the Developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$18.7 million over six years, or \$13.5 million NPV. In fiscal year 2018, the City paid \$2.4 million in financial assistance to the developer.

Village at Westfield Topanga Project

This agreement was entered by the City and 21919 Erwin LLC, and West Valley Owner LLC for the development of the Village at Westfield Topanga (Developers). The proposed project is comprised of the construction of a new 500,000 square foot, first class mixed-use development including upscale retail, boutique specialty shops, personal services, restaurants and community center. Annual incentive payments paid to the Developers are based on the total property taxes remitted, subject to an annual true-up, up to the total incentive amount of \$47.7 million over 25 years, or \$25.0 million NPV. In fiscal year 2018, the City paid \$2.6 million in financial assistance to the developer.

Wilshire Grand Hotel Project

The agreement was entered by the City and Hanjin International Corporation (Developer) for the development of a hotel and mixed-use project totaling approximately 2.5 million square feet. The project includes 560 hotel rooms and/or hotel-condo units, 100 residential units and 1.5 million square feet of office space. The project will provide new jobs, solid infrastructure improvement and mobility hub in the area, and contribute rooms to the vicinity of LACC. Annual incentive payments paid to the Developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$171.2 million over 25 years, or \$60.8 million NPV. In fiscal year 2018, the City paid \$4.3 million in financial assistance to the developer.

Grand Avenue Hotel Project

The agreement was entered by the City and Grand Avenue L.A., LLC, and Grand Avenue M Housing Partners, LLC, (Developers) for the revitalization of Grand avenue and downtown Los Angeles. The project includes development of hotel, residential, commercial, retail and entertainment components that will create a dynamic setting for the City's economic and artistic endeavors and provide tourists with additional opportunities to experience local landmarks. Annual incentive payments paid to the Developers are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$149.6 million over 25 years, or \$55.1 million NPV. No payment was made in fiscal year 2018.

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The following agreement was executed during fiscal year 2018, but no payment was made:

Cambria Hotel Project

The agreement was entered by the City and 926 James M. Wood Boulevard, LLC (Developer) for the development of Cambria Hotel Project. The project includes a 247-room three diamond rated hotel within walking distance of the LACC. The hotel will include all facilities associated with a select service hotel, including parking, meeting rooms, a ground-level gastro pub, a rooftop bar, and a pool and fitness center. The project will also include ground level retail and parking facilities. Annual incentive payments paid to the Developer are equal to the total Transient Occupancy Tax remitted in the year, up to the total incentive amount of \$43.2 million over 25 years, or \$15.7 million NPV.

2. Mills Act Historical Property Agreements

The Mills Act Historical Property Contracts program is the State of California's leading financial incentive for historic preservation projects and is implemented under the provisions of Ordinance No. 172,857 implementing State Government Code Sections 50280 et seq., commonly known as the "Mills Act". The Mills Act allows the City to enter into contracts with owners of qualified historical properties for their preservation maintenance and rehabilitation. The program is designed to assist under-utilized and under-valued properties. The property is assessed on an income basis rather than market value. The result is property tax abatement. As of June 30, 2018, there are 892 existing Mills Act contracts in the City. The City receives new Mills Act applications annually and approved 22 new contracts in fiscal year 2018. Existing contracts are renewed annually for a minimum term of ten years.

For fiscal year 2018, the property tax abated from the Mills Act agreements was \$1.4 million. The City Council has imposed a cap on total property tax abatement of \$2.0 million.

NOTE 5 – OTHER INFORMATION**A. Pension and Other Postemployment Benefit Plans****1. 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/2018-financial-statements>

Los Angeles City Employees' Retirement System
P.O. Box 512218
Los Angeles, CA 90051-0218
(800) 779-8328
<http://www.lacers.org/aboutlacers/reports/index.html>

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

2. Description of the Plans, Membership and BenefitsGeneral 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 and Airport police officers of the City of Los Angeles.

NOTE 5 – OTHER INFORMATION (Continued)

Pensions 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. Effective July 1, 2011, a new pension tier, Tier 6, was added. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, Pensions provides for disability benefits under certain conditions and benefits to eligible survivors.

LACERS

LACERS is under the exclusive management and control of its Board of Administration (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 (Retirement Plan) and a single-employer Postemployment Health Care Plan established by ordinance and approved by the City Council and the Mayor. Members who entered the System prior to February 21, 2016 are Tier 1 Members of LACERS. On or after February 21, 2016, new Members become Members of LACERS Tier 3.

DWP Plans

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, 2018 were as follows:

Active Nonvested	
Tier 4	150
Tier 5	5,645
Tier 6	2,929
Subtotal	<u>8,724</u>
Active Vested	
Tier 2	8
Tier 3	712
Tier 4	115
Tier 5	3,881
Tier 6	2
Subtotal	<u>4,718</u>
Pensioners and Beneficiaries	
Tier 1	306
Tier 2	7,262
Tier 3	676
Tier 4	308
Tier 5	4,337
Tier 6	1
Subtotal	<u>12,890</u>
Vested Terminated	
Tier 3	56
Tier 5	300
Tier 6	178
Subtotal	<u>534</u>
Total	<u><u>26,866</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 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.

NOTE 5 – OTHER INFORMATION (Continued)

Tier 6 was established for all firefighters, police and Harbor Port police officers hired on or after July 1, 2011. Tier 6 includes sworn officers from the Department of General Services who transferred to Los Angeles Police Department (LAPD) classifications and elected to opt out of LACERS by the December 12, 2014 deadline. Effective January 7, 2018, Tier 6 also includes all new Airport police officers, as well as any Airport police officers hired prior to January 7, 2018 who elected to transfer to Tier 6 from LACERS at their own expense.

LACERS

The components of LACERS' membership at June 30, 2018 were as follows:

Active Vested and Nonvested	
Tier 1	22,409
Tier 3	3,633
Subtotal	<u>26,042</u>
Inactive Nonvested and Terminated Entitled to Benefits	
Tier 1	7,490
Tier 3	538
Subtotal	<u>8,028</u>
Inactive	
Retired Tier 1	14,583
Disabled Tier 1	894
Beneficiaries Tier 1	3,902
Subtotal	<u>19,379</u>
Total	<u><u>53,449</u></u>

DWP Plans

As of June 30, 2018, DWP Plans' membership consisted of 9,165 retirees and beneficiaries; 1,728 terminated vested members and 10,114 active members.

Benefits**Benefits Provided by Pensions**

Tier 1 members 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-approved interest if they did not qualify for a pension or if they waived their pension entitlements.

NOTE 5 – OTHER INFORMATION (Continued)

Tier 2 members 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 postemployment 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 Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 3 members 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 postemployment COLAs based on the CPI to a maximum of 3% per year. The Los Angeles City Council (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.

Tier 4 members 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 postemployment 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 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 postemployment 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 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 postemployment 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.

NOTE 5 – OTHER INFORMATION (Continued)

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. 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.

Airport Peace Officers (APO) members who elect to remain in LACERS would be Tier 1 members, and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.30% (versus 2.16% for all other Tier 1 Members).

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, provided 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 benefit 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, LACERS also provides Tier 3 members 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 Final Average Compensation (FAC) based on the member's pensionable salary for the last 36 months or any other 36 consecutive months designated by the member, and by the member's years of service credit (SC) as follows:

NOTE 5 – OTHER INFORMATION (Continued)

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.

LACERS 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.

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 Consumer Price Index (CPI) for the purpose of providing a Cost of Living Adjustment (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. For Tier 1 members, the COLA percentage greater than 3.0% is banked for future use.

Benefits Provided by DWP Plans

The DWP Plans' Retirement Fund consists of both defined contribution and defined benefit elements. Under Tier 1, 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 Plan 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. During the fiscal year 2014, the City of Los Angeles (City) and the Department agreed to a new tier of retirement benefits for new hires to DWP.

Tier 1 members are eligible for normal retirement at age 60. Early retirement at age 55 is generally available if the member has at least 10 years of qualifying service out of the last 12 years before retirement. Members with 30 or more years of qualifying service also may retire at any age and receive a reduced benefit). The early retirement benefit reduction is not applicable if the member is between the ages of 55 and 60, and has at least 30 years of service credits. Upon qualifying for retirement, Tier 1 members will also qualify for a formula pension if they have been employed by DWP for at least five years before retirement and have been a contributing member of the DWP Plans 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).

NOTE 5 – OTHER INFORMATION (Continued)

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 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 base salary 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 5 years of continuous DWP 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 30 years of service. Members with 30 or more years of credited service may retire at age 55 and receive unreduced benefits.

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 final 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 5 years of continuous DWP service or 10 years of qualifying service
- 2.0% at any age 55 with 30 years
- 2.0% at age 63 with 5 years of continuous DWP service or 10 years of qualifying service
- 2.1% at age 63 with 30 years

"Final average salary" is defined as the employee's average base salary over the highest 78 consecutive payroll periods. A member's monthly pension amount is capped at 80% of one's final 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. Members, who are eligible for a deferred retirement (vesting), are also eligible for a formula pension, but they are not entitled to an annual COLA.

NOTE 5 – OTHER INFORMATION (Continued)**3. Contribution Information**Member Contributions

Pensions

As a condition of participation, members are required to contribute a percentage of their salaries to Pensions. Tier 1 members were required by the City Charter to contribute 6% of salary. Pensions' actuary recommended that 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 System 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 System has remained less than 100% actuarially funded for pension benefits as determined by the System's 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. Airport police officers who transferred to Tier 6 from LACERS are required to contribute to Pensions at their same LACERS contribution rates until they retire.

LACERS

The current contribution rate for Tier 1 members is 11% of their pensionable salary including: 1) a 1% increase in the Member contribution rate pursuant to 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 2) 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.

The contribution rate for Tier 3 members is 11% of their pensionable salary including 4% 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 ERIP contribution, therefore, Tier 3 members' contribution rate will not drop down when Tier 1 members cease to pay the 1% ERIP contribution.

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.

NOTE 5 – OTHER INFORMATION (Continued)

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 5 years of continuous Department service.

Each bi-weekly payroll period, both eligible Tiers 1 and 2 members contribute \$1.00 each for temporary disability and permanent total disability. Contributing active Tiers 1 and 2 members contribute \$1.00 per bi-weekly payroll period for insured lives death benefit (IDB). Active members contribute \$2.25 per bi-weekly payroll period, and retired members contribute \$4.90 per month for supplemental family death benefit.

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 plan 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 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, 2018, 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	\$ --	\$ 0.77	\$ 15.51	\$ 6.40	\$ 221.61	\$ 13.54	\$ 2.45	\$ 0.15
Unfunded supplemental present value amount	15.02	10.79	32.10	16.19	98.83	7.34	0.83	0.07

During fiscal year 2018, total employer contributions of \$461.0 million were made in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2017.

NOTE 5 – OTHER INFORMATION (Continued)**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, 2018, the actuarially-determined aggregate employer contribution rate to LACERS by the City was 22.2% of projected payroll, based on the June 30, 2016 actuarial valuation. Upon closing the fiscal year 2018, LACERS re-calculated the employer contribution rate using actual payroll incurred during the fiscal year, which was smaller than projected covered payroll used by the City to make the advance payment on July 15, 2017. As a result, employer contributions received for LACERS were \$20.0 more than required, and this amount was credited to the employer toward employer contributions for fiscal year 2019. Based on actual payroll, the effective rate of employer contribution for LACERS was 21.9% for fiscal year 2018, with total actuarially determined contribution of \$450.2 million.

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. Contribution provisions are established and amended by the Retirement Board upon the advice of the DWP Plan actuary. The average employer contribution rate for fiscal year 2018 (based on the July 1, 2017 valuation) was 44.62% of compensation.

DWP contribution rate for fiscal years 2018 for temporary disability (based on the July 1, 2017 valuation) was \$1.44 per \$100 of covered payroll. DWP contribution for permanent total disability continues to be suspended, as current reserve significantly exceeds the target reserve amount. DWP contributions for the IDB for contributing active members are at \$0.21 per \$100 of covered payroll for fiscal year 2018. In addition, DWP contributions for the IDB for non-contributing members were at \$1.01 per \$100 of retirement benefits paid for fiscal year 2018. DWP contribution to the family death benefit was \$1.76 per active member per month for fiscal year 2018.

In fiscal year 2018, the actuarially determined contributions of DWP's Retirement Fund was \$425.5 million and actual contributions made were \$433.4 million.

4. Net Pension Liability

For the June 30, 2018 reporting date, the Net Pension Liability (NPL) of Pensions was measured as of June 30, 2017 and was determined by rolling forward the Total Pension Liability (TPL) from the actuarial valuation as of June 30, 2016. The Fiduciary Net Position (FNP) was valued as of the measurement date.

LACERS' NPL was measured as of June 30, 2017 and determined based upon the FNP and TPL from the actuarial valuation as of June 30, 2017. FNP and TPL were valued as of measurement dates.

The NPL of DWP Plans was measured as of June 30, 2017 and determined based upon the results of the actuarial valuation as of July 1, 2017. 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, 2018 were as follows (in thousands):

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as % of Total Pension Liability
Pensions	\$ 20,814,045	\$ 18,996,722	\$ 1,817,323	91.27%
LACERS	18,458,188	13,180,516	5,277,672	71.41%
DWP Plans	12,657,101	11,313,899	1,343,202	89.39%
Totals	<u>\$ 51,929,334</u>	<u>\$ 43,491,137</u>	<u>\$ 8,438,197</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, 2017 were as follows (in thousands):

	Pensions	LACERS	DWP Plans	Totals
Total Pension Liability				
Beginning balance	\$ 19,565,409	\$ 17,424,996	\$ 12,289,229	\$ 49,279,634
Service cost	367,600	340,759	217,277	925,636
Interest	1,436,068	1,302,278	887,133	3,625,479
Benefit payments, including refunds of member contributions	(930,078)	(804,089)	(540,361)	(2,274,528)
Difference of expected and actual experience	--	(146,474)	(196,177)	(342,651)
Experience gains (losses)	(320,404)	--	--	(320,404)
Assumption changes	695,450	340,718	--	1,036,168
Net Change	<u>1,248,636</u>	<u>1,033,192</u>	<u>367,872</u>	<u>2,649,700</u>
Ending balance	<u>20,814,045</u>	<u>18,458,188</u>	<u>12,657,101</u>	<u>51,929,334</u>
Fiduciary Net Position				
Beginning balance	17,104,277	11,809,329	10,097,843	39,011,449
Employer contributions	454,309	453,356	397,748	1,305,413
Member contributions	128,900	221,829	83,239	433,968
Net investment income	2,260,130	1,517,545	1,280,806	5,058,481
Benefit payments	(930,078)	(804,089)	(540,361)	(2,274,528)
Administrative expenses	(20,816)	(17,454)	(5,376)	(43,646)
Net change	<u>1,892,445</u>	<u>1,371,187</u>	<u>1,216,056</u>	<u>4,479,688</u>
Ending balance	<u>18,996,722</u>	<u>13,180,516</u>	<u>11,313,899</u>	<u>43,491,137</u>
Net Pension Liability	<u>\$ 1,817,323</u>	<u>\$ 5,277,672</u>	<u>\$ 1,343,202</u>	<u>\$ 8,438,197</u>

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

Pensions, LACERS and DWP Plans used a discount rate of 7.25 percent to measure the total pension liability for the measurement date of June 30, 2017. 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 pension plans' 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, 2018 based on the measurement date of June 30, 2017.

The net pension liability changes when there are changes in the discount rate. The following presents the net pension liabilities (in thousands) calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate of 7.25 percent for Pensions, LACERS and DWP Plans:

	Pensions	LACERS	DWP Plans
1% Decrease (6.25%)	\$ 4,662,373	\$ 7,722,365	\$ 3,062,653
Current discount rate (7.25%)	1,817,323	5,277,672	1,343,202
1% Increase (8.25%)	(508,142)	3,243,284	(77,419)

NOTE 5 – OTHER INFORMATION (Continued)**5. 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, 2018 (in thousands):

	Pension Expense			
	Pensions	LACERS	DWP Plans	Totals
Service cost	\$ 367,600	\$ 340,759	\$ 217,277	\$ 925,636
Interest on the total pension liability	1,436,067	1,302,278	887,133	3,625,478
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(55,819)	(28,332)	(33,138)	(117,289)
Expensed portion of current-period changes of assumptions or other inputs	121,159	65,903	--	187,062
Member contributions	(128,900)	(221,829)	(83,239)	(433,968)
Projected earnings on plan investments	(1,284,649)	(895,795)	(729,746)	(2,910,190)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(195,096)	(124,350)	(110,212)	(429,658)
Administrative expense	20,816	17,454	5,375	43,645
Recognition of beginning of year deferred outflows of resources as pension expense	346,994	431,406	424,884	1,203,284
Recognition of beginning of year deferred inflows of resources as pension expense	(502,610)	(314,840)	(334,049)	(1,151,499)
	<u>\$ 125,562</u>	<u>\$ 572,654</u>	<u>\$ 244,285</u>	<u>\$ 942,501</u>

NOTE 5 – OTHER INFORMATION (Continued)

	Deferred Outflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
Pension contributions subsequent to measurement date	\$ 459,632	\$ 450,233	\$ 437,251	\$ 1,347,116
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	28,976	8,906	37,882
Changes of assumptions or other inputs	574,291	501,223	582,765	1,658,279
Net difference between projected and actual earnings on investments	--	57,234	--	57,234
	<u>\$ 1,033,923</u>	<u>\$ 1,037,666</u>	<u>\$ 1,028,922</u>	<u>\$ 3,100,511</u>

	Deferred Inflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ --	\$ 28,976	\$ 8,905	\$ 37,881
Changes of assumptions or other inputs	20,893	--	--	20,893
Net difference between projected and actual earnings on investments	150,029	--	72,898	222,927
Difference between expected and actual experience in total pension liability	873,492	411,445	397,466	1,682,403
	<u>\$ 1,044,414</u>	<u>\$ 440,421</u>	<u>\$ 479,269</u>	<u>\$ 1,964,104</u>

Amount reported as deferred outflows for contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. 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	Pensions	LACERS	DWP Plans
June 30			
2019	\$ (285,373)	\$ 29,788	\$ 31,188
2020	21,760	191,196	125,198
2021	(49,276)	20,197	68,480
2022	(205,584)	(100,556)	(81,978)
2023	48,350	6,387	(30,486)

NOTE 5 – OTHER INFORMATION (Continued)**6. Long-term Expected Rate of Return on Plan Investments**

The discount rate used to measure the total pension liability was 7.25% for Pensions, LACERS, and DWP Plans. 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 subtracting 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 for the actuarial valuation 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, 2017	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2017	Target Allocation	Long-term Expected Rate of Return As of Measurement Date of June 30, 2017
Large cap U.S. equity	23.00 %	5.61 %	19.00 %	5.61 %	-- %	-- %
Small cap U.S. equity	6.00	6.37	5.00	6.48	--	--
Developed international equity	16.00	6.96	19.00	7.08	19.00	7.25
Developed international small cap equity	--	--	3.00	7.32	--	--
Emerging markets equity	5.00	9.28	7.00	9.35	--	--
Domestic equity	--	--	--	--	29.00	5.76
U.S. core fixed income	12.00	1.06	--	--	25.00	1.74
Core bonds	--	--	19.00	1.08	--	--
High yield bonds	3.00	3.65	--	--	--	--
Real estate	10.00	4.37	--	--	8.00	4.37
Real return	--	--	--	--	5.00	2.39
Private real estate	--	--	5.00	4.44	--	--
Private equity	12.00	7.50	12.00	8.97	8.00	7.75
Hedge funds	--	--	--	--	5.00	3.50
Public real assets	--	--	5.00	3.35	--	--
Credit opportunities	--	--	5.00	3.75	--	--
Treasury inflation protected securities	5.00	0.94	--	--	--	--
Commodities	5.00	3.76	--	--	--	--
Cash	1.00	(0.17)	1.00	(0.06)	1.00	(0.46)
Unconstrained fixed income	2.00	2.50	--	--	--	--
	<u>100.00 %</u>		<u>100.00 %</u>		<u>100.00 %</u>	

NOTE 5 – OTHER INFORMATION (Continued)**7. Actuarial Methods and Assumptions**

Significant actuarial methods and assumptions used to determine the total pension liabilities for the reporting period of June 30, 2018 are as follows:

	Pensions	LACERS	DWP Plans
Measurement date	June 30, 2017	June 30, 2017	June 30, 2017
Valuation date	June 30, 2016	June 30, 2017	July 1, 2017
Inflation rate	3.00%	3.00%	3.00%
Actuarial cost method	Entry age actuarial cost method	Entry age method	Entry age actuarial cost method
Actuarial assumptions:			
Salary increases	4.30% to 12.00%	3.90% to 10.00%	4.50% to 10.00%
Investment rate of return	7.25% net of investment expense	7.25% net of investment expense	7.25% net of investment expense
Mortality rates:			
Healthy	Healthy: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, set back one year for members. Headcount-Weighted RP-2014 Health Annuitant Mortality Table projected 20 years with two-dimensional Scale MP 2016, 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.	Head count - weighted RP-2014 Healthy Annuitant Mortality Table with no age adjustment for males, and set back one year for females, projected generationally with the two-dimensional MP-2015 projection scale.
Disabled	Disabled: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, 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.	Head count - weighted RP-2014 Healthy Annuitant Mortality Table with no age adjustment for males, and set back one year for females, projected generationally with the two-dimensional MP-2015 projection scale.
Actuarial Experience Study	July 1, 2013 to June 30, 2016	July 1, 2011 to June 30, 2014	July 1, 2012 to June 30, 2015

NOTE 5 – OTHER INFORMATION (Continued)**B. 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.

Pensions

Members of the System are entitled to postemployment health subsidy benefits under Sections 1330, 1428, 1518, 1618, and 1718 of the City Charter; Section 4.2018 of the Administrative Code; and related ordinances. Members who retire from the System with at least 10 years of service are eligible for health subsidy benefits. For retirement effective dates prior to July 1, 1998, regular benefits began at age 60. For retirement effective dates on or after July 1, 1998, regular benefits begin at age 55. Tier 6 members who retire on service-connected disability pension are eligible for a minimum health subsidy at age 55 if they have fewer than 10 years of service. Health subsidy benefits are available to members and their covered dependents (e.g. spouses/domestic partners, children) on disability and service retirement. Effective January 1, 2000, qualified surviving spouses/domestic partners are eligible for health subsidy benefits.

LACERS

LACERS administers, and provides postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s). To be eligible for LACERS postemployment healthcare benefits, member must: 1) be at least age 55; 2) have at least 10 whole years of service with LACERS; and 3) be enrolled in a LACERS-sponsored medical or dental plan or are a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to the retirees only, based on service years and service credit.

DWP Plans

The Water and Power Employees' Retirement Plan of the City of Los Angeles (WPERP) was established by the Los Angeles Department of Water and Power in 1938. Under the provisions of the Charter of the City of Los Angeles Retirement Board of Administration has the responsibility and authority to administer the WPERP and to invest its assets. In 1986, DWP Board adopted the Department Health Plans Board Resolution. This resolution established provisions for the health, dental and other medical plans of the DWP and its subsidies.

NOTE 5 – OTHER INFORMATION (Continued)

This resolution and subsequent amendments have created the DWP's Postretirement Health Care Benefit Plan. The WPERP has four separate funds – Retirement Fund, Disability Fund, Death Benefit Fund, and Retiree Health Benefits Fund. Each fund is considered a separate plan and an independent trust fund of the Department. The Death Benefit Fund and Retiree Health Benefit Fund are single-employer defined benefit other postemployment benefits (OPEB) plans.

1. Membership

As of June 30, 2018, Pensions, LACERS and DWP Plans OPEB members consisted of the following:

	PENSIONS OPEB	LACERS OPEB	DWP OPEB	
			Health Benefits	Death Benefit
Retired members, married dependents and beneficiaries	10,913	15,144	8,185	7,290
Vested terminated members entitled to, but not yet receiving benefits	899	1,401	--	656
Active members	13,442	26,042	10,114	10,114
Total	25,254	42,587	18,299	18,060

2. BenefitsBenefits Provided by Pensions

Administrative Code Section 4.1154 (e) provides that, on an annual basis beginning in 2006, the Pensions Board is authorized to make discretionary changes to the maximum monthly subsidy, so long as no increase exceeds the lesser of a 7% increase or the actuarial assumed rate for medical inflation for pre-65 health benefits established by the Board for the applicable fiscal year. The maximum monthly subsidy for fiscal years 2018 was \$1,628. Pensions also reimburses Medicare Part B premiums for any pensioner enrolled in Medicare Parts A and B, and eligible to receive a subsidy.

Effective January 1, 2001, members of Pensions are entitled to postemployment health insurance premium reimbursements under Section 4.1163 of the Administrative Code. The reimbursement paid is a percentage of the maximum subsidy for health care. Pensions also reimburses basic Medicare Part B premiums for any pensioner or qualified surviving spouse/domestic partner eligible to receive a subsidy and enrolled in Medicare Parts A and B.

Pensions members are also entitled to a dental subsidy. The benefit paid is a percentage of a maximum subsidy for dental care based on the lower of the dental subsidy in effect for LACERS (civilian retirees) or active Safety Members. The maximum monthly subsidy for calendar years 2017 was \$45. In determining the dental subsidy, members receive 4% for each completed year of service, up to 100% of the maximum.

NOTE 5 – OTHER INFORMATION (Continued)Benefits Provided by LACERS

The maximum subsidies are set annually by the Board. Effective February 21, 2016, healthcare benefit eligibility requirements have changed members who have periods of part-time service. Such members are now eligible to participate in the LACERS retiree medical programs with a 10 whole years of service, even if some or all of that service was part-time, provided that the member meets the eligibility requirements. Both Tier 1 and Tier 3 members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and eligible members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of LACERS members are entitled to LACERS postemployment health care benefits after the retired member's death.

During fiscal year 2011, the City adopted an ordinance ("Subsidy Cap Ordinance") to limit the maximum medical subsidy 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, 2018, all active Tier 1 and Tier 3 members were making the additional contributions, and therefore will not be subject to the medical subsidy cap.

Benefits Provided by DWP Plans

Retiree Health Benefits Fund (RHBF)

For retiree healthcare, a medical subsidy is computed by a formula related to years of service and attained age of retirement. The subsidy limit is applied to the combined medial carrier and Medicare Part B premium but not the dental premium. For Tier 1, the monthly medical subsidy ranges from \$30.32 to \$1,630 depending on age and service at retirement. Tier 2, the monthly medical subsidy ranges from \$30.32 to \$815.27, depending on age and service at retirement. The monthly dental subsidy for most retirees is \$37.85. The dental subsidy is not available to pay for premiums for married and surviving spouses or domestic partners. All members hired before January 1, 2014 are Tier 1. All members hired after January 1, 2014 are Tier 2.

Death Benefit Fund (DBF)

The Death Benefit Fund consists of the insured lives death benefit (IDB), family death benefit (FDB), and supplemental family death benefit (SFDB).

Insured Lives Death Benefit (IDB)

For contributing active members, death benefit coverage begins after completion of 26 weeks of continuous DWP 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.

NOTE 5 – OTHER INFORMATION (Continued)

Family Death Benefit (FDB)

Coverage begins after completion of 26 weeks of continuous DWP 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 (SFDB)

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.

3. Contribution InformationEmployer Contributions

Pensions

The Pensions Board establishes and may amend the contribution requirements of members and the City. The City's annual contribution for the Pensions plan is actuarially determined and represents a level of funding that, if paid on an ongoing basis, is expected to be sufficient to make all benefit payments to current members. The City Administrative Code and related ordinance define member contributions. The employer contribution rate as calculated by Pensions' actuary is 12.29% of covered payroll. Accordingly, the City's contributions as determined by the actuary, net of early payment discount, for the fiscal year ended June 30, 2018, 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
Health Subsidy Entry Age Cost	\$ --	\$ 0.05	\$ 4.34	\$ 1.59	\$ 51.55	\$ 9.58	\$ 0.74	\$ 0.09
Health Subsidy Unfunded Actuarial Accrued Liability	1.70	59.74	5.31	3.16	35.30	4.12	0.15	0.02
Health Administrative Expenses	--	--	0.06	0.02	0.70	0.08	--	--

During fiscal year 2018, total employer contributions of \$178.4 million which excluded the transfer of employer contributions from the LACERS for the Airport Police members who elected to join the System in Tier 6 were made in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2016.

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, 2018, the actuarially-determined contribution of the employer to LACERS by the City was 4.92% of covered payroll, based on the June 30, 2016 actuarial valuation. Upon closing the fiscal year 2018, 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.

NOTE 5 – OTHER INFORMATION (Continued)

As a result, employer contributions for Postemployment Health Care Plan were \$3.8 million more, and it was credited to the employer toward employer contribution for fiscal year 2019. Based on actual payroll, the effective rate of employer contribution for Postemployment Health Care Plan was 4.91%. During fiscal year 2018, total employer contributions of \$101 million were made in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2016.

DWP Plans

The Retirement Board establishes rates for retiree healthcare plan based on an actuarially determined rate. For the fiscal year ended June 30, 2018, the DWP's average contribution rate was 10.1% of covered-employee payroll. Employees are not required to contribute to the retiree healthcare plan. DWP's contributions to the retiree healthcare plan were \$91.6 million including administrative expenses of \$0.7 million for the fiscal year ended June 30, 2018.

The DWP contributes to the death benefit plan based on actuarially determined contribution rates adopted by the board of administration. Employer contribution rates are adopted annually based on recommendations received from the Plan's actuary after the completion of the review of the death benefit fund. The employer and member contribution rates as of June 30, 2018 are as follows:

	DWP	Members	
		Active	Retired
Family death benefit	\$1.62 monthly per active member	N/A	N/A
Supplemental family death benefit insured lives	N/A	\$2.25 biweekly	\$4.9 monthly
Contributing	\$0.22 per \$100 of payroll	\$1.00 biweekly	N/A
Noncontributing	\$11.05 per \$100 of monthly retirement benefit	N/A	N/A

DWP's contributions to the death benefits plan were \$8.1 million including administrative expenses of \$0.9 million for the fiscal year ended June 30, 2018.

4. Net OPEB Liability

For the June 30, 2018 reporting date, the Net Other Postemployment Benefits Liability (NOL) of Pensions was measured as of June 30, 2017 and determined based upon the Total OPEB Liability (TOL) from the actuarial valuation as of June 30, 2017. The Fiduciary Net Position (FNP) was valued as of the measurement date.

LACERS' NOL was measured as of June 30, 2017 and determined based upon the FNP and TOL from the actuarial valuation as of June 30, 2017. FNP and TOL were valued as of the measurement date.

The NOL of DWP Plans was measured as of June 30, 2017 and determined based upon the results of the actuarial valuation as of June 30, 2017. The FNP and TOL were valued as of the measurement date.

NOTE 5 – OTHER INFORMATION (Continued)

The City's total OPEB liability, fiduciary net position and net OPEB liability for each plan as of June 30, 2018 were as follows (in thousands):

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Fiduciary Net Position as % of Total OPEB Liability
Pensions	\$ 3,357,827	\$ 1,665,685	\$ 1,692,142	49.61%
LACERS	3,005,806	2,438,862	566,944	81.14%
DWP Plans				
Health Benefits	2,347,484	1,911,881	435,603	81.44%
Death Benefit	146,809	27,585	119,224	18.79%
Totals	<u>\$ 8,857,926</u>	<u>\$ 6,044,013</u>	<u>\$ 2,813,913</u>	

Changes in Net OPEB Liability

The components of the net OPEB liabilities of Pensions, LACERS and DWP Plans determined in accordance with GASB Statement No. 75 as of the measurement date of June 30, 2017 were as follows (in thousands):

	Pensions	LACERS	DWP Plans	Totals
Total OPEB Liability				
Beginning balance	\$ 3,079,669	\$ 2,793,689	\$ 2,479,943	\$ 8,353,301
Service cost	65,407	68,385	52,952	186,744
Interest	231,285	210,170	174,613	616,068
Benefit payments	(122,562)	(119,616)	(98,278)	(340,456)
Differences between expected and actual experience	38,241	19,666	(44,429)	13,478
Assumption changes	65,787	33,512	(70,508)	28,791
Net Change	278,158	212,117	14,350	504,625
Ending balance	3,357,827	3,005,806	2,494,293	8,857,926
Fiduciary Net Position				
Beginning balance	1,435,404	2,134,877	1,721,101	5,291,382
Employer contributions	165,170	97,457	99,231	361,858
Member contributions	--	--	337	337
Net investment income	189,420	330,708	218,779	738,907
Benefit payments	(122,562)	(119,616)	(98,278)	(340,456)
Administrative expenses	(1,747)	(4,564)	(1,704)	(8,015)
Net change	230,281	303,985	218,365	752,631
Ending balance	1,665,685	2,438,862	1,939,466	6,044,013
Net OPEB Liability	<u>\$ 1,692,142</u>	<u>\$ 566,944</u>	<u>\$ 554,827</u>	<u>\$ 2,813,913</u>

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

Pensions, LACERS and DWP plans used a discount rate of 7.25 percent to measure the total OPEB liability for the measurement date of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. 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 OPEB liability as of June 30, 2018 based on the measurement date of June 30, 2017.

The net OPEB liability changes when there are changes in the discount rate. The following presents the net OPEB liabilities (in thousands) calculated using the discount rate of 7.25 percent, as well as what the net OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate of 7.25 percent for Pensions, LACERS and DWP Plans:

	Pensions	LACERS	DWP Plans	
			Health Benefits	Death Benefit
1% Decrease (6.25%)	\$ 2,187,545	\$ 973,450	\$ 756,186	\$ 140,751
Current discount rate (7.25%)	1,692,142	566,944	435,603	119,224
1% Increase (8.25%)	1,288,631	229,418	170,513	102,000

Sensitivity of the Net OPEB Liabilities to Changes in Healthcare Cost Trend Rates

The net OPEB liability changes when there are changes in the healthcare cost trend rate. The following presents the net OPEB liabilities (in thousands) as of June 30, 2017, as well as what net OPEB liabilities would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Pensions, LACERS and DWP Plans:

	Pensions *	LACERS **	DWP Plans *
1% Decrease	\$ 1,251,292	\$ 176,653	\$ 134,636
Current Trend rate	1,692,142	566,944	435,603
1% Increase	2,287,940	1,072,553	837,749

* Current trend rates: 7.00% graded down to 4.50% over 10 years for Non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs and 4.50% for all years for Dental and Medicare Part B cost.

** Current trend rates: 6.87% graded down to 4.50% over 10 years for Non-Medicare medical plan costs; 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs and 4.50% for all years for Dental and Medicare Part B cost.

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

The City recognized the following OPEB expenses, deferred outflows of resources and deferred inflows of resources for the fiscal year ended June 30, 2018 (in thousands):

	OPEB Expense			
	Pensions	LACERS	DWP Plans	Totals
Service cost	\$ 65,407	\$ 68,385	\$ 52,952	\$ 186,744
Interest on the total OPEB liability	231,285	210,170	174,613	616,068
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	5,440	3,078	(6,411)	2,107
Expensed portion of current-period changes of assumptions or other inputs	9,358	5,244	(10,174)	4,428
Member contributions	--	--	(337)	(337)
Projected earnings on plan investments	(114,865)	(162,464)	(123,718)	(401,047)
Expensed portion of current-period projected earnings on plan investments	(14,911)	(33,649)	(19,012)	(67,572)
Administrative expense	1,747	4,564	1,704	8,015
	<u>\$ 183,461</u>	<u>\$ 95,328</u>	<u>\$ 69,617</u>	<u>\$ 348,406</u>

NOTE 5 – OTHER INFORMATION (Continued)

	Deferred Outflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
OPEB contributions subsequent to measurement date	\$ 178,979	\$ 100,504	\$ 99,666	\$ 379,149
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	1,261	1,989	3,250
Changes of assumptions or other inputs	56,462	28,267	263	84,992
Net difference between projected and actual earnings on investments	--	--	564	564
Difference between expected and actual experience	32,801	16,589	107	49,497
	<u>\$ 268,242</u>	<u>\$ 146,621</u>	<u>\$ 102,589</u>	<u>\$ 517,452</u>

	Deferred Inflows of Resources			
	Pensions	LACERS	DWP Plans	Totals
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ --	\$ 1,261	\$ 1,989	\$ 3,250
Changes of assumptions or other inputs	33	--	60,334	60,367
Net difference between projected and actual earnings on investments	59,644	134,595	76,876	271,115
Difference between expected and actual experience	--	--	38,125	38,125
	<u>\$ 59,677</u>	<u>\$ 135,856</u>	<u>\$ 177,324</u>	<u>\$ 372,857</u>

Amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2019. The other net amount of deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized as OPEB expense as follows (in thousands):

Reporting Date under GASB 75 Year Ending June 30	Pensions	LACERS	DWP Plans
2019	\$ (113)	\$ (25,327)	\$ (35,598)
2020	(113)	(25,327)	(35,598)
2021	(113)	(25,327)	(35,598)
2022	(113)	(25,326)	(35,598)
2023	14,797	8,322	(16,585)
2024	14,797	3,246	(15,424)
2025	444	--	--

NOTE 5 – OTHER INFORMATION (Continued)**6. Long-term Expected Rate of Return on Plan Investments**

The discount rate used to measure the total OPEB liability was 7.25% for Pensions, LACERS, and DWP Plans. The long-term expected rate of return on OPEB 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	
	Long-term		Long-term		Long-term	
	Target	Expected Rate of Return As of Measurement Date of June 30, 2017	Target	Expected Rate of Return As of Measurement Date of June 30, 2017	Target	Expected Rate of Return As of Measurement Date of June 30, 2017
Large cap U.S. equity	23.00%	5.61%	19.00%	5.61%	--	--
Small cap U.S. equity	6.00%	6.37%	5.00%	6.48%	--	--
Developed international equity	16.00%	6.96%	19.00%	7.08%	19.00%	7.25%
Developed international small cap equity	--	--	3.00%	7.32%	--	--
Emerging markets equity	5.00%	9.28%	7.00%	9.35%	--	--
Domestic equity	--	--	--	--	29.00%	5.76%
U.S. core fixed income	12.00%	1.06%	--	--	25.00%	1.74%
Core bonds	--	--	19.00%	1.08%	--	--
High yield bonds	3.00%	3.65%	--	--	--	--
Real estate	10.00%	4.37%	--	--	8.00%	4.37%
Real return	--	--	--	--	5.00%	2.39%
Private real estate	--	--	5.00%	4.44%	--	--
Private equity	12.00%	7.50%	12.00%	8.97%	8.00%	7.75%
Hedge funds	--	--	--	--	5.00%	3.50%
Public real assets	--	--	5.00%	3.35%	--	--
Credit opportunities	--	--	5.00%	3.75%	--	--
Treasury inflation protected securities	5.00%	0.94%	--	--	--	--
Commodities	5.00%	3.76%	--	--	--	--
Cash	1.00%	-0.17%	1.00%	-0.06%	1.00%	-0.46%
Unconstrained fixed income	2.00%	2.50%	--	--	--	--
	<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>	

NOTE 5 – OTHER INFORMATION (Continued)**7. Actuarial Methods and Assumptions**

Significant actuarial methods and assumptions used to determine the total OPEB liabilities for the reporting period of June 30, 2018 are as follows:

	Pensions	LACERS	DWP Plans
Measurement date	June 30, 2017	June 30, 2017	June 30, 2017
Valuation date	June 30, 2017	June 30, 2017	June 30, 2017
Inflation rate	3.00%	3.00%	3.00%
Actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method
Actuarial assumptions:			
Salary increases	4.30% to 12.00%	3.90% to 10.00%	4.50% to 10.00%
Investment rate of return	7.25% net of investment expense	7.25% net of investment expense	7.25% net of investment expense
Healthcare cost trend rates	7.00% graded down to 4.50% over 10 years for non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs; and 4.50% for all years for dental and Medicare Part B costs.	6.87% graded down to 4.50% over 10 years for non-Medicare medical plan costs; 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs; and 4.50% for all years for dental and Medicare Part B costs.	7.00% graded down to 4.50% over 10 years for non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs; and 4.50% for all years for dental and Medicare Part B costs.
Mortality rates:			
Pre-Retirement	Headcount-Weighted RP-2014 Employee Mortality Table times 90%, projected 20 years with two-dimensional Scale MP-2016.	Mortality rates vary by age, gender, and/or service.	Head count-weighted RP-2014 Employee Mortality Table times 80%, projected generationally with the two-dimensional MP-2015 projection scale.
Postemployment Healthy	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, set back one year.	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.	Head count-weighted RP-2014 Healthy Annuitant Mortality Table with no age adjustment for males and set back one year for females, projected generationally with the two-dimensional MP-2015 projection scale.
Disabled	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, 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.	Head count-weighted RP-2014 Healthy Annuitant Mortality Table with no age adjustment for males and set back one year for females, projected generationally with the two-dimensional MP-2015 projection scale.
Actuarial Experience Study	July 1, 2013 to June 30, 2016	July 1, 2011 to June 30, 2014	July 1, 2012 to June 30, 2015

NOTE 5 – OTHER INFORMATION (Continued)**8. 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.

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 the 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, 2018, 1,442 pensioners were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately \$299.6 million.

9. 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 \$480.4 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.

10. Patient Protection and Affordable Care Act (PPACA)

The PPACA of 2010 contains a provision that would impose a forty percent 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 (subsequently deferred to 2022). If there is no change in the law or Pensions' and LACERS' plan provisions between now and 2022, and if the current medical cost trend stays substantially the same during the same period, some of Pensions' and LACERS' post-employment health care plans will be subject to the excise tax in 2022 and thereafter.

GASB 75 requires the inclusion of the excise tax in the liability. However, due to the deferred starting date for projected Affordable Care Act (ACA) excise tax, the impact of potential excise tax imposed by the ACA and related statutes on certain health plans in calculating the contribution rates for the Pensions and LACERS will be reflected in the valuation for fiscal year June 30, 2018.

NOTE 5 – OTHER INFORMATION (Continued)

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.

11. 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****1. 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 41 for 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 \$47.0 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, 2018.

LAUSD v. City of Los Angeles is a case filed in 2007 seeking to recover tax increment pass-through payments that the County of Los Angeles and relevant redevelopment agencies improperly calculated without including Educational Revenue Augmentation Fund ("ERAF") revenues in the accounting. The Court of Appeals ruled in January 2010 that the County improperly excluded property taxes allocated to the ERAF in computing LAUSD's proportional share of property tax increments collected from relevant redevelopment agencies. Because of the County's flawed computational methodology, as ruled by the Court of Appeals, the City, over the years, inadvertently received a greater share of the revenue from property tax increments collected by the County on behalf of the redevelopment agencies.

In February 2017, LAUSD filed a motion seeking to recover its proportionate share of property tax increments collected by the County and diverted to local municipalities and other taxing entities. The motion is scheduled to be heard on February 20, 2019. The potential amount of surplus property tax increments to be repaid to LAUSD is estimated to be approximately between \$11.0 million and \$21.0 million. Any payment would be funded through a reduction or reallocation of property tax revenues that was to be directed to the City by the County.

Lavinsky et al. v. City of Los Angeles and *Enquist et al. v. City of Los Angeles* are class action lawsuits challenging the City's method of computing gas users tax (GUT) and seeking a refund of excess GUT paid. In December 2014, the court ruled in favor of the plaintiffs of Lavinsky et al. on summary judgment, finding that the existing language of GUT to be ambiguous. On November 6, 2015, the trial court certified the class. The parties reached a proposed settlement and anticipate preliminary court approval of the agreement in 2019. If approved, the City will direct Southern California Gas to cease collecting the tax on the two surcharges going forward and the refund for past collections will be paid out via a temporary reduction in the utility users tax rate for Southern California Gas customers over an estimated three-year period. The City's total obligation will be capped at \$32.5 million, including administrative costs and attorneys' fees as approved and ordered by the Court. Only the administrative costs and attorneys' fees will be paid out in cash. The remainder of the settlement fund will be paid out via reduced gas users' tax revenue from Southern California Gas customers over a three-year period.

NOTE 5 – OTHER INFORMATION (Continued)

Enquist v. City of Los Angeles case was filed on August 13, 2015 on behalf of a class of customers who paid the City's utility users tax on specified charges for natural gas services. Specifically, the plaintiffs claim that the customer charge and service establishment charge are not taxable under the City's utility users tax. Plaintiffs seek a class refund of taxes paid on those services from August 16, 2014 to the present. The case was deemed related to the Lavinsky case described above. The City has and continues to vigorously defend the case. Plaintiffs moved to certify the class and chose to limit the class to Southern California Gas customers only. The court issued a tentative ruling on January 11, 2018 that allowed plaintiffs until June 29, 2018 to file a proposed trial plan. The ruling stated that if the proposed trial plan was acceptable, the court would certify the class as to the customer charge. As to the service establishment charge, the court determined the Plaintiffs were not typical. The court allowed class counsel the opportunity to locate an additional named plaintiff who would be typical of those in the class who paid the service establishment charge. Whether they are allowed to amend to add an additional named plaintiff and whether the proposed trial plan is sufficient will not be resolved by the court until February 2019. It is difficult to estimate the potential exposure at this time since it is not known whether the class will include those who paid the service establishment charge and, if so, over what period of time those persons might be entitled to a refund.

Fair Labor Standards Act. The City has been sued in approximately thirty-five separate cases, many of which arose after the decertification of conditionally certified class action by the District Court, for alleged violations of the Fair Labor Standards Act (FLSA). The cases involve classes of police officers and firefighters and include allegations of failure to compensate for off-the-clock hours worked, unpaid overtime, meal breaks worked, "white time," and retaliatory disciplinary action. The plaintiffs' underlying objective in all these cases is to obtain monetary damages for FLSA violations. The City settled with 17 of the lead plaintiffs for approximately \$85,000 and attorneys' fees of approximately \$500,000. Approximately 13 large plaintiff group cases have been resolved or dismissed without any financial impact to the City. Of the remaining large group cases, since 2015, the City settled four matters for approximately \$8.4 million. Plaintiffs appealed the decertification ruling, amongst other rulings of the District Court to the Ninth Circuit. On April 30, 2018, the Ninth Circuit affirmed the District Court's other rulings but did not rule on the decertification issue. On September 13, 2018, the Ninth Circuit affirmed the decertification ruling of the District Court. The plaintiffs did not file an appeal of the Ninth Circuit's decertification ruling. Any claims to be filed in the future will need to be filed on an individual basis. Liability is remote. Notwithstanding, in the event liability is imposed on the City from these matters, any liability would likely not exceed \$10 million, in the aggregate.

LAPPL v. City of Los Angeles et al., is a class action grievance filed on January 14, 2009, alleging current and former officers were entitled to overtime under the Memorandum of Understanding (MOU), executed between the LAPPL and the City, for time spent on donning and doffing activities (i.e., dressing in and out of the uniform). Plaintiff also petitioned to compel arbitration over the allegation. The petition was stayed until February 2019 pending the outcome of the Ninth Circuit appeal discussed in cases under FLSA. With the stay expected to be lifted in light of the Ninth Circuit's ruling that affirmed the decertification, the matter is expected to proceed further. However, based on the results of the FLSA. Liability is remote. However, in the event there's an adverse ruling against the City liability could exceed \$10.0 million based on the number of officers who are members of the LAPPL.

NOTE 5 – OTHER INFORMATION (Continued)

Brewster v. City of Los Angeles was a putative class action filed in Federal District Court for damages pursuant to 42 U.S.C. Section 1983. The complaint alleged that the City violated the plaintiffs' rights under the Fourth Amendment of the U.S. Constitution, and related state laws, by impounding vehicles without a warrant for 30 days pursuant to Vehicle Code section 14602.6. The deadline for Plaintiffs to file a motion for class certification is July 29, 2019. Although it is unlikely the court will certify the class, in the event a class is certified, the potential liability the City may incur with an adverse ruling may range between \$75.0 million to \$100.0 million. The City plans to oppose the plaintiffs' motion for class certification. Without a class, the City's exposure is likely less than \$2.0 million.

2. Business-Type ActivitiesAirports 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, including epidemics and pandemics. As a result of terrorist activities, certain international hostilities and risk of violent crime, Airports has implemented enhanced security measures mandated by the FAA, the Transportation Security Administration (TSA), the Department of Homeland Security and Airport management. Current and future security measures may create significantly increased inconvenience, costs and delays at Los Angeles International Airport (LAX) which may give rise to the avoidance of air travel generally and the switching from air to ground travel modes and may adversely affect Airports' operations, expenses and revenues. LAX has been the target of a foiled terrorist bombing plot and has been recognized as a potential terrorist target. Recent incidents at United States and international airports underscore this risk. LAX is a high profile public facility in a major metropolitan area. Airports cannot predict whether LAX or any of LAWA's other airports will be actual targets of terrorists or other violent acts in the future.

Environmental Matters

The California Regional Water Quality Control Board, Lahontan Region (Water Board) issued a Notice of Revised Proposed Cleanup and Abatement Order (Order) to Los Angeles County Sanitation District No. 20 (District) and the City of Los Angeles (City), as Dischargers, with respect to discharges to underground water from the Palmdale Reclamation Plant (Reclamation Plant) owned by the District. The Order states that the discharges have resulted in violations of waste discharge requirements for the Reclamation Plant and prohibitions contained in the Water Quality Control Plan for the Lahontan Region, and that discharges from the Reclamation Plant to unlined ponds and to the Effluent Management Site (owned by the City and now known as the Agricultural Site) have adversely affected and polluted groundwater in the area of the discharges.

NOTE 5 – OTHER INFORMATION (Continued)

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 Airports Board and City Council approved a settlement in April and May 2018 which is documented in an Amended & Restated Lease with the following key terms: (i) Airports to make a \$5.0 million lump sum payment to the District, (ii) Airports to provide a 10-year lease extension with two 5-year options, (iii) District to release the City, including Airports' past and current tenants, (iv) District to indemnify Airports, in perpetuity, covering all past and future cleanup orders and regulatory requirements relating to Site Contamination (as defined in the Amended & Restated Lease), with two limited and reasonable exceptions, (v) Airports to provide reasonable access over its Palmdale Landholdings for Compliance Requirements, subject to its Tenant Improvement Approval Process and obligations under tenant leases, and (vi) Groundwater pumped as part of the extraction well network shall be charged to the District's allocation under the Antelope Valley Groundwater Adjudication Final Judgment, and not to Airports' allocation. The \$5.0 million lump sum payment was made in June 2018 in full settlement of the liability which was accrued as of June 30, 2017.

Harbor Enterprise Fund

Alameda Corridor Transportation Authority (ACTA) Agreement

In August 1989, Harbor and the Port of Long Beach (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. If in the future, ACTA is able 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.

NOTE 5 – OTHER INFORMATION (Continued)

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. There was no Shortfall payments in fiscal year 2018.

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 an expense in fiscal year 2003.

The terms of the settlement 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. In November 2015, two separate Memoranda of Agreements were approved and authorized to transfer \$5.2 million to the Harbor Community Benefit Foundation (HCBF) to administer air quality improvement projects and \$4.0 million to the South Coast Air Quality Management District to assist in funding the demonstration of a catenary zero emission truck project. As of June 30, 2018, Harbor has contributed a total of \$75.0 million to the restricted mitigation funds in accordance with the provisions of the settlement.

NOTE 5 – OTHER INFORMATION (Continued)

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) will 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).

Harbor had provided the first two years PCMTF funding of \$12.0 million and \$4.0 million in a special Community Mitigation Trust Fund (CMTF) account maintained by Harbor to meet its obligations 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 for 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 an independent financial manager. In accordance with the Operating Agreement, in 2011 Harbor transferred the unspent balance of PCMTF funding from its CMTF to the PCMTF, an escrow account maintained by an independent financial manager, which is currently J.P. Morgan.

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 a list of specific expansion projects that have environmental impact reports certified within five years after the first HCBF Board of Directors meeting (said certification deadline established as May 19, 2016). The Operating Agreement provides that if the listed MOU expansion projects have EIRs certified by the May 2016 deadline and proceeds with construction; Harbor will make a one-time additional contribution at a rate of \$3.50 per TEU (or \$1.50 per cruise passenger, and \$0.15 per ton of bulk cargo) per project for growth associated with such expansion projects. Funds will be transferred to the PCMTF within 21 days following award of a construction contract or commencement of construction of each project that had an EIR certified prior to May 19, 2016. There were no contributions made during fiscal year 2018. As of June 30, 2018, a total of \$17.5 million has been disbursed from the Harbor's CMTF. The remaining fund balance including interest earned as of June 30, 2018 is \$0.1 million.

NOTE 5 – OTHER INFORMATION (Continued)**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, 2018.

Power Enterprise Fund

Power Revenue Fund Surplus Transfer to City

Under the provision of the City Charter, Power transfers funds at its discretion to the reserve fund of the City. Pursuant to the covenants contained in the bond indentures, the transfers may not be in excess of the increase in fund net position before transfers to the reserve fund of the City of the prior fiscal year.

On September 14, 2017, the Los Angeles County Superior Court preliminarily approved a settlement of a class action lawsuit under which the revenue collected under the 2016 Incremental Electric Rate Ordinance (the 2016 Ordinance) is precluded from being transferred to the reserve fund of the City. As of June 30, 2018, Power Has billed approximately \$52.0 million under the 2016 Ordinance that under the settlement needs to be returned to customers net of attorney's fees and other administrative costs. Accordingly, for fiscal year ended June 30, 2018, Power reduced retail revenue by the same \$52.0 million and increased current accrued expenses accordingly. In October 2017, \$52.0 million was placed in escrow account for return to customers. Upon proof of such return, Power can request funds from the escrow account accordingly. Going forward, the 2016 Ordinance rates will be reduced through the Variable Energy Cost Adjustment so that no revenue for transfers is billed under the Ordinance.

During fiscal year 2018, the 2008 Electric Rate Ordinance (the 2008 Ordinance) and the 2016 Ordinance were in effect. Revenue from each ordinance is listed below, as well as revenue from other sources, including contracts for wholesale energy and transmission revenue. The 12.628 cents under the 2008 Ordinance is determined based on the fiscal year's revenue billed and kilowatt-hour (kwh) usage as of November 3, 2010. The 2008 Ordinance was the only ordinance in effect at that time. The following table relates to revenue billed to customers for the year ended June 30, 2018:

Revenue Type	Basis of Revenue	kwh (in billions)	Rate per Kwh under the 2008 Ordinance	Revenue (in thousands)
Retail sales	2008 Ordinance	22.4	\$ 0.12628	\$ 2,826,564
Retail sales	2016 Ordinance	22.4		834,552
Wholesale sales	Contract			6,256
Transmission sales	Contract			74,918
Rent from electric property	Contract			1,451
Other service charges	Fee schedule			22,591
Unbilled sales	Estimated			70,885
Bad debts expense	Estimated			(32,996)
				\$ 3,804,221

NOTE 5 – OTHER INFORMATION (Continued)Water Enterprise Fund

Purchase Water Commitments

As a member of the Metropolitan Water District (Metropolitan), DWP 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. As of June 30, 2018, Water has purchased 926,580 acre-feet from Metropolitan under the current Purchase Order Agreement. Water expects to fulfill the remaining commitment of 1,106,554 acre-feet of water from Metropolitan over the next 6.5 years, which is estimated to cost \$1.274 billion, or approximately \$196 million per year.

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 Water Quality Improvement Project was completed in December 2007. Construction of the Lower Stone Canyon Water Quality Improvement Project was completed in November 2008. DWP is now in compliance with the SWTR.

NOTE 5 – OTHER INFORMATION (Continued)**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 by-products (DBPs): trihalomethanes (TTHM), and haloacetic acids (HAA5). DBPs form when naturally occurring materials in water (e.g., decomposing plant material) combine with chemicals added to disinfect the water. DBPs are associated with cancer. In order to comply with the requirements of the Stage 2 DBP Rule, DWP must change its primary disinfectant from chlorine to chloramines, a less reactive disinfectant, by April 1, 2014. In order to convert to chloramines, DWP constructed an ultraviolet filtration plant, two chloramination stations, three ammoniation stations, two chlorination stations and has and will continue to install mixers in tanks and reservoirs. DWP achieved compliance with the Stage 2 DBP Rule before April 2014 compliance date. 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 \$384.0 million at completion. The actual expenditures to date are \$317.0 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 treat, 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, 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 design, and construction. The cost of LT2-compliance-related engineering studies and construction activities is expected to reach \$1.5 billion at completion. The actual cost spent to date has been \$967.0 million.

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 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.

NOTE 5 – OTHER INFORMATION (Continued)

In the intervening years, DWP has constructed facilities at the Lake in Phases responding to a series of supplemental control requirements. 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.

Water completed construction of the Owens Lake Dust Mitigation Program – Phase 9/10 Project by the compliance deadline of December 31, 2017. The Phase 9/10 Project entailed mitigating dust emissions from an additional 3.62 square miles of Owens Lake playa through use of Gravel Blanket, Managed Vegetation, and Shallow Flooding Best Available Control Measures at a cost of \$268 million. At completion of Phase 9/10 the Department has now controlled dust emission on 48.6 square miles of Owens Lake playa resulting in 99% overall reduction in PM10 emissions. All improvements made to Owens Lake as part of dust mitigation efforts are recorded as Utility Plant in the year made.

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 2018, \$21.4 million was accrued as claims payable.

NOTE 5 – OTHER INFORMATION (Continued)

Commitments

1. 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, 2018, the City's encumbrances totaled \$771.0 million of which \$215.4 million were contractual commitments for various capital projects. Below are details of encumbrances by fund categories (in thousands):

	Restricted	Committed	Assigned	Totals
General Fund	\$ --	\$ 5,108	\$ 192,731	\$ 197,839
Nonmajor Governmental Funds	434,027	139,164	--	573,191
	<u>\$ 434,027</u>	<u>\$ 144,272</u>	<u>\$ 192,731</u>	<u>\$ 771,030</u>

2. Business-Type Activities

As of June 30, 2018, the following Enterprise Funds have commitments for construction contracts and open purchase orders in the following approximate amounts (in thousands):

Airports	\$ 115,000
Harbor	22,800
Sewer	190,800
Power	39,019
Water	18,087
	<u>\$ 385,706</u>

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 2018.

NOTE 5 – OTHER INFORMATION (Continued)Power Enterprise Fund

Purchase Power Commitments

As of June 30, 2018, 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 %	65.0 %	1,170	\$ 402,101
Palo Verde Nuclear Generating Station	SCPPA	6.0	67.0	159	—
Mead-Adelanto Transmission Project	SCPPA	68.0	48.9	539	56,117
Mead-Phoenix transmission Project	SCPPA	17.8 - 22.4	50.4	647	33,027
Southern Transmission System	SCPPA	100.0	59.5	1,429	349,173
Milford I Wind	SCPPA	100.0	92.5	185	222,863
Windy Point	SCPPA	100.0	100.0	262 *	524,061
Linden Wind Energy	SCPPA	100.0	100.0	50 *	178,143
Milford II Wind	SCPPA	100.0	100.0	102 *	176,830
Apex Power Project	SCPPA	100.0	100.0	520	454,686
					\$ 2,397,001

* 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.
These long-term commitments extend through 2044.

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.

Power does not have ownership of any assets related to these service contracts. As costs are paid each year, they are recorded as purchase power expense. In addition to commitments noted above for debt service, Power is required to pay an average annual fixed charge of approximately \$686.0 million during each of the next five years for operating and maintenance costs relate to actual deliveries of energy under these agreements. Power made a total payment under these agreements of approximately \$905.0 million in fiscal year 2018. These agreements are scheduled to expire from 2027 to 2044.

Power is reimbursed for services provided to IPP under the IPP project manager and operating agent agreements totaling \$29.0 million in fiscal year 2018.

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 \$1.0 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 \$553.0 million as of June 30, 2018. The IPA notes pay interest and principal monthly and mature on July 1, 2023. The interest rates range from 3.95% to 5.71%, subject to adjustments related to IPA bond refundings.

Energy Entitlement

DWP has a contract through 2067 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 \$16.0 million as of June 30, 2018.

On December 20, 2011, President Barack Obama signed H.R. 470, the Hoover Power Allocation Act of 2011, into law. The legislation reallocates, for 50 more years, power from the Hoover Dam Power Plant to existing contractors while creating an additional pool of 5.0% power for new entrants.

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

NOTE 5 – OTHER INFORMATION (Continued)

As of June 30, 2018, the Power's energy entitlement contracts with SCPPA, which involves the annual costs for the power purchased, are as follows (in millions):

	Agency	Agency share	The Power's interest in agency's share		
			Interest	Capacity (MWs)	Cost of Power Purchased
Pebble Springs Wind	SCPPA	100.0	69.6	68.7	\$ 10.4
Don A Campbell 1	SCPPA	100.0	84.6	13.7	14.2
Don A Campbell 2	SCPPA	100.0	100.0	16.2	13.2
Copper Mountain Solar 3	SCPPA	100.0	84.0	210.0	49.6
Heber-1 Geothermal	SCPPA	100.0	66.7	41.7	17.3
Springbok 1 Wind Farm	SCPPA	100.0	100.0	105.0	20.4
Springbok 2 Wind Farm	SCPPA	100.0	100.0	155.0	24.0
Ormat Northern Nevada	SCPPA	100.0	100.0	150.0	12.4
Ormesa	SCPPA	100.0	85.7	30.0	11.7
ARP-Loyalton Biomass	SCPPA	66.6	74.1	8.9	0.9
Total energy costs under entitlement agreements					<u>\$ 174.1</u>

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 Statement of Revenues, Expenses, and Changes in Net Position. DWP authorized total transfers of \$241.8 million in fiscal year 2018 from Power to the reserve fund of the City.

Asset Retirement Obligations (ARO)

In accordance with federal guidelines, Power has \$134.0 million in investments as of June 30, 2018 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 \$154.0 million as of June 30, 2018 was recorded as an increase in accumulated depreciation. The difference between investments and the liability for the decommissioning represent accumulated increases in fair value. 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. Next fiscal year, Power will adopt GASB Statement No. 83. This statement addresses accounting and financial reporting for certain AROs. An ARO is a legally enforceable liability associated with the retirement of a tangible asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability.

NOTE 5 – OTHER INFORMATION (Continued)

La Kretz Innovative Campus

Power has entered into a 50-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, 2018, 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.

3. Los Angeles Fire and Police Pension System

Pensions has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately \$1.5 billion at June 30, 2018.

All members of Pensions who were active on or after July 1, 1982, have a vested right to their past contributions and accrued interest in the event of their termination prior to retirement, except Tier 4 members. The amount of contributions and interest subject to this right were \$1.9 billion as of June 30, 2018. The City Charter and the Administrative Code provide that member contributions as of June 30 and December 31 of each year earn interest at a rate based on investment earnings, exclusive of gains and losses on principal resulting from sales of securities.

Pensions Retiree Health Subsidy Freeze Litigation

In 2017-2018, there were two cases before the courts that involved the retiree health insurance premium subsidy program that the System administers ("retiree medical subsidy"). Both pending actions were brought by the Los Angeles Police Protective League against the Board and the City.

The two cases (the "LAPPL I Action" and the "LAPPL II Action") both seek to determine what retiree medical subsidy benefit the additional 2% salary contribution provides members who make the contribution under the unions' and City's 2011 Letter of Agreement ("LOA"). The union plaintiffs argue that the 2% contribution grants members the ceiling amount under LAAC § 4.1167, meaning either 7% or the medical trend rate for that year with no discretion reserved to the Board to grant anything lower. The City argues that the 2% contribution only gave those members who "opted in" the right to participate in the process that existed under LAAC § 4.1154(e) prior to the 2011 Freeze Ordinance. Under the pre-Freeze Ordinance process, the Board may exercise its discretion in setting the annual subsidy rate and can set it up to the maximum amount of 7% or the medical trend rate, whichever is lower.

NOTE 5 – OTHER INFORMATION (Continued)

In the LAPPL I Action, the plaintiffs agreed to dismiss Pensions from the action in exchange for Pensions' agreement to be bound by the final judgment rendered in the case following the conclusion of all appeals. Under the stipulation, the plaintiffs further agreed to allow Pensions to continue to exercise its discretion in setting the retiree medical subsidy under LAAC § 4.1154(e) as it did before the 2011 Freeze Ordinance.

The LAPPL Action I proceeded to trial, and on November 1, 2016, the trial court ruled in favor of the plaintiffs, finding that the language of the LOA was unambiguous without weighing the conflicting evidence regarding the interpretation of the LOA and the parties' intent. The City appealed, and on October 30, 2018, the Second District Court of Appeal reversed and remanded the case, and held that the trial court had committed a reversible error in failing to consider and weigh the conflicting evidence presented before the court. The Court of Appeal found that, upon consideration of the conflicting evidence in the record, the LOA was ambiguous and the trial court had essentially ignored the City's evidence in its analysis. Because the trial court erred in its contract ambiguity analysis and did not properly weigh the evidence, the case was sent back to the trial court for further proceedings consistent with the Court of Appeal's decision. The case currently awaits trial reassessment with the Los Angeles Superior Court.

While the LAPPL Action I was pending on appeal, the unions filed a second action ("LAPPL Action II") on August 10, 2017. The LAPPL Action II raises the same issues as the LAPPL Action I regarding the 2% contribution, and also asserts a new breach of fiduciary duty claim, which preserves the unions' rights to challenge LAFPP's 2017 discretionary action to set the subsidy should the unions lose in the pending LAPPL Action I. Given the similarities between the two LAPPL Actions and the dispositive effect of the first action on the second, the trial court has stayed the LAPPL Action II pending the final judgment of the LAPPL Action I.

With regard to the LAPPL Action I and LAPPL Action II, and under the stipulation with the unions, Pensions will continue to set and implement the retiree health insurance premium subsidy increases in the same manner as it did prior to the 2011 Freeze Ordinance for members who opted-in to pay the 2% contribution. This means that Pensions continues to exercise its discretion provided under the Los Angeles Administrative Code to set the subsidy up to and including the medical trend rate or 7%, whichever is lower, until the courts render final judgment.

4. Los Angeles City Employees' Retirement System

At June 30, 2018, LACERS was committed to future purchases of real estate and private equity investments at an aggregate cost of approximately \$1.2 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, 2018
Multifamily Housing Bonds - 109 Issues	\$ 867,408
Multifamily Housing Bonds transferred from CRA - 23 Issues	504,602
Home Mortgage Revenue Bonds	1,405
Bond proceeds were used to provide mortgage loans for the construction and financing of multi-family rental and single-family residences in the City. The indebtedness is secured solely by the property financed by the respective bond issues and by credit guarantees by reinvestment-grade financial institutions.	
Industrial Development Bonds - 7 Issues	59,060
The proceeds were used to provide manufacturers low cost financing to expand industrial capacity and stimulate job creation in the City. The City has no financial obligation as each bond is secured through a letter of agreement between the borrower and the bank.	
Community Facilities District No. 3 Special Tax Bonds	2,685
The proceeds were used to fund acquisition and construction of certain public improvements for the Cascade Business Park and Golf Course. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Community Facilities District No. 4 Special Tax Bonds	73,690
The proceeds were used to fund acquisition and construction of public improvements for the Playa Vista Development project. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Community Facilities District No. 8 Special Tax Bonds	5,730
The proceeds were used to fund acquisition and construction of public improvements for the Legends at Cascades Development. The City's obligation is limited to collecting the special taxes annually levied and collected from the District for debt service payments.	
Street Improvement Assessment 1911/1913 Act Bonds	927
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.	
	\$ 1,515,507

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****1. Airports Enterprise Fund**Transfer of LA/ONT International Airport

The City, Airports, 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, Airports, and the Board.

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 certain of the assets, properties, rights and interests solely used or held solely for use in connection with Airports' 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 Airports 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 Airports 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 Airports, including: (a) \$30.0 million from the City of Ontario to the City for the benefit of Airports to be used for the capital and operating expenses of the airport system owned and operated by Airports (other than ONT); (b) \$40.0 million from the unrestricted cash ONT accounts to other Airports non-ONT accounts (as described above) to be used for the capital and operating expenses of the airport system owned and operated by Airports (other than ONT); (c) \$120.0 million from OIAA to Airports, 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.

On June 20, 2016, the parties agreed to a Staff Augmentation Agreement (SAA). The SAA contemplated some Airports staff may remain at ONT for as long as 21 months after the closing. However, it provided the OIAA with the right to declare certain categories of employees redundant and return them to available employment with a City Department. OIAA has exercised that right on several occasions. Effective April 2018, Airports no longer provides these services to OIAA. Based on the ONT Settlement Agreement, Airports has received approximately \$120.0 million from OIAA and is to receive \$70.0 million (before discount for early payment) from ONT, over a period of approximately 10 years. The outstanding receivable balance from OIAA was approximately \$45.6 million as of June 30, 2018.

NOTE 5 – OTHER INFORMATION (Continued)

As a result of the transfer of the ONT assets and liabilities to OIAA on November 1, 2016 as contemplated by the ONT Settlement Agreement, Airports recognized a loss of \$225.3 million on the disposal of ONT as a special item in fiscal year 2017. There was no activity related to ONT in fiscal year 2018.

Terminal Rates and Charges

On September 17, 2012, the Airports (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; this program expired in fiscal year 2018 for the calendar 2018 rate setting.

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. Non-signatory airlines are not eligible to participate in the STP and revenue sharing programs.

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 Federal Aviation Administration (FAA). Airlines operating at LAX 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. PFCs collection authorities approved by FAA are \$4.2 billion as of June 30, 2018. 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 \$136.0 million for debt service in fiscal year 2018. Due to the transfer of ONT to OIAA on November 1, 2016 as contemplated by the ONT Settlement Agreement, all unexpended PFCs revenues and interest were transferred to OIAA in fiscal year 2017.

LAX's PFCs collected and the related interest earnings through June 30, 2018 was \$2.7 billion. As of June 30, 2018, cumulative expenditures to date on approved PFCs projects totaled \$2.3 billion.

NOTE 5 – OTHER INFORMATION (Continued)**2. Harbor Enterprise Fund**Cash Funding of Reserve Fund

As of June 30, 2018, Harbor had \$922.4 million of outstanding parity bonds (including net unamortized premiums). Harbor holds cash reserves for each Indenture of the outstanding bonds as the BHC, on September 18, 2008, approved the full cash funding of the entire reserve requirement of \$61.5 million and transferred it to 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, 2018, the balance in the Common Reserve fund totaled \$62.2 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 invested in the U.S. Treasury securities and money market funds.

3. Sewer Enterprise FundRevenue 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 2018 were \$561.0 million, assuming no further reduction in indoor water use from the previous fiscal year due to water conservation. Actual SSC collections in fiscal year 2018 were \$583.0 million, or 3.9% more than expected in the budget.

There was a 6.5 percent annual rate adjustment effective July 1, 2017. Billable sewage volume decreased by 1.4 percent in fiscal year 2018. The reduction in billable wastewater volume reflects water conservation in California's ongoing drought.

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.

NOTE 5 – OTHER INFORMATION (Continued)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. No credits were given in fiscal year 2018 and none are expected in fiscal year 2019. Until all of the SIUs have been evaluated, the extent that QSF revenue will be reduced due to future credits is unknown.

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).

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 the Sewer's outstanding grant receivables. On June 26, 2018, the Office of the City Administrative Officer (CAO) transferred \$3.3 million from the Disaster Trust Fund to the Sewer. Of this amount \$2.3 million was paid by the State, while the remaining \$1.0 million was from FEMA. There are no additional revenues forthcoming from FEMA or the State. This brings final resolution to the reimbursement requests for costs incurred to repair damages to the wastewater facilities caused by the 1994 Northridge earthquake.

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 \$32.5 million less than projected.

Reconciliation bills for service in fiscal year 2018 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 2019. The reconciliation bills will include interest for late payment by agencies.

NOTE 5 – OTHER INFORMATION (Continued)

Disagreements over flow and strength measurements of the City of Burbank's wastewater were addressed with the joint hiring of a consultant to investigate the differences. The consultant submitted its report. However, City of Burbank has indicated they have remaining comments that were not addressed to its satisfaction. The City has sent invoices to City of Burbank for FY 2009-10 to FY 2017-18, with unpaid balances until the disagreements can be resolved.

Future Pension and Healthcare Costs

The Los Angeles Bureau of Sanitation (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 Sewer.

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, 2018 were \$4.0 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. 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. Ongoing efforts are taken to resolve these issues as the construction progresses. The rehabilitation of the junction structure at the intersection of Slauson and Van Ness started in 2017 and encountered several unforeseen conditions which will increase construction costs but the City believes it can resolve these issues without significantly impacting the project budget.

Regulatory and Legal IssuesTotal Maximum Daily Loads (TMDLs)

The United States Environmental Protection Agency 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 22 TMDLs have already been adopted, 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.

NOTE 5 – OTHER INFORMATION (Continued)

These TMDLs have resulted in twenty-seven discharge limits in the City's NPDES permits. The discharge limits are for DDT and PCB's for the Hyperion Water Reclamation Plant (HWRP) NPDES permit; Ammonia, Nitrate/Nitrite, Cadmium (wet weather), Copper, Lead, Zinc (wet weather), and E. Coli for the LA-Glendale & DC Tillman Water Reclamation Plant NPDES permit; and Copper, Lead, Zinc, PAH' s, DDT, and PCBs for the Terminal Island Water Reclamation Plant (TIWRP) NPDES permit. It is expected that significant capital improvements funded by Sewer may be required to comply with the TMDLs and their resulting impact on the City's NPDES permits.

NPDES Permits

The LARWQCB adopted new NPDES permits for the HWRP on February 2, 2017. The new permit became effective on April 1, 2017 and imposes a new ammonia limit on the effluent discharge. HWRP may have difficulty meeting this limit in the future, if ammonia concentrations continue to increase due to water conservation efforts and persistent drought conditions. Potential remedies include providing sidestream treatment to reduce ammonia in the effluent at an estimated capital cost of \$40.0 million to \$50.0 million.

The LARWQCB adopted a new NPDES permit for the TIWRP on June 11, 2015 and became effective on December 1, 2015. The Permit enforces the LARWQCB's Resolution No. 94-009 (adopted October 31, 1994), which approved the City's proposal to: 1) ultimately phase out the discharge of tertiary treated wastewater effluent from the TIWRP into the Los Angeles Harbor at the earliest practicable date; and 2) to implement a Water Recycling Program with the goal of doubling water reuse at TIWRP within six years after the startup of the initial reclamation phase, and achieving total reuse by 2020.

To implement Resolution 94-009, the City has been constructing the Harbor Water Recycling Project in phases. Phase I treated up to 6 million gallons per day (mgd) of TIWRP's tertiary treated effluent by microfiltration and reverse osmosis at the Advanced Water Purification Facility (AWPF) for reuse at the Dominguez Gap Seawater Intrusion Barrier Project, and for other various non-potable uses in the Los Angeles Harbor area. Phase II of the AWPF project was completed in fiscal year 2017 and will increase production of advanced purified recycled water to 12 mgd once regulators approve the expansion and contracts with customers are completed. The LARWQCB amended and adopted the Waste Discharge Requirements and Water Recycling Requirements (Order No.R4-2016-0334) and approved Phase II of the HWRP Dominguez Gap Barrier Project on October 13, 2016 to increase of capacity to 12 mgd.

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, stabilization of the pipe was completed at an approximate cost of \$4.8 million, including construction management costs. The damaged sixty-inch pipe was replaced subsequently in two phases. Expedited design plans were prepared for these repairs and contractor cost proposals received and evaluated in accordance with the established Emergency Sewer Repair Program procedures. The Phase I and Phase II Repair Projects abandoned approximately 500 linear feet of existing pipe, replaced approximately 366 linear feet of existing pipe, and installed approximately 410 linear feet of new sixty-three-inch pipe on a new alignment.

NOTE 5 – OTHER INFORMATION (Continued)

The new pipe has been in service since June 2017. Remaining street and jobsite restoration work was completed in September 2017. The replacement and realignment of another 530 linear feet of pipe has also been completed at a cost of \$10.3 million. Staff is negotiating with the LARWQCB in regards to an enforcement action resulting from the sanitary sewer overflow, expected to result in fines and SEPs totaling less than \$2 million.

4. Los Angeles 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 the System from selling or otherwise disposing of any common shares without first offering to sell them to the donor. The shares are recorded at carry and market values of zero for the following reasons: (1) there is no public market for the shares, (2) Pensions does not have the right to sell or otherwise dispose of the shares until the agreed upon future date, and (3) the shares were received as a donation for no consideration. Donation income is only recorded if cash dividends are received from the stock while in the possession of Pensions or when the stock is sold.

In fiscal year ended June 30, 2005, Pensions has been informed that the Internal Revenue Service is disputing the tax treatment claimed by the donors in connection with these donations of stock. There have been no allegations of inappropriate activity by Pensions. The last donation of private equity accepted by Pensions was in 2002. Pensions has sold or returned the majority of donated private equity since August 2005. Pensions sold the remaining donated stocks in February 2017 for a total of \$21.2 million and received cash of \$10.3 million and promissory notes of \$10.9 million. In 2018, Pensions received cash of \$5.5 million with a remaining balance on the promissory note of \$5.4 million.

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.

NOTE 5 – OTHER INFORMATION (Continued)**1. 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 2018, there was no outstanding unspent housing bond proceeds listed on the Recognized Obligation Payment Schedule (ROPS) for distribution.

2. Other Loans from the City

At June 30, 2018, the federally funded loans from the City to the Former Agency amounted to \$1.4 million. These loans will be repaid from available sources including tax increment. AB 1X26 acknowledges that payments to the federal government are enforceable obligations and such contracts were not invalidated. In its determination letter dated December 26, 2012 DOF approved the affected ROPS line items and authorized the repayment of the obligation through the Redevelopment Property Tax Trust Fund (RPTTF). Future ROPS will include interest payments for the remaining outstanding loan, with a final payment of principal and interest due upon maturity in 2021.

3. 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

NOTE 5 – OTHER INFORMATION (Continued)

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, 2018, properties transferred to the City net of certain real properties sold totaled \$111.8 million.

4. 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 \$78.2 million at June 30, 2018.

G. Subsequent Events**1. Indebtedness**

Subsequent to June 30, 2018, the City issued the following indebtedness:

Issue Date	Description	Amount (in millions)	Interest Rate (Percentage)
July 10, 2018	2018 Tax and Revenue Anticipation Notes	\$ 1,540,950	4.000 %
July 12, 2018	General Obligation Bonds 2018 Series A (Taxable)	276,240	2.900 - 4.000
July 12, 2018	General Obligation Refunding Bonds 2018 Series B (Tax-Exempt)	34,665	5.000
July 12, 2018	General Obligation Refunding Bonds 2018 Series C (Taxable)	10,435	3.300 - 4.000
July 17, 2018	Solid Waste Resources Revenue Bonds 2018 Series A	110,530	3.000 - 5.000
August 8, 2018	Airport Revenue Bonds 2018 Series C	425,000	5.000 - 5.750
November 14, 2018	Airport Revenue Bonds 2018 Series D	418,390	5.000
November 14, 2018	Airport Revenue Bonds 2018 Series E	159,980	5.000
November 15, 2018	Wastewater System Subordinate Revenue Bonds, Series 2018-A	219,790	5.000
November 15, 2018	Wastewater System Subordinate Revenue Bonds, Refunding Series 2018-B	139,880	3.000 - 5.000
November 1, 2018	Power System Revenue Bonds, 2018 Series B	240,845	2.244
November 1, 2018	Power System Revenue Bonds, 2018 Series C	59,155	2.290
December 20, 2018	Power System Revenue Bonds, 2018 Series D	391,200	3.587
February 7, 2019	Power System Revenue Bonds, 2019 Series A	345,845	5.000 - 5.250
November 29, 2018	Water System Revenue Bonds, 2018 Series B	426,330	3.802

NOTE 5 – OTHER INFORMATION (Continued)

On July 12, 2018, the City issued General Obligation Bonds (GOB) Series 2018-A Proposition HHH Construction Fund for \$276.2 million, for the purpose of providing safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, senior, foster youth, and the disabled, and providing facilities to increase access to mental health care, drug and alcohol treatment and other services, as authorized by over two-thirds of all of the qualified votes at the special election on November 8, 2016.

On July 12, 2018, the City issued General Obligation Refunding Bonds Series 2018-B and Series 2018-C for \$34.7 million and \$10.4 million respectively to refund GOB Series 2009-B.

2. Airports Enterprise Fund

On July 11, 2018, the Board of Airport Commissioners (Board) approved a contract for a not-to-exceed amount of \$209.0 million to Swinerton Builders to design and construct the Intermodal Transportation Facility - West (ITF-West), an integral component of the Landside Access Modernization Program (LAMP). The ITF-West, located between Westchester Parkway and 96th Street, is a five-level parking structure containing approximately 4,700 parking spaces, a dedicated concessions area, and the LAX Security and Bagging Office. The ITF-West will also include a pick-up and drop-off curb for both commercial and private vehicles and will be served by new roadways providing direct access to the facility. The ITF-West station, located adjacent to the parking structure, will eventually provide a direct connection with the terminals via the Automated People Mover (APM) System, vastly improving the guest experience. The ITF-West is projected to be operational in 2021, which will provide much needed parking capacity to serve LAX travelers. A shuttle will temporarily transport guests to and from the ITF-West until the APM is operational in 2023.

On July 11, 2018, the Board approved a Terminal Facilities Lease and License Agreement with American Airlines, Inc. (AA) for space in Terminals 4 and 5 at LAX (Lease); and approved appropriation of (1) \$191.0 million for redemption of bonds held by AA, (2) \$38.5 million for purchase of Terminal 4 additional assets, (3) \$214.0 million for purchase of airline renovations, and (4) \$107.0 million for issuance of rent credits in equal installments for terminal renovations including interest during construction and over the term of the Lease.

The Lease will generate approximately \$81.0 million in revenue the first year and an estimated \$2.25 billion over the term. The purpose of the Lease is to enable AA to renovate its existing premises and adjacent areas at Terminals 4 and 5 at LAX to incorporate construction of a Terminal Vertical Core (VTC) to connect the terminals to the APM and to provide the potential for future improvements. The Lease will commence on the first day of the month following the Board and Los Angeles City Council (City Council) approval and terminate on April 30, 2039, subject to certain early termination provisions. The Lease was approved by the City Council on August 15, 2018.

On August 8, 2018, Airports issued LAX subordinate revenue bonds 2018 Series C in the amount of \$425.0 million. The premium for this issuances totaled \$62.9 million. The bonds were issued to pay and/or reimburse for capital expenditures at LAX.

NOTE 5 – OTHER INFORMATION (Continued)

On August 16, 2018, the Board approved lease agreements of up to 25 years with seven major car rental companies operating near LAX to move into a consolidated car rental facility (ConRAC) east of the airport when it is slated to open in 2023. The ConRAC will be located two miles east of LAX, next to the 405 Freeway; a planned APM will connect the facility to the airport terminals.

On October 31, 2018, the Los Angeles City Council approved the 28-year design-build-finance-operate-maintain (DBFOM) agreement and related ancillary agreements to L.A. Gateway Partners (LAGP) to deliver the Consolidated Rent-A-Car (ConRAC) project at LAX for a not-to-exceed amount of \$2.0 billion.

On November 14, 2018, Airports issued LAX subordinate revenue bonds 2018 Series D in the amount of \$418.4 million, and 2018 Series E in the amount of \$160.0 million. The premium of these issuances totaled \$69.9 million. The bonds were issued to fund certain capital projects at LAX and to fund an escrow for the purpose of defeasing the outstanding Regional Airports Improvement Corporation Facilities Sublease Revenue Bonds (American Airlines (AA) Terminal 4 Project), Series 2002C, issued on behalf of AA in the amount of \$190.0 million.

3. Sewer Enterprise Fund

In November 2018, Sewer issued \$219.8 million of Wastewater System Subordinate Revenue Bonds, Series 2018-A. The proceeds, together with certain other amounts from the City, will be used to finance the construction and improvement of the System, pay all Outstanding Wastewater System Commercial Paper Notes in the aggregate principal amount of \$50.0 million and pay certain costs of issuing the Series 2018-A Subordinate Bonds.

In November 2018, Sewer issued \$139.9 million of Wastewater System Subordinate Revenue Bonds, Refunding Series 2018-B. The proceeds, together with certain other amounts from the City, will be used to refund the Refunded Bonds, pay all of the termination payments in connection with the termination of the Swap Agreements, and pay certain costs of issuing the Series 2018-B Subordinate Bonds.

4. Power Enterprise Fund

In November 2018, Power issued \$240.8 million of revenue bonds, 2018 Series B. The net proceeds of \$268.6 million, including a \$27.7 million issue premium net of underwriter's discount, were used to refund all of the \$268.6 million outstanding revenue bonds, 2015 Series B.

In November 2018, Power issued \$59.1 million of revenue bonds, 2018 Series C. The net proceeds of \$68.4 million, including a \$9.3 million issue premium net of underwriter's discount, were deposited into the construction fund to be used for capital improvements.

In December 2018, Power plans to issue approximately \$400 million of Power System Revenue Bonds, 2018 Series D. The proceeds of the debt will be used to refund the outstanding debt on the Power System 2009 Series A bonds in the amount of \$106 million and to fund capital improvements.

NOTE 5 – OTHER INFORMATION (Continued)

In January 2019, Power successfully sold \$345.8 million of Power System Revenue Bonds, 2019 Series A, with a delivery date of February 7, 2019. The net proceeds of \$406.9 million, including a \$61.1 million issue premium net of underwriter's discount, will be deposited into the construction fund to be used for capital improvements.

5. Water Enterprise Fund

In November 2018, Water issued \$426.3 million of Water System Revenue Bonds, 2018 Series B, consisting of new money and refunding bonds. The new money net proceeds of \$348.2 million, including a \$43.2 million issue premium, net of underwriter's discount, were deposited into the construction fund to be used for capital improvements. The refunding net proceeds of \$139.1 million, including a \$17.8 million issue premium, net of underwriter's discount, were used to refund all of the \$138.7 million outstanding Water System Revenue Bonds, 2009 Series A.

On December 14, 2018, LADWP entered into an Amended and Restated Revolving Credit Agreement (Amended RCA) and the related Amended and Restated Fee and Interest Rate Agreement with Wells Fargo Bank, National Association with a \$300 million commitment and the option to request additional commitment, as needed, up to a total commitment of \$500 million. The interest charge for tax-exempt loans is based on SIFMA plus a spread of 0.50% or 75% of one-month LIBOR plus a spread of 0.45%. The interest charge for taxable loans is based on one-month LIBOR plus a spread of 0.45%. The Amended RCA expires in December 2023.

6. Los Angeles Fire and Police Pension System**DROP Program Review**

On November 1, 2018, the City Administrative Officer (CAO) submitted a report to the City Council recommending approval of an ordinance amending the DROP Program. There must be two readings of the ordinance, it must be approved by the Mayor and published before it is approved. The changes, which are anticipated to be effective February 1, 2019, would impact members who enter DROP on or after the ordinance effective date. The changes include:

- Participants must serve at least 112 hours on active duty status in a given calendar month or they are not eligible for pension accrual;
- If a participant should incur a serious injury in the line of duty and is hospitalized for three days or longer as a result, the participant can continue to retain eligibility for up to twelve months;
- If a participant leaves active duty and becomes ineligible for pension accrual, they will be allowed to go back to work and extend their time in DROP for up to 30 additional months, once the standard five-year DROP period expires.

The CAO also submitted the results of an actuarial study evaluating the proposed changes to DROP and the future costs to the City. This is separate from the actuarial study (in progress) to evaluate cost neutrality of the DROP Program. The cost neutrality actuarial study could possibly generate additional changes to the DROP Program that are expected to only affect future DROP participants.

NOTE 5 – OTHER INFORMATION (Continued)**7. Los Angeles City Employees' Retirement System**Establishment of LACERS Health Care Fund

On November 9, 2018, the City Council approved Ordinance No. 185829 to amend Article 1 of Chapter 11, Division 4 of the Los Angeles Administrative Code to establish the LACERS Health Care Fund for the sole purpose of funding the retiree healthcare benefits for eligible LACERS retirees and beneficiaries.

The City and the Board of LACERS shall enter into a written trust agreement for the LACERS Health Care Fund sometime on or before July 15, 2019. The LACERS Health Care Fund shall provide an alternative funding mechanism, in addition to or in lieu of the existing 401 (h) account described in LAAC Section 4.1102 for funding benefits under the health and welfare programs. The LACERS Health Care Fund is intended to qualify for federal tax exemption under Section 115 of the Internal Revenue Code. Because health benefits paid out of the LACERS Health Care Fund are not required to be subordinate to the Plan retirement benefits, the LACERS Health Care Fund would not become taxable if

the Plan health benefits surpass the 25% threshold. Second, the LACERS Health Care Fund gives LACERS more flexibility to invest premium surpluses to provide for smoothing should healthcare premiums considerably increase in the future. Currently, the Health Care Coverage Account cannot receive full refunds of excess premiums from insurance providers. However, the LACERS Health Care Fund can receive full premium surplus refunds from insurance providers; therefore, the System can invest these funds at a higher rate of return than the insurance providers' reserve account interest rate.

Establishment of Self-Funded LACERS Dental PPO Plan

Effective January 1, 2019, LACERS existing fully-insured Delta Dental PPO Plan will be replaced with LACERS self-funded Delta Dental PPO Plan. Although, Delta will continue to administer the plan for a fee, LACERS will set and collect premiums from enrolled members and pay billed claims to Delta. With this arrangement, LACERS bears financial risk if claims cost exceed collected premiums. This change does not affect the maximum dental subsidy amount to the eligible retired Members.

Required Supplementary Information

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2018
(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 Payroll	Contribution as Percentage of Covered Payroll (1)
2018	\$ 459,632	\$ 459,632	\$ --	\$ 1,451,996	31.7%
2017	454,309	454,309	--	1,397,245	32.5%
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%

(1) 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 Payroll	Contribution as Percentage of Covered Payroll
2018	\$ 450,195	\$ 450,195	\$ --	\$ 2,057,565	21.9%
2017	453,356	453,356	--	1,973,049	23.0%
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%

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 Payroll	Contribution as Percentage of Covered Payroll
2018	\$ 425,512	\$ 433,413	\$ (7,900)	\$ 953,636	45.5%
2017	403,780	391,717	12,063	892,332	43.9%
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%

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2018
(Unaudited)

Los Angeles Fire and Police Pension System
Schedule of Changes in Net Pension Liability and Related Ratios *
(amounts in thousands)

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability				
Service cost	\$ 367,600	\$ 365,956	\$ 368,700	\$ 368,018
Interest	1,436,068	1,399,576	1,384,527	1,392,552
Benefit payments	(930,078)	(990,363)	(918,909)	(858,986)
Experience losses (gains)	(320,404)	(595,188)	(310,882)	(234,638)
Assumption changes	695,450	--	--	(69,482)
Net change in total pension liability	1,248,636	179,981	523,436	597,464
Total pension liability at beginning of year	19,565,409	19,385,428	18,861,992	18,264,528
Total pension liability at end of year (a)	\$ 20,814,045	\$ 19,565,409	\$ 19,385,428	\$ 18,861,992
Fiduciary net position				
Employer contributions	\$ 454,309	\$ 478,385	\$ 480,332	\$ 440,698
Member contributions	128,900	129,734	126,771	124,395
Net investment income	2,260,130	159,313	686,470	2,617,090
Benefit payments, including refunds of member contributions	(930,078)	(990,363)	(918,909)	(858,986)
Administrative expenses	(20,816)	(19,346)	(17,815)	(13,865)
Net change	1,892,445	(242,277)	356,849	2,309,332
Fiduciary net position at beginning of year	17,104,277	17,346,554	16,989,705	14,680,373
Fiduciary net position at end of year (b) ⁽¹⁾	\$ 18,996,722	\$ 17,104,277	\$ 17,346,554	\$ 16,989,705
Net pension liability (a) - (b)	\$ 1,817,323	\$ 2,461,132	\$ 2,038,874	\$ 1,872,287
Fiduciary net position as a percentage of				
the total pension liability	91.27%	87.42%	89.48%	90.07%
Covered payroll	\$ 1,397,245	\$ 1,351,788	\$ 1,316,969	\$ 1,308,149
Net pension liability as a percentage of covered payroll	130.06%	182.06%	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 assumptions may 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, 2018
(Unaudited)

Los Angeles City Employees' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios ^{(1) *}
(amounts in thousands)

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability				
Service cost	\$ 340,759	\$ 322,574	\$ 322,380	\$ 317,185
Interest	1,302,278	1,263,556	1,215,151	1,149,966
Benefit payments, including refunds of member contributions	(804,089)	(770,317)	(740,567)	(721,153)
Difference of expected and actual experience	(146,474)	(300,813)	(135,821)	(164,247)
Assumption changes	340,718	-	-	785,439
Net change in total pension liability	1,033,192	515,000	661,143	1,367,190
Total pension liability at beginning of year	17,424,996	16,909,996	16,248,853	14,881,663
Total pension liability at end of year (a)	<u>\$ 18,458,188</u>	<u>\$ 17,424,996</u>	<u>\$ 16,909,996</u>	<u>\$ 16,248,853</u>
Fiduciary net position				
Employer contributions	\$ 453,356	\$ 440,546	\$ 381,141	\$ 357,649
Member contributions	221,829	206,377	202,463	203,975
Net investment income	1,517,545	29,358	306,980	1,810,782
Benefit payments, including refunds of member contributions	(804,089)	(770,318)	(740,567)	(721,153)
Administrative expenses	(17,454)	(17,204)	(15,860)	(12,372)
Other (Transfer to Larger Annuity Reserve) ⁽²⁾	-	-	(4,666)	(2,288)
Net change	1,371,187	(111,241)	129,491	1,636,593
Fiduciary net position at beginning of year	11,809,329	11,920,570	11,791,079	10,154,486
Fiduciary net position at end of year (b)	<u>\$ 13,180,516</u>	<u>\$ 11,809,329</u>	<u>\$ 11,920,570</u>	<u>\$ 11,791,079</u>
Net pension liability (a) - (b)	<u>\$ 5,277,672</u>	<u>\$ 5,615,667</u>	<u>\$ 4,989,426</u>	<u>\$ 4,457,774</u>
Fiduciary net position as a percentage of the total pension liability (b) / (a)	71.41%	67.77%	70.49%	72.60%
Covered payroll	\$ 1,973,049	\$ 1,876,946	\$ 1,835,637	\$ 1,802,931
Net pension liability as a percentage of covered payroll	267.49%	299.19%	271.81%	247.25%

(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) On July 1, 2015, LACERS segregated members' voluntary larger annuity contributions into 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.

* 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, 2018
(Unaudited)

Water and Power Employees' Retirement Plan

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

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability				
Service cost	\$ 217,277	\$ 209,832	\$ 214,735	\$ 193,661
Interest	887,133	837,977	821,048	779,397
Benefit payments, including refunds of member contributions	(540,361)	(510,485)	(485,967)	(463,597)
Change of benefit terms	--	--	(144,008)	--
Differences between expected and actual experience	(196,177)	(189,469)	(162,913)	(154,222)
Assumption changes	--	722,928	--	525,444
Net change in total pension liability	367,872	1,070,783	242,895	880,683
Total pension liability at beginning of year	12,289,229	11,218,446	10,975,551	10,094,868
Total pension liability at end of year (a)	<u>\$ 12,657,101</u>	<u>\$ 12,289,229</u>	<u>\$ 11,218,446</u>	<u>\$ 10,975,551</u>
Fiduciary net position				
Employer contributions	\$ 397,748	\$ 368,259	\$ 382,232	\$ 389,138
Member contributions	83,239	75,069	68,552	72,300
Net investment income	1,280,806	95,808	410,778	1,405,686
Benefit payments, including refunds of member contributions	(540,361)	(510,485)	(485,967)	(463,597)
Administrative expenses	(5,376)	(5,108)	(4,612)	(4,221)
Net change (gain)	1,216,056	23,543	370,983	1,399,306
Fiduciary net position at beginning of year	10,097,843	10,074,300	9,703,317	8,304,011
Fiduciary net position at end of year (b)	<u>\$ 11,313,899</u>	<u>\$ 10,097,843</u>	<u>\$ 10,074,300</u>	<u>\$ 9,703,317</u>
Net pension liability (a) - (b)	<u>\$ 1,343,202</u>	<u>\$ 2,191,386</u>	<u>\$ 1,144,146</u>	<u>\$ 1,272,234</u>
Fiduciary net position as a percentage of the total pension liability	89.39%	82.17%	89.80%	88.41%
Covered payroll	\$ 892,332	\$ 861,819	\$ 839,213	\$ 819,924
Net pension liability as a percentage of covered payroll	150.53%	254.27%	136.34%	155.16%

* based on measurement periods

Details of changes in assumption may 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, 2018
(Unaudited)**

**Los Angeles Fire and Police Pension System
Other Postemployment Benefit Plan
Schedule of Employer Contributions
(in thousands)**

Fiscal Year Ended	Actuarially Determined Contribution (ADC)	Actual Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll ⁽²⁾
2018	\$ 178,462 ⁽¹⁾	\$ 178,462 ⁽¹⁾	\$ --	\$ 1,451,996	12.3%
2017	165,170	165,170	--	1,397,245	11.8%
2016	150,315	150,315	--	1,351,788	11.1%
2015	148,477	148,477	--	1,316,969	11.3%
2014	138,107	138,107	--	1,308,149	10.6%
2013	132,939	132,939	--	1,277,031	10.4%
2012	122,972	122,972	--	1,213,396	10.1%
2011	111,681	111,681	--	1,289,857	8.7%
2010	106,649	106,649	--	1,266,312	8.4%
2009	98,445	88,179	10,266	1,253,659	7.9%

(1) Excludes the transfer of employer contributions for all new Airport Police members from the Los Angeles City Employees' Retirement System (LACERS) who elected to join the Pension Plan in Tier 6.

**Los Angeles City Employees' Retirement System
Other Postemployment Benefit Plan
Schedule of Employer Contributions
(in thousands)**

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2018	\$ 100,909	\$ 100,909	\$ --	\$ 2,057,565	4.9%
2017	97,457	97,457	--	1,973,049	4.9%
2016	105,983	105,983	--	1,876,946	5.7%
2015	100,467	100,467	--	1,835,637	5.5%
2014	97,841	97,841	--	1,802,931	5.4%
2013	72,916	72,916	--	1,736,113	4.2%
2012	115,209	115,209	--	1,715,197	6.7%
2011	107,396	107,396	--	1,678,059	6.4%
2010	96,511	96,511	--	1,827,864	5.3%
2009	95,122	95,122	--	1,832,796	5.2%

**Water and Power Employees' Retirement Plan
Other Postemployment Benefit Plan
Schedule of Employer Contributions
(in thousands)**

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2018	\$ 85,339	\$ 95,234	\$ (9,895)	\$ 953,636	10.0%
2017	93,920	90,310	3,610	892,332	10.1%
2016	61,971	79,896	(17,925)	861,819	9.3%
2015	70,748	78,497	(7,748)	839,213	9.4%
2014	58,453	74,106	(15,652)	819,924	9.0%
2013	36,907	67,563	(30,655)	817,421	8.3%
2012	40,095	101,721	(61,626)	805,607	12.6%
2011	66,188	140,133	(73,944)	791,760	17.7%
2010	56,294	160,237	(103,943)	767,912	20.9%
2009	58,718	159,413	(100,695)	696,704	22.9%

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2018
(Unaudited)

Water and Power Employees' Retirement Plan
Other Postemployment Benefit Plan - Death Benefits

Schedule of Employer Contributions
(in thousands)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2018	\$ 7,137	\$ 7,137	\$ --	\$ 953,636	0.8%
2017	7,138	7,138	--	892,332	0.8%
2016	7,207	7,207	--	861,819	0.8%

This schedule is presented for those years for which information is available.

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2018
(Unaudited)

Los Angeles Retirement Systems

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
(amounts in thousands)

	June 30, 2017			
	Pensions ⁽¹⁾⁽³⁾	LACERS ⁽²⁾⁽³⁾	DWP Plans	
			Retiree Health Benefits ⁽³⁾	Death Benefits ⁽³⁾
Total OPEB Liability				
Service cost	\$ 65,407	\$ 68,385	\$ 49,295	\$ 3,657
Interest	231,285	210,170	169,518	5,095
Benefit payments	(122,562)	(119,616)	(90,310)	(7,968)
Differences between expected and actual experience	38,241	19,666	(44,554)	125
Assumption changes	65,787	33,512	(70,508)	--
Net change in total OPEB liability	278,158	212,117	13,441	909
Total OPEB liability at beginning of year	3,079,669	2,793,689	2,334,043	145,900
Total OPEB liability at end of year (a)	<u>\$ 3,357,827</u>	<u>\$ 3,005,806</u>	<u>\$ 2,347,484</u>	<u>\$ 146,809</u>
Fiduciary net position				
Employer contributions	\$ 165,170	\$ 97,457	\$ 91,024	\$ 8,207
Member contributions	--	--	--	337
Net investment income	189,420	330,708	218,836	(57)
Benefit payments	(122,562)	(119,616)	(90,310)	(7,968)
Administrative expenses	(1,747)	(4,564)	(585)	(1,119)
Net change	230,281	303,985	218,965	(600)
Fiduciary net position at beginning of year	1,435,404	2,134,877	1,692,916	28,185
Fiduciary net position at end of year (b)	<u>\$ 1,665,685</u>	<u>\$ 2,438,862</u>	<u>\$ 1,911,881</u>	<u>\$ 27,585</u>
Net OPEB liability (a) - (b)	<u>\$ 1,692,142</u>	<u>\$ 566,944</u>	<u>\$ 435,603</u>	<u>\$ 119,224</u>
Fiduciary net position as a percentage of the total OPEB liability	49.61%	81.14%	81.44%	18.79%
Covered payroll	\$ 1,397,245	\$ 1,973,049	\$ 892,332	\$ 892,332
Net OPEB liability as a percentage of covered payroll	121.11%	28.73%	48.82%	13.36%

⁽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. Employer Contributions excludes the transfer of employer contributions.

⁽²⁾ After the GASB Statement No. 74 valuation report was issued for the fiscal year June 30, 2017, the LACERS' consulting actuary reclassified \$12,450,000 of OPEB liability from the Changes of Assumption (revised from \$45,962,000 to \$33,512,000) to the Differences Between Expected and Actual Experience (revised from \$7,216,000 to \$19,666,000). However, this reclassification did not affect the recommended employer contribution rates or results of the OPEB valuation in total.

⁽³⁾ This schedule is presented for those years for which information is available.

City of Los Angeles

**REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2018
(Unaudited)**

Actuarial Methods and Assumptions Used to Determine Employer Contribution Rates - Pension

	Los Angeles Fire and Police Pension System	Los Angeles City Employees' Retirement System	Water and Power Employees' Retirement Plan
Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	For Tier 1, level dollar amortization is used with last period 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.
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 a 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.	Fair value of assets less unrecognized returns in each of the last 7 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 7-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets. An Ad Hoc change was made in 2014 to combine the unrecognized returns and losses of prior years as of June 30, 2013 into one layer and recognize it evenly over 6 years from fiscal year 2014 through fiscal year 2019.	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%	7.25%	7.25%
Inflation Rate	3.25%	3.00%	3.00%
Real Across-the-Board Salary Increase	0.75%	0.50%	0.50%
Projected Salary Increase	Ranges from 4.75% to 11.50% based on service.	Ranges from 3.90% to 10.00% based on years of service.	4.50% 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	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, set back one year.	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set back one year for males and no set back for females.	Head count-weighted RP-2014 Health Annuitant Mortality Table with no age adjustment for males and set back one year for females, projected generationally with the two-dimensional MP-2015 projected scale.
Disabled	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, 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.	Head count-weighted RP-2014 Health Annuitant Mortality Table with no age adjustment for males and set back one year for females, projected generationally with the two-dimensional MP-2015 projected scale.

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2018
(Unaudited)

Actuarial Methods and Assumptions Used to Determine Employer Contribution Rates - OPEB

	Los Angeles Fire and Police Pension System		Water and Power Employees' Retirement Plan	
	Los Angeles Fire and Police Pension System	Los Angeles City Employees' Retirement System	Retiree Health Benefits	Death Benefit
Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry age, Level Percent of Pay	Pay as you go
Amortization Method	For Tier 1, level dollar amortization is used with last period 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	Single Closed amortization period, level percent of pay.	N/A
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 period. Actuarial gains/losses are amortized over 15 years. Non-health related assumptions or method changes are amortized over 20 years. Health related assumptions or method changes are amortized over 15 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over five years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.	18 years remaining as of June 30, 2017	N/A
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 a 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.	Fair value of assets less unrecognized returns in each of the last 7 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 7-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets. An Ad Hoc change was made in 2014 to combine the unrecognized returns and losses of prior years as of June 30, 2013 into one layer and recognize it evenly over 6 years from fiscal year 2014 through fiscal year 2019.	Total market value of the Retiree Health Benefits Fund at valuation date.	Total market value of the Death Benefit Fund at valuation date.
Actuarial Assumptions:				
Investment Rate of Return	7.50%	7.25%	7.25%	3.50%
Inflation Rate	3.25%	3.00%	3.00%	3.00%
Real Across-the-Board Salary Increase	0.75%	0.50%	N/A	N/A
Projected Salary Increase	Ranges from 4.75% to 11.50% based on years of service	Ranges from 3.90% to 10.00% based on years of service	4.50% to 10.00%.	4.50% to 10.00%.
Cost of living adjustments	3.25% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, 5, and 6 retirement income.	N/A	3.00% (actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1, 2.00% maximum for Tier 2)	N/A
Mortality Rates:				
Healthy	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, set back one year.	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set back one year for males and no set back for females.	Head count-weighted RP-2014 Healthy Annuitant Mortality Table with no age adjustment for males and set back one year for females, projected generationally with the two-dimensional MP-2015 projection scale.	N/A
Disabled	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected 20 years with two-dimensional Scale MP-2016, 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.	Sams as above	N/A

City of Los Angeles

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2018
(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, 2018
(Unaudited)

Comparison of Needed-to-Actual Maintenance/Preservation Costs
(amounts expressed in thousands)

	2014	2015	2016	2017	2018
Needed	\$ 18,836	\$ 12,235	\$ 3,575	\$ 2,933	\$ 1,583
Actual	10,002	7,353	2,697	2,324	2,456

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.

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Combining and Individual Fund Financial Statements and Schedules

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

The other governmental funds combining balance sheet and other governmental funds combining statement of revenues, expenditures and changes in fund balances provide the detail for the combined amounts presented in the financial statements. Subcombining statements are presented to provide the detail for the Nonmajor Special Revenue Funds, Nonmajor Debt Service Funds, and Nonmajor Capital Projects Funds. In addition, combining budgetary comparison schedules are presented for each of the Nonmajor Budgeted Funds.

The combining statements for the fiduciary funds are also presented for the Pension and Other Postemployment Benefits Trust Funds, and Agency Funds to provide the detail for the combined amounts presented in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position of the basic financial statements.

CITY OF LOS ANGELES

**Combining Balance Sheet
Other Governmental Funds
June 30, 2018**

(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	\$ 2,580,321	\$ 166,295	\$ 499,624	\$ 3,246,240
Taxes Receivable (Net of Allowance for Uncollectibles of \$561)	2,172	14,543	--	16,715
Accounts Receivable (Net of Allowance for Uncollectibles of \$29,418)	100,568	--	582	101,150
Special Assessments Receivable	8,109	--	1,396	9,505
Investment Income Receivable	9,100	455	1,970	11,525
Intergovernmental Receivable	123,261	--	1,305	124,566
Loans Receivable (Net of Allowance for Uncollectibles of \$944,758)	1,227,944	--	5,792	1,233,736
Due from Other Funds	112,735	--	1,996	114,731
Prepaid Items and Other Assets	8,808	--	--	8,808
Advances to Other Funds	347	--	--	347
Restricted Assets	20,354	--	--	20,354
Properties Held for Housing Development	111,808	--	--	111,808
TOTAL ASSETS	\$ 4,305,527	\$ 181,293	\$ 512,665	\$ 4,999,485
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 168,942	\$ --	\$ 13,215	\$ 182,157
Obligations Under Securities Lending Transactions	42,666	2,343	8,707	53,716
Accrued Salaries and Overtime Payable	26,573	--	--	26,573
Intergovernmental Payable	4,231	--	5	4,236
Due to Other Funds	121,615	--	5,076	126,691
Unearned Revenue	34,392	--	--	34,392
Deposits and Advances	25,779	--	4	25,783
Interest Payable	--	278	--	278
Advances from Other Funds	146,074	15,805	4,500	166,379
Other Liabilities	19,657	712	2,646	23,015
Liability for Excess CRA Bond Proceeds	78,180	--	--	78,180
TOTAL LIABILITIES	668,109	19,138	34,153	721,400
DEFERRED INFLOWS OF RESOURCES				
Real Estate Tax	4,003	9,391	669	14,063
Taxes Other than Real Estate	1,318	--	--	1,318
Receivables from Other Government Agencies	60,544	--	956	61,500
Other Deferred Inflows of Resources	81,914	107	405	82,426
TOTAL DEFERRED INFLOWS OF RESOURCES	147,779	9,498	2,030	159,307
FUND BALANCES				
Nonspendable	8,808	--	--	8,808
Restricted	2,392,936	164,477	476,482	3,033,895
Committed	1,129,752	--	--	1,129,752
Assigned	1,770	--	--	1,770
Unassigned	(43,627)	(11,820)	--	(55,447)
TOTAL FUND BALANCES	3,489,639	152,657	476,482	4,118,778
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,305,527	\$ 181,293	\$ 512,665	\$ 4,999,485

CITY OF LOS ANGELES
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
REVENUES				
Property Taxes	\$ 18,752	\$ 126,268	\$ --	\$ 145,020
Other Taxes	78,230	--	3,978	82,208
Licenses and Permits	64,688	--	20	64,708
Intergovernmental	940,102	965	26,306	967,373
Charges for Services	948,546	798	2,474	951,818
Services to Enterprise Funds	8,938	--	--	8,938
Fines	5,878	--	--	5,878
Special Assessments	120,877	--	24,755	145,632
Investment Earnings	32,368	1,493	7,102	40,963
Change in Fair Value of Investments	(34,332)	(1,871)	(7,408)	(43,611)
Program Income	40,241	--	--	40,241
Other	68,030	1,000	3,032	72,062
TOTAL REVENUES	2,292,318	128,653	60,259	2,481,230
EXPENDITURES				
Current:				
General Government	21,696	521	--	22,217
Protection of Persons and Property	434,093	--	--	434,093
Public Works	227,003	--	--	227,003
Health and Sanitation	379,705	--	--	379,705
Transportation	333,370	--	--	333,370
Cultural and Recreational Services	537,564	--	--	537,564
Community Development	167,630	--	--	167,630
Capital Outlay	264,144	--	98,659	362,803
Debt Service:				
Principal	15,192	113,395	--	128,587
Interest	2,338	38,441	--	40,779
Cost of Issuance	--	422	497	919
TOTAL EXPENDITURES	2,382,735	152,779	99,156	2,634,670
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(90,417)	(24,126)	(38,897)	(153,440)
OTHER FINANCING SOURCES (USES)				
Transfers In	448,359	48,310	3,253	499,922
Transfers Out	(95,674)	(727)	(3,085)	(99,486)
Issuance of Long-Term Debt	--	--	86,370	86,370
Premium on Issuance of Long-Term Debt	--	--	582	582
Issuance of Refunding Bonds	--	81,895	--	81,895
Premium on Issuance of Refunding Bonds	--	12,569	--	12,569
Payment to Refunding Bond Escrow Agent	--	(114,836)	(3,089)	(117,925)
Loans from HUD	4,005	--	--	4,005
TOTAL OTHER FINANCING SOURCES (USES)	356,690	27,211	84,031	467,932
NET CHANGE IN FUND BALANCES	266,273	3,085	45,134	314,492
FUND BALANCES, JULY 1	3,223,366	149,572	431,348	3,804,286
FUND BALANCES, JUNE 30	\$ 3,489,639	\$ 152,657	\$ 476,482	\$ 4,118,778

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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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
City Administrative Officer	\$ 15,994	\$ 2,239	\$ 18,233	\$ 14,908	\$ 1,146	\$ 16,054	\$ 2,179
City Attorney	132,318	7,806	140,124	128,775	10,109	138,884	1,240
City Clerk	11,866	(144)	11,722	10,572	801	11,373	349
Controller	18,255	739	18,994	15,525	2,026	17,551	1,443
Council	27,287	17,847	45,134	31,865	3,005	34,870	10,264
Employee Relations Board	418	--	418	357	39	396	22
Ethics Commission	3,111	(1)	3,110	2,756	316	3,072	38
Finance	38,775	443	39,218	32,262	5,124	37,386	1,832
General Services	243,540	76,500	320,040	243,452	35,348	278,800	41,240
Information Technology Agency	92,504	4,230	96,734	69,701	21,173	90,874	5,860
Mayor	7,147	44,076	51,223	35,682	11,282	46,964	4,259
Neighborhood Empowerment	2,812	115	2,927	2,513	409	2,922	5
Personnel	59,805	486	60,291	52,314	5,531	57,845	2,446
Public Accountability	2,374	(14)	2,360	794	345	1,139	1,221
Non-Departmental							
Capital Finance Administration	3,836	(6)	3,830	3,771	56	3,827	3
General City Purposes	136,875	(51,684)	85,191	59,627	15,283	74,910	10,281
Human Resources Benefits	682,788	10,857	693,645	685,927	5,326	691,253	2,392
Liability Claims	89,090	29,840	118,930	107,041	1,143	108,184	10,746
Unappropriated Balance	101,970	(58,713)	43,257	--	--	--	43,257
Water and Electricity	33,260	594	33,854	20,907	12,947	33,854	--
TOTAL GENERAL GOVERNMENT	1,704,025	85,210	1,789,235	1,518,749	131,409	1,650,158	139,077
PROTECTION OF PERSONS AND PROPERTY							
Animal Services	23,510	(117)	23,393	21,299	1,690	22,989	404
Building and Safety	113,419	1,605	115,024	94,308	5,797	100,105	14,919
Emergency Management	3,126	(6)	3,120	2,700	329	3,029	91
Fire	657,373	48,910	706,283	650,279	41,277	691,556	14,727
Police	1,578,266	26,913	1,605,179	1,479,074	110,033	1,589,107	16,072
TOTAL PROTECTION OF PERSONS AND PROPERTY	2,375,694	77,305	2,452,999	2,247,660	159,126	2,406,786	46,213
PUBLIC WORKS							
Public Works Bureaus							
Board of Public Works	20,236	4,641	24,877	20,866	3,641	24,507	370
Contract Administration	37,526	(2,233)	35,293	30,997	2,547	33,544	1,749
Engineering	87,645	5,086	92,731	82,314	5,391	87,705	5,026
Street Lighting	34,017	5,528	39,545	31,852	2,662	34,514	5,031
Street Services	165,514	18,895	184,409	162,113	20,976	183,089	1,320
Non-Departmental							
Water and Electricity	6,142	(1,089)	5,053	3,777	1,276	5,053	--
TOTAL PUBLIC WORKS	351,080	30,828	381,908	331,919	36,493	368,412	13,496
HEALTH AND SANITATION							
Cannabis Regulation	790	906	1,696	923	361	1,284	412
Public Works- Bureau of Sanitation	272,526	2,487	275,013	242,610	19,916	262,526	12,487
TOTAL HEALTH AND SANITATION	273,316	3,393	276,709	243,533	20,277	263,810	12,899

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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
TRANSPORTATION	\$ 158,500	\$ 7,270	\$ 165,770	\$ 141,431	\$ 12,821	\$ 154,252	\$ 11,518
CULTURAL AND RECREATIONAL SERVICES							
Convention Center	1,581	--	1,581	1,391	117	1,508	73
Cultural Affairs	13,130	2,355	15,485	9,323	2,599	11,922	3,563
El Pueblo De Los Angeles Historical Monument Authority	1,553	285	1,838	1,623	135	1,758	80
Zoo	22,012	(635)	21,377	19,143	1,466	20,609	768
Non-Departmental Water and Electricity	4,598	495	5,093	3,268	1,825	5,093	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	42,874	2,500	45,374	34,748	6,142	40,890	4,484
COMMUNITY DEVELOPMENT							
Aging	6,384	(522)	5,862	4,460	784	5,244	618
Economic and Workforce	21,121	(2,271)	18,850	14,493	1,092	15,585	3,265
Disability	3,434	7	3,441	2,570	808	3,378	63
Housing and Community Investment Planning	79,693	2,712	82,405	61,845	8,907	70,752	11,653
	52,113	(3,004)	49,109	38,301	5,797	44,098	5,011
TOTAL COMMUNITY DEVELOPMENT	162,745	(3,078)	159,667	121,669	17,388	139,057	20,610
PENSION AND RETIREMENT CONTRIBUTIONS							
Non-Departmental General City Purposes	2,890	(320)	2,570	2,215	250	2,465	105
CAPITAL OUTLAY							
Non-Departmental Capital Improvement Projects	89,294	9,602	98,896	7,535	19,262	26,797	72,099
TRANSFERS TO OTHER FUNDS							
Non-Departmental Capital Finance Administration	237,807	(14,964)	222,843	220,965	--	220,965	1,878
General	1,580,189	23,261	1,603,450	1,602,802	--	1,602,802	648
TOTAL TRANSFERS TO OTHER FUNDS	1,817,996	8,297	1,826,293	1,823,767	--	1,823,767	2,526
GRAND TOTAL	\$ 6,978,414	\$ 221,007	\$ 7,199,421	\$ 6,473,226	\$ 403,168	\$ 6,876,394	\$ 323,027

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, 2018

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
CITY ADMINISTRATIVE OFFICER							
Salaries	\$ 15,158	\$ (200)	\$ 14,958	\$ 13,027	\$ 817	\$ 13,844	\$ 1,114
Expenses	836	2,439	3,275	1,881	329	2,210	1,065
Subtotal	15,994	2,239	18,233	14,908	1,146	16,054	2,179
CITY ATTORNEY							
Salaries	124,400	3,539	127,939	119,530	7,422	126,952	987
Expenses	7,918	2,448	10,366	8,448	1,665	10,113	253
Special	--	1,819	1,819	797	1,022	1,819	--
Subtotal	132,318	7,806	140,124	128,775	10,109	138,884	1,240
CITY CLERK							
Salaries	11,047	38	11,085	10,163	663	10,826	259
Expenses	819	(182)	637	409	138	547	90
Subtotal	11,866	(144)	11,722	10,572	801	11,373	349
CONTROLLER							
Salaries	17,419	55	17,474	14,977	1,055	16,032	1,442
Expenses	836	684	1,520	548	971	1,519	1
Subtotal	18,255	739	18,994	15,525	2,026	17,551	1,443
COUNCIL							
Salaries	26,379	13,494	39,873	28,773	1,846	30,619	9,254
Expenses	908	4,353	5,261	3,092	1,159	4,251	1,010
Subtotal	27,287	17,847	45,134	31,865	3,005	34,870	10,264
EMPLOYEE RELATIONS BOARD							
Salaries	346	2	348	319	22	341	7
Expenses	72	(2)	70	38	17	55	15
Subtotal	418	--	418	357	39	396	22
ETHICS COMMISSION							
Salaries	2,787	21	2,808	2,629	158	2,787	21
Expenses	324	(22)	302	127	158	285	17
Subtotal	3,111	(1)	3,110	2,756	316	3,072	38
FINANCE							
Salaries	30,440	(506)	29,934	26,807	1,594	28,401	1,533
Expenses	8,335	949	9,284	5,455	3,530	8,985	299
Subtotal	38,775	443	39,218	32,262	5,124	37,386	1,832
GENERAL SERVICES							
Salaries	116,410	35,165	151,575	119,155	6,957	126,112	25,463
Expenses	123,415	40,862	164,277	120,366	28,150	148,516	15,761
Equipment	220	--	220	8	196	204	16
Special	3,495	473	3,968	3,923	45	3,968	--
Subtotal	243,540	76,500	320,040	243,452	35,348	278,800	41,240

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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
INFORMATION							
TECHNOLOGY AGENCY							
Salaries	\$ 47,831	\$ 2,400	\$ 50,231	\$ 43,937	\$ 2,616	\$ 46,553	\$ 3,678
Expenses	27,757	45	27,802	17,329	8,373	25,702	2,100
Equipment	153	--	153	17	120	137	16
Special	16,763	1,785	18,548	8,418	10,064	18,482	66
Subtotal	92,504	4,230	96,734	69,701	21,173	90,874	5,860
MAYOR							
Salaries	6,758	12,880	19,638	16,601	1,075	17,676	1,962
Expenses	389	31,196	31,585	19,081	10,207	29,288	2,297
Subtotal	7,147	44,076	51,223	35,682	11,282	46,964	4,259
NEIGHBORHOOD EMPOWERMENT							
Salaries	2,358	(110)	2,248	2,098	147	2,245	3
Expenses	440	229	669	408	260	668	1
Special	14	(04)	10	7	2	9	1
Subtotal	2,812	115	2,927	2,513	409	2,922	5
PERSONNEL							
Salaries	50,893	(101)	50,792	46,283	2,779	49,062	1,730
Expenses	6,988	587	7,575	4,522	2,408	6,930	645
Special	1,924	--	1,924	1,509	344	1,853	71
Subtotal	59,805	486	60,291	52,314	5,531	57,845	2,446
PUBLIC ACCOUNTABILITY							
Salaries	1,141	(14)	1,127	739	46	785	342
Expenses	1,233	--	1,233	55	299	354	879
Subtotal	2,374	(14)	2,360	794	345	1,139	1,221
NON-DEPARTMENTAL							
Capital Finance							
Administration	3,836	(6)	3,830	3,771	56	3,827	3
General City Purposes	136,875	(51,684)	85,191	59,627	15,283	74,910	10,281
Human Resources Benefits	682,788	10,857	693,645	685,927	5,326	691,253	2,392
Liability Claims	89,090	29,840	118,930	107,041	1,143	108,184	10,746
Unappropriated Balance	101,970	(58,713)	43,257	--	--	--	43,257
Water and Electricity	33,260	594	33,854	20,907	12,947	33,854	--
Subtotal	1,047,819	(69,112)	978,707	877,273	34,755	912,028	66,679
TOTAL GENERAL GOVERNMENT							
	1,704,025	85,210	1,789,235	1,518,749	131,409	1,650,158	139,077
PROTECTION OF PERSONS AND PROPERTY							
ANIMAL SERVICES							
Salaries	21,812	(161)	21,651	19,821	1,486	21,307	344
Expenses	1,698	44	1,742	1,478	204	1,682	60
Subtotal	23,510	(117)	23,393	21,299	1,690	22,989	404

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, 2018
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
BUILDING AND SAFETY							
Salaries	\$ 110,821	\$ 1,532	\$ 112,353	\$ 92,593	\$ 5,650	\$ 98,243	\$ 14,110
Expenses	2,598	73	2,671	1,715	147	1,862	809
Subtotal	113,419	1,605	115,024	94,308	5,797	100,105	14,919
EMERGENCY MANAGEMENT							
Salaries	3,055	(148)	2,907	2,653	167	2,820	87
Expenses	71	90	161	47	111	158	3
Equipment	--	52	52	--	51	51	1
Subtotal	3,126	(6)	3,120	2,700	329	3,029	91
FIRE							
Salaries	622,428	10,928	633,356	594,718	33,474	628,192	5,164
Expenses	34,945	37,982	72,927	55,561	7,803	63,364	9,563
Subtotal	657,373	48,910	706,283	650,279	41,277	691,556	14,727
POLICE							
Salaries	1,490,768	22,781	1,513,549	1,413,780	86,492	1,500,272	13,277
Expenses	82,979	2,848	85,827	64,857	18,978	83,835	1,992
Equipment	4,519	1,284	5,803	437	4,563	5,000	803
Subtotal	1,578,266	26,913	1,605,179	1,479,074	110,033	1,589,107	16,072
TOTAL PROTECTION OF PERSONS AND PROPERTY							
	2,375,694	77,305	2,452,999	2,247,660	159,126	2,406,786	46,213
PUBLIC WORKS							
BOARD OF PUBLIC WORKS							
Salaries	8,481	388	8,869	8,352	508	8,860	9
Expenses	11,755	4,253	16,008	12,514	3,133	15,647	361
Subtotal	20,236	4,641	24,877	20,866	3,641	24,507	370
BUREAU OF CONTRACT ADMINISTRATION							
Salaries	35,066	(2,215)	32,851	29,558	1,778	31,336	1,515
Expenses	2,460	(18)	2,442	1,439	769	2,208	234
Subtotal	37,526	(2,233)	35,293	30,997	2,547	33,544	1,749
BUREAU OF ENGINEERING							
Salaries	84,761	4,768	89,529	79,799	4,918	84,717	4,812
Expenses	2,884	318	3,202	2,515	473	2,988	214
Subtotal	87,645	5,086	92,731	82,314	5,391	87,705	5,026
BUREAU OF STREET LIGHTING							
Salaries	27,996	3,348	31,344	25,671	1,583	27,254	4,090
Expenses	1,785	445	2,230	1,773	329	2,102	128
Equipment	1	--	1	--	--	--	1
Special	4,235	1,735	5,970	4,408	750	5,158	812
Subtotal	34,017	5,528	39,545	31,852	2,662	34,514	5,031

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, 2018
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
BUREAU OF STREET SERVICES							
Salaries	\$ 86,601	\$ 3,077	\$ 89,678	\$ 84,104	\$ 5,100	\$ 89,204	\$ 474
Expenses	78,913	15,818	94,731	78,009	15,876	93,885	846
Subtotal	165,514	18,895	184,409	162,113	20,976	183,089	1,320
NON-DEPARTMENTAL							
Water and Electricity	6,142	(1,089)	5,053	3,777	1,276	5,053	--
TOTAL PUBLIC WORKS	351,080	30,828	381,908	331,919	36,493	368,412	13,496
HEALTH AND SANITATION							
CANNABIS REGULATION							
Salaries	640	(360)	280	230	34	264	16
Expenses	131	1,285	1,416	693	327	1,020	396
Equipment	19	(19)	--	--	--	--	--
Subtotal	790	906	1,696	923	361	1,284	412
PUBLIC WORKS - BUREAU OF SANITATION							
Salaries	255,883	1,903	257,786	233,223	14,348	247,571	10,215
Expenses	16,570	572	17,142	9,366	5,504	14,870	2,272
Equipment	73	12	85	21	64	85	--
Subtotal	272,526	2,487	275,013	242,610	19,916	262,526	12,487
TOTAL HEALTH AND SANITATION	273,316	3,393	276,709	243,533	20,277	263,810	12,899
TRANSPORTATION							
Salaries	136,279	6,184	142,463	124,622	7,862	132,484	9,979
Expenses	22,221	1,080	23,301	16,809	4,956	21,765	1,536
Equipment	--	6	6	--	3	3	3
TOTAL TRANSPORTATION	158,500	7,270	165,770	141,431	12,821	154,252	11,518
CULTURAL AND RECREATIONAL SERVICES							
CONVENTION CENTER							
Salaries	1,528	(72)	1,456	1,331	62	1,393	63
Expenses	53	72	125	60	55	115	10
Subtotal	1,581	--	1,581	1,391	117	1,508	73
CULTURAL AFFAIRS							
Salaries	6,472	452	6,924	6,131	372	6,503	421
Expenses	854	1,284	2,138	714	160	874	1,264
Special	5,804	619	6,423	2,478	2,067	4,545	1,878
Subtotal	13,130	2,355	15,485	9,323	2,599	11,922	3,563
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT AUTHORITY							
Salaries	1,071	285	1,356	1,263	77	1,340	16
Expenses	482	--	482	360	58	418	64
Subtotal	1,553	285	1,838	1,623	135	1,758	80

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, 2018
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
ZOO							
Salaries	\$ 18,403	\$ (358)	\$ 18,045	\$ 16,508	\$ 1,042	\$ 17,550	\$ 495
Expenses	3,609	(277)	3,332	2,635	424	3,059	273
Subtotal	22,012	(635)	21,377	19,143	1,466	20,609	768
NON-DEPARTMENTAL							
Water and Electricity	4,598	495	5,093	3,268	1,825	5,093	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	42,874	2,500	45,374	34,748	6,142	40,890	4,484
COMMUNITY DEVELOPMENT							
AGING							
Salaries	4,083	(177)	3,906	3,220	179	3,399	507
Expenses	2,301	(345)	1,956	1,240	605	1,845	111
Subtotal	6,384	(522)	5,862	4,460	784	5,244	618
ECONOMIC AND WORKFORCE DEVELOPMENT							
Salaries	16,554	(1,333)	15,221	12,065	745	12,810	2,411
Expenses	4,567	(938)	3,629	2,428	347	2,775	854
Subtotal	21,121	(2,271)	18,850	14,493	1,092	15,585	3,265
DISABILITY							
Salaries	1,929	(55)	1,874	1,707	139	1,846	28
Expenses	1,412	63	1,475	818	622	1,440	35
Special	93	(1)	92	45	47	92	--
Subtotal	3,434	7	3,441	2,570	808	3,378	63
HOUSING AND COMMUNITY INVESTMENT							
Salaries	62,725	(1,707)	61,018	50,099	3,040	53,139	7,879
Expenses	16,468	4,919	21,387	11,746	5,867	17,613	3,774
Special	500	(500)	--	--	--	--	--
Subtotal	79,693	2,712	82,405	61,845	8,907	70,752	11,653
PLANNING							
Salaries	43,480	(4,520)	38,960	32,908	2,122	35,030	3,930
Expenses	8,487	1,518	10,005	5,250	3,675	8,925	1,080
Equipment	146	(2)	144	143	--	143	1
Subtotal	52,113	(3,004)	49,109	38,301	5,797	44,098	5,011
TOTAL COMMUNITY DEVELOPMENT	162,745	(3,078)	159,667	121,669	17,388	139,057	20,610
PENSION AND RETIREMENT CONTRIBUTION							
Non-Departmental	2,890	(320)	2,570	2,215	250	2,465	105
CAPITAL OUTLAY							
Non-Departmental	89,294	9,602	98,896	7,535	19,262	26,797	72,099
TRANSFERS TO OTHER FUNDS							
Non-Departmental	1,817,996	8,297	1,826,293	1,823,767	--	1,823,767	2,526
GRAND TOTAL	\$ 6,978,414	\$ 221,007	\$ 7,199,421	\$ 6,473,226	\$ 403,168	\$ 6,876,394	\$ 323,027

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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 65.8% 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 inspectors.

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 Assurances 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 Funds – Account 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 Funds - Account 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 Funds – Account 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 funds also account 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 Funds – Account 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 Funds – Account 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 11.0% 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 16.8% 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, 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, Code Enforcement Trust Fund, Telecommunications Liquidated Damages and Lost Franchise Fees, Traffic Safety, Special Police Communication/911 Systems Tax Fund, Zoo and Sidewalk Repair Fund.

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 6.4% of the combined revenues of the Nonmajor Special Revenue funds. Included in this group are 53 partially budgeted funds: Animal Sterilization Fund, ARRA EECBG Fund Housing, ARRA Neighborhood Stabilization, ATSAC Trust Fund, Audit Repayment, Business Improvement Trust, CalHome Trust, City Attorney Consumer Protection, City/County Collaboration Anti-Gang, City Health Commission Trust, City Planning System Development, Coastal Transportation Corridor Trust, Code Compliance, CPUC Gas Company, CRA Non-Housing Bond Proceeds, Development Services Trust, Enterprise Zone Tax Credit Vouchers, DOT Expedited Fee Trust, Federal Emergency Shelter Grant, Foreclosure Registry Program, FY15 UASI Homeland Security Grant, Healthy Homes 1, Housing Production Revolving Fund, Housing Small Grants and Awards, HUD Connections Grant, Industrial Development Authority, Integrated Solid Waste Management, LA Performance Partnership Pilot, LA Regional Initiative for Social Enterprise, LEAD Grant 10, LEAD Grand Nine, LEAD Grant 11, Local Law Enforcement Block Grant, Los Angeles Regional Agency Trust, Medi-Cal Intergovernmental Transfer Program, Narcotic Enforcement Surveillance, Neighborhood Stabilization Program 3 - WSRA, Neighborhood Stabilization Program, Off-Site Sign Periodic Inspection Fee, Operation ABC, Permit Parking Program Revenue, Pershing Square Special Trust, Planning Long-Range Plan, Repair and Demolition, Street Banners Revenue, Temporary Assistance for Needy Families, Traffic Safety Education Program, Transportation Regulation and Enforcement, Used Oil Collection Trust, 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, 2018
(amounts expressed in thousands)

	Building and Safety Permit	Citywide Recycling	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
ASSETS				
Cash and Pooled Investments	\$ 301,186	\$ 37,216	\$ 35,932	\$ 37,641
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$29,418)	2,273	8,204	1,448	376
Special Assessments Receivable	1,187	--	--	--
Investment Income Receivable	1,098	143	124	251
Intergovernmental Receivable	--	--	12,363	--
Loans Receivable (Net of Allowance for Uncollectibles of \$944,758)	--	--	--	199
Due from Other Funds	5,655	3,728	4,355	64
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	300
Restricted Assets	--	--	--	--
Properties Held for Housing Development	--	--	--	--
TOTAL ASSETS	\$ 311,399	\$ 49,291	\$ 54,222	\$ 38,831
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 2,574	\$ 774	\$ 1,986	\$ 3,864
Obligations Under Securities Lending Transactions	5,425	670	647	678
Accrued Salaries and Overtime Payable	5,086	--	--	--
Intergovernmental Payable	--	--	--	--
Due to Other Funds	3,654	416	6,139	134
Unearned Revenue	7,902	--	--	8,912
Deposits and Advances	75	--	247	255
Advances from Other Funds	--	--	--	29,799
Other Liabilities	1,649	204	197	206
Liability for Excess CRA Bond Proceeds	--	--	--	--
TOTAL LIABILITIES	26,365	2,064	9,216	43,848
DEFERRED INFLOWS OF RESOURCES				
Real Estate Tax	1,062	--	--	--
Taxes Other than Real Estate	--	1,317	--	--
Receivables from Other Government Agencies	--	--	1,010	--
Other Deferred Inflows of Resources	1,659	31	2,112	48
TOTAL DEFERRED INFLOWS OF RESOURCES	2,721	1,348	3,122	48
FUND BALANCES				
Nonspendable	--	--	--	--
Restricted	--	45,879	41,884	--
Committed	282,313	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	(5,065)
TOTAL FUND BALANCES	282,313	45,879	41,884	(5,065)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 311,399	\$ 49,291	\$ 54,222	\$ 38,831

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2018
(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	\$ 21,932	\$ 3,423	\$ 240,367	\$ 31,375
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$29,418)	2,028	4,015	3,541	--
Special Assessments Receivable	1,711	2,753	--	--
Investment Income Receivable	91	--	948	163
Intergovernmental Receivable	--	--	13,909	--
Loans Receivable (Net of Allowance for Uncollectibles of \$944,758)	--	--	--	362,895
Due from Other Funds	1,063	5,050	104	--
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	--
Restricted Assets	--	--	--	12,854
Properties Held for Housing Development	--	--	--	111,808
TOTAL ASSETS	\$ 26,825	\$ 15,241	\$ 258,869	\$ 519,095
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 1,600	\$ 5,389	\$ 18,569	\$ 130
Obligations Under Securities Lending Transactions	395	--	4,330	797
Accrued Salaries and Overtime Payable	--	--	18	101
Intergovernmental Payable	--	--	--	1,197
Due to Other Funds	--	275	1,520	233
Unearned Revenue	13,766	--	--	--
Deposits and Advances	--	31	--	923
Advances from Other Funds	3,772	9,224	--	--
Other Liabilities	120	--	1,316	6,511
Liability for Excess CRA Bond Proceeds	--	--	--	--
TOTAL LIABILITIES	19,653	14,919	25,753	9,892
DEFERRED INFLOWS OF RESOURCES				
Real Estate Tax	785	1,447	--	--
Taxes Other than Real Estate	--	--	--	--
Receivables from Other Government Agencies	2,020	94	1,260	--
Other Deferred Inflows of Resources	17	3,681	537	36
TOTAL DEFERRED INFLOWS OF RESOURCES	2,822	5,222	1,797	36
FUND BALANCES				
Nonspendable	--	--	--	--
Restricted	4,350	--	231,319	509,167
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	(4,900)	--	--
TOTAL FUND BALANCES	4,350	(4,900)	231,319	509,167
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 26,825	\$ 15,241	\$ 258,869	\$ 519,095

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2018
(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	\$ 80,322	\$ 333,443	\$ 163,019	\$ 26,108	\$ 2,229
Taxes Receivable	--	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$29,418)	39	--	1,387	1,770	--
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	294	1,275	644	78	23
Intergovernmental Receivable	16,721	--	--	--	1,252
Loans Receivable (Net of Allowance for Uncollectibles of \$944,758)	--	--	--	--	191,062
Due from Other Funds	19,495	1,309	27,385	10,079	--
Prepaid Items and Other Assets	--	--	--	--	2,600
Advances to Other Funds	--	--	--	--	--
Restricted Assets	--	--	--	--	--
Properties Held for Housing Development	--	--	--	--	--
TOTAL ASSETS	<u>\$ 116,871</u>	<u>\$ 336,027</u>	<u>\$ 192,435</u>	<u>\$ 38,035</u>	<u>\$ 197,166</u>
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 4,502	\$ 11,801	14,310	\$ 491	\$ 2,315
Obligations Under Securities Lending Transactions	1,447	6,005	2,936	470	40
Accrued Salaries and Overtime Payable	--	12,536	--	--	558
Intergovernmental Payable	2	34	2	6	265
Due to Other Funds	1,440	669	7,418	11,373	4,364
Unearned Revenue	--	107	--	--	--
Deposits and Advances	--	2,223	--	--	39
Advances from Other Funds	--	--	--	247	--
Other Liabilities	440	1,825	892	143	21
Liability for Excess CRA Bond Proceeds	--	--	--	--	--
TOTAL LIABILITIES	<u>7,831</u>	<u>35,200</u>	<u>25,558</u>	<u>12,730</u>	<u>7,602</u>
DEFERRED INFLOWS OF RESOURCES					
Real Estate Tax	--	--	--	--	--
Taxes Other than Real Estate	--	--	--	--	--
Receivables from Other Government Agencies	3,681	--	59	1,770	--
Other Deferred Inflows of Resources	61	269	6,871	20	4
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,742</u>	<u>269</u>	<u>6,930</u>	<u>1,790</u>	<u>4</u>
FUND BALANCES					
Nonspendable	--	--	--	--	2,600
Restricted	105,298	300,558	--	9,838	186,960
Committed	--	--	159,947	13,677	--
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
TOTAL FUND BALANCES	<u>105,298</u>	<u>300,558</u>	<u>159,947</u>	<u>23,515</u>	<u>189,560</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 116,871</u>	<u>\$ 336,027</u>	<u>\$ 192,435</u>	<u>\$ 38,035</u>	<u>\$ 197,166</u>

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2018
(amounts expressed in thousands)

	Grant Funds			
	Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Transportation
ASSETS				
Cash and Pooled Investments	\$ 12,052	\$ 12,989	\$ 6,626	\$ 65,944
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$29,418)	--	--	70	10,666
Special Assessments Receivable	--	--	--	--
Investment Income Receivable	1	51	30	269
Intergovernmental Receivable	--	3,641	170	7,791
Loans Receivable (Net of Allowance for Uncollectibles of \$944,758)	98,618	402,978	--	--
Due from Other Funds	--	102	30	47
Prepaid Items and Other Assets	--	5,880	--	--
Advances to Other Funds	--	--	--	--
Restricted Assets	--	--	--	--
Properties Held for Housing Development	--	--	--	--
TOTAL ASSETS	\$ 110,671	\$ 425,641	\$ 6,926	\$ 84,717
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 42	\$ 4,600	\$ 552	\$ 8,126
Obligations Under Securities Lending Transactions	3	234	119	1,188
Accrued Salaries and Overtime Payable	--	26	--	--
Intergovernmental Payable	--	--	--	--
Due to Other Funds	5	5	180	13,569
Unearned Revenue	--	--	--	--
Deposits and Advances	1,192	45	--	68
Advances from Other Funds	--	--	--	--
Other Liabilities	1	71	36	361
Liability for Excess CRA Bond Proceeds	--	--	--	--
TOTAL LIABILITIES	1,243	4,981	887	23,312
DEFERRED INFLOWS OF RESOURCES				
Real Estate Tax	--	--	--	--
Taxes Other than Real Estate	--	--	--	--
Receivables from Other Government Agencies	--	--	172	14,911
Other Deferred Inflows of Resources	--	11	6	312
TOTAL DEFERRED INFLOWS OF RESOURCES	--	11	178	15,223
FUND BALANCES				
Nonspendable	--	5,880	--	--
Restricted	109,428	414,769	5,861	46,182
Committed	--	--	--	--
Assigned	--	--	--	--
Unassigned	--	--	--	--
TOTAL FUND BALANCES	109,428	420,649	5,861	46,182
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 110,671	\$ 425,641	\$ 6,926	\$ 84,717

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Special Revenue Funds
June 30, 2018
(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	\$ 3,362	\$ 251,848	\$ 596,871	\$ 316,436	\$ 2,580,321
Taxes Receivable	--	--	2,172	--	2,172
Accounts Receivable (Net of Allowance for Uncollectibles of \$29,418)	--	1,595	37,897	25,259	100,568
Special Assessments Receivable	--	--	2,452	6	8,109
Investment Income Receivable	10	653	1,853	1,101	9,100
Intergovernmental Receivable	7,801	29,457	11,981	18,175	123,261
Loans Receivable (Net of Allowance for Uncollectibles of \$944,758)	--	29,220	98,555	44,417	1,227,944
Due from Other Funds	186	983	26,479	6,621	112,735
Prepaid Items and Other Assets	252	3	73	--	8,808
Advances to Other Funds	--	--	47	--	347
Restricted Assets	--	--	7,500	--	20,354
Properties Held for Housing Development	--	--	--	--	111,808
TOTAL ASSETS	\$ 11,611	\$ 313,759	\$ 785,880	\$ 412,015	\$ 4,305,527
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 9,893	\$ 28,530	\$ 24,391	\$ 24,503	\$ 168,942
Obligations Under Securities Lending Transactions	61	3,312	8,907	5,002	42,666
Accrued Salaries and Overtime Payable	--	291	7,533	424	26,573
Intergovernmental Payable	252	1,063	1,302	108	4,231
Due to Other Funds	736	43,187	14,939	11,359	121,615
Unearned Revenue	--	--	3,705	--	34,392
Deposits and Advances	--	8,322	11,666	693	25,779
Advances from Other Funds	--	92,849	10,183	--	146,074
Other Liabilities	18	1,007	2,707	1,932	19,657
Liability for Excess CRA Bond Proceeds	--	--	--	78,180	78,180
TOTAL LIABILITIES	10,960	178,561	85,333	122,201	668,109
DEFERRED INFLOWS OF RESOURCES					
Real Estate Tax	--	--	709	--	4,003
Taxes Other than Real Estate	--	--	1	--	1,318
Receivables from Other Government Agencies	1,673	19,189	5,020	9,685	60,544
Other Deferred Inflows of Resources	2	1,332	40,151	24,754	81,914
TOTAL DEFERRED INFLOWS OF RESOURCES	1,675	20,521	45,881	34,439	147,779
FUND BALANCES					
Nonspendable	252	3	73	--	8,808
Restricted	--	135,307	98,831	147,305	2,392,936
Committed	--	11,753	553,992	108,070	1,129,752
Assigned	--	--	1,770	--	1,770
Unassigned	(1,276)	(32,386)	--	--	(43,627)
TOTAL FUND BALANCES	(1,024)	114,677	654,666	255,375	3,489,639
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,611	\$ 313,759	\$ 785,880	\$ 412,015	\$ 4,305,527

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, 2018
(amounts expressed in thousands)

	Building and Safety Permit	Citywide Recycling	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
REVENUES				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	30,266	--	--
Licenses and Permits	57,434	--	--	--
Intergovernmental	--	--	63,540	--
Charges for Services	147,345	--	18,682	79,364
Services to Enterprise Funds	2,197	--	--	--
Fines	--	--	--	--
Special Assessments	--	--	--	--
Investment Earnings	3,846	502	1,125	843
Change in Fair Value of Investments	(4,434)	(536)	(508)	(540)
Program Income	--	--	--	--
Other	--	2	--	7,346
TOTAL REVENUES	206,388	30,234	82,839	87,013
EXPENDITURES				
Current				
General Government	--	--	--	--
Protection of Persons and Property	166,448	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	29,203	--	--
Transportation	--	--	86,810	38,248
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	1,506	284	1,647	9,410
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
TOTAL EXPENDITURES	167,954	29,487	88,457	47,658
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	38,434	747	(5,618)	39,355
OTHER FINANCING SOURCES (USES)				
Transfers In	--	--	304	--
Transfers Out	(142)	--	(2,637)	(32,848)
Loans from HUD	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(142)	--	(2,333)	(32,848)
NET CHANGE IN FUND BALANCES	38,292	747	(7,951)	6,507
FUND BALANCES, JULY 1	244,021	45,132	49,835	(11,572)
FUND BALANCES, JUNE 30	\$ 282,313	\$ 45,879	\$ 41,884	\$ (5,065)

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, 2018
(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	--	1,034	--	--
Intergovernmental	1,748	2,342	132,881	--
Charges for Services	30,319	4,984	12,985	--
Services to Enterprise Funds	12	--	--	--
Fines	60	--	--	--
Special Assessments	194	45,333	--	--
Investment Earnings	345	--	3,596	630
Change in Fair Value of Investments	(313)	--	(3,393)	(636)
Program Income	--	--	--	16,353
Other	1,281	1,339	172	1,310
TOTAL REVENUES	33,646	55,032	146,241	17,657
EXPENDITURES				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	62,949	--	--
Health and Sanitation	31,576	--	--	--
Transportation	--	--	118,942	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	(36,845)
Capital Outlay	4,583	2,591	56,787	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
TOTAL EXPENDITURES	36,159	65,540	175,729	(36,845)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,513)	(10,508)	(29,488)	54,502
OTHER FINANCING SOURCES (USES)				
Transfers In	3,000	--	109	--
Transfers Out	--	(61)	(3,233)	(242)
Loans from HUD	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	3,000	(61)	(3,124)	(242)
NET CHANGE IN FUND BALANCES	487	(10,569)	(32,612)	54,260
FUND BALANCES, JULY 1	3,863	5,669	263,931	454,907
FUND BALANCES, JUNE 30	\$ 4,350	\$ (4,900)	\$ 231,319	\$ 509,167

Continued...

* The negative expenditures reported in Low and Moderate Income Housing Fund are 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, 2018
(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	--	2,290	--	--	--
Intergovernmental	95,335	83	1,636	111,982	47,911
Charges for Services	--	134,466	297,669	--	2,212
Services to Enterprise Funds	--	--	4,792	--	--
Fines	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	857	4,439	2,764	154	18
Change in Fair Value of Investments	(1,205)	(4,836)	(2,277)	(399)	(32)
Program Income	--	--	--	--	13,349
Other	--	4,142	12,597	35	831
TOTAL REVENUES	<u>94,987</u>	<u>140,584</u>	<u>317,181</u>	<u>111,772</u>	<u>64,289</u>
EXPENDITURES					
Current					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	--	--	--
Public Works	--	--	--	106,753	--
Health and Sanitation	--	--	289,319	--	--
Transportation	51,774	--	--	--	--
Cultural and Recreational Services	--	298,645	--	--	--
Community Development	--	--	--	--	37,870
Capital Outlay	2,817	15,729	33,719	3,238	--
Debt Service					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
TOTAL EXPENDITURES	<u>54,591</u>	<u>314,374</u>	<u>323,038</u>	<u>109,991</u>	<u>37,870</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>40,396</u>	<u>(173,790)</u>	<u>(5,857)</u>	<u>1,781</u>	<u>26,419</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	444	193,166	910	--	309
Transfers Out	(669)	(100)	(39,261)	(100)	(1,339)
Loans from HUD	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(225)</u>	<u>193,066</u>	<u>(38,351)</u>	<u>(100)</u>	<u>(1,030)</u>
NET CHANGE IN FUND BALANCES	40,171	19,276	(44,208)	1,681	25,389
FUND BALANCES, JULY 1	65,127	281,282	204,155	21,834	164,171
FUND BALANCES, JUNE 30	<u>\$ 105,298</u>	<u>\$ 300,558</u>	<u>\$ 159,947</u>	<u>\$ 23,515</u>	<u>\$ 189,560</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, 2018
(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	--	25,943	1,490	37,861
Charges for Services	--	--	--	4,562
Services to Enterprise Funds	--	--	--	--
Fines	--	--	--	--
Special Assessments	--	--	--	--
Investment Earnings	25	143	163	395
Change in Fair Value of Investments	(2)	(202)	(80)	(935)
Program Income	1,530	6,537	--	--
Other	--	11	362	256
TOTAL REVENUES	1,553	32,432	1,935	42,139
EXPENDITURES				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	1,973	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	18,289
Cultural and Recreational Services	--	--	--	--
Community Development	28	(68,784)	--	--
Capital Outlay	--	--	11,795	34,915
Debt Service				
Principal	15,192	--	--	--
Interest	2,338	--	--	--
TOTAL EXPENDITURES	17,558	(68,784)	13,768	53,204
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,005)	101,216	(11,833)	(11,065)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,339	2	--	200
Transfers Out	--	(5)	--	(304)
Loans from HUD	4,005	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	5,344	(3)	--	(104)
NET CHANGE IN FUND BALANCES	(10,661)	101,213	(11,833)	(11,169)
FUND BALANCES, JULY 1	120,089	319,436	17,694	57,351
FUND BALANCES, JUNE 30	\$ 109,428	\$ 420,649	\$ 5,861	\$ 46,182

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, 2018
(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	\$ --	\$ --	\$ 18,083	\$ 669	\$ 18,752
Other Taxes	--	--	43,629	4,335	78,230
Licenses and Permits	--	--	44	3,886	64,688
Intergovernmental	43,598	234,020	51,522	88,210	940,102
Charges for Services	--	6,288	169,679	39,991	948,546
Services to Enterprise Funds	--	1,595	304	38	8,938
Fines	--	--	3,523	2,295	5,878
Special Assessments	--	--	70,082	5,268	120,877
Investment Earnings	49	2,008	6,566	3,900	32,368
Change in Fair Value of Investments	(46)	(2,757)	(7,169)	(4,032)	(34,332)
Program Income	--	160	1,081	1,231	40,241
Other	32	10,818	26,697	799	68,030
TOTAL REVENUES	43,633	252,132	384,041	146,590	2,292,318
EXPENDITURES					
Current					
General Government	--	7,461	14,235	--	21,696
Protection of Persons and Property	--	65,864	128,545	73,236	434,093
Public Works	--	17,216	35,662	2,450	227,003
Health and Sanitation	--	8,813	10,688	10,106	379,705
Transportation	--	3,197	7,470	8,640	333,370
Cultural and Recreational Services	--	881	238,038	--	537,564
Community Development	44,387	50,263	109,516	31,195	167,630
Capital Outlay	--	61,344	21,291	2,488	264,144
Debt Service					
Principal	--	--	--	--	15,192
Interest	--	--	--	--	2,338
TOTAL EXPENDITURES	44,387	215,039	565,445	128,115	2,382,735
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(754)	37,093	(181,404)	18,475	(90,417)
OTHER FINANCING SOURCES (USES)					
Transfers In	74	11,021	229,522	7,959	448,359
Transfers Out	(9)	(872)	(10,754)	(3,098)	(95,674)
Loans from HUD	--	--	--	--	4,005
TOTAL OTHER FINANCING SOURCES (USES)	65	10,149	218,768	4,861	356,690
NET CHANGE IN FUND BALANCES	(689)	47,242	37,364	23,336	266,273
FUND BALANCES, JULY 1	(335)	67,435	617,302	232,039	3,223,366
FUND BALANCES, JUNE 30	\$ (1,024)	\$ 114,677	\$ 654,666	\$ 255,375	\$ 3,489,639

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, 2018
(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	42,064	42,064	57,482	15,418
Intergovernmental	--	--	--	--
Charges for Services	101,145	101,145	147,983	46,838
Services to Enterprise Funds	800	800	1,887	1,087
Special Assessments	--	--	--	--
Interest	837	837	3,465	2,628
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>144,846</u>	<u>144,846</u>	<u>210,817</u>	<u>65,971</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>144,846</u>	<u>144,846</u>	<u>210,817</u>	<u>65,971</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	448,184	331,930	62,967	268,963
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	2,491	6,287	5,945	342
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>450,675</u>	<u>338,217</u>	<u>68,912</u>	<u>269,305</u>
Other Financing Uses				
Transfers to Other Funds	157,170	128,446	100,323	28,123
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>607,845</u>	<u>466,663</u>	<u>169,235</u>	<u>297,428</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(462,999)	(321,817)	41,582	363,399
FUND BALANCES (DEFICIT), JULY 1	183,322	183,322	228,121	44,799
Appropriation of Fund Balances and Carryforward				
Appropriations	279,677	132,091	--	(132,091)
Encumbrances Lapsed	--	6,404	6,404	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 276,107</u>	<u>\$ 276,107</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, 2018
(amounts expressed in thousands)

	Citywide Recycling			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 25,000	\$ 25,000	\$ 30,633	\$ 5,633
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	350	350	451	101
Program Income	--	--	--	--
Other	--	--	2	2
Total Revenues	<u>25,350</u>	<u>25,350</u>	<u>31,086</u>	<u>5,736</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>25,350</u>	<u>25,350</u>	<u>31,086</u>	<u>5,736</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	60,261	43,915	16,434	27,481
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	75	96	58	38
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>60,336</u>	<u>44,011</u>	<u>16,492</u>	<u>27,519</u>
Other Financing Uses				
Transfers to Other Funds	23,443	15,880	11,609	4,271
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>83,779</u>	<u>59,891</u>	<u>28,101</u>	<u>31,790</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(58,429)	(34,541)	2,985	37,526
FUND BALANCES (DEFICIT), JULY 1	26,145	26,145	30,712	4,567
Appropriation of Fund Balances and Carryforward				
Appropriations	32,284	8,202	--	(8,202)
Encumbrances Lapsed	--	194	194	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 33,891</u>	<u>\$ 33,891</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, 2018
(amounts expressed in thousands)

	Proposition C Anti-Gridlock Transit Improvement			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	61,755	61,755	62,783	1,028
Charges for Services	14,282	16,860	18,914	2,054
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	266	266	1,081	815
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>76,303</u>	<u>78,881</u>	<u>82,778</u>	<u>3,897</u>
Other Financing Sources				
Transfers from Other Funds	590	590	304	(286)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>76,893</u>	<u>79,471</u>	<u>83,082</u>	<u>3,611</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	42,011	43,685	29,099	14,586
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	7,209	7,309	1,596	5,713
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>49,220</u>	<u>50,994</u>	<u>30,695</u>	<u>20,299</u>
Other Financing Uses				
Transfers to Other Funds	70,059	61,359	57,055	4,304
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>119,279</u>	<u>112,353</u>	<u>87,750</u>	<u>24,603</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(42,386)	(32,882)	(4,668)	28,214
FUND BALANCES (DEFICIT), JULY 1	10,006	10,006	35,980	25,974
Appropriation of Fund Balances and Carryforward				
Appropriations	32,380	22,610	--	(22,610)
Encumbrances Lapsed	--	266	266	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 31,578</u>	<u>\$ 31,578</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, 2018
(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	90,209	90,209	79,191	(11,018)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	660	660	758	98
Program Income	--	--	--	--
Other	340	340	2,947	2,607
Total Revenues	<u>91,209</u>	<u>91,209</u>	<u>82,896</u>	<u>(8,313)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>91,209</u>	<u>91,209</u>	<u>82,896</u>	<u>(8,313)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	68,391	70,257	39,661	30,596
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	17,311	17,475	7,900	9,575
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>85,702</u>	<u>87,732</u>	<u>47,561</u>	<u>40,171</u>
Other Financing Uses				
Transfers to Other Funds	47,610	47,909	39,809	8,100
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>133,312</u>	<u>135,641</u>	<u>87,370</u>	<u>48,271</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(42,103)	(44,432)	(4,474)	39,958
FUND BALANCES (DEFICIT), JULY 1	10,045	10,045	32,695	22,650
Appropriation of Fund Balances and Carryforward				
Appropriations	32,058	33,881		(33,881)
Encumbrances Lapsed	--	506	506	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 28,727</u>	<u>\$ 28,727</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, 2018
(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	--	--	--	--
Intergovernmental	1,950	1,950	2,543	593
Charges for Services	33,682	33,682	30,386	(3,296)
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	270	270	327	57
Program Income	--	--	--	--
Other	--	300	300	--
Total Revenues	<u>35,902</u>	<u>36,202</u>	<u>33,556</u>	<u>(2,646)</u>
Other Financing Sources				
Transfers from Other Funds	--	3,850	3,750	(100)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>35,902</u>	<u>40,052</u>	<u>37,306</u>	<u>(2,746)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	35,041	50,088	26,879	23,209
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	2,118	2,645	1,442	1,203
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>37,159</u>	<u>52,733</u>	<u>28,321</u>	<u>24,412</u>
Other Financing Uses				
Transfers to Other Funds	27,671	22,440	20,743	1,697
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>64,830</u>	<u>75,173</u>	<u>49,064</u>	<u>26,109</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(28,928)	(35,121)	(11,758)	23,363
FUND BALANCES (DEFICIT), JULY 1	4,007	4,007	17,992	13,985
Appropriation of Fund Balances and Carryforward				
Appropriations	24,921	29,552	--	(29,552)
Encumbrances Lapsed	--	1,562	1,562	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,796</u>	<u>\$ 7,796</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, 2018
(amounts expressed in thousands)

	Street Lighting Maintenance Assessment			
	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	2,160	2,160	1,034	(1,126)
Intergovernmental	239	639	2,296	1,657
Charges for Services	3,855	3,855	4,984	1,129
Services to Enterprise Funds	--	--	--	--
Special Assessments	45,904	45,904	45,380	(524)
Interest	--	--	--	--
Program Income	--	--	--	--
Other	486	486	842	356
Total Revenues	<u>52,644</u>	<u>53,044</u>	<u>54,536</u>	<u>1,492</u>
Other Financing Sources				
Transfers from Other Funds	478	478	403	(75)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>53,122</u>	<u>53,522</u>	<u>54,939</u>	<u>1,417</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	43,371	45,735	27,169	18,566
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	5,772	6,055	1,766	4,289
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>49,143</u>	<u>51,790</u>	<u>28,935</u>	<u>22,855</u>
Other Financing Uses				
Transfers to Other Funds	49,068	46,054	40,846	5,208
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>98,211</u>	<u>97,844</u>	<u>69,781</u>	<u>28,063</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(45,089)	(44,322)	(14,842)	29,480
FUND BALANCES (DEFICIT), JULY 1	14,800	14,800	(2,584)	(17,384)
Appropriation of Fund Balances and Carryforward				
Appropriations	30,289	28,230	--	(28,230)
Encumbrances Lapsed	--	1,292	1,292	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (16,134)</u>	<u>\$ (16,134)</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, 2018
(amounts expressed in thousands)

	Proposition A Local Transit 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	131,693	131,693	130,909	(784)
Charges for Services	13,837	14,142	14,720	578
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	2,773	2,773	3,374	601
Program Income	--	--	--	--
Other	1,130	1,130	172	(958)
Total Revenues	149,433	149,738	149,175	(563)
Other Financing Sources				
Transfers from Other Funds	--	58	109	51
TOTAL REVENUES AND OTHER FINANCING SOURCES	149,433	149,796	149,284	(512)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	371,225	333,307	155,741	177,566
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	69,571	69,579	39,989	29,590
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	440,796	402,886	195,730	207,156
Other Financing Uses				
Transfers to Other Funds	29,480	27,435	7,992	19,443
TOTAL EXPENDITURES AND OTHER FINANCING USES	470,276	430,321	203,722	226,599
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(320,843)	(280,525)	(54,438)	226,087
FUND BALANCES (DEFICIT), JULY 1	107,427	107,427	223,068	115,641
Appropriation of Fund Balances and Carryforward				
Appropriations	213,416	151,245	--	(151,245)
Encumbrances Lapsed	--	21,853	21,853	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 190,483	\$ 190,483

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, 2018
(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	84,000	84,386	89,490	5,104
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	500	500	722	222
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>84,500</u>	<u>84,886</u>	<u>90,212</u>	<u>5,326</u>
Other Financing Sources				
Transfers from Other Funds	--	444	444	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>84,500</u>	<u>85,330</u>	<u>90,656</u>	<u>5,326</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	105,021	83,910	37,315	46,595
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	9,283	10,329	2,499	7,830
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>114,304</u>	<u>94,239</u>	<u>39,814</u>	<u>54,425</u>
Other Financing Uses				
Transfers to Other Funds	37,972	42,531	37,523	5,008
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>152,276</u>	<u>136,770</u>	<u>77,337</u>	<u>59,433</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(67,776)	(51,440)	13,319	64,759
FUND BALANCES (DEFICIT), JULY 1	18,712	18,712	45,398	26,686
Appropriation of Fund Balances and Carryforward				
Appropriations	49,064	30,992	--	(30,992)
Encumbrances Lapsed	--	1,736	1,736	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 60,453</u>	<u>\$ 60,453</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, 2018
(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	4,298	4,298	1,638	(2,660)
Charges for Services	302,480	302,480	305,403	2,923
Services to Enterprise Funds	4,700	4,700	5,739	1,039
Special Assessments	--	--	--	--
Interest	1,700	1,700	3,036	1,336
Program Income	--	--	--	--
Other	2,456	2,456	12,602	10,146
Total Revenues	<u>315,634</u>	<u>315,634</u>	<u>328,418</u>	<u>12,784</u>
Other Financing Sources				
Transfers from Other Funds	3,372	3,372	910	(2,462)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>319,006</u>	<u>319,006</u>	<u>329,328</u>	<u>10,322</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current	--	--	--	--
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	378,363	356,866	201,708	155,158
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	17,700	17,700	17,700	--
Debt Service				
Principal	31,355	31,355	31,355	--
Interest	7,549	7,549	7,549	--
Total Expenditures	<u>434,967</u>	<u>413,470</u>	<u>258,312</u>	<u>155,158</u>
Other Financing Uses				
Transfers to Other Funds	162,552	157,794	150,692	7,102
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>597,519</u>	<u>571,264</u>	<u>409,004</u>	<u>162,260</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(278,513)	(252,258)	(79,676)	172,582
FUND BALANCES (DEFICIT), JULY 1	143,877	143,877	112,180	(31,697)
Appropriation of Fund Balances and Carryforward				
Appropriations	134,636	61,614	--	(61,614)
Encumbrances Lapsed	--	46,767	46,767	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 79,271</u>	<u>\$ 79,271</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, 2018
(amounts expressed in thousands)

	Special Gas Tax Street Improvement			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	121,867	121,867	96,867	(25,000)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	320	320	108	(212)
Program Income	--	--	--	--
Other	--	--	34	34
Total Revenues	<u>122,187</u>	<u>122,187</u>	<u>97,009</u>	<u>(25,178)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>122,187</u>	<u>122,187</u>	<u>97,009</u>	<u>(25,178)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	30,341	15,676	5,414	10,262
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	154	3,243	1,802	1,441
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>30,495</u>	<u>18,919</u>	<u>7,216</u>	<u>11,703</u>
Other Financing Uses				
Transfers to Other Funds	97,130	94,089	92,287	1,802
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>127,625</u>	<u>113,008</u>	<u>99,503</u>	<u>13,505</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,438)	9,179	(2,494)	(11,673)
FUND BALANCES (DEFICIT), JULY 1	109	109	9,786	9,677
Appropriation of Fund Balances and Carryforward				
Appropriations	5,329	(9,828)	--	9,828
Encumbrances Lapsed	--	540	540	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,832</u>	<u>\$ 7,832</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, 2018
(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	19,408	66,873	48,876	(17,997)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	4	4
Program Income	--	--	15,117	15,117
Other	--	--	894	894
Total Revenues	19,408	66,873	64,891	(1,982)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	19,408	66,873	64,891	(1,982)
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	81,241	121,253	42,733	78,520
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	81,241	121,253	42,733	78,520
Other Financing Uses				
Transfers to Other Funds	18,528	24,804	15,495	9,309
TOTAL EXPENDITURES AND OTHER FINANCING USES	99,769	146,057	58,228	87,829
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(80,361)	(79,184)	6,663	85,847
FUND BALANCES (DEFICIT), JULY 1	--	--	(21,609)	(21,609)
Appropriation of Fund Balances and Carryforward				
Appropriations	80,361	72,517	--	(72,517)
Encumbrances Lapsed	--	6,667	6,667	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (8,279)	\$ (8,279)

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, 2018
(amounts expressed in thousands)

	Home Investment Partnership Program			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	6,451	34,001	26,653	(7,348)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	107	107
Program Income	--	--	14,072	14,072
Other	--	--	10	10
Total Revenues	6,451	34,001	40,842	6,841
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,451	34,001	40,842	6,841
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	61,467	89,263	28,955	60,308
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	61,467	89,263	28,955	60,308
Other Financing Uses				
Transfers to Other Funds	4,869	3,299	1,800	1,499
TOTAL EXPENDITURES AND OTHER FINANCING USES	66,336	92,562	30,755	61,807
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(59,885)	(58,561)	10,087	68,648
FUND BALANCES (DEFICIT), JULY 1	--	--	(21,053)	(21,053)
Appropriation of Fund Balances and Carryforward				
Appropriations	59,885	55,565	--	(55,565)
Encumbrances Lapsed	--	2,996	2,996	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (7,970)	\$ (7,970)

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, 2018
(amounts expressed in thousands)

	Workforce Innovation Opportunity 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	16,664	16,664	--	(16,664)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	16	16
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>16,664</u>	<u>16,664</u>	<u>16</u>	<u>(16,648)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>16,664</u>	<u>16,664</u>	<u>16</u>	<u>(16,648)</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	80,709	89,811	9,062	80,749
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>80,709</u>	<u>89,811</u>	<u>9,062</u>	<u>80,749</u>
Other Financing Uses				
Transfers to Other Funds	29,396	29,396	--	29,396
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>110,105</u>	<u>119,207</u>	<u>9,062</u>	<u>110,145</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(93,441)	(102,543)	(9,046)	93,497
FUND BALANCES (DEFICIT), JULY 1	--	--	(8,135)	(8,135)
Appropriation of Fund Balances and Carryforward				
Appropriations	93,441	93,441	--	(93,441)
Encumbrances Lapsed	--	9,102	9,102	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (8,079)</u>	<u>\$ (8,079)</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, 2018
(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	500	4,610	4,012	(598)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	253	253	228	(25)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	753	4,863	4,240	(623)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	753	4,863	4,240	(623)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	245,572	249,682	4,091	245,591
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	245,572	249,682	4,091	245,591
Other Financing Uses				
Transfers to Other Funds	617	617	285	332
TOTAL EXPENDITURES AND OTHER FINANCING USES	246,189	250,299	4,376	245,923
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(245,436)	(245,436)	(136)	245,300
FUND BALANCES (DEFICIT), JULY 1	20,235	20,235	12,771	(7,464)
Appropriation of Fund Balances and Carryforward				
Appropriations	225,201	225,201	--	(225,201)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 12,635	\$ 12,635

Continued...

CITY OF LOS ANGELES
Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2018
(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	1,837	6,525	5,398	(1,127)
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	6	6
Program Income	--	--	--	--
Other	--	--	3	3
Total Revenues	<u>1,837</u>	<u>6,525</u>	<u>5,407</u>	<u>(1,118)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,837</u>	<u>6,525</u>	<u>5,407</u>	<u>(1,118)</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	880	6,364	2,809	3,555
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>880</u>	<u>6,364</u>	<u>2,809</u>	<u>3,555</u>
Other Financing Uses				
Transfers to Other Funds	1,268	1,522	1,187	335
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>2,148</u>	<u>7,886</u>	<u>3,996</u>	<u>3,890</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(311)	(1,361)	1,411	2,772
FUND BALANCES (DEFICIT), JULY 1	--	--	(2,908)	(2,908)
Appropriation of Fund Balances and Carryforward				
Appropriations	311	674	--	(674)
Encumbrances Lapsed	--	687	687	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (810)</u>	<u>\$ (810)</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, 2018
(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	--	346	1,497	1,151
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	162	162
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	346	1,659	1,313
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	--	346	1,659	1,313
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	8,416	9,717	5,725	3,992
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	8,416	9,717	5,725	3,992
Other Financing Uses				
Transfers to Other Funds	155	155	26	129
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,571	9,872	5,751	4,121
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(8,571)	(9,526)	(4,092)	5,434
FUND BALANCES (DEFICIT), JULY 1	5,551	5,551	9,320	3,769
Appropriation of Fund Balances and Carryforward				
Appropriations	3,020	2,908	--	(2,908)
Encumbrances Lapsed	--	1,067	1,067	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 6,295	\$ 6,295

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, 2018
(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	2,837	2,837	5,339	2,502
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	28	28	56	28
Program Income	--	--	--	--
Other	528	528	--	(528)
Total Revenues	<u>3,393</u>	<u>3,393</u>	<u>5,395</u>	<u>2,002</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>3,393</u>	<u>3,393</u>	<u>5,395</u>	<u>2,002</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	5,930	4,610	1,819	2,791
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>5,930</u>	<u>4,610</u>	<u>1,819</u>	<u>2,791</u>
Other Financing Uses				
Transfers to Other Funds	3,739	2,899	2,853	46
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>9,669</u>	<u>7,509</u>	<u>4,672</u>	<u>2,837</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(6,276)	(4,116)	723	4,839
FUND BALANCES (DEFICIT), JULY 1	3,039	3,039	1,988	(1,051)
Appropriation of Fund Balances and Carryforward				
Appropriations	3,237	91	--	(91)
Encumbrances Lapsed	--	986	986	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,697</u>	<u>\$ 3,697</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, 2018
(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	566	13,416	14,751	1,335
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	2	2
Program Income	--	--	95	95
Other	--	--	--	--
Total Revenues	566	13,416	14,848	1,432
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	566	13,416	14,848	1,432
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	36,121	49,632	21,922	27,710
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	36,121	49,632	21,922	27,710
Other Financing Uses				
Transfers to Other Funds	345	312	262	50
TOTAL EXPENDITURES AND OTHER FINANCING USES	36,466	49,944	22,184	27,760
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(35,900)	(36,528)	(7,336)	29,192
FUND BALANCES (DEFICIT), JULY 1	--	--	(2,591)	(2,591)
Appropriation of Fund Balances and Carryforward				
Appropriations	35,900	34,523	--	(34,523)
Encumbrances Lapsed	--	2,005	2,005	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (7,922)	\$ (7,922)

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, 2018
(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	4,700	4,700	5,670	970
Charges for Services	--	--	--	--
Services to Enterprise Funds	--	--	--	--
Special Assessments	--	--	--	--
Interest	50	50	79	29
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>4,750</u>	<u>4,750</u>	<u>5,749</u>	<u>999</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>4,750</u>	<u>4,750</u>	<u>5,749</u>	<u>999</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	7,087	5,734	2,285	3,449
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>7,087</u>	<u>5,734</u>	<u>2,285</u>	<u>3,449</u>
Other Financing Uses				
Transfers to Other Funds	3,721	3,701	2,546	1,155
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>10,808</u>	<u>9,435</u>	<u>4,831</u>	<u>4,604</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(6,058)	(4,685)	918	5,603
FUND BALANCES (DEFICIT), JULY 1	1,289	1,289	5,159	3,870
Appropriation of Fund Balances and Carryforward				
Appropriations	4,769	3,396	--	(3,396)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,077</u>	<u>\$ 6,077</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, 2018
(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	2,825	13,862	12,299	(1,563)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	2,825	13,862	12,299	(1,563)
Other Financing Sources				
Transfers from Other Funds	--	--	3,631	3,631
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,825	13,862	15,930	2,068
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	10,051	29,278	19,076	10,202
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	10,051	29,278	19,076	10,202
Other Financing Uses				
Transfers to Other Funds	9,437	9,000	1,921	7,079
TOTAL EXPENDITURES AND OTHER FINANCING USES	19,488	38,278	20,997	17,281
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(16,663)	(24,416)	(5,067)	19,349
FUND BALANCES (DEFICIT), JULY 1	--	--	1,776	1,776
Appropriation of Fund Balances and Carryforward				
Appropriations	16,663	21,698	--	(21,698)
Encumbrances Lapsed	--	2,718	2,718	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ (573)	\$ (573)

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, 2018
(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	6,345	6,345	9,183	2,838
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	65	65	313	248
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	6,410	6,410	9,496	3,086
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,410	6,410	9,496	3,086
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	66	66	--	66
Other Financing Uses				
Transfers to Other Funds	24,791	24,791	13,292	11,499
TOTAL EXPENDITURES AND OTHER FINANCING USES	24,857	24,857	13,292	11,565
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(18,447)	(18,447)	(3,796)	14,651
FUND BALANCES (DEFICIT), JULY 1	6,962	6,962	10,606	3,644
Appropriation of Fund Balances and Carryforward				
Appropriations	11,485	11,485	--	(11,485)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 6,810	\$ 6,810

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, 2018
(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	1,038	1,038	452	(586)
Special Assessments	--	--	--	--
Interest	20	20	69	49
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	1,058	1,058	521	(537)
Other Financing Sources				
Transfers from Other Funds	21,700	21,700	21,700	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	22,758	22,758	22,221	(537)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	10,987	11,499	8,177	3,322
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	10,987	11,499	8,177	3,322
Other Financing Uses				
Transfers to Other Funds	21,324	21,615	12,803	8,812
TOTAL EXPENDITURES AND OTHER FINANCING USES	32,311	33,114	20,980	12,134
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(9,553)	(10,356)	1,241	11,597
FUND BALANCES (DEFICIT), JULY 1	866	866	5,888	5,022
Appropriation of Fund Balances and Carryforward				
Appropriations	8,687	9,384	--	(9,384)
Encumbrances Lapsed	--	106	106	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 7,235	\$ 7,235

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, 2018
(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	1,800	1,800	4,930	3,130
Special Assessments	--	--	--	--
Interest	160	160	223	63
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	1,960	1,960	5,153	3,193
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,960	1,960	5,153	3,193
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	17,041	22,390	1,846	20,544
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	17,041	22,390	1,846	20,544
Other Financing Uses				
Transfers to Other Funds	104	262	136	126
TOTAL EXPENDITURES AND OTHER FINANCING USES	17,145	22,652	1,982	20,670
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(15,185)	(20,692)	3,171	23,863
FUND BALANCES (DEFICIT), JULY 1	222	222	14,860	14,638
Appropriation of Fund Balances and Carryforward				
Appropriations	14,963	20,455	--	(20,455)
Encumbrances Lapsed	--	15	15	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 18,046	\$ 18,046

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, 2018
(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	10	10	34	24
Program Income	--	--	--	--
Other	3,300	3,300	3,122	(178)
Total Revenues	3,310	3,310	3,156	(154)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,310	3,310	3,156	(154)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	6,931	5,091	2,672	2,419
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,931	5,091	2,672	2,419
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(3,621)	(1,781)	484	2,265
FUND BALANCES (DEFICIT), JULY 1	1,426	1,426	2,196	770
Appropriation of Fund Balances and Carryforward				
Appropriations	2,195	355	--	(355)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 2,680	\$ 2,680

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, 2018
(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	--	--	--	--
Charges for Services	10,000	15,169	5,261	(9,908)
Special Assessments	--	--	--	--
Interest	300	300	518	218
Program Income	862	862	1,292	430
Other	--	--	--	--
Total Revenues	11,162	16,331	7,071	(9,260)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	11,162	16,331	7,071	(9,260)
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	135,533	142,204	3,368	138,836
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	135,533	142,204	3,368	138,836
Other Financing Uses				
Transfers to Other Funds	668	2,209	1,968	241
TOTAL EXPENDITURES AND OTHER FINANCING USES	136,201	144,413	5,336	139,077
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(125,039)	(128,082)	1,735	129,817
FUND BALANCES (DEFICIT), JULY 1	56	56	32,252	32,196
Appropriation of Fund Balances and Carryforward				
Appropriations	124,983	125,080	--	(125,080)
Encumbrances Lapsed	--	2,946	2,946	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 36,933	\$ 36,933

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, 2018
(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	2,767	2,767	3,032	265
Special Assessments	--	--	--	--
Interest	12	12	24	12
Program Income	--	--	--	--
Other	2,080	2,080	2,058	(22)
Total Revenues	<u>4,859</u>	<u>4,859</u>	<u>5,114</u>	<u>255</u>
Other Financing Sources				
Transfers from Other Funds	--	--	285	285
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>4,859</u>	<u>4,859</u>	<u>5,399</u>	<u>540</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	1,095	1,045	1,012	33
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>1,095</u>	<u>1,045</u>	<u>1,012</u>	<u>33</u>
Other Financing Uses				
Transfers to Other Funds	4,096	4,325	4,196	129
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,191</u>	<u>5,370</u>	<u>5,208</u>	<u>162</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	(332)	(511)	191	702
FUND BALANCES (DEFICIT), JULY 1	208	208	432	224
Appropriation of Fund Balances and Carryforward				
Appropriations	124	303	--	(303)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 623</u>	<u>\$ 623</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, 2018
(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	43,586	43,586	43,819	233
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	43,586	43,586	43,819	233
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	43,586	43,586	43,819	233
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	63,126	63,126	43,586	19,540
TOTAL EXPENDITURES AND OTHER FINANCING USES	63,126	63,126	43,586	19,540
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(19,540)	(19,540)	233	19,773
FUND BALANCES (DEFICIT), JULY 1	--	--	201	201
Appropriation of Fund Balances and Carryforward				
Appropriations	19,540	19,540	--	(19,540)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICIT), JUNE 30	\$ --	\$ --	\$ 434	\$ 434

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, 2018
(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	\$ 21,700	\$ 21,700	\$ 23,011	\$ 1,311
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>21,700</u>	<u>21,700</u>	<u>23,011</u>	<u>1,311</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>21,700</u>	<u>21,700</u>	<u>23,011</u>	<u>1,311</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	39,148	39,148	23,169	15,979
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>39,148</u>	<u>39,148</u>	<u>23,169</u>	<u>15,979</u>
Other Financing Uses				
Transfers to Other Funds	369	369	286	83
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>39,517</u>	<u>39,517</u>	<u>23,455</u>	<u>16,062</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(17,817)	(17,817)	(444)	17,373
FUND BALANCE (DEFICIT), JULY 1	3,367	3,367	4,329	962
Appropriation of Fund Balances and Carryforward				
Appropriations	14,450	14,450	--	(14,450)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,885</u>	<u>\$ 3,885</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, 2018
(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	7,300	7,300	7,095	(205)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	80	80	67	(13)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	7,380	7,380	7,162	(218)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	7,380	7,380	7,162	(218)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	12,855	8,292	4,847	3,445
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	12,855	8,292	4,847	3,445
Other Financing Uses				
Transfers to Other Funds	4,617	4,518	3,674	844
TOTAL EXPENDITURES AND OTHER FINANCING USES	17,472	12,810	8,521	4,289
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(10,092)	(5,430)	(1,359)	4,071
FUND BALANCE (DEFICIT), JULY 1	4,184	4,184	5,348	1,164
Appropriation of Fund Balances and Carryforward				
Appropriations	5,908	1,246	--	(1,246)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 3,989	\$ 3,989

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, 2018
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Municipal Housing Finance			
	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	--	--	--	--
Charges for Services	4,266	4,466	4,892	426
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	22	22	71	49
Program Income	320	320	939	619
Other	220	220	273	53
Total Revenues	4,828	5,028	6,175	1,147
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,828	5,028	6,175	1,147
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	2,922	3,216	2,012	1,204
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,922	3,216	2,012	1,204
Other Financing Uses				
Transfers to Other Funds	3,902	3,772	2,762	1,010
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,824	6,988	4,774	2,214
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(1,996)	(1,960)	1,401	3,361
FUND BALANCE (DEFICIT), JULY 1	1,470	1,470	2,080	610
Appropriation of Fund Balances and Carryforward				
Appropriations	526	410	--	(410)
Encumbrances Lapsed	--	80	80	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 3,561	\$ 3,561

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, 2018
(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	35,500	35,500	25,646	(9,854)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	200	200	169	(31)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	35,700	35,700	25,815	(9,885)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	35,700	35,700	25,815	(9,885)
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	24,561	6,979	6,849	130
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	24,561	6,979	6,849	130
Other Financing Uses				
Transfers to Other Funds	29,358	23,556	21,896	1,660
TOTAL EXPENDITURES AND OTHER FINANCING USES	53,919	30,535	28,745	1,790
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(18,219)	5,165	(2,930)	(8,095)
FUND BALANCE (DEFICIT), JULY 1	14,404	14,404	5,692	(8,712)
Appropriation of Fund Balances and Carryforward				
Appropriations	3,815	(19,569)	--	19,569
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 2,762	\$ 2,762

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, 2018
(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	14,408	14,408	14,661	253
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	22	22	19	(3)
Total Revenues	14,430	14,430	14,680	250
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	14,430	14,430	14,680	250
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	29,103	28,170	6,842	21,328
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	29,103	28,170	6,842	21,328
Other Financing Uses				
Transfers to Other Funds	14,737	14,759	8,962	5,797
TOTAL EXPENDITURES AND OTHER FINANCING USES	43,840	42,929	15,804	27,125
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(29,410)	(28,499)	(1,124)	27,375
FUND BALANCE (DEFICIT), JULY 1	10,826	10,826	12,596	1,770
Appropriation of Fund Balances and Carryforward				
Appropriations	18,584	17,417	--	(17,417)
Encumbrances Lapsed	--	256	256	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 11,728	\$ 11,728

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
For the Fiscal Year Ended June 30, 2018
(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	8,300	8,300	7,383	(917)
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	10	10	20	10
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	8,310	8,310	7,403	(907)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	8,310	8,310	7,403	(907)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	2,685	2,685	--	2,685
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,685	2,685	--	2,685
Other Financing Uses				
Transfers to Other Funds	9,884	12,708	10,932	1,776
TOTAL EXPENDITURES AND OTHER FINANCING USES	12,569	15,393	10,932	4,461
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(4,259)	(7,083)	(3,529)	3,554
FUND BALANCE (DEFICIT), JULY 1	22	22	1,500	1,478
Appropriation of Fund Balances and Carryforward				
Appropriations	4,237	7,061	--	(7,061)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ (2,029)	\$ (2,029)

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, 2018
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Code Enforcement Trust 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	--	--	16	16
Intergovernmental	--	--	--	--
Charges for Services	39,383	39,383	40,249	866
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	345	345	560	215
Program Income	--	--	--	--
Other	--	--	68	68
Total Revenues	39,728	39,728	40,893	1,165
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	39,728	39,728	40,893	1,165
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	97,427	95,804	15,534	80,270
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	97,427	95,804	15,534	80,270
Other Financing Uses				
Transfers to Other Funds	38,915	39,841	27,518	12,323
TOTAL EXPENDITURES AND OTHER FINANCING USES	136,342	135,645	43,052	92,593
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(96,614)	(95,917)	(2,159)	93,758
FUND BALANCE (DEFICIT), JULY 1	37,529	37,529	33,361	(4,168)
Appropriation of Fund Balances and Carryforward				
Appropriations	59,085	57,802	--	(57,802)
Encumbrances Lapsed	--	586	586	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 31,788	\$ 31,788

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, 2018
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Telecommunications Liquidated Damages and Lost Franchise Fees			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 18,250	\$ 18,250	\$ 18,205	\$ (45)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	30	30
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	150	150	1	(149)
Total Revenues	18,400	18,400	18,236	(164)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	18,400	18,400	18,236	(164)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	41,329	40,838	8,529	32,309
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	41,329	40,838	8,529	32,309
Other Financing Uses				
Transfers to Other Funds	12,578	11,998	10,423	1,575
TOTAL EXPENDITURES AND OTHER FINANCING USES	53,907	52,836	18,952	33,884
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(35,507)	(34,436)	(716)	33,720
FUND BALANCE (DEFICIT), JULY 1	1,530	1,530	34,057	32,527
Appropriation of Fund Balances and Carryforward				
Appropriations	33,977	32,360	--	(32,360)
Encumbrances Lapsed	--	546	546	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 33,887	\$ 33,887

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, 2018
 (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	5,590	5,590	3,298	(2,292)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	5,590	5,590	3,298	(2,292)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,590	5,590	3,298	(2,292)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	5,998	3,798	3,298	500
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,998	3,798	3,298	500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(408)	1,792	--	(1,792)
FUND BALANCE (DEFICIT), JULY 1	408	408	--	(408)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(2,200)	--	2,200
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ --	\$ --

Continued...

CITY OF LOS ANGELES

Combining Budgetary Comparison Schedule
 (Non-GAAP Budgetary Basis)
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)
 For the Fiscal Year Ended June 30, 2018
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Special Police Communications/911 System Tax Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ 29	\$ 29
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	24	24
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	53	53
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	--	--	53	53
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	1,429	118	114	4
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,429	118	114	4
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,429	118	114	4
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(1,429)	(118)	(61)	57
FUND BALANCE (DEFICIT), JULY 1	115	115	141	26
Appropriation of Fund Balances and Carryforward				
Appropriations	1,314	3	--	(3)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 80	\$ 80

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, 2018
(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	--	--	7	7
Intergovernmental	--	--	--	--
Charges for Services	20,649	20,948	24,027	3,079
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	30	30	65	35
Program Income	--	--	--	--
Other	600	600	227	(373)
Total Revenues	21,279	21,578	24,326	2,748
Other Financing Sources				
Transfers from Other Funds	--	--	20	20
TOTAL REVENUES AND OTHER FINANCING SOURCES	21,279	21,578	24,346	2,768
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	7,026	7,825	756	7,069
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	7,026	7,825	756	7,069
Other Financing Uses				
Transfers to Other Funds	31,237	30,745	20,596	10,149
TOTAL EXPENDITURES AND OTHER FINANCING USES	38,263	38,570	21,352	17,218
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(16,984)	(16,992)	2,994	19,986
FUND BALANCE (DEFICIT), JULY 1	3,613	3,613	4,828	1,215
Appropriation of Fund Balances and Carryforward				
Appropriations	13,371	13,371	--	(13,371)
Encumbrances Lapsed	--	8	8	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 7,830	\$ 7,830

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, 2018
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Sidewalk Repair 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	--	--	32	32
Services to Enterprise	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	115	115
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	147	147
Other Financing Sources				
Transfers from Other Funds	13,749	13,749	13,749	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	13,749	13,749	13,749	--
EXPENDITURES AND OTHER FINANCING USES	13,749	13,749	13,896	147
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	13,157	11,925	7,328	4,597
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	1,565	3,699	1,715	1,984
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	14,722	15,624	9,043	6,581
Other Financing Uses				
Transfers to Other Funds	11,629	10,965	9,470	1,495
TOTAL EXPENDITURES AND OTHER FINANCING USES	26,351	26,589	18,513	8,076
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES	(12,602)	(12,840)	(4,617)	8,223
FUND BALANCE (DEFICIT), JULY 1	6,576	6,576	5,882	(694)
Appropriation of Fund Balances and Carryforward				
Appropriations	6,026	6,026	--	(6,026)
Encumbrances Lapsed	--	238	238	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 1,503	\$ 1,503

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, 2018
(amounts expressed in thousands)**

	Allocations from Other Governmental Agencies			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 598	\$ 523	\$ 523	\$ --
Licenses, Permits and Fines	4,652	4,652	3,695	(957)
Intergovernmental	25,304	25,037	26,869	1,832
Charges for Services	31,018	31,018	30,049	(969)
Services to Enterprise	12	12	7	(5)
Special Assessments	2,445	2,445	1,605	(840)
Interest	3,531	3,086	1,395	(1,691)
Program Income	5,455	4,781	3,359	(1,422)
Other	865	865	206	(659)
Total Revenues	<u>73,880</u>	<u>72,419</u>	<u>67,708</u>	<u>(4,711)</u>
Other Financing Sources				
Transfers from Other Funds	12,189	12,163	12,206	43
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>86,069</u>	<u>84,582</u>	<u>79,914</u>	<u>(4,668)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	4,812	4,139	3,533	606
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	7,055	7,054	4,074	2,980
Cultural and Recreational Services	--	--	--	--
Community Development	12,262	9,646	6,704	2,942
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>24,129</u>	<u>20,839</u>	<u>14,311</u>	<u>6,528</u>
Other Financing Uses				
Transfers to Other Funds	61,940	71,067	57,909	13,158
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>86,069</u>	<u>91,906</u>	<u>72,220</u>	<u>19,686</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	--	(7,324)	7,694	15,018
FUND BALANCE (DEFICIT), JULY 1	--	--	17,969	17,969
Appropriation of Fund Balances and Carryforward				
Appropriations	--	7,324	--	(7,324)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 25,663</u>	<u>\$ 25,663</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, 2018
(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	--	70	70	--
Total Revenues	--	70	70	--
Other Financing Sources				
Transfers from Other Funds	2,595	2,595	2,595	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,595	2,665	2,665	--
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	518	592	22	570
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	518	592	22	570
Other Financing Uses				
Transfers to Other Funds	2,982	3,245	2,768	477
TOTAL EXPENDITURES AND OTHER FINANCING USES	3,500	3,837	2,790	1,047
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(905)	(1,172)	(125)	1,047
FUND BALANCE (DEFICIT), JULY 1	414	414	604	190
Appropriation of Fund Balances and Carryforward				
Appropriations	491	772	--	(772)
Encumbrances Lapsed	--	(14)	(14)	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 465	\$ 465

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, 2018
(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	3,054	3,054	3,054	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,054	3,054	3,054	--
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	2,513	2,513	--	2,513
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	2,513	2,513	--	2,513
Other Financing Uses				
Transfers to Other Funds	6,615	6,615	3,069	3,546
TOTAL EXPENDITURES AND OTHER FINANCING USES	9,128	9,128	3,069	6,059
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES	(6,074)	(6,074)	(15)	6,059
FUND BALANCE (DEFICIT), JULY 1	266	266	108	(158)
Appropriation of Fund Balances and Carryforward				
Appropriations	5,808	5,808	--	(5,808)
Encumbrances Lapsed	--	--	--	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 93	\$ 93

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, 2018
(amounts expressed in thousands)

	Total Annually Budgeted Nonmajor Special Revenue Funds			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 65,548	\$ 65,473	\$ 72,401	\$ 6,928
Licenses, Permits and Fines	54,466	54,466	65,532	11,066
Intergovernmental	536,825	645,390	590,892	(54,498)
Charges for Services	735,919	744,470	769,320	24,850
Services to Enterprise	5,512	5,512	7,633	2,121
Special Assessments	48,349	48,349	46,985	(1,364)
Interest	12,792	12,347	17,649	5,302
Program Income	6,637	5,963	34,874	28,911
Other	12,177	12,547	23,850	11,303
Total Revenues	1,478,225	1,594,517	1,629,136	34,619
Other Financing Sources				
Transfers from Other Funds	57,727	62,053	63,160	1,107
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,535,952	1,656,570	1,692,296	35,726
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	3,031	3,105	22	3,083
Protection of Persons and Property	851,976	734,502	102,096	632,406
Public Works	97,668	82,105	43,155	38,950
Health and Sanitation	486,682	461,213	249,125	212,088
Transportation	593,703	538,213	265,890	272,323
Cultural and Recreational Services	75,297	81,907	34,960	46,947
Community Development	474,850	575,816	150,332	425,484
Capital Outlay	133,249	144,417	82,412	62,005
Debt Service				
Principal	31,355	31,355	31,355	--
Interest	7,549	7,549	7,549	--
Total Expenditures	2,755,360	2,660,182	966,896	1,693,286
Other Financing Uses				
Transfers to Other Funds	1,130,031	1,079,017	847,470	231,547
TOTAL EXPENDITURES AND OTHER FINANCING USES	3,885,391	3,739,199	1,814,366	1,924,833
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND				
OTHER FINANCING USES				
	(2,349,439)	(2,082,629)	(122,070)	1,960,559
FUND BALANCE (DEFICIT), JULY 1	643,028	643,028	902,996	259,968
Appropriation of Fund Balances and Carryforward				
Appropriations	1,706,411	1,327,486	--	(1,327,486)
Encumbrances Lapsed	--	112,115	112,115	--
FUND BALANCE (DEFICIT), JUNE 30	\$ --	\$ --	\$ 893,041	\$ 893,041

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, 2018
(amounts expressed in thousands)**

Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary	\$	(122,070)
--	----	-----------

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.		12,905
--	--	--------

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).		136,198
--	--	---------

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		278,592
Prior year encumbrances expended in current year		(150,946)

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.		111,378
Certain Budgeted Funds reclassified as General category:		
Department of Neighborhood Empowerment		201
City Ethics Commission		15

Net Change in Fund Balances - Nonmajor Special Revenue Funds	\$	266,273
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DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES

Fund Balances, July 1, as previously reported		905,071
Adjustments:		
Fund budgeted in current year		
Special Police/911 System		141
Fund not budgeted in current year		
Landfill Maintenance		(795)
Bus Bench Advertising Program		(162)
ARRA-Neighborhood Stabilization Program		(1,257)
ARRA-Energy Efficiency Conservation		(2)
Fund Balances, July 1, as restated	\$	902,996

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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
NONMAJOR FUNDS							
BUILDING AND SAFETY PERMIT							
Current - Special Purpose	\$ 448,184	\$ (116,254)	\$ 331,930	\$ 53,085	\$ 9,882	\$ 62,967	\$ 268,963
Capital Outlay	2,491	3,796	6,287	3,275	2,670	5,945	342
Transfers to Other Funds	157,170	(28,724)	128,446	100,323	--	100,323	28,123
TOTAL	607,845	(141,182)	466,663	156,683	12,552	169,235	297,428
CITYWIDE RECYCLING							
Current - Special Purpose	60,261	(16,346)	43,915	13,577	2,857	16,434	27,481
Capital Outlay	75	21	96	--	58	58	38
Transfers to Other Funds	23,443	(7,563)	15,880	11,609	--	11,609	4,271
TOTAL	83,779	(23,888)	59,891	25,186	2,915	28,101	31,790
PROPOSITION C ANTI-GRIDLOCK TRANSIT IMPROVEMENT							
Current - Special Purpose	42,011	1,674	43,685	25,763	3,336	29,099	14,586
Capital Outlay	7,209	100	7,309	1,287	309	1,596	5,713
Transfers to Other Funds	70,059	(8,700)	61,359	57,055	--	57,055	4,304
TOTAL	119,279	(6,926)	112,353	84,105	3,645	87,750	24,603
SPECIAL PARKING REVENUE							
Current - Special Purpose	68,391	1,866	70,257	32,711	6,950	39,661	30,596
Capital Outlay	17,311	164	17,475	7,168	732	7,900	9,575
Transfers to Other Funds	47,610	299	47,909	39,809	--	39,809	8,100
TOTAL	133,312	2,329	135,641	79,688	7,682	87,370	48,271
STORMWATER POLLUTION ABATEMENT							
Current - Special Purpose	35,041	15,047	50,088	17,397	9,482	26,879	23,209
Capital Outlay	2,118	527	2,645	742	700	1,442	1,203
Transfers to Other Funds	27,671	(5,231)	22,440	20,743	--	20,743	1,697
TOTAL	64,830	10,343	75,173	38,882	10,182	49,064	26,109
STREET LIGHTING MAINTENANCE ASSESSMENT							
Current - Special Purpose	43,371	2,364	45,735	15,770	11,399	27,169	18,566
Capital Outlay	5,772	283	6,055	1,486	280	1,766	4,289
Transfers to Other Funds	49,068	(3,014)	46,054	40,846	--	40,846	5,208
TOTAL	98,211	(367)	97,844	58,102	11,679	69,781	28,063
PROPOSITION A LOCAL TRANSIT ASSISTANCE							
Current - Special Purpose	371,225	(37,918)	333,307	108,197	47,544	155,741	177,566
Capital Outlay	69,571	8	69,579	39,737	252	39,989	29,590
Transfers to Other Funds	29,480	(2,045)	27,435	7,992	--	7,992	19,443
TOTAL	470,276	(39,955)	430,321	155,926	47,796	203,722	226,599
MEASURE R LOCAL RETURN							
Current - Special Purpose	105,021	(21,111)	83,910	19,132	18,183	37,315	46,595
Capital Outlay	9,283	1,046	10,329	1,672	827	2,499	7,830
Transfers to Other Funds	37,972	4,559	42,531	37,523	--	37,523	5,008
TOTAL	152,276	(15,506)	136,770	58,327	19,010	77,337	59,433

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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
SOLID WASTE RESOURCES							
Current - Special Purpose	\$ 378,363	\$ (21,497)	\$ 356,866	\$ 110,829	\$ 90,879	\$ 201,708	\$ 155,158
Capital Outlay	17,700	--	17,700	17,700	--	17,700	--
Debt Service							
Principal	31,355	--	31,355	31,355	--	31,355	--
Interest	7,549	--	7,549	7,549	--	7,549	--
Transfers to Other Funds	162,552	(4,758)	157,794	150,692	--	150,692	7,102
TOTAL	597,519	(26,255)	571,264	318,125	90,879	409,004	162,260
SPECIAL GAS TAX STREET IMPROVEMENT							
Current - Special Purpose	30,341	(14,665)	15,676	2,719	2,695	5,414	10,262
Capital Outlay	154	3,089	3,243	446	1,356	1,802	1,441
Transfers to Other Funds	97,130	(3,041)	94,089	92,287	--	92,287	1,802
TOTAL	127,625	(14,617)	113,008	95,452	4,051	99,503	13,505
COMMUNITY DEVELOPMENT							
Current - Special Purpose	81,241	40,012	121,253	33,950	8,783	42,733	78,520
Transfers to Other Funds	18,528	6,276	24,804	15,495	--	15,495	9,309
TOTAL	99,769	46,288	146,057	49,445	8,783	58,228	87,829
HOME INVESTMENT PARTNERSHIP PROGRAM							
Current - Special Purpose	61,467	27,796	89,263	8,385	20,570	28,955	60,308
Transfers to Other Funds	4,869	(1,570)	3,299	1,800	--	1,800	1,499
TOTAL	66,336	26,226	92,562	10,185	20,570	30,755	61,807
WORKFORCE INNOVATION OPPORTUNITY ACT							
Current - Special Purpose	80,709	9,102	89,811	(38)	9,100	9,062	80,749
Transfers to Other Funds	29,396	--	29,396	--	--	--	29,396
TOTAL	110,105	9,102	119,207	(38)	9,100	9,062	110,145
DISASTER ASSISTANCE							
Current - Special Purpose	245,572	4,110	249,682	4,091	--	4,091	245,591
Transfers to Other Funds	617	--	617	285	--	285	332
TOTAL	246,189	4,110	250,299	4,376	--	4,376	245,923
COMMUNITY SERVICES BLOCK GRANT							
Current - Special Purpose	880	5,484	6,364	1,424	1,385	2,809	3,555
Transfers to Other Funds	1,268	254	1,522	1,187	--	1,187	335
TOTAL	2,148	5,738	7,886	2,611	1,385	3,996	3,890
FORFEITED ASSETS TRUST OF POLICE DEPARTMENT							
Current - Special Purpose	8,416	1,301	9,717	2,945	2,780	5,725	3,992
Transfers to Other Funds	155	--	155	26	--	26	129
TOTAL	8,571	1,301	9,872	2,971	2,780	5,751	4,121
HOUSEHOLD HAZARDOUS WASTE							
Current - Special Purpose	5,930	(1,320)	4,610	557	1,262	1,819	2,791
Transfers to Other Funds	3,739	(840)	2,899	2,853	--	2,853	46
TOTAL	9,669	(2,160)	7,509	3,410	1,262	4,672	2,837

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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS							
Current - Special Purpose	\$ 36,121	\$ 13,511	\$ 49,632	\$ 13,822	\$ 8,100	\$ 21,922	\$ 27,710
Transfers to Other Funds	345	(33)	312	262	--	262	50
TOTAL	36,466	13,478	49,944	14,084	8,100	22,184	27,760
MOBILE SOURCE AIR POLLUTION REDUCTION							
Current - Special Purpose	7,087	(1,353)	5,734	2,190	95	2,285	3,449
Transfers to Other Funds	3,721	(20)	3,701	2,546	--	2,546	1,155
TOTAL	10,808	(1,373)	9,435	4,736	95	4,831	4,604
OLDER AMERICANS ACT							
Current - Special Purpose	10,051	19,227	29,278	14,363	4,713	19,076	10,202
Transfers to Other Funds	9,437	(437)	9,000	1,921	--	1,921	7,079
TOTAL	19,488	18,790	38,278	16,284	4,713	20,997	17,281
SUPPLEMENTAL LAW ENFORCEMENT SERVICES							
Current - Special Purpose	66	--	66	--	--	--	66
Transfers to Other Funds	24,791	--	24,791	13,292	--	13,292	11,499
TOTAL	24,857	--	24,857	13,292	--	13,292	11,565
ARTS AND CULTURAL FACILITIES AND SERVICES							
Current - Special Purpose	10,987	512	11,499	8,030	147	8,177	3,322
Transfers to Other Funds	21,324	291	21,615	12,803	--	12,803	8,812
TOTAL	32,311	803	33,114	20,833	147	20,980	12,134
ARTS DEVELOPMENT FEE							
Current - Special Purpose	17,041	5,349	22,390	1,463	383	1,846	20,544
Transfers to Other Funds	104	158	262	136	--	136	126
TOTAL	17,145	5,507	22,652	1,599	383	1,982	20,670
CITY EMPLOYEES RIDESHARING							
Transfers to Other Funds	6,931	(1,840)	5,091	2,672	--	2,672	2,419
CITY OF LOS ANGELES AFFORDABLE HOUSING							
Current - Special Purpose	135,533	6,671	142,204	1,957	1,411	3,368	138,836
Transfers to Other Funds	668	1,541	2,209	1,968	--	1,968	241
TOTAL	136,201	8,212	144,413	3,925	1,411	5,336	139,077
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT							
Current - Special Purpose	1,095	(50)	1,045	1,012	--	1,012	33
Transfers to Other Funds	4,096	229	4,325	4,196	--	4,196	129
TOTAL	5,191	179	5,370	5,208	--	5,208	162
LOCAL PUBLIC SAFETY							
Transfers to Other Funds	63,126	--	63,126	43,586	--	43,586	19,540

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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
LOS ANGELES CONVENTION AND VISITORS BUREAU							
Current - Special Purpose	\$ 39,148	\$ --	\$ 39,148	\$ 23,169	\$ --	\$ 23,169	\$ 15,979
Transfers to Other Funds	369	--	369	286	--	286	83
TOTAL	39,517	--	39,517	23,455	--	23,455	16,062
MULTI-FAMILY BULKY ITEM FEE							
Current - Special Purpose	12,855	(4,563)	8,292	4,847	--	4,847	3,445
Transfers to Other Funds	4,617	(99)	4,518	3,674	--	3,674	844
TOTAL	17,472	(4,662)	12,810	8,521	--	8,521	4,289
MUNICIPAL HOUSING FINANCE							
Current - Special Purpose	2,922	294	3,216	1,567	445	2,012	1,204
Transfers to Other Funds	3,902	(130)	3,772	2,762	--	2,762	1,010
TOTAL	6,824	164	6,988	4,329	445	4,774	2,214
PLANNING CASE PROCESSING SPECIAL FUND							
Current - Special Purpose	24,561	(17,582)	6,979	6,849	--	6,849	130
Transfers to Other Funds	29,358	(5,802)	23,556	21,896	--	21,896	1,660
TOTAL	53,919	(23,384)	30,535	28,745	--	28,745	1,790
RENT STABILIZATION							
Current - Special Purpose	29,103	(933)	28,170	5,296	1,546	6,842	21,328
Transfers to Other Funds	14,737	22	14,759	8,962	--	8,962	5,797
TOTAL	43,840	(911)	42,929	14,258	1,546	15,804	27,125
STREET DAMAGE RESTORATION FEE							
Current - Special Purpose	2,685	--	2,685	--	--	--	2,685
Transfers to Other Funds	9,884	2,824	12,708	10,932	--	10,932	1,776
TOTAL	12,569	2,824	15,393	10,932	--	10,932	4,461
CODE ENFORCEMENT TRUST FUND							
Current - Special Purpose	97,427	(1,623)	95,804	13,736	1,798	15,534	80,270
Transfers to Other Funds	38,915	926	39,841	27,518	--	27,518	12,323
TOTAL	136,342	(697)	135,645	41,254	1,798	43,052	92,593
TELECOMMUNICATIONS LIQUIDATED DAMAGES AND LOST FRANCHISE FEES							
Current - Special Purpose	41,329	(491)	40,838	6,333	2,196	8,529	32,309
Transfers to Other Funds	12,578	(580)	11,998	10,423	--	10,423	1,575
TOTAL	53,907	(1,071)	52,836	16,756	2,196	18,952	33,884
TRAFFIC SAFETY							
Transfers to Other Funds	5,998	(2,200)	3,798	3,298	--	3,298	500
SPECIAL POLICE COMMUNICATIONS/ 911 SYSTEM TAX FUND							
Current - Special Purpose	1,429	(1,311)	118	11	103	114	4

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, 2018
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
ZOO							
Current - Special Purpose	\$ 7,026	\$ 799	\$ 7,825	\$ 731	\$ 25	\$ 756	\$ 7,069
Transfers to Other Funds	31,237	(492)	30,745	20,596	--	20,596	10,149
TOTAL	38,263	307	38,570	21,327	25	21,352	17,218
SIDEWALK REPAIR FUND							
Current - Special Purpose	13,157	(1,232)	11,925	5,098	2,230	7,328	4,597
Capital Outlay	1,565	2,134	3,699	519	1,196	1,715	1,984
Transfers to Other Funds	11,629	(664)	10,965	9,470	--	9,470	1,495
TOTAL	26,351	238	26,589	15,087	3,426	18,513	8,076
ALLOCATIONS FROM OTHER GOVERNMENTAL AGENCIES							
Current - Special Purpose	24,129	(3,290)	20,839	14,311	--	14,311	6,528
Transfers to Other Funds	61,940	9,127	71,067	57,909	--	57,909	13,158
TOTAL	86,069	5,837	91,906	72,220	--	72,220	19,686
TOTAL BUDGETED SPECIAL REVENUE FUNDS	\$ 3,872,763	\$ (146,529)	\$ 3,726,234	\$ 1,529,848	\$ 278,659	\$ 1,808,507	\$ 1,917,727
ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS							
Current - Special Purpose	\$ 2,580,176	\$ (106,420)	\$ 2,473,756	\$ 575,279	\$ 270,279	\$ 845,558	\$ 1,628,198
Capital Outlay	133,249	11,168	144,417	74,032	8,380	82,412	62,005
Debt Service							
Principal	31,355	--	31,355	31,355	--	31,355	--
Interest	7,549	--	7,549	7,549	--	7,549	--
Transfers to Other Funds	1,120,434	(51,277)	1,069,157	841,633	--	841,633	227,524
TOTAL	\$ 3,872,763	\$ (146,529)	\$ 3,726,234	\$ 1,529,848	\$ 278,659	\$ 1,808,507	\$ 1,917,727
NONMAJOR GENERAL FUNDS							
DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT							
Current - Special Purpose	\$ 518	\$ 74	\$ 592	\$ 90	\$ (68)	\$ 22	\$ 570
Transfers to Other Funds	2,982	263	3,245	2,768	--	2,768	477
TOTAL	3,500	337	3,837	2,858	(68)	2,790	1,047
CITY ETHICS COMMISSION							
Current - Special Purpose	2,513	--	2,513	--	--	--	2,513
Transfers to Other Funds	6,615	--	6,615	3,069	--	3,069	3,546
TOTAL	9,128	--	9,128	3,069	--	3,069	6,059
TOTAL BUDGETED GENERAL FUND	\$ 12,628	\$ 337	\$ 12,965	\$ 5,927	\$ (68)	\$ 5,859	\$ 7,106
ALL ANNUALLY BUDGETED GENERAL FUNDS							
Current - Special Purpose	\$ 3,031	\$ 74	\$ 3,105	90	\$ (68)	\$ 22	\$ 3,083
Transfers to Other Funds	9,597	263	9,860	5,837	--	5,837	4,023
TOTAL	\$ 12,628	\$ 337	\$ 12,965	\$ 5,927	\$ (68)	\$ 5,859	\$ 7,106
GRAND TOTAL	\$ 3,885,391	\$ (146,192)	\$ 3,739,199	\$ 1,535,775	\$ 278,591	\$ 1,814,366	\$ 1,924,833

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, 2018
(amounts expressed in thousands)

	General Obligation Bonds					
	Series 2008-A	Series 2009	Series 2011-A	Refunding Series 2011-B	Refunding Series 2012-A	Refunding Series 2016-A
ASSETS						
Cash and Pooled Investments	\$ --	\$ 7,544	\$ 7,108	\$ 42,985	\$ 31,663	\$ 10,777
Taxes Receivable						
(Net of Allowance for Uncollectibles of \$561)	--	712	789	4,758	3,645	1,178
Investment Income Receivable	--	25	25	152	111	38
TOTAL ASSETS	\$ --	\$ 8,281	\$ 7,922	\$ 47,895	\$ 35,419	\$ 11,993
LIABILITIES						
Obligations Under Securities Lending Transactions	\$ --	\$ 136	\$ 128	\$ 774	\$ 570	\$ 194
Interest Payable	--	--	--	--	--	--
Advances from Other Funds	--	--	--	--	--	--
Other Liabilities	--	41	39	236	173	59
TOTAL LIABILITIES	--	177	167	1,010	743	253
DEFERRED INFLOWS OF RESOURCES						
Real Estate Tax	--	460	510	3,072	2,354	761
Other Deferred Inflows of Resources	--	6	5	36	26	9
TOTAL DEFERRED INFLOWS OF RESOURCES	--	466	515	3,108	2,380	770
FUND BALANCES						
Restricted	--	7,638	7,240	43,777	32,296	10,970
Unassigned	--	--	--	--	--	--
TOTAL FUND BALANCES	--	7,638	7,240	43,777	32,296	10,970
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ --	\$ 8,281	\$ 7,922	\$ 47,895	\$ 35,419	\$ 11,993

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Debt Service Funds
June 30, 2018
(amounts expressed in thousands)

	General Obligation Bonds		Convention Center	Solid Waste Resources	Other Nonmajor Debt Service Funds	Total
	Series 2017-A	Series 2017-B				
ASSETS						
Cash and Pooled Investments	\$ 6,825	\$ 19,165	\$ 4,069	\$ 35,869	\$ 290	\$ 166,295
Taxes Receivable (Net of Allowance for Uncollectibles of \$561)	958	2,503	--	--	--	14,543
Investment Income Receivable	23	67	14	--	--	455
TOTAL ASSETS	\$ 7,806	\$ 21,735	\$ 4,083	\$ 35,869	\$ 290	\$ 181,293
LIABILITIES						
Obligations Under Securities Lending Transactions	\$ 123	\$ 345	\$ 73	\$ --	\$ --	\$ 2,343
Interest Payable	--	--	--	--	278	278
Advances from Other Funds	--	--	15,805	--	--	15,805
Other Liabilities	37	105	22	--	--	712
TOTAL LIABILITIES	160	450	15,900	--	278	19,138
DEFERRED INFLOWS OF RESOURCES						
Real Estate Tax	618	1,616	--	--	--	9,391
Other Deferred Inflows of Resources	6	16	3	--	--	107
TOTAL DEFERRED INFLOWS OF RESOURCES	624	1,632	3	--	--	9,498
FUND BALANCES						
Restricted	7,022	19,653	--	35,869	12	164,477
Unassigned	--	--	(11,820)	--	--	(11,820)
TOTAL FUND BALANCES	7,022	19,653	(11,820)	35,869	12	152,657
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,806	\$ 21,735	\$ 4,083	\$ 35,869	\$ 290	\$ 181,293

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, 2018
(amounts expressed in thousands)

	General Obligation Bonds					
	Series 2008-A	Series 2009	Series 2011-A	Refunding		Refunding
				Series 2011-B	Series 2012-A	
REVENUES						
Property Taxes	\$ --	\$ 5,987	\$ 6,842	\$ 41,203	\$ 31,615	\$ 10,323
Intergovernmental	--	965	--	--	--	--
Charges for Services	--	--	--	--	--	--
Investment Earnings	6	86	61	396	291	98
Change in Fair Value of Investments	--	(100)	(103)	(617)	(455)	(159)
Other	--	--	--	--	--	--
TOTAL REVENUES	6	6,938	6,800	40,982	31,451	10,262
EXPENDITURES						
General Government	--	--	--	--	--	--
Debt Service						
Principal	--	8,825	5,850	32,900	22,905	3,570
Interest	--	3,290	585	8,803	8,655	4,361
Cost of Issuance	--	--	--	--	--	--
TOTAL EXPENDITURES	--	12,115	6,435	41,703	31,560	7,931
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6	(5,177)	365	(721)	(109)	2,331
OTHER FINANCING SOURCES (USES)						
Transfer In	--	--	--	--	--	--
Transfer Out	(240)	--	--	--	--	--
Issuance of Refunding Bonds	--	--	--	--	--	--
Premium on Issuance of Refunding Bonds	--	--	--	--	--	--
Payment to Refunded Bond Escrow Agent	(6,909)	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(7,149)	--	--	--	--	--
NET CHANGES IN FUND BALANCES	(7,143)	(5,177)	365	(721)	(109)	2,331
FUND BALANCES, JULY 1	7,143	12,815	6,875	44,498	32,405	8,639
FUND BALANCES, JUNE 30	\$ --	\$ 7,638	\$ 7,240	\$ 43,777	\$ 32,296	\$ 10,970

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, 2018
(amounts expressed in thousands)

	General Obligation Bonds		Convention Center	Solid Waste Resources	Other Nonmajor Debt Service Funds	Total
	Series 2017-A	Series 2017-B				
REVENUES						
Property Taxes	\$ 8,576	\$ 21,722	\$ --	\$ --	\$ --	\$ 126,268
Intergovernmental	--	--	--	--	--	965
Charges for Services	--	--	798	--	--	798
Investment Earnings	38	68	61	371	17	1,493
Change in Fair Value of Investments	(110)	(272)	(55)	--	--	(1,871)
Other	--	--	1,000	--	--	1,000
TOTAL REVENUES	8,504	21,518	1,804	371	17	128,653
EXPENDITURES						
General Government	--	--	521	--	--	521
Debt Service						
Principal	--	--	--	31,355	7,990	113,395
Interest	1,567	2,593	--	7,549	1,038	38,441
Cost of Issuance	--	422	--	--	--	422
TOTAL EXPENDITURES	1,567	3,015	521	38,904	9,028	152,779
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,937	18,503	1,283	(38,533)	(9,011)	(24,126)
OTHER FINANCING SOURCES (USES)						
Transfer In	85	728	--	38,471	9,026	48,310
Transfer Out	--	--	--	--	(487)	(727)
Issuance of Refunding Bonds	--	81,895	--	--	--	81,895
Premium on Issuance of Refunding Bonds	--	12,569	--	--	--	12,569
Payment to Refunding Bond Escrow Agent	--	(94,042)	--	--	(13,885)	(114,836)
TOTAL OTHER FINANCING SOURCES (USES)	85	1,150	--	38,471	(5,346)	27,211
NET CHANGES IN FUND BALANCES	7,022	19,653	1,283	(62)	(14,357)	3,085
FUND BALANCES, JULY 1	--	--	(13,103)	35,931	14,369	149,572
FUND BALANCES, JUNE 30	\$ 7,022	\$ 19,653	\$ (11,820)	\$ 35,869	\$ 12	\$ 152,657

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, 2018
(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	\$ 7,160	\$ 7,160	\$ --	\$ (7,160)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	5	5
Total Revenue	<u>7,160</u>	<u>7,160</u>	<u>5</u>	<u>(7,155)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>7,160</u>	<u>7,160</u>	<u>5</u>	<u>(7,155)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,050	5,050	5,050	--
Interest	2,110	2,110	1,859	251
Total Expenditures	<u>7,160</u>	<u>7,160</u>	<u>6,909</u>	<u>251</u>
Other Financing Uses				
Transfers to Other Funds	--	--	12	(12)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>7,160</u>	<u>7,160</u>	<u>6,921</u>	<u>239</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(6,916)	(6,916)
FUND BALANCE, JULY 1	--	--	6,916	6,916
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
For the Fiscal Year Ended June 30, 2018
(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	\$ 12,115	\$ 12,115	\$ 6,126	\$ (5,989)
Intergovernmental	--	--	965	965
Charges for Services	--	--	--	--
Interest	--	--	90	90
Total Revenue	<u>12,115</u>	<u>12,115</u>	<u>7,181</u>	<u>(4,934)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>12,115</u>	<u>12,115</u>	<u>7,181</u>	<u>(4,934)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	8,825	8,825	8,825	--
Interest	3,290	3,290	3,290	--
Total Expenditures	<u>12,115</u>	<u>12,115</u>	<u>12,115</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>12,115</u>	<u>12,115</u>	<u>12,115</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(4,934)	(4,934)
FUND BALANCE, JULY 1	--	--	12,423	12,423
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,489</u>	<u>\$ 7,489</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, 2018
(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	\$ 6,435	\$ 6,435	\$ 6,792	\$ 357
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	54	54
Total Revenue	<u>6,435</u>	<u>6,435</u>	<u>6,846</u>	<u>411</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>6,435</u>	<u>6,435</u>	<u>6,846</u>	<u>411</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,850	5,850	5,850	--
Interest	585	585	585	--
Total Expenditures	<u>6,435</u>	<u>6,435</u>	<u>6,435</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>6,435</u>	<u>6,435</u>	<u>6,435</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES				
AND OTHER FINANCING USES	--	--	411	411
FUND BALANCE, JULY 1	--	--	6,644	6,644
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,055</u>	<u>\$ 7,055</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, 2018
(amounts expressed in thousands)

	General Obligation Bonds Refunding Series 2011-B			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES				
Revenues				
Taxes	\$ 41,703	\$ 41,703	\$ 40,913	\$ (790)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	352	352
Total Revenue	41,703	41,703	41,265	(438)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	41,703	41,703	41,265	(438)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	32,900	32,900	32,900	--
Interest	8,803	8,803	8,803	--
Total Expenditures	41,703	41,703	41,703	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	41,703	41,703	41,703	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES				
AND OTHER FINANCING USES	--	--	(438)	(438)
FUND BALANCE, JULY 1	--	--	43,105	43,105
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 42,667	\$ 42,667

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, 2018
(amounts expressed in thousands)

	General Obligation Bonds Refunding Series 2012-A			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES				
Revenues				
Taxes	\$ 31,560	\$ 31,560	\$ 31,343	\$ (217)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	259	259
Total Revenue	<u>31,560</u>	<u>31,560</u>	<u>31,602</u>	<u>42</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>31,560</u>	<u>31,560</u>	<u>31,602</u>	<u>42</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	22,905	22,905	22,905	--
Interest	8,655	8,655	8,655	--
Total Expenditures	<u>31,560</u>	<u>31,560</u>	<u>31,560</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>31,560</u>	<u>31,560</u>	<u>31,560</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES				
AND OTHER FINANCING USES	--	--	42	42
FUND BALANCE, JULY 1	--	--	31,387	31,387
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 31,429</u>	<u>\$ 31,429</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, 2018
(amounts expressed in thousands)

	General Obligation Bonds Refunding Series 2016-A			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES				
Revenues				
Taxes	\$ 7,931	\$ 7,931	\$ 10,132	\$ 2,201
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	81	81
Total Revenue	<u>7,931</u>	<u>7,931</u>	<u>10,213</u>	<u>2,282</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>7,931</u>	<u>7,931</u>	<u>10,213</u>	<u>2,282</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,570	3,570	3,570	--
Interest	4,361	4,361	4,361	--
Total Expenditures	<u>7,931</u>	<u>7,931</u>	<u>7,931</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>7,931</u>	<u>7,931</u>	<u>7,931</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES				
AND OTHER FINANCING USES	--	--	2,282	2,282
FUND BALANCE, JULY 1	--	--	8,416	8,416
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,698</u>	<u>\$ 10,698</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, 2018
(amounts expressed in thousands)

	General Obligation Bonds Series 2017-A			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES				
Revenues				
Taxes	\$ 2,023	\$ 2,023	\$ 8,236	\$ 6,213
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	105	105
Total Revenue	<u>2,023</u>	<u>2,023</u>	<u>8,341</u>	<u>6,318</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,023</u>	<u>2,023</u>	<u>8,341</u>	<u>6,318</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	2,023	2,023	1,567	456
Total Expenditures	<u>2,023</u>	<u>2,023</u>	<u>1,567</u>	<u>456</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>2,023</u>	<u>2,023</u>	<u>1,567</u>	<u>456</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES				
AND OTHER FINANCING USES	--	--	6,774	6,774
FUND BALANCE, JULY 1	--	--	--	--
Appropriation of Fund Balance and				
Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,774</u>	<u>\$ 6,774</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, 2018
 (amounts expressed in thousands)

	Convention Center - Staples Arena Account			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--
Charges for Services	4,138	4,138	1,798	(2,340)
Interest	47	47	62	15
Total Revenue	4,185	4,185	1,860	(2,325)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,185	4,185	1,860	(2,325)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	19,605	19,605	--	19,605
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	19,605	19,605	--	19,605
Other Financing Uses				
Transfers to Other Funds	3,481	3,481	3,481	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	23,086	23,086	3,481	19,605
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(18,901)	(18,901)	(1,621)	17,280
FUND BALANCE, JULY 1	3,843	3,843	5,660	1,817
Appropriation of Fund Balance and				
Carryforward Appropriation	15,058	15,058	--	(15,058)
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 4,039	\$ 4,039

Continued..

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, 2018
(amounts expressed in thousands)**

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2005-B			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ 8,655	\$ 8,655	\$ --	\$ (8,655)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	7	7
Total Revenue	<u>8,655</u>	<u>8,655</u>	<u>7</u>	<u>(8,648)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>8,655</u>	<u>8,655</u>	<u>7</u>	<u>(8,648)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	7,500	7,500	7,500	--
Interest	1,155	1,155	1,478	(323)
Total Expenditures	<u>8,655</u>	<u>8,655</u>	<u>8,978</u>	<u>(323)</u>
Other Financing Uses				
Transfers to Other Funds	--	--	17	(17)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>8,655</u>	<u>8,655</u>	<u>8,995</u>	<u>(340)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(8,988)	(8,988)
FUND BALANCE, JULY 1	--	--	8,988	8,988
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, 2018
(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	\$ 5,041	\$ 5,041	\$ --	\$ (5,041)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	4	4
Total Revenue	5,041	5,041	4	(5,037)
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,041	5,041	4	(5,037)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,510	3,510	3,510	--
Interest	1,531	1,531	1,396	135
Total Expenditures	5,041	5,041	4,906	135
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,041	5,041	4,906	135
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(4,902)	(4,902)
FUND BALANCE, JULY 1	--	--	4,910	4,910
Appropriation of Fund Balance and Carryforward Appropriation	--	--	--	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 8	\$ 8

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, 2018
(amounts expressed in thousands)

	Total Annually Budgeted Nonmajor Debt Service Funds			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES				
Revenues				
Taxes	\$ 122,623	\$ 122,623	\$ 103,542	\$ (19,081)
Intergovernmental	--	--	965	965
Charges for Services	4,138	4,138	1,798	(2,340)
Interest	47	47	1,019	972
Total Revenue	<u>126,808</u>	<u>126,808</u>	<u>107,324</u>	<u>(19,484)</u>
Other Financing Sources				
Transfer from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>126,808</u>	<u>126,808</u>	<u>107,324</u>	<u>(19,484)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	19,605	19,605	--	19,605
Debt Service				
Principal	90,110	90,110	90,110	--
Interest	32,513	32,513	31,994	519
Total Expenditures	<u>142,228</u>	<u>142,228</u>	<u>122,104</u>	<u>20,124</u>
Other Financing Uses				
Transfers to Other Funds	3,481	3,481	3,510	(29)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>145,709</u>	<u>145,709</u>	<u>125,614</u>	<u>20,095</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
 FINANCING SOURCES OVER EXPENDITURES				
 AND OTHER FINANCING USES	(18,901)	(18,901)	(18,290)	611
FUND BALANCE, JULY 1	3,843	3,843	128,449	124,606
Appropriation of Fund Balance and				
Carryforward Appropriation	15,058	15,058	--	(15,058)
FUND BALANCE, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 110,159</u>	<u>\$ 110,159</u>

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, 2018
(amounts expressed in thousands)

Deficiency of Revenues and Other Financing Sources Under Expenditures
and Other Financing Uses - Budgetary \$ (18,290)

Basis Difference

Adjustments for net changes to accrued assets and liabilities. The GAAP basis operating statement recognizes revenues as soon as they are both measurable and available, and expenditures generally are recorded when liability is incurred; whereas, the budget basis operating statement reflects revenues when received and expenditures when paid. 1,784

Perspective Difference

Certain Nonmajor Debt Service funds are not included in the legally adopted budget 19,591

Net Change in Fund Balances - Nonmajor Debt Service Funds \$ 3,085

DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES

Fund Balances, July 1, as previously reported \$ 120,033

Adjustment for funds not budgeted in prior year:
General Obligation Bonds Refunding Series 2016-A 8,416

Fund Balances, July 1, as restated \$ 128,449

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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. Ten funds are separately identified. These funds represent 79.4% 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, Series 2011-A and Series 2017-A – These funds account for the proceeds from the sales of bonds authorized by the voters in November 1998, November 2000, March 2002, November 2004, and November 2016 for the acquisition, improvement, and construction of certain police and fire safety facilities, animal shelter, zoo facilities, stormwater infrastructure assets and supportive housing and facilities for homeless individuals.

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 20.6% 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, 2018
(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>	<u>Series 2009</u>
ASSETS						
Cash and Pooled Investments	\$ 23,476	\$ 5,628	\$ 21,125	\$ 24,076	\$ 5,224	\$ 29,630
Accounts Receivable	--	--	--	--	--	326
Special Assessments Receivable	--	--	--	--	--	--
Investment Income Receivable	93	23	83	101	20	125
Intergovernmental Receivable	--	--	--	--	--	--
Loans Receivables (Net of Allowance for Uncollectibles of \$0)	--	--	--	--	--	--
Due from Other Funds	--	--	--	--	--	--
TOTAL ASSETS	<u>\$ 23,569</u>	<u>\$ 5,651</u>	<u>\$ 21,208</u>	<u>\$ 24,177</u>	<u>\$ 5,244</u>	<u>\$ 30,081</u>
LIABILITIES						
Accounts, Contracts and Retainage Payable	\$ --	\$ 86	\$ 45	\$ 111	\$ 107	\$ 181
Obligations Under Securities Lending Transactions	423	101	381	434	94	534
Intergovernmental Payable	--	--	--	--	--	--
Due to Other Funds	--	125	2	1,092	515	2,098
Deposits and Advances	--	--	--	--	--	--
Advances from Other Funds	--	--	--	--	--	--
Other Liabilities	129	31	116	132	29	162
TOTAL LIABILITIES	<u>552</u>	<u>343</u>	<u>544</u>	<u>1,769</u>	<u>745</u>	<u>2,975</u>
DEFERRED INFLOWS OF RESOURCES						
Real Estate Tax	--	--	--	--	--	--
Receivables from Other Government Agencies	--	--	--	--	--	326
Other Deferred Inflows of Resources	19	5	17	20	4	25
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>19</u>	<u>5</u>	<u>17</u>	<u>20</u>	<u>4</u>	<u>351</u>
FUND BALANCES						
Restricted	22,998	5,303	20,647	22,388	4,495	26,755
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 23,569</u>	<u>\$ 5,651</u>	<u>\$ 21,208</u>	<u>\$ 24,177</u>	<u>\$ 5,244</u>	<u>\$ 30,081</u>

Continued...

CITY OF LOS ANGELES
Combining Balance Sheet - (Continued)
Nonmajor Capital Projects Funds
June 30, 2018
(amounts expressed in thousands)

	<u>General Obligation Bonds</u>		<u>Recreation and</u>	<u>Parks</u>	<u>Other</u>	<u>Total</u>
	<u>Series 2011-A</u>	<u>Series 2017-A</u>	<u>Parks Grant</u>	<u>Assessment</u>	<u>Nonmajor Capital Projects Funds</u>	
ASSETS						
Cash and Pooled Investments	\$ 54,297	\$ 83,368	\$ 79,732	\$ 135,777	\$ 37,291	\$ 499,624
Accounts Receivable	164	--	--	--	92	582
Special Assessments Receivable	--	--	--	1,396	--	1,396
Investment Income Receivable	216	340	327	562	80	1,970
Intergovernmental Receivable	--	--	1,305	--	--	1,305
Loans Receivables (Net of Allowance for Uncollectibles of \$0)	--	5,792	--	--	--	5,792
Due from Other Funds	--	--	1,974	5	17	1,996
TOTAL ASSETS	\$ 54,677	\$ 89,500	\$ 83,338	\$ 137,740	\$ 37,480	\$ 512,665
LIABILITIES						
Accounts, Contracts and Retainage Payable	\$ 306	\$ 3,224	\$ 3,810	\$ 4,743	\$ 602	\$ 13,215
Obligations Under Securities Lending Transactions	978	1,502	1,469	2,446	345	8,707
Intergovernmental Payable	--	--	2	--	3	5
Due to Other Funds	1,002	--	3	131	108	5,076
Deposits and Advances	--	--	--	--	4	4
Advances from Other Funds	--	--	4,500	--	--	4,500
Other Liabilities	297	456	446	743	105	2,646
TOTAL LIABILITIES	2,583	5,182	10,230	8,063	1,167	34,153
DEFERRED INFLOWS OF RESOURCES						
Real Estate Tax	--	--	--	669	--	669
Receivables from Other Government Agencies	164	--	374	--	92	956
Other Deferred Inflows of Resources	45	69	68	116	17	405
TOTAL DEFERRED INFLOWS OF RESOURCES	209	69	442	785	109	2,030
FUND BALANCES						
Restricted	51,885	84,249	72,666	128,892	36,204	476,482
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 54,677	\$ 89,500	\$ 83,338	\$ 137,740	\$ 37,480	\$ 512,665

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, 2018
(amounts expressed in thousands)

	General Obligation Bonds					
	Series 2003-A	Series 2004-A	Series 2005-A	Series 2006-A	Series 2008-A	Series 2009
REVENUES						
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--
Intergovernmental	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	--
Special Assessments	--	--	--	--	--	--
Investment Earnings	331	90	293	422	81	552
Change in Fair Value of Investments	(379)	(91)	(341)	(388)	(84)	(478)
Other	--	8	--	--	21	--
TOTAL REVENUES	(48)	7	(48)	34	18	74
EXPENDITURES						
Capital Outlay	794	1,535	294	11,926	2,094	16,123
Cost of Issuance	--	--	--	--	--	--
TOTAL EXPENDITURES	794	1,535	294	11,926	2,094	16,123
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(842)	(1,528)	(342)	(11,892)	(2,076)	(16,049)
OTHER FINANCING SOURCES (USES)						
Transfers In	28	100	--	--	--	--
Transfers Out	--	--	--	--	--	--
Issuance of Long-Term Debt	--	--	--	--	--	--
Premium on Issuance of Long-Term Debt	--	--	--	--	--	--
Advance Refunding Bond Escrow Agent	--	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	28	100	--	--	--	--
NET CHANGE IN FUND BALANCES	(814)	(1,428)	(342)	(11,892)	(2,076)	(16,049)
FUND BALANCES, JULY 1	23,812	6,731	20,989	34,280	6,571	42,804
FUND BALANCES, JUNE 30	\$ 22,998	\$ 5,303	\$ 20,647	\$ 22,388	\$ 4,495	\$ 26,755

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, 2018
(amounts expressed in thousands)

	General Obligation Bonds		Recreation and Parks Grant	Parks Assessment	Other Nonmajor Capital Projects Funds	Total
	Series 2011-A	Series 2017-A				
REVENUES						
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ 3,978	\$ 3,978
Licenses and Permits	--	--	--	--	20	20
Intergovernmental	--	--	17,839	--	8,467	26,306
Charges for Services	--	--	2,474	--	--	2,474
Special Assessments	--	--	--	24,755	--	24,755
Investment Earnings	773	1,168	1,181	1,972	239	7,102
Change in Fair Value of Investments	(876)	(1,345)	(1,168)	(1,957)	(301)	(7,408)
Other	--	--	3,000	--	3	3,032
TOTAL REVENUES	(103)	(177)	23,326	24,770	12,406	60,259
EXPENDITURES						
Capital Outlay	5,442	1,944	26,694	26,621	5,192	98,659
Cost of Issuance	--	497	--	--	--	497
TOTAL EXPENDITURES	5,442	2,441	26,694	26,621	5,192	99,156
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,545)	(2,618)	(3,368)	(1,851)	7,214	(38,897)
OTHER FINANCING SOURCES (USES)						
Transfers In	--	--	125	3,000	--	3,253
Transfers Out	--	(85)	--	(3,000)	--	(3,085)
Issuance of Long-Term Debt	--	86,370	--	--	--	86,370
Premium on Issuance of Long-Term Debt	--	582	--	--	--	582
Payment to Refunding Bond Escrow Agent	--	--	--	--	(3,089)	(3,089)
TOTAL OTHER FINANCING SOURCES (USES)	--	86,867	125	--	(3,089)	84,031
NET CHANGE IN FUND BALANCES	(5,545)	84,249	(3,243)	(1,851)	4,125	45,134
FUND BALANCES, JULY 1	57,430	--	75,909	130,743	32,079	431,348
FUND BALANCES, JUNE 30	\$ 51,885	\$ 84,249	\$ 72,666	\$ 128,892	\$ 36,204	\$ 476,482

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, 2018
(amounts expressed in thousands)

	Local Transportation			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	11,457	11,457	8,470	(2,987)
Charges for Services	--	--	--	--
Interest	35	35	59	24
TOTAL REVENUES	11,492	11,492	8,529	(2,963)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	6,434	7,023	5,058	1,965
Other Financing Uses				
Transfers to Other Funds	7,056	6,929	6,753	176
TOTAL EXPENDITURES AND OTHER FINANCING USES	13,490	13,952	11,811	2,141
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,998)	(2,460)	(3,282)	(822)
FUND BALANCE, JULY 1	1,036	1,036	3,079	2,043
Appropriation of Fund Balances and Carryforward				
Appropriations	962	1,185	--	(1,185)
Encumbrances Lapsed	--	239	239	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 36	\$ 36

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, 2018
(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	\$ 2,500	\$ 2,500	\$ 3,978	\$ 1,478
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	--	--
TOTAL REVENUES	2,500	2,500	3,978	1,478
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	5,302	12,689	233	12,456
Other Financing Uses				
Transfers to Other Funds	333	4,247	1,465	2,782
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,635	16,936	1,698	15,238
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(3,135)	(14,436)	2,280	16,716
FUND BALANCE, JULY 1	--	--	14,126	14,126
Appropriation of Fund Balances and Carryforward				
Appropriations	3,135	14,345	--	(14,345)
Encumbrances Lapsed	--	91	91	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 16,497	\$ 16,497

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, 2018
(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	\$ 2,500	\$ 2,500	\$ 3,978	\$ 1,478
Intergovernmental	11,457	11,457	8,470	(2,987)
Charges for Services	--	--	--	--
Interest	35	35	59	24
TOTAL REVENUES	13,992	13,992	12,507	(1,485)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	11,736	19,712	5,291	14,421
Other Financing Uses				
Transfers to Other Funds	7,389	11,176	8,218	2,958
TOTAL EXPENDITURES AND OTHER FINANCING USES	19,125	30,888	13,509	17,379
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(5,133)	(16,896)	(1,002)	15,894
FUND BALANCE, JULY 1	1,036	1,036	17,205	16,169
Appropriation of Fund Balances and Carryforward				
Appropriations	4,097	15,530	--	(15,530)
Encumbrances Lapsed	--	330	330	--
FUND BALANCE, JUNE 30	\$ --	\$ --	\$ 16,533	\$ 16,533

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, 2018
(amounts expressed in thousands)

**Deficiency of Revenues Over Expenditures
and Other Financing Uses - Budgetary** \$ (1,002)

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. (520)

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 9,077
Prior year encumbrances expended in current year (206)

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.

37,785

Net Change in Fund Balances - Nonmajor Capital Projects Funds

\$ 45,134

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, 2018
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2018	Total Actual	Variance With Final Budget Positive (Negative)
LOCAL TRANSPORTATION							
Capital Outlay	\$ 6,434	\$ (589)	\$ 7,023	\$ 2,707	\$ 2,351	\$ 5,058	\$ 1,965
Transfers to Other Funds	7,056	(127)	6,929	1,473	5,280	6,753	176
TOTAL	<u>13,490</u>	<u>(716)</u>	<u>13,952</u>	<u>4,180</u>	<u>7,631</u>	<u>11,811</u>	<u>2,141</u>
PARK AND RECREATION							
SITES AND FACILITIES							
Capital Outlay	5,302	7,387	12,689	184	49	233	12,456
Transfers to Other Funds	333	3,914	4,247	68	1,397	1,465	2,782
TOTAL	<u>5,635</u>	<u>11,301</u>	<u>16,936</u>	<u>252</u>	<u>1,446</u>	<u>1,698</u>	<u>15,238</u>
TOTAL BUDGETED CAPITAL PROJECTS FUNDS	<u>\$ 19,125</u>	<u>\$ 10,585</u>	<u>\$ 30,888</u>	<u>\$ 4,432</u>	<u>\$ 9,077</u>	<u>\$ 13,509</u>	<u>\$ 17,379</u>
ALL ANNUALLY BUDGETED CAPITAL PROJECTS FUNDS							
Capital Outlay	\$ 11,736	\$ 6,798	\$ 19,712	\$ 2,891	\$ 2,400	\$ 5,291	\$ 14,421
Transfers to Other Funds	7,389	3,787	11,176	1,541	6,677	8,218	2,958
TOTAL	<u>\$ 19,125</u>	<u>\$ 10,585</u>	<u>\$ 30,888</u>	<u>\$ 4,432</u>	<u>\$ 9,077</u>	<u>\$ 13,509</u>	<u>\$ 17,379</u>

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, 2018
(amounts expressed in thousands)**

	Pension Trust Funds	Other Postemployment Benefits Trust Funds	Total
ASSETS			
Cash and Pooled Investments	\$ 14,158	\$ 924	\$ 15,082
Receivables			
Contributions	71,663	--	71,663
Accrued Investment Income	139,919	19,651	159,570
Contingent Disability Benefit Advance	3,310	--	3,310
Other Receivables	20,598	2,203	22,801
Due from Brokers	438,983	63,486	502,469
Other Investments			
Short-Term Investments	2,215,681	265,491	2,481,172
U. S. Government Obligations	4,085,336	524,520	4,609,856
U. S. Agency Notes	761,301	129,716	891,017
Municipal Bonds	6,048	1,060	7,108
Domestic Corporate Bonds	3,040,925	410,490	3,451,415
International Bonds	909,417	157,084	1,066,501
Other Fixed Income	871,072	162,878	1,033,950
Bank Loans	4,547	850	5,397
Opportunistic Debt	92,614	17,317	109,931
Domestic Stocks	16,044,620	2,209,944	18,254,564
International Stocks	10,706,514	1,565,525	12,272,039
Mortgage-Backed Securities	499,441	92,951	592,392
Government Agencies	34,593	6,469	41,062
Derivative Instruments	843	157	1,000
Real Estate	2,666,657	349,843	3,016,500
Alternative Investments	5,378,398	769,611	6,148,009
Securities Lending Collateral	1,758,210	295,452	2,053,662
Prepaid Expense	3	--	3
Prepaid Health Subsidy	2	10,549	10,551
Capital Assets			
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$4,777)	31,495	3,613	35,108
TOTAL ASSETS	49,796,348	7,059,784	56,856,132
LIABILITIES			
Accounts Payable and Accrued Expenses	69,340	14,815	84,155
Accrued Investment Expenses	8,808	1,647	10,455
Benefits in Process of Payment	18,692	836	19,528
Due to Brokers	637,062	92,803	729,865
Obligations Under Securities			
Lending Transactions	1,758,210	295,452	2,053,662
Mortgage Loan Payable - Current Portion	22,057	2,011	24,068
Mortgage Loan Payable - Noncurrent Portion	135,622	12,365	147,987
Deposits and Advances	24	2	26
TOTAL LIABILITIES	2,649,815	419,931	3,069,746
NET POSITION			
Restricted for Pension and Other Postemployment Benefits			
Benefit Pension Plans	47,072,909	--	47,072,909
Disability Plan	46,414	--	46,414
Death Benefit Plan	27,210	--	27,210
Postemployment Healthcare Plans	--	6,639,853	6,639,853
TOTAL NET POSITION	\$ 47,146,533	\$ 6,639,853	\$ 53,786,386

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, 2018
(amounts expressed in thousands)**

	Pension Trust Funds	Other Postemployment Benefits Trust Funds	Total
ADDITIONS			
Contributions			
Employer	\$ 1,375,204	\$ 375,807	\$ 1,751,011
Plan Member	476,146	--	476,146
Other	5,536	--	5,536
Total Contributions	<u>1,856,886</u>	<u>375,807</u>	<u>2,232,693</u>
Investment Income			
Net Appreciation in Fair Value of Investments	3,309,889	497,059	3,806,948
Interest Income	334,227	46,901	381,128
Income from Alternative Investments	30,855	2,650	33,505
Dividend Income	510,158	70,383	580,541
Securities Lending Income	28,624	4,855	33,479
Other Investment Income	47,942	9,010	56,952
Income from Real Estate Investment	80,753	8,984	89,737
Investment Income	<u>4,342,448</u>	<u>639,842</u>	<u>4,982,290</u>
Investment Expense	(194,262)	(29,133)	(223,395)
Securities Lending Expense	(12,918)	(2,515)	(15,433)
Net Investment Income	<u>4,135,268</u>	<u>608,194</u>	<u>4,743,462</u>
TOTAL ADDITIONS	<u>5,992,154</u>	<u>984,001</u>	<u>6,976,155</u>
DEDUCTIONS			
Benefit Payments	2,421,268	354,037	2,775,305
Refunds of Member Contributions	18,510	--	18,510
Administrative Expenses	43,633	6,679	50,312
TOTAL DEDUCTIONS	<u>2,483,411</u>	<u>360,716</u>	<u>2,844,127</u>
CHANGE IN NET POSITION			
Benefit Pension Plans	3,509,899	--	3,509,899
Disability Plan	(782)	--	(782)
Death Benefit Plan	(374)	--	(374)
Postemployment Healthcare Plans	--	623,285	623,285
TOTAL CHANGE IN NET POSITION	<u>3,508,743</u>	<u>623,285</u>	<u>4,132,028</u>
Net Position Restricted for Pension and Other Postemployment Benefits, July 1			
Benefit Pension Plans	43,563,010	--	43,563,010
Disability Plan	47,196	--	47,196
Death Benefit Plan	27,584	--	27,584
Postemployment Healthcare Plans	--	6,016,568	6,016,568
NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS, JUNE 30	<u>\$ 47,146,533</u>	<u>\$ 6,639,853</u>	<u>\$ 53,786,386</u>

CITY OF LOS ANGELES
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2018
(amounts expressed in thousands)

	Fire and Police Pension Plan	Los Angeles City Employees' Retirement Plan	Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan	Total
ASSETS				
Cash and Pooled Investments	\$ 1,748	\$ 2,114	\$ 10,296	\$ 14,158
Receivables				
Contributions	8,561	--	63,102	71,663
Accrued Investment Income	58,621	48,220	33,078	139,919
Contingent Disability Benefit Advance	--	--	3,310	3,310
Other Receivables	--	11,782	8,816	20,598
Due from Brokers	110,179	72,672	256,132	438,983
Other Investments				
Short-Term Investments	1,429,879	394,176	391,626	2,215,681
U. S. Government Obligations	2,400,177	988,611	696,548	4,085,336
U. S. Agency Notes	--	--	761,301	761,301
Municipal Bonds	--	2,129	3,919	6,048
Domestic Corporate Bonds	1,494,592	700,560	845,773	3,040,925
International Bonds	21,572	460,764	427,081	909,417
Other Fixed Income	--	871,072	--	871,072
Bank Loans	--	4,547	--	4,547
Opportunistic Debt	--	92,614	--	92,614
Domestic Stocks	7,760,975	3,963,597	4,320,048	16,044,620
International Stocks	4,085,666	4,278,603	2,342,245	10,706,514
Mortgage-Backed Securities	--	357,725	141,716	499,441
Government Agencies	--	34,593	--	34,593
Derivative Instruments	--	843	--	843
Real Estate	1,274,863	675,353	716,441	2,666,657
Alternative Investments	2,227,754	1,522,628	1,628,016	5,378,398
Securities Lending Collateral	479,645	669,828	608,737	1,758,210
Prepaid Expense	--	--	3	3
Prepaid Health Subsidy	2	--	--	2
Capital Assets				
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$4,224)	23,757	7,738	--	31,495
TOTAL ASSETS	21,377,991	15,160,169	13,258,188	49,796,348
LIABILITIES				
Accounts Payable and Accrued Expenses	19,033	34,513	15,794	69,340
Accrued Investment Expenses	--	8,808	--	8,808
Benefits in Process of Payment	15,052	--	3,640	18,692
Derivative Instruments	--	--	--	--
Due to Brokers	223,979	133,775	279,308	637,062
Obligations Under Securities				
Lending Transactions	479,645	669,828	608,737	1,758,210
Mortgage Loan Payable - Current Portion	22,057	--	--	22,057
Mortgage Loan Payable - Noncurrent Portion	135,622	--	--	135,622
Deposits and Advances	24	--	--	24
TOTAL LIABILITIES	895,412	846,924	907,479	2,649,815
NET POSITION				
Restricted for Pension Benefits				
Benefit Pension Plans	20,482,579	14,313,245	12,277,085	47,072,909
Disability Plan	--	--	46,414	46,414
Death Benefit Plan	--	--	27,210	27,210
TOTAL NET POSITION	\$ 20,482,579	\$ 14,313,245	\$ 12,350,709	\$ 47,146,533

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)**

	Fire and Police Pension Plan	Los Angeles City Employees' Retirement Plan	Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 460,967	\$ 450,338	\$ 463,899	\$ 1,375,204
Plan Member	145,425	236,222	94,499	476,146
Other	5,536	--	--	5,536
Total Contributions	611,928	686,560	558,398	1,856,886
Investment Income				
Net Appreciation in Fair Value of Investments	1,508,492	986,069	815,328	3,309,889
Interest Income	131,241	90,593	112,393	334,227
Income from Alternative Investments	26,560	--	4,295	30,855
Dividend Income	251,006	184,730	74,422	510,158
Securities Lending Income	7,243	6,870	14,511	28,624
Other Investment Income	882	46,239	821	47,942
Income from Real Estate Investment	50,087	--	30,666	80,753
Investment Income	1,975,511	1,314,501	1,052,436	4,342,448
Investment Expense	(87,542)	(63,685)	(43,035)	(194,262)
Securities Lending Expense	(1,013)	(1,002)	(10,903)	(12,918)
Net Investment Income	1,886,956	1,249,814	998,498	4,135,268
TOTAL ADDITIONS	2,498,884	1,936,374	1,556,896	5,992,154
DEDUCTIONS				
Benefit Payments	991,014	847,031	583,223	2,421,268
Refunds of Member Contributions	3,786	10,412	4,312	18,510
Administrative Expenses	19,908	16,394	7,331	43,633
TOTAL DEDUCTIONS	1,014,708	873,837	594,866	2,483,411
CHANGE IN NET POSITION				
Benefit Pension Plans	1,484,176	1,062,537	963,186	3,509,899
Disability Plan	--	--	(782)	(782)
Death Benefit Plan	--	--	(374)	(374)
TOTAL CHANGE IN NET POSITION	1,484,176	1,062,537	962,030	3,508,743
Net Position Restricted for Pension, July 1				
Benefit Pension Plans	18,998,403	13,250,708	11,313,899	43,563,010
Disability Plan	--	--	47,196	47,196
Death Benefit Plan	--	--	27,584	27,584
NET POSITION RESTRICTED FOR PENSION, JUNE 30	\$ 20,482,579	\$ 14,313,245	\$ 12,350,709	\$ 47,146,533

CITY OF LOS ANGELES

**Combining Statement of Fiduciary Net Position
Other Postemployment Benefits Trust Funds
June 30, 2018**

(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	\$ 159	\$ 395	\$ 370	\$ 924
Receivables				
Accrued Investment Income	5,345	9,017	5,289	19,651
Other Receivables	--	2,203	--	2,203
Due from Brokers	10,045	13,589	39,852	63,486
Other Investments				
Short-Term Investments	130,366	73,705	61,420	265,491
U. S. Government Obligations	218,830	184,856	120,834	524,520
U. S. Agency Notes	--	--	129,716	129,716
Municipal Bonds	--	398	662	1,060
Domestic Corporate Bonds	136,266	130,995	143,229	410,490
International Bonds	1,967	86,156	68,961	157,084
Other Fixed Income	--	162,878	--	162,878
Bank Loans	--	850	--	850
Opportunistic Debt	--	17,317	--	17,317
Domestic Stocks	707,588	741,136	761,220	2,209,944
International Stocks	372,500	800,038	392,987	1,565,525
Mortgage-Backed Securities	--	66,889	26,062	92,951
Government Agencies	--	6,469	--	6,469
Derivative Instruments	--	157	--	157
Real Estate	116,232	126,281	107,330	349,843
Alternative Investments	203,110	284,710	281,791	769,611
Securities Lending Collateral	43,730	125,248	126,474	295,452
Prepaid Health Subsidy	10,549	--	--	10,549
Capital Assets				
Furniture, Equipment and Software (Net of Accumulated Depreciation and Amortization of \$553)	2,166	1,447	--	3,613
TOTAL ASSETS	1,958,853	2,834,734	2,266,197	7,059,784
LIABILITIES				
Accounts Payable and Accrued Expenses	1,697	6,454	6,664	14,815
Accrued Investment Expenses	--	1,647	--	1,647
Benefits in Process of Payment	836	--	--	836
Derivative Instruments	--	--	--	--
Due to Brokers	20,421	25,014	47,368	92,803
Obligations Under Securities				
Lending Transactions	43,730	125,248	126,474	295,452
Mortgage Loan Payable - Current Portion	2,011	--	--	2,011
Mortgage Loan Payable - Noncurrent Portion	12,365	--	--	12,365
Deposits and Advances	2	--	--	2
TOTAL LIABILITIES	81,062	158,363	180,506	419,931
NET POSITION				
Restricted for Postemployment Healthcare Benefits	\$ 1,877,791	\$ 2,676,371	\$ 2,085,691	\$ 6,639,853

CITY OF LOS ANGELES

**Combining Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Funds
For the Fiscal Year Ended June 30, 2018
(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	\$ 178,979	\$ 100,909	\$ 95,919	\$ 375,807
Investment Income				
Net Appreciation in Fair Value of				
Investments	132,268	220,645	144,146	497,059
Interest Income	11,508	17,349	18,044	46,901
Income from Alternative Investments	2,329	--	321	2,650
Dividend Income	22,009	35,376	12,998	70,383
Securities Lending Income	635	1,315	2,905	4,855
Other Investment Income	77	8,855	78	9,010
Income from Real Estate Investment	4,392	--	4,592	8,984
Investment Income	173,218	283,540	183,084	639,842
Investment Expense	(7,675)	(14,251)	(7,207)	(29,133)
Securities Lending Expense	(89)	(224)	(2,202)	(2,515)
Net Investment Income	165,454	269,065	173,675	608,194
TOTAL ADDITIONS	344,433	369,974	269,594	984,001
DEDUCTIONS				
Benefit Payments	130,722	128,081	95,234	354,037
Administrative Expenses	1,746	4,384	549	6,679
TOTAL DEDUCTIONS	132,468	132,465	95,783	360,716
CHANGE IN NET POSITION	211,965	237,509	173,811	623,285
Net Position Restricted for Postemployment Healthcare Benefits, July 1	1,665,826	2,438,862	1,911,880	6,016,568
NET POSITION RESTRICTED FOR POSTEMPLOYMENT HEALTHCARE BENEFITS, JUNE 30	\$ 1,877,791	\$ 2,676,371	\$ 2,085,691	\$ 6,639,853

CITY OF LOS ANGELES
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018
(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	\$ 56,487	\$ 40,268	\$ 111,619	\$ 194,226	\$ 402,600
Other Investments	--	--	--	474	474
Accounts Receivable	--	99,027	--	--	99,027
Special Assessments Receivable	--	--	--	235	235
Investment Income Receivable	99	290	4	44	437
Advances to Other Funds	--	--	20,663	--	20,663
TOTAL ASSETS	\$ 56,586	\$ 139,585	\$ 132,286	\$ 194,979	\$ 523,436
LIABILITIES					
Fiduciary Liabilities	\$ --	\$ 137,635	\$ --	\$ 161,499	\$ 299,134
Obligations Under Securities Lending Transactions	790	1,950	36	433	3,209
Due to Other Funds	--	--	--	185	185
Deposits and Advances	55,796	--	132,205	32,862	220,863
Advances from Other funds	--	--	45	--	45
TOTAL LIABILITIES	\$ 56,586	\$ 139,585	\$ 132,286	\$ 194,979	\$ 523,436


CITY OF LOS ANGELES
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>BUILDING AND SAFETY</u>				
ASSETS				
Cash and Pooled Investments	\$ 29,339	\$ 117,311	\$ 90,163	\$ 56,487
Investment Income Receivable	34	65	--	99
TOTAL ASSETS	\$ 29,373	\$ 117,376	\$ 90,163	\$ 56,586
LIABILITIES				
Obligations Under Securities Lending Transactions	\$ 263	\$ 527	\$ --	\$ 790
Deposits and Advances	29,110	116,849	90,163	55,796
TOTAL LIABILITIES	\$ 29,373	\$ 117,376	\$ 90,163	\$ 56,586
<u>INTERNAL REVENUE CODE SECTION 501(c)</u>				
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash and Pooled Investments	\$ 31,417	\$ 390,679	\$ 381,828	\$ 40,268
Accounts Receivable	62,877	36,150	--	99,027
Investment Income Receivable	90	200	--	290
TOTAL ASSETS	\$ 94,384	\$ 427,029	\$ 381,828	\$ 139,585
LIABILITIES				
Fiduciary Liabilities	\$ 93,159	\$ 426,304	\$ 381,828	\$ 137,635
Obligations Under Securities Lending Transactions	1,225	725	--	1,950
TOTAL LIABILITIES	\$ 94,384	\$ 427,029	\$ 381,828	\$ 139,585
<u>PUBLIC WORKS</u>				
ASSETS				
Cash and Pooled Investments	\$ 104,871	\$ 35,252	\$ 28,504	\$ 111,619
Investment Income Receivable	2	2	--	4
Advances to Other Funds	19,450	1,213	--	20,663
TOTAL ASSETS	\$ 124,323	\$ 36,467	\$ 28,504	\$ 132,286
LIABILITIES				
Obligations Under Securities Lending Transactions	\$ 25	\$ 11	\$ --	\$ 36
Deposits and Advances	124,253	36,456	28,504	132,205
Advances from Other Funds	45	--	--	45
TOTAL LIABILITIES	\$ 124,323	\$ 36,467	\$ 28,504	\$ 132,286
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 158,093	\$ 58,368,552	\$ 58,332,419	\$ 194,226
Other Investments	456	18	--	474
Special Assessments Receivable	239	235	239	235
Investment Income Receivable	18	26	--	44
TOTAL ASSETS	\$ 158,806	\$ 58,368,831	\$ 58,332,658	\$ 194,979
LIABILITIES				
Fiduciary Liabilities	\$ 129,746	\$ 58,364,390	\$ 58,332,637	\$ 161,499
Obligations Under Securities Lending Transactions	299	134	--	433
Due to Other Funds	185	--	--	185
Deposits and Advances	28,576	4,307	21	32,862
TOTAL LIABILITIES	\$ 158,806	\$ 58,368,831	\$ 58,332,658	\$ 194,979

Continued...

CITY OF LOS ANGELES
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds - (Continued)
For the Fiscal Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 323,720	\$ 58,911,794	\$ 58,832,914	\$ 402,600
Other Investments	456	18	--	474
Accounts Receivable	62,877	36,150	--	99,027
Special Assessments Receivable	239	235	239	235
Investment Income Receivable	144	293	--	437
Advances to Other Funds	19,450	1,213	--	20,663
TOTAL ASSETS	<u>\$ 406,886</u>	<u>\$ 58,949,703</u>	<u>\$ 58,833,153</u>	<u>\$ 523,436</u>
LIABILITIES				
Fiduciary Liabilities	\$ 222,905	\$ 58,790,694	\$ 58,714,465	\$ 299,134
Obligations Under Securities Lending Transactions	1,812	1,397	--	3,209
Due to Other Funds	185	--	--	185
Deposits and Advances	181,939	157,612	118,688	220,863
Advances from Other Funds	45	--	--	45
TOTAL LIABILITIES	<u>\$ 406,886</u>	<u>\$ 58,949,703</u>	<u>\$ 58,833,153</u>	<u>\$ 523,436</u>



STATISTICAL SECTION

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.

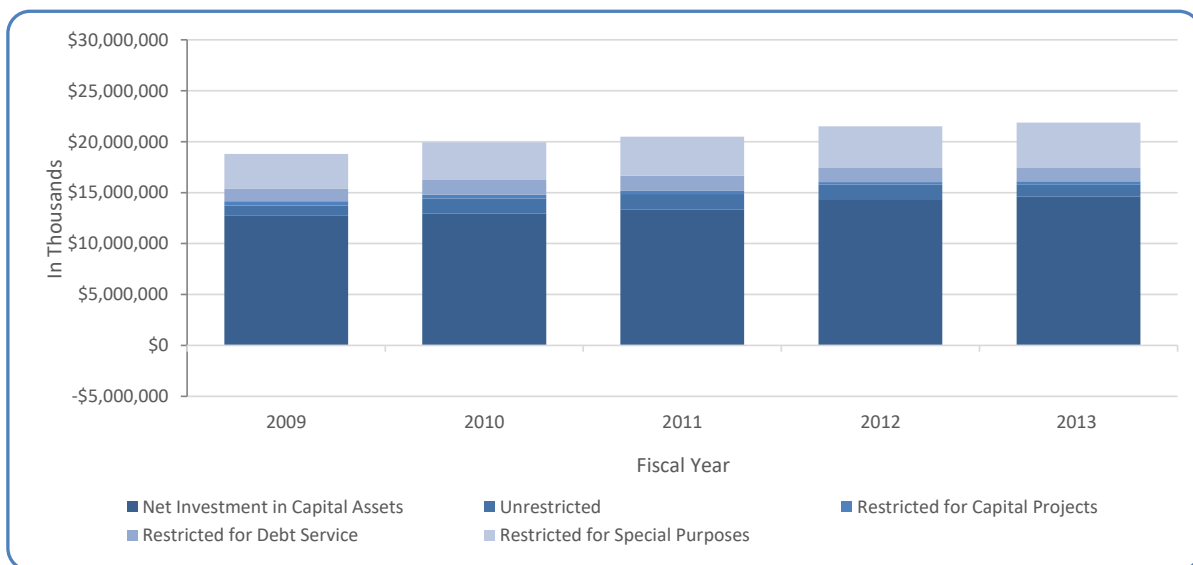
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CITY OF LOS ANGELES
Net Position by Category
Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 3,633,548	\$ 3,798,442	\$ 4,140,258	\$ 4,416,934	\$ 4,452,921
Restricted for:					
Capital Projects	138,237	158,878	61,090	74,721	89,055
Debt Service	216,751	228,515	215,496	157,402	154,321
Special Purposes	1,639,594	1,679,989	1,753,510	1,853,933	2,193,433
Unrestricted (Deficit)	<u>(1,707,447)</u>	<u>(1,564,473)</u>	<u>(1,794,315)</u>	<u>(1,782,463)</u>	<u>(2,429,330)</u>
Subtotal Governmental Activities Net Position	<u>3,920,683</u>	<u>4,301,351</u>	<u>4,376,039</u>	<u>4,720,527</u>	<u>4,460,400</u>
Business-type Activities					
Net Investment in Capital Assets	9,148,381	9,135,266	9,186,620	9,940,457	10,135,052
Restricted for:					
Capital Projects	274,711	238,467	237,019	168,924	249,773
Debt Service	1,044,956	1,214,521	1,262,623	1,223,993	1,147,819
Special Purposes	1,750,093	2,026,244	2,086,775	2,232,788	2,264,948
Unrestricted	<u>2,657,431</u>	<u>3,038,407</u>	<u>3,336,976</u>	<u>3,214,165</u>	<u>3,619,888</u>
Subtotal Business-type Activities Net Position	<u>14,875,572</u>	<u>15,652,905</u>	<u>16,110,013</u>	<u>16,780,327</u>	<u>17,417,480</u>
Primary Government					
Net Investment in Capital Assets	12,781,929	12,933,708	13,326,878	14,357,391	14,587,973
Restricted for:					
Capital Projects	412,948	397,345	298,109	243,645	338,828
Debt Service	1,261,707	1,443,036	1,478,119	1,381,395	1,302,140
Special Purposes	3,389,687	3,706,233	3,840,285	4,086,721	4,458,381
Unrestricted	<u>949,984</u>	<u>1,473,934</u>	<u>1,542,661</u>	<u>1,431,702</u>	<u>1,190,558</u>
Total Primary Government Net Position	<u>\$ 18,796,255</u>	<u>\$ 19,954,256</u>	<u>\$ 20,486,052</u>	<u>\$ 21,500,854</u>	<u>\$ 21,877,880</u>

Continued...

Primary Government- Net Position by Category

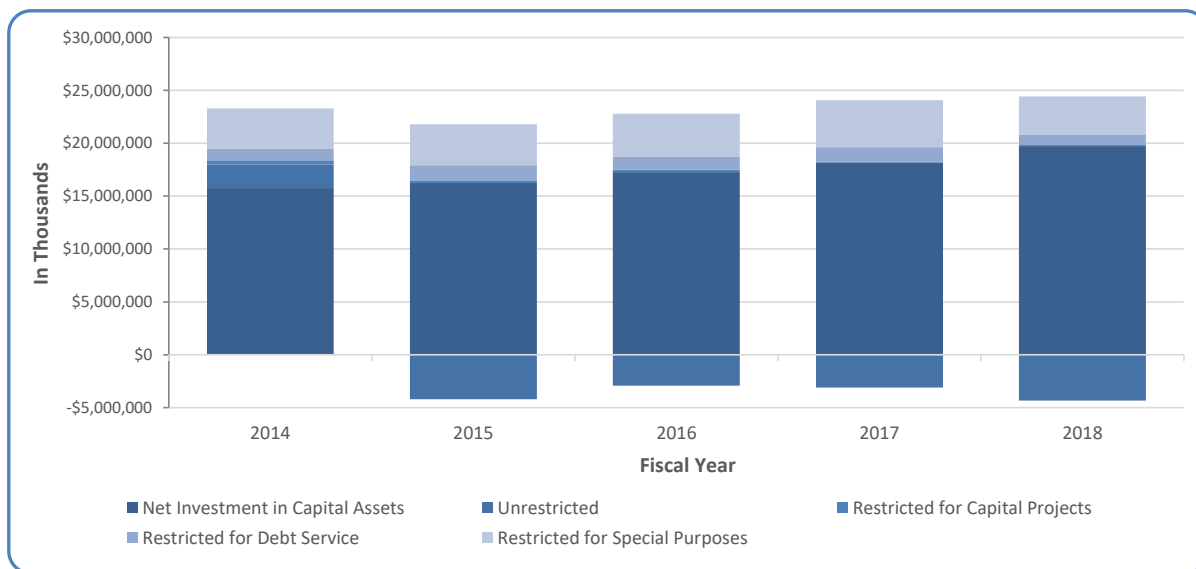


CITY OF LOS ANGELES
Net Position by Category
Accrual Basis of Accounting (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental Activities					
Net Investment in Capital Assets	\$ 4,646,514	\$ 4,760,372	\$ 5,267,860	\$ 5,385,062	\$ 5,699,812
Restricted for:					
Capital Projects	204,181	100,835	96,477	98,258	90,884
Debt Service	130,104	322,336	162,142	181,685	208,037
Special Purposes	1,467,249	1,663,223	1,877,242	2,191,572	2,387,135
Unrestricted (Deficit)	<u>(1,276,678)</u>	<u>(7,383,558)</u>	<u>(6,559,669)</u>	<u>(6,579,324)</u>	<u>(8,022,270)</u>
Subtotal Governmental Activities Net Position	<u>5,171,370</u>	<u>(536,792)</u>	<u>844,052</u>	<u>1,277,253</u>	<u>363,598</u>
Business-type Activities					
Net Investment in Capital Assets	11,113,795	11,489,529	11,990,919	12,798,720	14,032,397
Restricted for:					
Capital Projects	135,700	138,759	143,033	--	--
Debt Service	1,045,688	1,118,078	1,086,557	1,172,984	797,375
Special Purposes	2,332,259	2,203,721	2,177,049	2,248,391	1,204,517
Unrestricted	<u>3,506,415</u>	<u>3,169,708</u>	<u>3,625,643</u>	<u>3,481,621</u>	<u>3,680,122</u>
Subtotal Business-type Activities Net Position	<u>18,133,857</u>	<u>18,119,795</u>	<u>19,023,201</u>	<u>19,701,716</u>	<u>19,714,411</u>
Primary Government					
Net Investment in Capital Assets	15,760,309	16,249,901	17,258,779	18,183,782	19,732,209
Restricted for:					
Capital Projects	339,881	239,594	239,510	98,258	90,884
Debt Service	1,175,792	1,440,414	1,248,699	1,354,669	1,005,412
Special Purposes	3,799,508	3,866,944	4,054,291	4,439,963	3,591,652
Unrestricted	<u>2,229,737</u>	<u>(4,213,850)</u>	<u>(2,934,026)</u>	<u>(3,097,703)</u>	<u>(4,342,148)</u>
Total Primary Government Net Position	<u>\$ 23,305,227</u>	<u>\$ 17,583,003</u>	<u>\$ 19,867,253</u>	<u>\$ 20,978,969</u>	<u>20,078,009</u>

Note: GASB Statement Nos. 68 and 75 were implemented in fiscal year 2015 and 2018, respectively. 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				
	2009	2010	2011	2012	2013
Expenses					
Governmental Activities					
General Government	\$ 1,507,318	\$ 1,279,697	\$ 1,462,581	\$ 1,335,180	\$ 2,089,053
Protection of Persons and Property	2,552,413	2,618,138	2,641,343	2,707,892	2,789,023
Public Works	451,141	392,874	342,722	413,348	387,649
Health and Sanitation	416,247	382,127	393,827	416,894	405,934
Transportation	406,464	368,000	338,755	365,841	423,595
Cultural and Recreational Services	413,119	415,344	446,805	445,815	482,692
Community Development	373,244	349,203	429,695	437,229	386,346
Interest on Long-term Debt	189,966	186,711	190,424	194,513	179,588
Subtotal Governmental Activities Expenses	<u>6,309,912</u>	<u>5,992,094</u>	<u>6,246,152</u>	<u>6,316,712</u>	<u>7,143,880</u>
Business-type Activities					
Airports	782,036	765,513	834,071	897,380	922,914
Harbor	382,168	336,104	310,534	333,355	331,626
Power	2,544,032	2,843,642	2,964,399	2,870,609	2,928,377
Water	762,802	787,836	791,049	799,575	939,094
Sewer	553,251	552,006	557,269	542,850	572,425
Other- Convention Center	38,718	32,842	40,400	39,107	39,073
Subtotal Business-type Activities Expenses	<u>5,063,007</u>	<u>5,317,943</u>	<u>5,497,722</u>	<u>5,482,876</u>	<u>5,733,509</u>
Total Primary Government Expenses	<u>11,372,919</u>	<u>11,310,037</u>	<u>11,743,874</u>	<u>11,799,588</u>	<u>12,877,389</u>
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	278,800	204,372	241,681	246,357	305,545
Protection of Persons and Property	281,388	333,778	317,283	326,396	385,961
Public Works	166,387	170,997	162,551	166,061	169,473
Health and Sanitation	445,108	454,586	467,614	493,422	495,544
Transportation	94,832	92,390	99,797	125,392	121,374
Cultural and Recreational Services	119,180	108,822	128,170	152,434	149,237
Community Development	74,988	73,344	63,903	112,897	111,259
Operating Grants and Contributions	854,128	900,569	924,031	1,023,001	871,459
Capital Grants and Contributions	79,981	86,275	75,744	96,156	55,138
Subtotal Governmental Activities Program Revenues	<u>2,394,792</u>	<u>2,425,133</u>	<u>2,480,774</u>	<u>2,742,116</u>	<u>2,664,990</u>
Business-type Activities					
Charges for Services					
Airports	960,461	968,022	1,052,790	1,114,431	1,122,704
Harbor	424,036	424,321	406,606	435,291	416,974
Power	2,899,485	3,372,648	3,252,872	3,212,141	3,264,534
Water	798,664	831,039	783,056	849,122	1,073,948
Sewer	547,666	545,874	517,212	532,026	588,987
Other- Convention Center	26,798	22,501	26,535	27,355	27,255
Capital Grants and Contributions	153,142	151,346	174,574	158,114	109,407
Subtotal Business-type Activities Program Revenues	<u>5,810,252</u>	<u>6,315,751</u>	<u>6,213,645</u>	<u>6,328,480</u>	<u>6,603,809</u>
Total Primary Government Program Revenues	<u>8,205,044</u>	<u>8,740,884</u>	<u>8,694,419</u>	<u>9,070,596</u>	<u>9,268,799</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				
	2014	2015	2016	2017	2018
Expenses					
Governmental Activities					
General Government	\$ 1,481,977	\$ 1,240,898	\$ 1,348,442	\$ 1,480,735	\$ 1,380,143
Protection of Persons and Property	2,963,882	2,872,296	2,797,651	3,348,298	3,209,073
Public Works	383,433	422,558	235,840	411,168	485,045
Health and Sanitation	519,519	467,548	504,364	478,040	496,132
Transportation	425,967	406,573	420,799	506,782	504,166
Cultural and Recreational Services	524,282	541,758	595,454	556,152	682,076
Community Development	321,263	169,121	187,453	242,636	216,225
Interest on Long-term Debt	159,991	146,896	131,893	124,364	127,970
Subtotal Governmental Activities Expenses	<u>6,780,314</u>	<u>6,267,648</u>	<u>6,221,896</u>	<u>7,148,175</u>	<u>7,100,830</u>
Business-type Activities					
Airports	984,754	1,092,463	1,174,620	1,284,299	1,388,201
Harbor	372,645	379,809	398,954	412,315	410,133
Power	3,092,108	3,204,535	3,229,174	3,414,456	3,429,928
Water	1,053,150	1,037,652	1,039,575	1,049,397	1,053,783
Sewer	542,007	513,226	584,971	558,425	568,199
Other- Convention Center	38,450	43,871	49,531	53,686	59,408
Subtotal Business-type Activities Expenses	<u>6,083,114</u>	<u>6,271,556</u>	<u>6,476,825</u>	<u>6,772,578</u>	<u>6,909,652</u>
Total Primary Government Expenses	<u>12,863,428</u>	<u>12,539,204</u>	<u>12,698,721</u>	<u>13,920,753</u>	<u>14,010,482</u>
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	246,641	285,973	96,117	8,265	290,901
Protection of Persons and Property	443,352	439,901	520,550	600,720	540,702
Public Works	165,229	182,758	253,103	232,095	177,530
Health and Sanitation	492,238	494,420	600,117	565,941	480,670
Transportation	143,103	151,813	179,288	186,386	206,240
Cultural and Recreational Services	153,544	160,736	179,046	203,719	214,499
Community Development	117,097	139,509	183,890	194,568	150,932
Operating Grants and Contributions	903,146	834,075	827,258	774,953	866,203
Capital Grants and Contributions	46,878	42,705	123,757	145,509	152,315
Subtotal Governmental Activities Program Revenues	<u>2,711,228</u>	<u>2,731,890</u>	<u>2,963,126</u>	<u>2,912,156</u>	<u>3,079,992</u>
Business-type Activities					
Charges for Services					
Airports	1,038,506	1,121,584	1,285,816	1,372,730	1,446,226
Harbor	425,951	446,895	441,249	474,532	490,760
Power	3,319,820	3,336,963	3,517,040	3,697,924	3,804,221
Water	1,141,823	1,082,581	1,131,777	1,118,547	1,190,181
Sewer	571,570	594,024	613,092	634,060	677,886
Other- Convention Center	24,937	36,158	44,311	47,173	50,174
Capital Grants and Contributions	367,841	270,637	232,183	186,634	153,892
Subtotal Business-type Activities Program Revenues	<u>6,890,448</u>	<u>6,888,842</u>	<u>7,265,468</u>	<u>7,531,601</u>	<u>7,813,340</u>
Total Primary Government Program Revenues	<u>9,601,676</u>	<u>9,620,732</u>	<u>10,228,594</u>	<u>10,443,757</u>	<u>10,893,332</u>

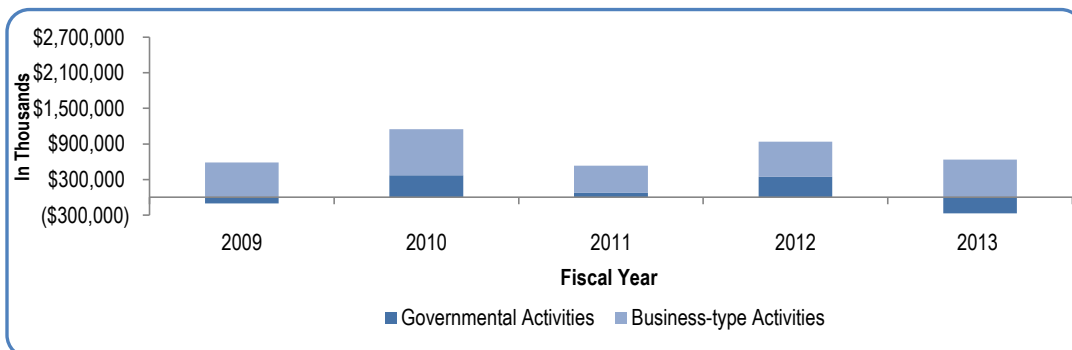
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CITY OF LOS ANGELES
Changes in Net Position
Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
Net (Expense)/Revenue					
Governmental Activities	\$ (3,915,120)	\$ (3,566,961)	\$ (3,765,378)	\$ (3,574,596)	\$ (4,478,890)
Business-type Activities	747,245	997,808	715,923	845,604	870,300
Total Primary Government Net Expense	<u>(3,167,875)</u>	<u>(2,569,153)</u>	<u>(3,049,455)</u>	<u>(2,728,992)</u>	<u>(3,608,590)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	1,603,209	1,556,179	1,521,632	1,561,778	1,629,914
Utility Users' Taxes	646,165	658,110	628,028	623,721	627,707
Business Taxes	450,848	510,269	410,888	440,327	482,857
Other Taxes	399,851	457,473	392,405	458,741	523,308
Unrestricted Grants and Contributions			--		
Sales Taxes	412,268	399,330	434,539	425,397	460,086
Other	33,467	56,048	52,704	45,429	20,825
Unrestricted Investment Earnings	46,772	27,372	18,814	21,879	(298)
Other General Revenues	60,879	54,005	75,838	91,735	105,850
Transfers	159,150	220,475	258,815	250,077	246,534
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	--	(47,007)	--	--
Transfer of Properties from CRA	--	--	93,410	--	--
Return of Properties to CRA	--	--	--	--	(93,191)
Transfer of Assets from CRA	--	--	--	--	205,265
Subtotal Governmental Activities	<u>3,812,609</u>	<u>3,939,261</u>	<u>3,840,066</u>	<u>3,919,084</u>	<u>4,208,857</u>
Business-type Activities					
Unrestricted Investment Earnings	--	--	--	--	--
Other General Revenues	--	--	--	--	--
Transfers	(159,150)	(220,475)	(258,815)	(250,077)	(246,534)
Pollution Remediation Liabilities Adjustment	--	--	--	--	13,387
Special Item	--	--	--	--	--
Extraordinary Item	--	--	--	--	--
Subtotal Business-type Activities	<u>(159,150)</u>	<u>(220,475)</u>	<u>(258,815)</u>	<u>(250,077)</u>	<u>(233,147)</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>3,653,459</u>	<u>3,718,786</u>	<u>3,581,251</u>	<u>3,669,007</u>	<u>3,975,710</u>
Change in Net Position					
Governmental Activities	(102,511)	372,300	74,688	344,488	(270,033)
Business-type Activities	588,095	777,333	457,108	595,527	637,153
Total Primary Government Change in Net Position	<u>\$ 485,584</u>	<u>\$ 1,149,633</u>	<u>\$ 531,796</u>	<u>\$ 940,015</u>	<u>\$ 367,120</u>

Continued...

Changes in Net Position

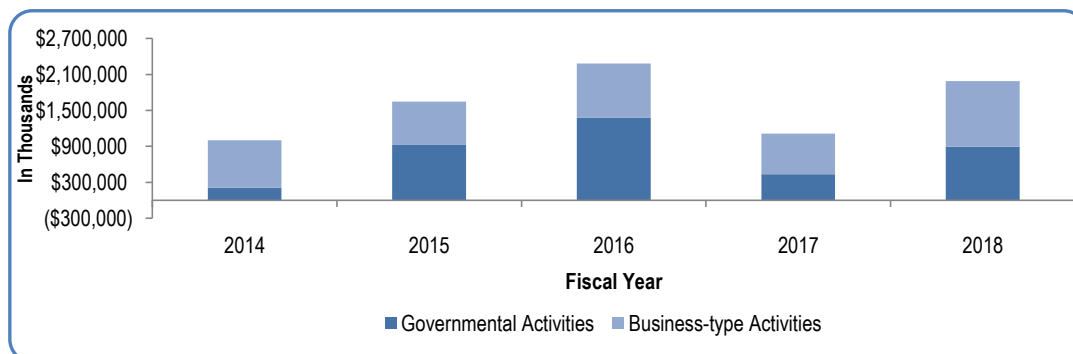


CITY OF LOS ANGELES
Changes in Net Position
Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2014	2015	2016	2017	2018
Net (Expense)/Revenue					
Governmental Activities	\$ (4,069,086)	\$ (3,535,758)	\$ (3,258,770)	\$ (4,236,019)	\$ (4,020,838)
Business-type Activities	807,334	617,286	788,643	740,208	903,688
Total Primary Government Net Expense	<u>(3,261,752)</u>	<u>(2,918,472)</u>	<u>(2,470,127)</u>	<u>(3,495,811)</u>	<u>(3,117,150)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	1,653,067	1,782,124	1,844,945	1,991,949	2,108,154
Utility Users' Taxes	626,919	637,248	613,748	629,952	614,335
Business Taxes	463,602	541,844	610,467	433,985	542,349
Other Taxes	565,567	625,889	660,072	727,376	802,548
Unrestricted Grants and Contributions					
Sales Taxes	478,291	494,685	538,123	538,651	517,495
Other	55,149	16,421	8,009	16,758	22,053
Unrestricted Investment Earnings	19,935	20,724	39,737	1,291	7,142
Other General Revenues	117,579	81,303	57,531	63,831	57,051
Transfers	253,000	260,586	266,982	265,427	241,848
Extraordinary Items					
Gain (Loss) on Loan Settlement	--	--	--	--	--
Transfer of Properties from CRA	--	--	--	--	--
Return of Properties to CRA	--	--	--	--	--
Transfer of Assets from CRA	44,155	4,855	--	--	--
Subtotal Governmental Activities	<u>4,277,264</u>	<u>4,465,679</u>	<u>4,639,614</u>	<u>4,669,220</u>	<u>4,912,975</u>
Business-type Activities					
Unrestricted Investment Earnings	98,264	86,367	129,316	32,997	54,763
Other General Revenues	122,160	275,885	252,429	386,934	377,160
Transfers	(253,000)	(260,586)	(266,982)	(265,427)	(241,848)
Pollution Remediation Liabilities Adjustment	15,002	--	--	--	--
Special Item	--	--	--	(225,347)	--
Extraordinary Item	--	--	--	9,150	--
Subtotal Business-type Activities	<u>(17,574)</u>	<u>101,666</u>	<u>114,763</u>	<u>(61,693)</u>	<u>190,075</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>4,259,690</u>	<u>4,567,345</u>	<u>4,754,377</u>	<u>4,607,527</u>	<u>5,103,050</u>
Change in Net Position					
Governmental Activities	208,178	929,921	1,380,844	433,201	892,137
Business-type Activities	789,760	718,952	903,406	678,515	1,093,763
Total Primary Government Change in Net Position	<u>\$ 997,938</u>	<u>\$ 1,648,873</u>	<u>\$ 2,284,250</u>	<u>\$ 1,111,716</u>	<u>\$ 1,985,900</u>

Note: GASB Statement Nos. 68 and 75 were implemented in fiscal year 2015 and 2018, respectively. Prior years' financial statements were not restated.

Changes in Net Position



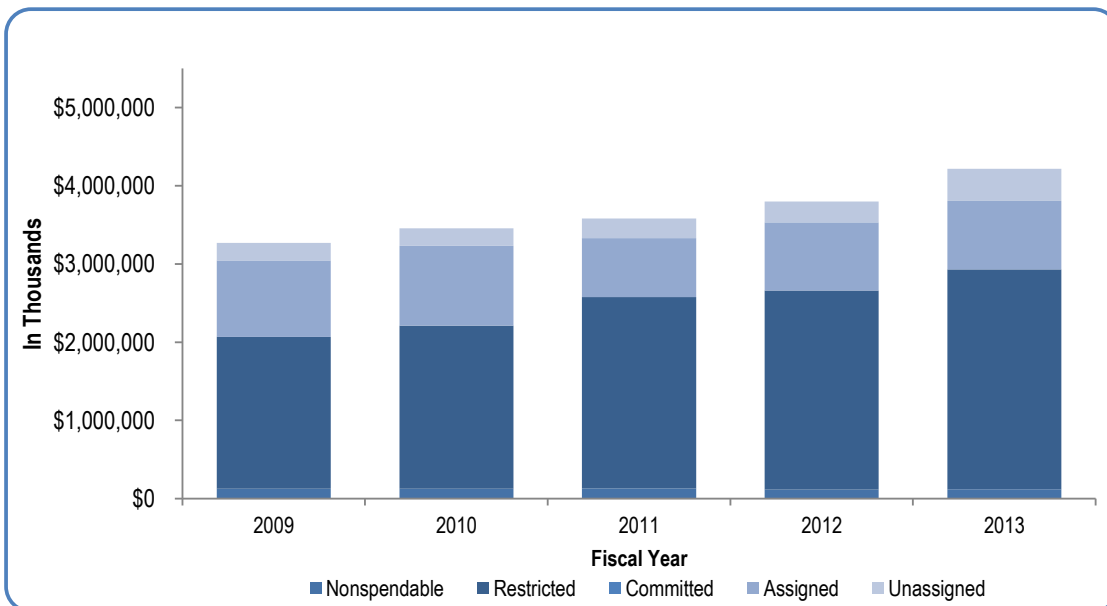
CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$ 27,879	\$ 29,771	\$ 26,299	\$ 31,134	\$ 43,115
Committed	--	--	--	--	--
Assigned	233,761	182,835	239,877	267,645	242,643
Unassigned	221,811	224,574	253,882	272,905	436,858
Subtotal General Fund	483,451	437,180	520,058	571,684	722,616
All Other Governmental Funds					
Nonspendable	98,048	97,785	104,175	82,397	75,204
Restricted	1,942,596	2,084,310	2,447,798	2,548,980	2,813,386
Committed	--	--	--	--	--
Assigned	743,720	838,014	512,650	603,657	631,529
Unassigned	712	(789)	(1,299)	(7,393)	(26,112)
Subtotal All Other Governmental Funds	2,785,076	3,019,320	3,063,324	3,227,641	3,494,007
All Governmental Funds					
Nonspendable	125,927	127,556	130,474	113,531	118,319
Restricted	1,942,596	2,084,310	2,447,798	2,548,980	2,813,386
Committed	--	--	--	--	--
Assigned	977,481	1,020,849	752,527	871,302	874,172
Unassigned	222,523	223,785	252,583	265,512	410,746
Total All Governmental Funds	\$3,268,527	\$3,456,500	\$3,583,382	\$3,799,325	\$4,216,623

Continued...

Fund Balances - Governmental Funds

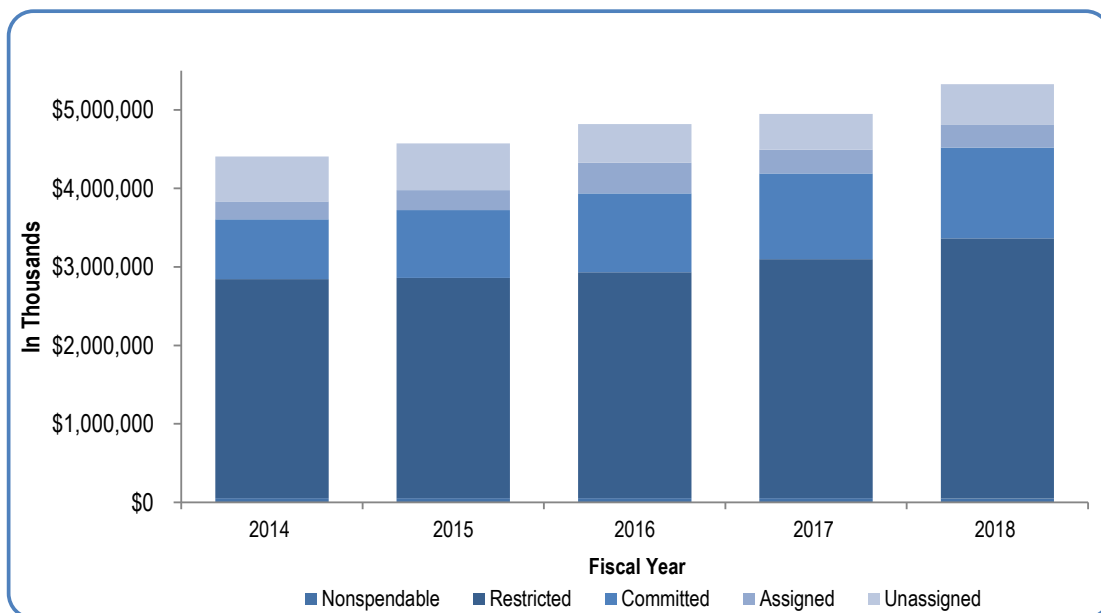


CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 43,146	\$ 42,146	\$ 44,210	\$ 45,480	\$ 41,823
Committed	--	2,457	1,296	9,723	25,151
Assigned	230,717	253,388	392,418	304,482	289,080
Unassigned	622,208	647,558	590,441	526,543	573,161
Subtotal General Fund	896,071	945,549	1,028,365	886,228	929,215
All Other Governmental Funds					
Nonspendable	10,946	10,473	8,893	8,884	8,833
Restricted	2,788,734	2,806,864	2,880,111	3,045,932	3,313,393
Committed	761,828	862,471	1,000,834	1,080,301	1,129,752
Assigned	--	14	15	153	1,770
Unassigned	(49,742)	(50,270)	(96,668)	(72,758)	(55,447)
Subtotal All Other Governmental Funds	3,511,766	3,629,552	3,793,185	4,062,512	4,398,301
All Governmental Funds					
Nonspendable	54,092	52,619	53,103	54,364	50,656
Restricted	2,788,734	2,806,864	2,880,111	3,045,932	3,313,393
Committed	761,828	864,928	1,002,130	1,090,024	1,154,903
Assigned	230,717	253,402	392,433	304,635	290,850
Unassigned	572,466	597,288	493,773	453,785	517,714
Total All Governmental Funds	\$4,407,837	\$4,575,101	\$ 4,821,550	\$4,948,740	\$5,327,516

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				
	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 3,506,089	\$ 3,397,650	\$ 3,435,063	\$ 3,518,357	\$ 3,687,676
Licenses and Permits	51,084	48,186	51,691	60,474	61,605
Intergovernmental	838,722	876,470	920,809	937,817	866,749
Charges for Services	1,375,875	1,419,145	1,436,977	1,533,626	1,577,623
Fines	156,211	153,707	158,612	158,417	172,437
Special Assessments	104,149	105,998	106,514	123,383	128,762
Investment Earnings	134,830	104,365	65,978	72,411	5,438
Other	114,336	96,255	142,968	172,269	188,800
Total Revenues	6,281,296	6,201,776	6,318,612	6,576,754	6,689,090
Expenditures					
General Government	1,339,379	1,357,239	1,269,321	1,296,788	1,261,771
Protection of Persons and Property	2,599,294	2,551,225	2,477,648	2,532,262	2,667,236
Public Works	422,994	354,567	347,485	389,139	400,017
Health and Sanitation	467,392	449,083	459,785	453,681	438,220
Transportation	361,371	327,328	321,797	345,671	400,047
Cultural and Recreational Services	376,869	389,371	389,165	406,338	431,062
Community Development	402,152	383,256	463,920	465,984	417,285
Capital Outlay	641,363	491,187	362,867	523,931	352,685
Debt Service:					
Principal	495,258	366,663	367,206	410,333	326,913
Interest	188,552	181,495	189,902	182,171	168,497
Cost of Issuance	6,285	4,954	2,439	5,342	1,777
Advance Refunding Loan Escrow	--	--	--	--	--
Total Expenditures	7,300,909	6,856,368	6,651,535	7,011,640	6,865,510
Excess (Deficiency) of Revenues over (under) Expenditures	(1,019,613)	(654,592)	(332,923)	(434,886)	(176,420)
Other Financing Sources (Uses)					
Transfers In	1,088,358	1,041,071	1,086,218	1,004,650	951,062
Transfers Out	(929,208)	(820,596)	(827,403)	(754,573)	(704,528)
Issuance of Long-term Debt	530,225	545,155	219,186	318,530	116,665
Loans from HUD	25,408	63,904	7,388	52,521	29,003
Discount on Issuance of Long-term Debt	(1,168)	(370)	--	--	--
Premium on Issuance of Long-term Debt	6,517	15,479	2,216	24,672	5,096
Issuance of Refunding Bonds	253,060	49,485	18,705	595,240	78,780
Premium on Issuance of Refunding Bonds	221	3,824	1,198	100,885	9,096
Payment to Refunded Bond Escrow Agent	(239,201)	(54,463)	--	(694,326)	(94,781)
Proceeds of Refunding Loan	--	--	1,983	--	--
Payment for Current Refunding of Loan	--	--	(1,983)	--	--
Total Other Financing Sources (Uses)	734,212	843,489	507,508	647,599	390,393
Extraordinary Items					
Loss on Loan Settlement	--	--	(47,007)	--	--
Transfer of Assets from CRA	--	--	--	--	205,265
Total Extraordinary Items	--	--	(47,007)	--	205,265
Net Change in Fund Balances	\$ (285,401)	\$ 188,897	\$ 127,578	\$ 212,713	\$ 419,238
Debt Service as a Percentage of Noncapital Expenditures	10.3%	8.6%	9.0%	9.0%	7.5%

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				
	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 3,861,140	\$ 4,016,005	\$ 4,163,430	\$ 4,392,121	\$ 4,584,006
Licenses and Permits	66,915	74,428	85,910	97,096	103,485
Intergovernmental	842,540	783,412	860,867	805,064	986,991
Charges for Services	1,652,732	1,734,882	1,535,948	1,556,722	1,592,901
Fines	176,503	164,137	159,254	153,014	147,224
Special Assessments	130,459	132,239	140,994	146,113	147,387
Investment Earnings	53,628	48,735	88,844	56,535	75,848
Other	192,483	194,408	160,957	108,633	96,593
Total Revenues	6,976,400	7,148,246	7,196,204	7,315,298	7,734,435
Expenditures					
General Government	1,288,088	1,354,114	1,339,233	1,379,386	1,357,581
Protection of Persons and Property	2,919,246	3,097,860	3,166,098	3,261,974	3,397,912
Public Works	379,260	399,365	361,380	414,443	413,393
Health and Sanitation	500,921	492,721	487,570	471,576	475,410
Transportation	405,721	390,155	378,821	434,815	452,610
Cultural and Recreational Services	460,274	496,172	512,474	490,530	599,560
Community Development	345,905	199,420	189,865	245,596	206,704
Capital Outlay	345,432	425,267	474,868	506,648	513,595
Debt Service:					
Principal	436,801	452,305	465,129	298,189	376,188
Interest	158,206	145,663	139,030	120,357	121,139
Cost of Issuance	1,312	2,107	6,225	2,818	2,538
Advance Refunding Loan Escrow	--	--	--	--	--
Total Expenditures	7,241,166	7,455,149	7,520,693	7,626,332	7,916,630
Excess (Deficiency) of Revenues over (under) Expenditures	(264,766)	(306,903)	(324,489)	(311,034)	(182,195)
Other Financing Sources (Uses)					
Transfers In	1,092,258	1,100,486	1,117,660	992,041	1,023,374
Transfers Out	(839,258)	(839,900)	(850,678)	(726,614)	(781,526)
Issuance of Long-term Debt	149,479	209,058	117,369	172,298	241,370
Loans from HUD	8,578	2,102	2,500	1,827	4,005
Discount on Issuance of Long-term Debt	--	--	--	--	--
Premium on Issuance of Long-term Debt	--	4,629	150,216	--	582
Issuance of Refunding Bonds	--	76,670	1,102,920	143,815	193,225
Premium on Issuance of Refunding Bonds	--	17,682	--	--	27,027
Payment to Refunded Bond Escrow Agent	--	(155,196)	(1,084,399)	(142,256)	(146,932)
Proceeds of Refunding Loan	--	51,730	--	--	--
Payment for Current Refunding of Loan	--	--	--	--	--
Total Other Financing Sources (Uses)	411,057	467,261	555,588	441,111	561,125
Extraordinary Items					
Loss on Loan Settlement	--	--	--	--	--
Transfer of Assets from CRA	44,155	4,855	--	--	--
Total Extraordinary Items	44,155	4,855	--	--	--
Net Change in Fund Balances	\$ 190,446	\$ 165,213	\$ 231,099	\$ 130,077	\$ 378,930
Debt Service as a Percentage of Noncapital Expenditures	8.6%	8.5%	8.8%	5.8%	6.8%

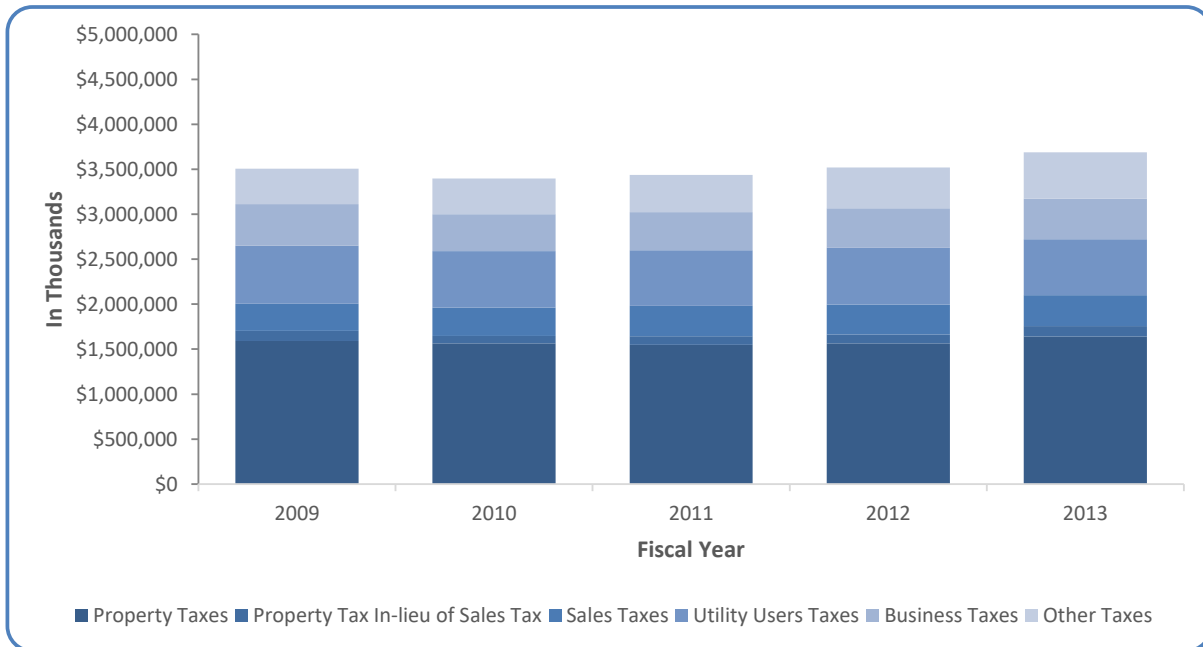
CITY OF LOS ANGELES

**Tax Revenues by Source - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2009	2010	2011	2012	2013
Property Taxes	\$1,591,201	\$1,563,514	\$1,546,884	\$1,564,281	\$1,639,355
Property Tax In-lieu of Sales Tax	111,683	84,976	96,812	100,538	116,458
Sales Taxes	300,585	311,520	337,360	328,059	343,628
Utility Users' Taxes	646,256	628,484	618,307	634,629	623,794
Business Taxes	461,374	412,287	424,762	438,969	447,983
Other Taxes	394,990	396,869	410,938	451,881	516,458
Total Revenues	\$3,506,089	\$3,397,650	\$3,435,063	\$3,518,357	\$3,687,676

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Tax Revenue by Source - Governmental Funds

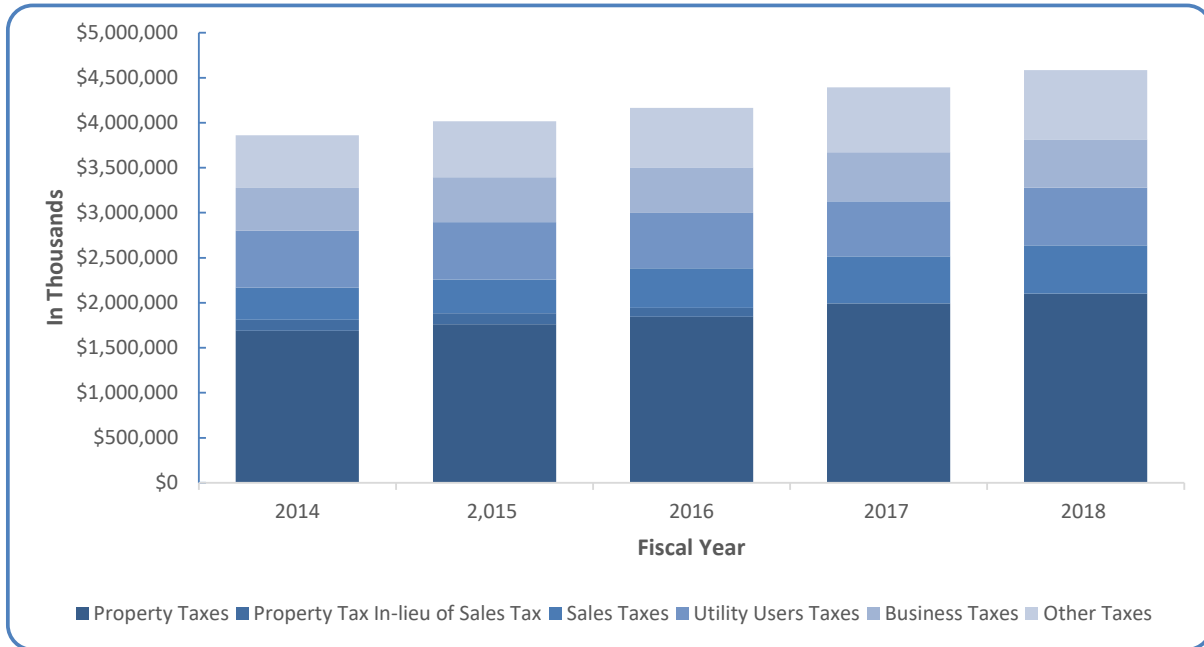


CITY OF LOS ANGELES

**Tax Revenues by Source - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year					Percent of Change 2009- 2018
	2014	2015	2016	2017	2018	
Property Taxes	\$ 1,688,992	\$ 1,761,960	\$ 1,844,440	\$ 1,992,582	\$ 2,103,053	32 %
Property Tax In-lieu of Sales Tax	121,036	121,903	100,348	--	--	(100)
Sales Taxes	357,255	372,782	437,775	521,910	534,236	78
Utility Users' Taxes	631,492	637,318	614,814	611,160	640,711	(1)
Business Taxes	476,908	500,774	507,635	546,494	534,994	16
Other Taxes	585,457	621,268	658,418	719,975	771,012	95
Total Revenues	\$ 3,861,140	\$ 4,016,005	\$ 4,163,430	\$ 4,392,121	\$ 4,584,006	31

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)			
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
2017	510,467,606	19,992,855	530,460,461	6.54	1.021297	131
2018	544,661,406	20,848,203	565,509,609	6.61	1.021345	139

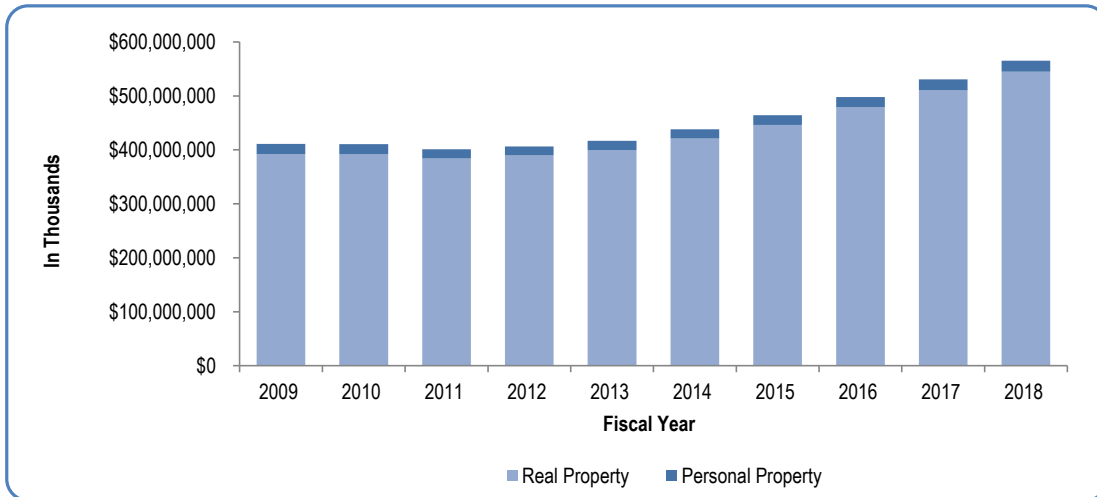
Source: Taxpayer's Guide - Auditor Controller, County of Los Angeles.

⁽¹⁾ Net of Homeowners' Exemption.

⁽²⁾ Assessed at 100% of estimated actual value. Includes 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



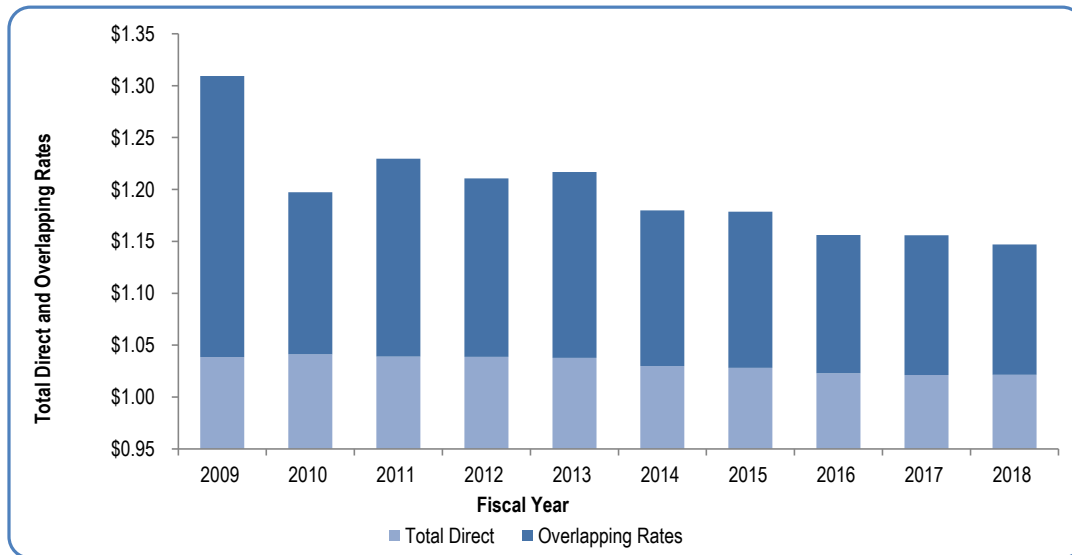
CITY OF LOS ANGELES
Direct and Overlapping Property Tax Rates
Tax Rate Area No. 4^(a)
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	General		Los Angeles County	L.A. Unified	Metropolitan	
		Obligation Debt Service	Total Direct		School District	Water District	
2009	1.000000	0.038541	1.038541	0.141730	0.124724	0.004300	1.309295
2010	1.000000	0.041220	1.041220	0.000000	0.151809	0.004300	1.197329
2011	1.000000	0.038895	1.038895	0.000000	0.186954	0.003700	1.229549
2012	1.000000	0.038666	1.038666	0.000000	0.168187	0.003700	1.210553
2013	1.000000	0.037694	1.037694	0.000000	0.175606	0.003500	1.216800
2014	1.000000	0.029754	1.029754	0.000000	0.146439	0.003500	1.179693
2015	1.000000	0.028096	1.028096	0.000000	0.146881	0.003500	1.178477
2016	1.000000	0.023030	1.023030	0.000000	0.129709	0.003500	1.156239
2017	1.000000	0.021297	1.021297	0.000000	0.131096	0.003500	1.155893
2018	1.000000	0.021345	1.021345	0.000000	0.122192	0.003500	1.147037

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	2018			2009		
	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	\$ 2,789,993,123	1	0.51 %	\$ 2,167,212,289	1	0.55 %
Essex Portfolio LP	1,403,756,659	2	0.26			
FSP South Flower Street	899,773,192	3	0.16			
Valero Energy Corporation	826,383,573	4	0.15			
Rochelle H. Sterling	753,506,679	5	0.14			
Anheuser Busch Inc.	744,693,400	6	0.14	945,557,875	2	0.24
One Hundred Tower LLC	639,863,052	7	0.12	565,773,579	3	0.14
Century City Mall LLC	639,283,209	8	0.12	431,293,769	8	0.11
Trizec 333 LA LLC	628,423,753	9	0.11	437,580,000	7	0.11
Phillips 66 Company	598,396,983	10	0.11			
Arden Realty LP				474,123,632	4	0.12
Duesenberg Investment Company				469,684,090	5	0.12
Taubman-Beverly Center				447,466,946	6	0.11
Topanga Plaza LP				430,593,417	9	0.11
Paramount Pictures Corp				416,123,939	10	0.11
Total	\$ 9,924,073,623		1.82 %	\$ 6,785,409,536		1.72 %
Total City Secured Assessed Valuation	\$ 544,587,624,617			\$ 392,147,329,618		

Source: California Municipal Statistics Inc
Taxpayers' Guides, 2017-2018 and 2008-2009

CITY OF LOS ANGELES

**Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)**

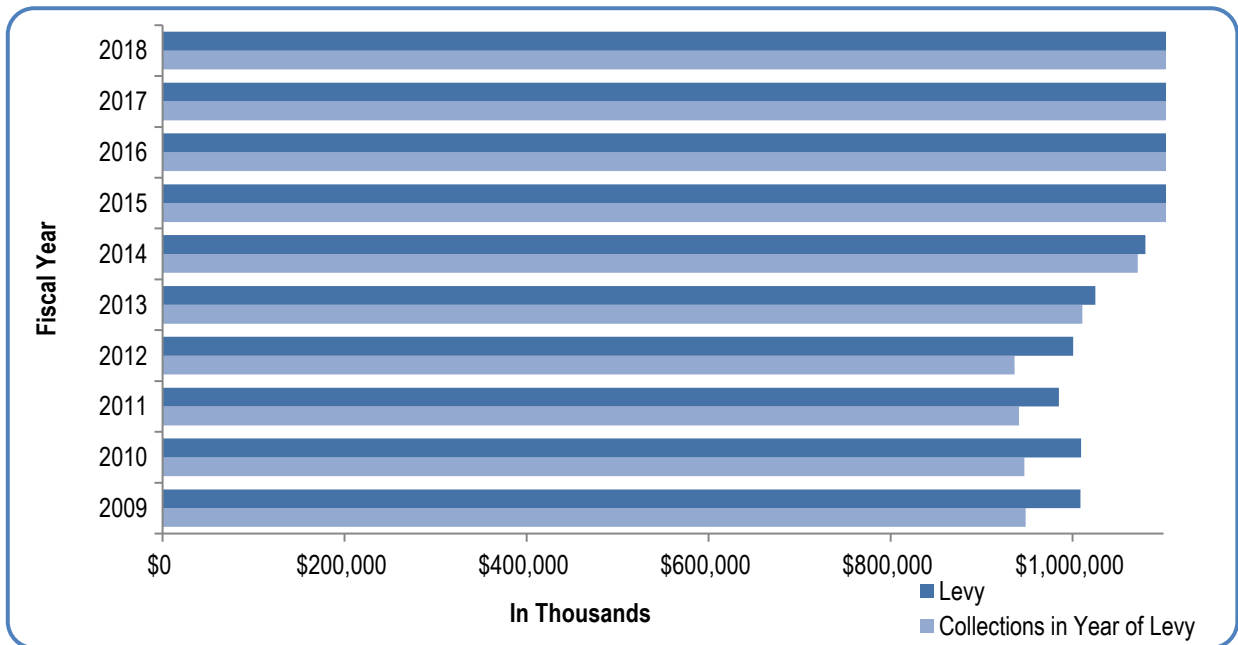
Fiscal Year	Total Tax Levy ^(a) for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^(b)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy ^(c)
2009	\$ 1,008,578	\$ 948,294	94.02 %	\$ 110,519	\$ 1,058,813	104.98 %
2010	1,009,256	947,165	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
2017	1,323,358	1,270,727	96.02	4,616	1,275,343	96.37
2018	1,408,319	1,346,492	95.61	21,781	1,368,273	97.16

^(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	
	Commercial and			Total	Residential	Commercial and Industrial
	Residential	Industrial	All Other			
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
2017	7,285	15,311	1,426	24,022	0.16	0.15
2018	7,258	15,210	532	23,001	0.17	0.16

CITY OF LOS ANGELES

**Average Number of Customers for Energy Sales
Power Enterprise Fund
Last Ten Fiscal Years**

Fiscal Year	Average Number of Customers (in thousands)			
	Commercial and			Total
	Residential	Industrial	All Other	
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
2017	1,378	123	6	1,507
2018	1,386	124	6	1,516

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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)

Governmental Activities							
Fiscal Year Ended June 30	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation and Lease Revenue		Revenue Bonds	Notes Payable	HUD Loan
			Bonds	Bonds			
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
2017	756,414	22,933	1,693,317	--	192,264	274,000	105,659
2018	736,177	14,748	1,634,552	--	156,734	320,100	90,467

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⁾
2009	\$ 11,563,845	\$ 446,989	\$ 2,826	\$ 255,723	\$ 49,518	\$ 16,307,529	3.98%	\$ 4,312
2010	14,186,991	647,116	2,361	288,273	--	19,365,106	4.52	5,106
2011	16,762,101	415,012	1,874	274,869	--	21,569,921	4.70	5,649
2012	16,517,924	462,199	1,366	314,227	--	21,373,213	4.34	5,537
2013	18,252,193	368,086	--	327,037	--	22,819,545	4.65	5,849
2014	19,276,291	435,000	--	438,128	--	23,761,754	4.53	6,034
2015	21,017,668	200,000	--	544,743	--	25,109,806	4.48	6,321
2016	22,460,800	200,000	--	590,228	--	26,441,495	4.58	6,612
2017	23,569,506	200,000	--	632,124	--	27,446,217	4.62	6,825
2018	24,614,878	310,832	--	646,919	--	28,525,407	N/A	7,036

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

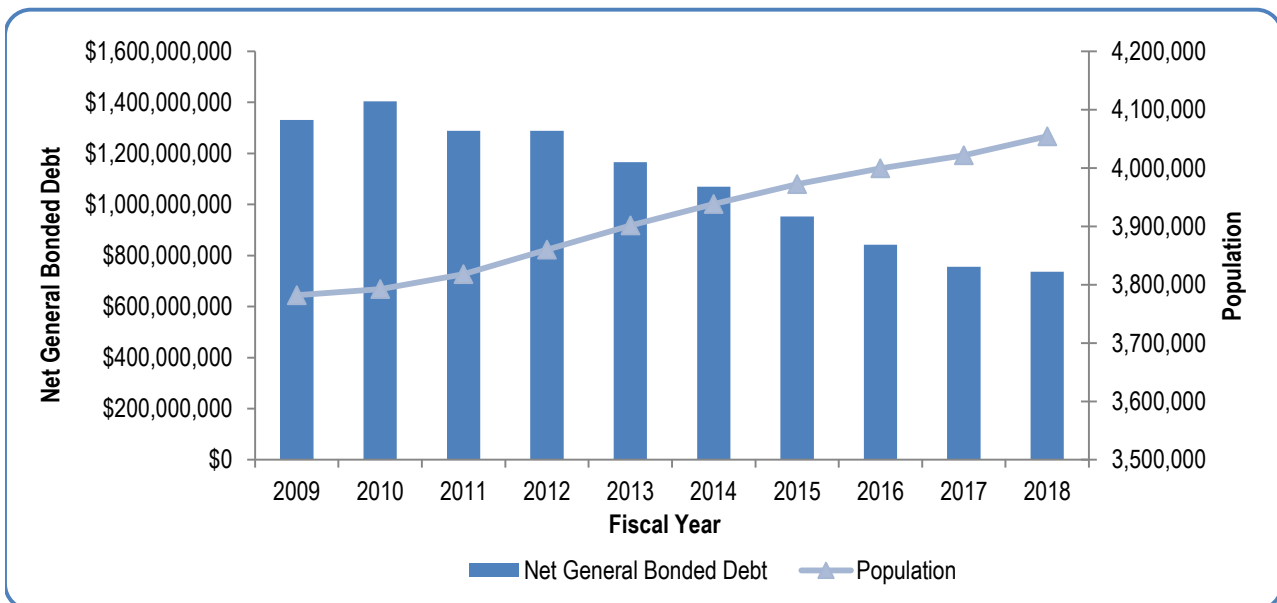
**Ratios of Net General Bonded Debt
to Assessed Value and Per Capita
Last Ten Fiscal Years**

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⁾
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	3,859,854	334
2013	1,165,924,000	416,539,450,297	0.28	3,901,412	299
2014	1,069,709,000	437,980,451,025	0.24	3,938,037	272
2015	952,278,000	464,420,493,438	0.21	3,972,348	240
2016	842,483,000	497,896,274,993	0.17	3,999,237	211
2017	756,414,000	530,460,460,734	0.14	4,021,488	188
2018	736,177,000	565,509,608,703	0.13	4,054,400	182

⁽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, 2018**

	Debt Outstanding June 1, 2018	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt June 1, 2018
Overlapping debt repaid with property taxes			
Metropolitan Water District of Southern California	\$ 60,600,000	20.727 %	\$ 12,560,562
Los Angeles Community College District	4,165,830,000	71.500	2,978,568,450
Beverly Hills Unified School District	380,866,507	0.145	552,256
Inglewood Unified School District	102,015,000	1.053	1,074,218
Las Virgenes Joint Unified School District	125,636,474	0.891	1,119,421
Los Angeles Unified School District	10,604,150,000	88.063	9,338,332,615
Other School Districts	463,526,523	Various	391,047
City of Los Angeles Community Facilities District No. 3	2,685,000	100.000	2,685,000
City of Los Angeles Community Facilities District No. 4	73,690,000	100.000	73,690,000
City of Los Angeles Community Facilities District No. 8	5,730,000	100.000	5,730,000
Mountains Recreation and Conservation Authority Assessment Districts	18,230,000	99.990-100.000	18,229,036
Los Angeles County Regional Park and Open Space Assessment Districts	26,575,000	39.857	10,591,998
Other overlapping debt			
Los Angeles County General Fund Obligations	1,921,992,404	39.857	766,048,512
Los Angeles County Superintendent of Schools Certificate Participation	6,500,306	39.857	2,590,827
Los Angeles County Sanitation District Nos. 1, 4, 5, 8 and 16 Authorities	50,759,722	0.001-11.650	2,436,600
Inglewood Unified School District Certificates of Participation	1,420,000	1.053	14,953
Las Virgenes Joint Unified School District Certificates of Participation	10,825,617	0.891	96,456
Los Angeles Unified School District Certificates of Participation	195,975,000	88.063	172,581,464
Less: Los Angeles Unified School District QZAB Bonds (supported by periodic payments to investment accounts)			(5,812,158)
Overlapping tax increment debt (Successor Agency)	434,600,000	100.000	434,600,000
Subtotal- overlapping debt			<u>\$ 13,816,081,257</u>
City of Los Angeles direct debt			
General Obligation Bonds	700,210,000	100.000	700,210,000
General Fund Obligations	1,564,227,093	100.000	1,564,227,093
Judgment Obligation	14,555,000	100.000	14,555,000
Subtotal - City of Los Angeles direct debt ⁽²⁾			<u>2,278,992,093</u>
Total direct and overlapping debt			<u><u>\$ 16,095,073,350</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.

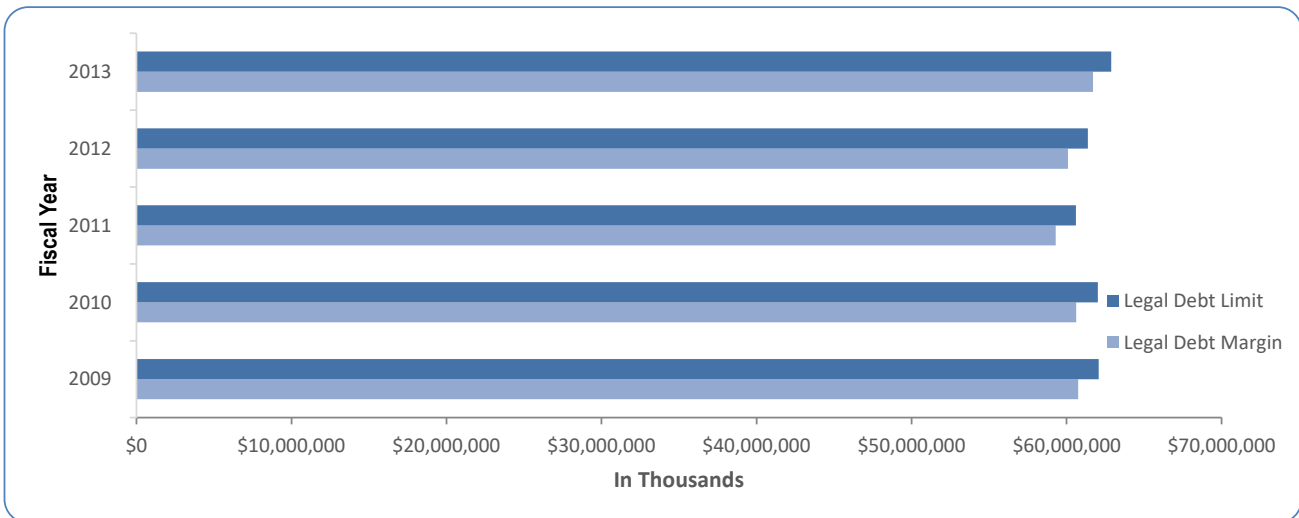
CITY OF LOS ANGELES

**Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2009	2010	2011	2012	2013
Assessed Valuation Net of Homeowners' Exemptions	\$ 411,135,224	\$ 410,756,330	\$ 401,273,954	\$ 406,456,673	\$ 416,539,450
Add: Homeowners' Exemptions	2,688,218	2,707,745	2,696,221	2,674,226	2,629,357
Gross Assessed Valuation	<u>\$ 413,823,442</u>	<u>\$ 413,464,075</u>	<u>\$ 403,970,175</u>	<u>\$ 409,130,899</u>	<u>\$ 419,168,807</u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 62,073,516	\$ 62,019,611	\$ 60,595,526	\$ 61,369,635	\$ 62,875,321
Less: General Obligation Bonds Outstanding	1,331,103	1,404,320	1,288,707	1,288,674	1,165,924
Legal Debt Margin	<u>\$ 60,742,413</u>	<u>\$ 60,615,291</u>	<u>\$ 59,306,819</u>	<u>\$ 60,080,961</u>	<u>\$ 61,709,397</u>
Legal Debt Margin as a Percentage of the Debt Limit	97.86%	97.74%	97.87%	97.90%	98.15%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.32%	0.34%	0.32%	0.31%	0.28%
Population ^(b)	3,781,951	3,792,621	3,818,120	3,859,854	3,901,412
General Obligation Bonds Outstanding Per Capita	\$352	\$370	\$339	\$334	\$299

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Legal Debt Limit (15% of assessed value) and Legal Debt Margin



CITY OF LOS ANGELES

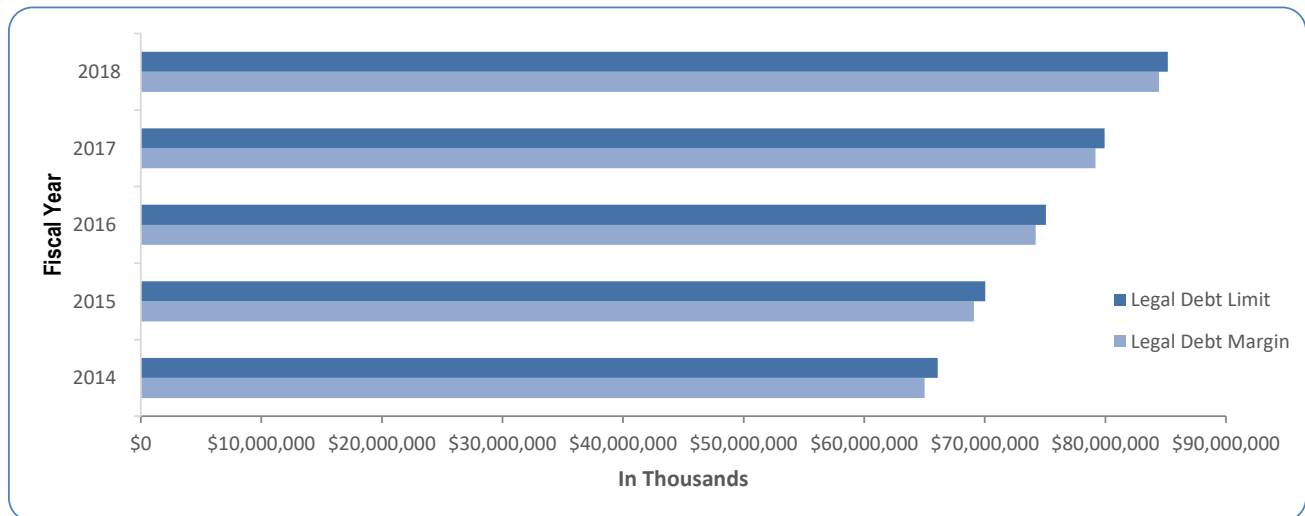
**Ratios of General Bonded Debt Outstanding and Legal Debt Margin - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2014	2015	2016	2017	2018
Assessed Valuation Net of Homeowners' Exemptions	\$ 437,980,451	\$ 464,420,493	\$ 497,896,275	\$ 530,460,461	\$ 565,509,609
Add: Homeowners' Exemptions	<u>2,588,592</u>	<u>2,545,253</u>	<u>2,502,726</u>	<u>2,454,777</u>	<u>2,411,314</u>
Gross Assessed Valuation	<u>\$ 440,569,043</u>	<u>\$ 466,965,746</u>	<u>\$ 500,399,001</u>	<u>\$ 532,915,238</u>	<u>\$ 567,920,923</u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 66,085,357	\$ 70,044,862	\$ 75,059,850	\$ 79,937,286	\$ 85,188,138
Less: General Obligation Bonds Outstanding	<u>1,069,709</u>	<u>952,278</u>	<u>842,483</u>	<u>756,414</u>	<u>736,177</u>
Legal Debt Margin	<u>\$ 65,015,648</u>	<u>\$ 69,092,584</u>	<u>\$ 74,217,367</u>	<u>\$ 79,180,872</u>	<u>\$ 84,451,961</u>
Legal Debt Margin as a Percentage of the Debt Limit	98.38%	98.64%	98.88%	99.05%	99.14%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.24%	0.20%	0.17%	0.14%	0.13%
Population ^(b)	3,938,037	3,972,348	3,999,237	4,021,488	4,054,400
General Obligation Bonds Outstanding Per Capita	\$272	\$240	\$211	\$188	\$182

(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>							
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
2017	1,460,713	725,190	735,523	325,681	2.3	614,930	1.9
2018	1,578,222	784,369	793,853	344,931	2.3	751,190	2.2
<u>Harbor Enterprise Fund Revenue Bonds and Notes</u>							
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	158,268	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
2017	487,806	227,675	260,131	87,570	3.0	274,581	3.1
2018	501,663	236,955	264,708	80,147	3.3	228,920	2.9
<u>Power Enterprise Fund Revenue Bonds and Notes</u>							
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
2017	3,853,514	2,564,978	1,288,536	538,814	2.4	957,064	1.8
2018	3,947,264	2,524,608	1,422,656	546,478	2.6	1,091,274	2.0

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>							
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	216,787	1.9	324,403	1.5
2016	1,215,469	735,769	479,700	241,123	2.0	184,462	0.8
2017	1,192,420	700,610	491,810	278,912	1.8	242,212	0.9
2018	1,256,737	685,894	570,843	309,825	1.8	565,679	1.8
<u>Sewer Enterprise Fund Revenue Bonds and Notes</u>							
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
2017	634,376	303,483	330,893	199,572	1.7	343,761	1.7
2018	682,779	284,184	398,595	210,291	1.9	357,341	1.7

- (1) For Airports and Harbor, 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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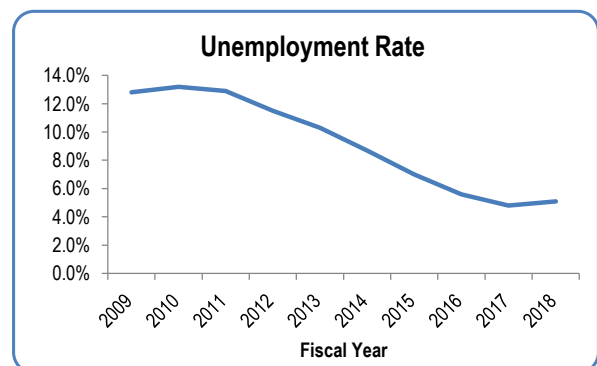
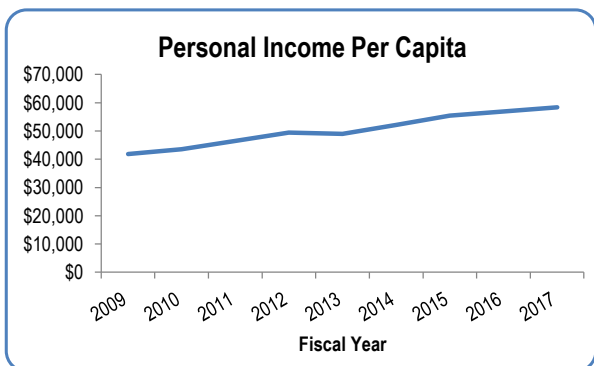
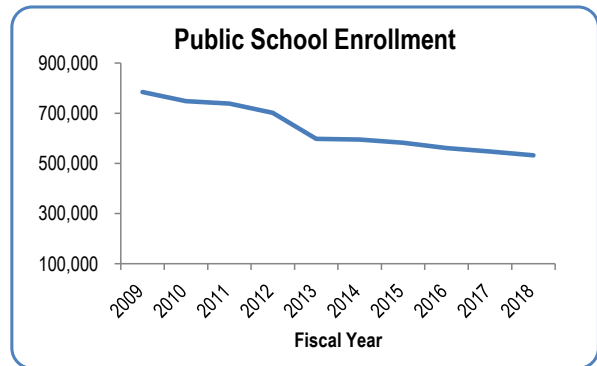
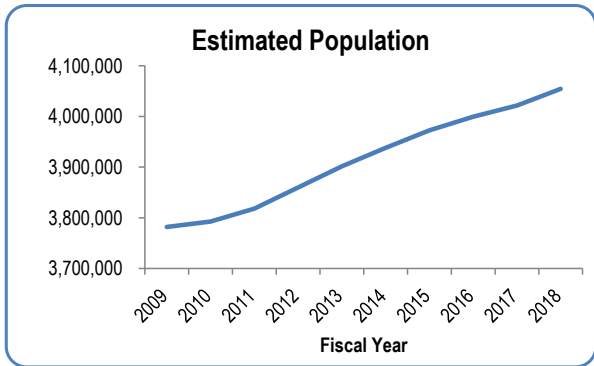
Demographic and Economic Information

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⁾
2009	3,781,951	\$ 409,793,204	\$ 41,869	33.3	784,457	12.8 %
2010	3,792,621	428,045,182	43,569	33.7	748,273	13.2
2011	3,818,120	459,098,093	46,439	33.9	738,113	12.9
2012	3,859,854	492,424,430	49,459	34.1	701,208	11.5
2013	3,901,412	491,016,518	49,010	34.3	598,020	10.3
2014	3,938,037	525,088,691	52,130	34.6	594,891	8.7
2015	3,972,348	560,484,548	55,366	34.9	582,430	7.0
2016	3,999,237	577,071,787	56,851	35.0	560,991	5.6
2017	4,021,488	593,741,110	58,419	36.0	547,246	4.8
2018	4,054,400	N/A	N/A	N/A	532,102	5.1

- (1) Data based on California Department of Finance report E-1, released May 1, 2018.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis - revised estimates of personal income for Los Angeles County updated on November 15, 2018 with revised estimates for 2009 to 2017. Data subsequent to 2018 is not available.
 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 - August 2018, not seasonally adjusted, released September 21, 2018
 N/A Not Available



CITY OF LOS ANGELES
Los Angeles County
Principal Employers (Non-Government)
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kaiser Permanente	37,468	1	0.8 %	34,179	1	0.8 %
University of Southern California	21,055	2	0.4	13,044	5	0.3
Northrop Grumman Corp.	16,600	3	0.3	19,137	2	0.5
Providence Health & Services Southern California	15,952	4	0.3	9,715	8	0.2
Target Corp.	15,000	5	0.3	13,000	6	0.3
Ralphs/Food 4 Less (Kroger Co. Division)	14,970	6	0.3	14,000	4	0.3
Cedars-Sinai Medical Center	14,903	7	0.3	9,300	10	0.2
Walt Disney Co.	13,000	8	0.3	--	--	--
Allied Universal	12,879	9	0.3	--	--	--
NBC Universal	12,000	10	0.3	--	--	--
Boeing Co.	--	--	--	14,400	3	0.3
Home Depot	--	--	--	10,000	7	0.2
Albertsons/Vons/Pavillions	--	--	--	9,688	9	0.2
All Others	4,709,773	--	96.4	4,198,737	--	96.7
Total ⁽¹⁾	<u>4,883,600</u>		<u>100.0 %</u>	<u>4,345,200</u>		<u>100.0 %</u>

Sources: Los Angeles Business Journal (LABJ) dated August 2018.

⁽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				
	2018	2017	2016	2015	2014
Governmental Activities	32,535	32,100	31,306	30,606	30,316
General Government					
City Administrative Officer	112	113	109	108	109
City Attorney	953	935	891	882	834
City Ethics Commission	24	24	22	23	20
Controller	146	142	135	146	143
Council	372	345	339	353	333
Employee Relations Board	3	3	3	3	3
General Services	1,352	1,342	1,356	1,321	1,309
Information Technology Agency	378	391	440	431	452
Mayor	203	185	170	161	146
Personnel	475	499	484	480	460
Neighborhood Empowerment	31	26	26	19	22
City Clerk	105	108	88	95	96
Commission on the Status of Women ⁽¹⁾	--	--	--	--	--
Human Relations Commission ⁽¹⁾	--	--	--	--	--
Office of Finance ⁽²⁾	309	329	317	311	326
Treasurer ⁽²⁾	--	--	--	--	--
Public Accountability ⁽⁸⁾	4	--	--	--	--
Protection of Persons and Property					
Animal Services	314	317	317	309	312
Building & Safety	892	935	849	808	744
Fire-Civilian	347	350	309	293	293
Fire-Sworn	3,356	3,311	3,265	3,140	3,181
Police- Civilian	3,002	2,920	2,754	2,723	2,810
Police- Sworn	9,990	9,948	9,866	9,856	9,739
Emergency Management ⁽³⁾	23	23	25	23	21
Public Works					
Public Works- Contract Administration	314	298	284	270	278
Public Works- Engineering	771	768	756	733	710
Public Works- Street Lighting	251	235	226	205	194
Public Works- Street Services	992	974	865	838	869
Public Works- Board of Public Works	95	96	95	85	81
Health and Sanitation					
Public Works- Sanitation	2,739	2,601	2,564	2,425	2,318
Environmental Affairs ⁽⁴⁾	--	--	--	--	--
Cannabis Regulation ⁽⁸⁾	7	--	--	--	--
Transportation					
Transportation	1,340	1,324	1,340	1,276	1,268
Cultural and Recreational Services					
Cultural Affairs	60	58	46	36	34
El Pueblo de los Angeles Historical Monument	9	9	9	9	9
Library	822	774	748	707	653
Recreation and Parks	1,379	1,376	1,332	1,320	1,316
Zoo	216	204	202	195	198
Community Development					
Aging	32	36	38	32	34
Economic and Workforce Development ⁽⁵⁾	127	135	136	140	151
Disability	20	20	17	15	17
Housing and Community Investment ⁽⁶⁾	589	598	591	567	598
City Planning	381	348	292	268	235
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**

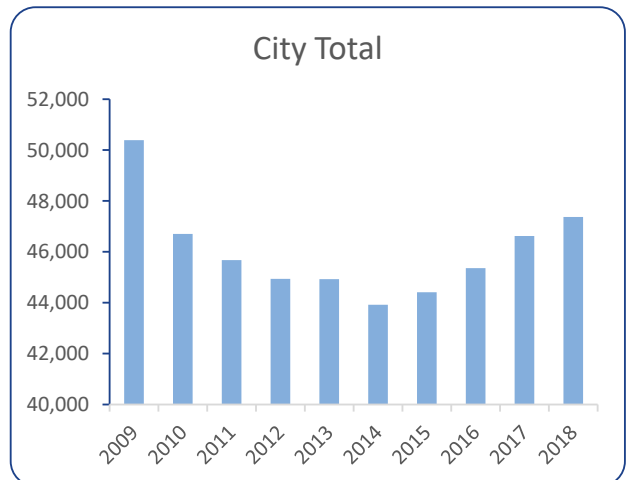
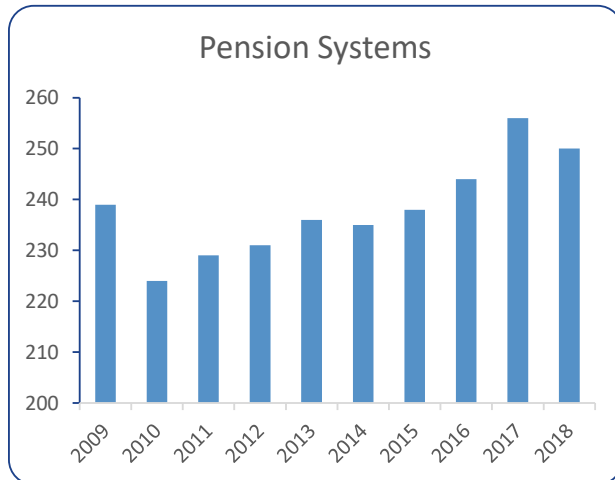
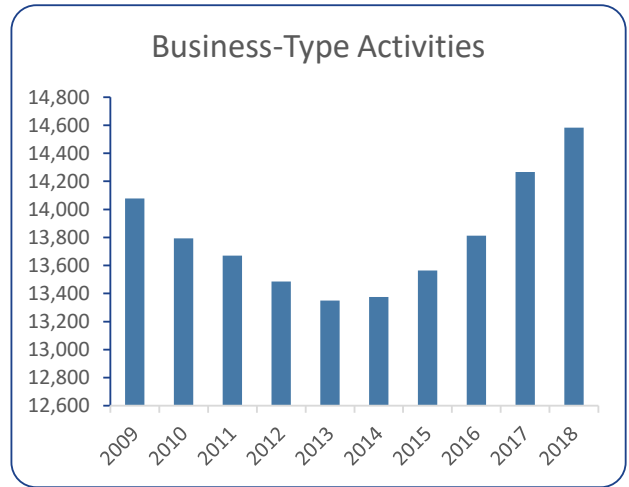
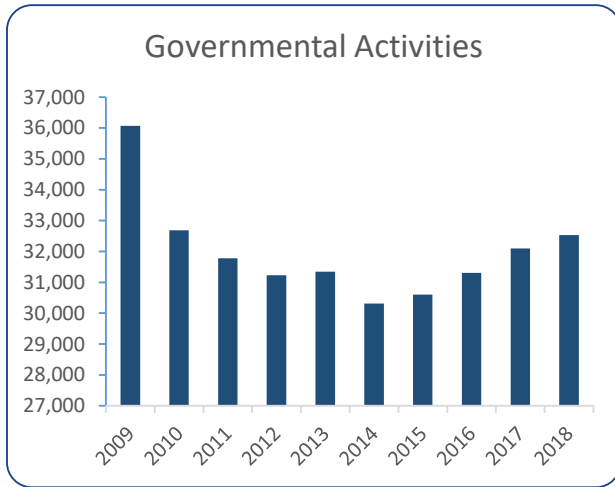
	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities	31,344	31,225	31,778	32,689	36,074
General Government					
City Administrative Officer	103	102	103	107	128
City Attorney	813	825	870	885	986
City Ethics Commission	18	17	18	22	26
Controller	146	152	157	156	184
Council	364	334	321	338	350
Employee Relations Board	3	3	3	3	4
General Services	1,430	1,630	1,707	1,881	2,273
Information Technology Agency	463	488	522	582	714
Mayor	173	175	171	195	189
Personnel	460	380	371	384	477
Neighborhood Empowerment	23	18	18	19	42
City Clerk	97	98	96	99	140
Commission on the Status of Women ⁽¹⁾	--	--	--	--	2
Human Relations Commission ⁽¹⁾	--	--	--	--	10
Office of Finance ⁽²⁾	336	345	326	324	372
Treasurer ⁽²⁾	--	--	30	34	39
Public Accountability	--	--	--	--	--
Protection of Persons and Property					
Animal Services	318	311	319	343	366
Building & Safety	760	723	719	782	958
Fire-Civilian	297	298	296	298	362
Fire-Sworn	3,206	3,317	3,459	3,562	3,708
Police- Civilian	2,888	2,783	2,824	2,877	3,256
Police- Sworn	9,875	9,875	9,810	9,878	9,973
Emergency Management ⁽³⁾	31	22	24	21	27
Public Works					
Public Works- Contract Administration	294	287	293	306	358
Public Works- Engineering	701	718	737	738	932
Public Works- Street Lighting	209	192	200	198	215
Public Works- Street Services	931	982	1,011	1,073	1,327
Public Works- Board of Public Works	81	92	93	94	131
Health and Sanitation					
Public Works- Sanitation	2,317	2,333	2,430	2,427	2,701
Environmental Affairs ⁽⁴⁾	--	--	--	19	28
Cannabis Regulation	--	--	--	--	--
Transportation					
Transportation	1,287	1,307	1,355	1,414	1,597
Cultural and Recreational Services					
Cultural Affairs	34	34	39	45	57
El Pueblo de los Angeles Historical Monument	10	10	11	15	18
Library	999	655	664	699	833
Recreation and Parks	1,388	1,429	1,478	1,587	1,904
Zoo	213	205	201	186	211
Community Development					
Aging	34	41	41	42	45
Economic and Workforce Development ⁽⁵⁾	255	268	266	270	236
Disability	15	11	14	16	19
Housing and Community Investment ⁽⁶⁾	511	531	544	528	526
City Planning	261	234	237	242	297
Commission for Children, Youth and Their Families ⁽¹⁾	--	--	--	--	53

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent
Last Ten Fiscal Years**

	Fiscal Year				
	2018	2017	2016	2015	2014
Business-Type Activities	14,583	14,266	13,813	13,564	13,375
Los Angeles Convention Center	8	11	12	12	11
Water and Power	10,044	9,794	9,456	9,228	8,924
Airports ⁽⁷⁾	3,647	3,578	3,439	3,439	3,491
Harbor ⁽⁷⁾	884	883	906	885	949
Pension Systems	250	256	244	238	235
City Employees Retirement System	138	140	131	128	125
Fire and Police Pension System	112	116	113	110	110
Grand Total	47,368	46,622	45,363	44,408	43,926

**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				
	2013	2012	2011	2010	2009
Business-Type Activities	13,350	13,486	13,671	13,794	14,078
Los Angeles Convention Center	92	109	112	111	150
Water and Power	8,776	8,867	9,065	9,200	9,210
Airports ⁽⁷⁾	3,535	3,552	3,535	3,535	3,747
Harbor ⁽⁷⁾	947	958	959	948	971
Pension Systems	236	231	229	224	239
City Employees Retirement System	127	124	124	126	134
Fire and Police Pension System	109	107	105	98	105
Grand Total	44,930	44,942	45,678	46,707	50,391

⁽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.

⁽⁸⁾ The Cannabis Regulation and Public Accountability were established in fiscal year 2018.

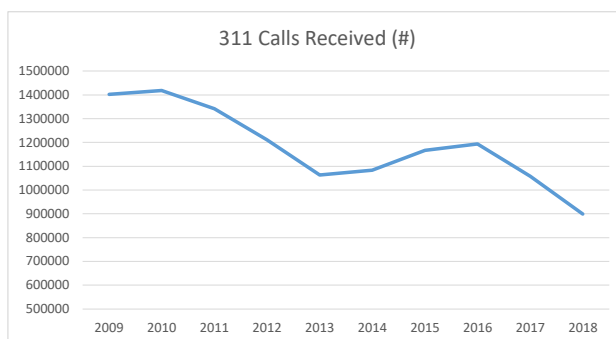
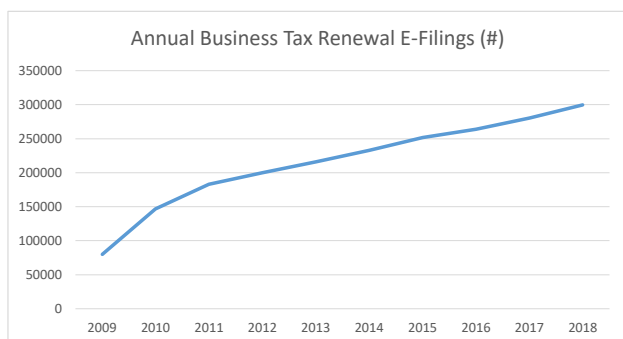
Sources:

Fiscal year 2009 through 2018: 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

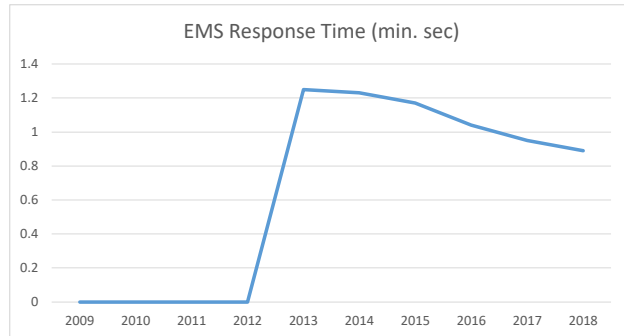
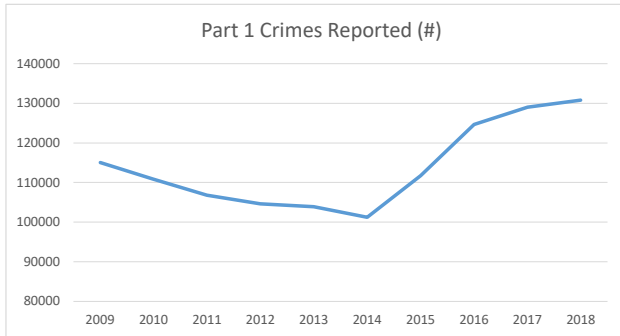


Department/Program	Indicator	Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Attorney											
Criminal Prosecution											
Combined criminal jury and court trials (#)		344	321	352	362	308	342	315	477	632	845
Consumer protection-cases reviewed (#)		200	200	230	100	150	160	159	160	170	300
Consumer cases concluded (#)		130	120	146	--	--	--	--	--	--	--
Environmental cases concluded (#)		465	452	383	412	409	329	488	312	350	600
Housing/rent control cases concluded (#)		744	764	1,007	842	608	603	435	402	395	250
General Services											
Building Maintenance											
Maintenance work orders completed (%)		72	73	71	71	71	--	--	--	--	--
Energy conservation audits completed (#)		20	20	20	8	12	--	--	--	--	--
Custodial Services											
Municipal facilities cleaned per day (% of square feet)		100	100	90	90	85	--	--	--	--	--
Fleet Services											
Vehicles available for Bureau of Sanitation operations (%)		88	89	84	83	83	85	--	--	--	--
Vehicles available for Bureau of Street Services operations (%)		81	84	82	85	79	78	--	--	--	--
Vehicles available for Dept of Transportation operations (%)		92	92	93	92	90	91	--	--	--	--
Real Estate Services											
City-as-tenant leases remaining		71	75	77	88	100	--	--	--	--	--
Supply Services											
Days to process orders under \$100,000		44	27	35	--	--	--	--	--	--	--
Information Technology Agency											
3-1-1 Call Center Operations											
Average wait time per caller (# of seconds) (5)		294	370	142	61	70	224	170	180	140	40
Number of calls received (#) (5)		898,435	1,057,107	1,193,757	1,166,105	1,083,097	1,062,894	1,211,000	1,341,000	1,417,801	1,402,658
Total Contacts		1,384,829	1,484,035	1,481,185	1,338,830	1,192,706	1,190,105	--	--	--	--
Neighborhood Empowerment											
Community Impact Statements submitted by NC's (#)		408	320	258	343	152	--	114	--	--	--
Office of Finance											
Revenue Billings, Audit and Collections											
Annual Business Tax renewal e-filings (#)		299,455	280,159	263,870	251,449	232,667	216,140	200,000	182,801	146,713	80,000
Refund claims processed (#)		6,596	5,722	7,417	6,188	8,411	10,667	10,010	16,969	15,591	27,934
Total tax accounts audited (#)		2,133	2,666	3,465	4,472	4,819	4,839	5,146	5,567	6,297	7,771
Personnel											
Employee Selection											
Exams completed in 150 days (#)		73	65	71	69	73	--	--	--	--	--
Employee Training and Development											
Non-mandated courses completed in the Online Training Academy		16,191	20,321	7,996	5,624	4,119	951	--	--	--	--

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Protection of Persons and Property

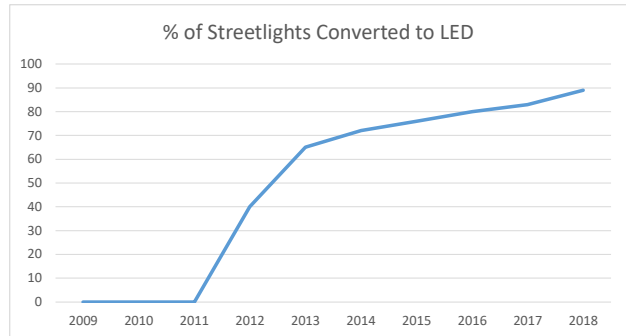
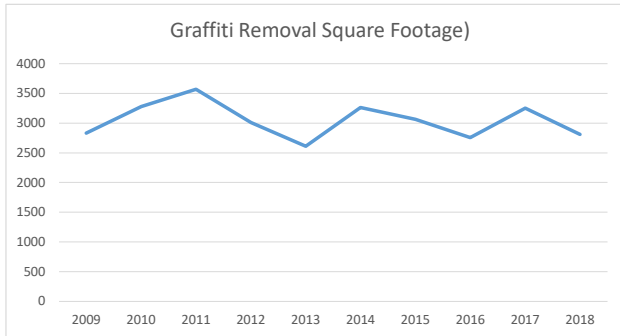


Department/Program	Indicator	Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Animal Services											
Animal Licensing and Permitting Operations											
	Dog licenses issued (#)	120,669	130,242	131,959	120,975	123,008	126,234	123,060	121,817	116,500	121,138
Animal Shelter Operations Program											
	Animals adopted (#)	34,811	32,920	31,100	32,826	32,910	32,440	30,414	29,525	26,952	28,154
	Animals euthanized (#)	7,015	8,425	10,931	14,083	15,028	17,063	23,955	24,632	25,298	24,742
	Animals impounded (#)	53,595	52,460	51,676	57,225	56,813	61,632	64,952	64,417	64,333	65,445
Building and Safety											
Conservation of Existing Structures and Mechanical Devices											
	Complaints responded to within 10 days (%)	74	69	59	47	52	51	54	56	63	--
Engineering Plan Checking											
	Building Permits issued (#)	177,783	164,890	156,942	141,445	133,575	126,426	121,140	115,699	115,225	110,992
	Plan reviews completed within 15 days (%)	81	75	82	78	88	91	89	86	87	--
New Construction Inspection											
	Response to inspection requests within 24 hours (%)	84	91	90	94	94	98	98	98	100	99
Fire											
Emergency Medical Services											
	EMS Incidents (#)		382,968	270,503	341,370	306,759	--	--	--	--	--
	Units dispatched to emergency medical incidents (#)		722,087	712,035	681,965	644,446	--	--	--	--	--
	Average time to leave station after notified - EMS (min.sec)	0.89	0.95	1.04	1.17	1.23	1.25	--	--	--	--
	Average travel time to incident - EMS (min.sec)	4.39	4.47	4.28	4.07	4.08	4.02	--	--	--	--
Fire :											
	Actual Fires - Non structure fires (#)	17,016	13,971	13,137	12,917	12,069	10,836	10,991	10,686	11,640	12,173
	Actual Fires - Structure fires (#)	4,012	4,449	4,430	4,562	4,698	4,624	4,871	4,172	3,734	4,026
	Closure rate in criminal fires investigation (%)			82	50	40	39	40	70	69	71
	Emergency responses - Fires (includes automatic alarms) (#)	133,401	140,933	132,546	127,380	133,080	121,381	122,492	118,986	114,121	138,200
	Emergency responses - Hazardous conditions (#)	3,225	4,101	5,238	4,190	4,949	4,734	4,852	5,209	4,636	5,700
	Emergency responses - Rescues and others (#)	31,771	35,366	44,604	34,331	40,268	40,822	39,324	37,834	38,247	35,500
	Average time to leave station after notified - Fire (min.sec)	0.88	0.93	1.00	1.15	1.22	1.20	--	--	--	--
	Average travel time to incident - Fire (min.sec)	4.38	4.43	4.26	4.07	4.18	4.10	--	--	--	--
Communications											
	Call Processing Time (min.sec)	1.07	1.03	1.02	1.00	1.25	1.28	--	--	--	--
Police											
Patrol											
	Part I crimes reported (#)	130,804	128,997	124,623	111,690	101,228	103,856	104,604	106,827	110,827	115,000
	Part II crimes reported (#)	97,218	94,272	98,535	95,257	90,525	84,174	85,938	74,251	77,325	84,000
	Response time to emergency calls (# in minutes)	5.62	6.15	6.10	5.60	6.50	6.00	6.00	6.00	7.00	7.00
	Total arrests (#)	96,003	99,241	126,434	125,567	130,262	150,552	162,698	160,480	151,174	168,000
Specialized Crime Suppression and Investigation											
	Completed fingerprint cases (#)	4,929	4,241	4,105	3,923	3,397	5,070	4,342	5,492	9,669	6,778
	Completed sexual assault kits (#)	1,254	1,275	1,158	1,105	1,030	1,188		1,097	1,332	2,740
Technical Support											
	Complaint board calls received - 911 (#)	3,366,438	3,147,224	3,196,225	3,220,084	2,284,913	2,276,363	2,269,872	2,140,387	3,557,626	2,520,000
Traffic Control											
	Fatal and injury traffic accidents (#)	25,387	25,217	24,488	22,661	21,104	20,996	21,216	18,448	20,408	26,000
	Traffic citations issued (#)	216,673	219,911	234,311	336,683	447,062	428,178	504,312	564,432	594,193	553,000

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Public Works

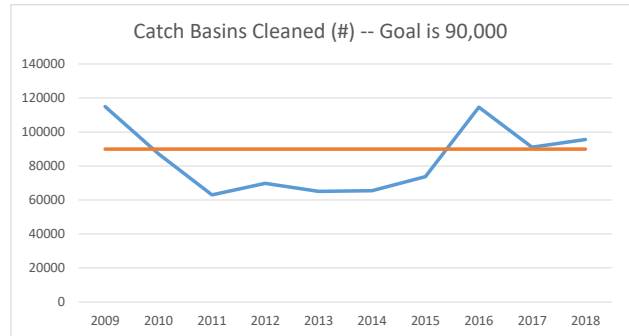
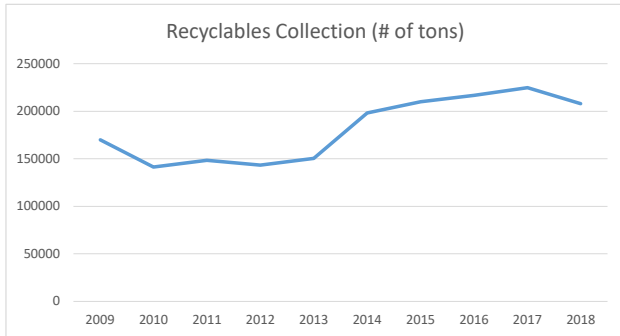


Department/Program	Indicator	Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Board of Public Works											
Office of Community Beautification											
	Graffiti eradicated/square footage (# in 1,000 sq ft)	2,809	3,253	2,754	3,062	3,264	2,612	3,009	3,570	3,277	2,829
	Graffiti removal requests completed in 24 hrs (%)	73	77	55	48	66	58	63	63	66	--
Bureau of Contract Administration											
Construction Inspection											
	Number of private development inspections (#)	176	175	150	224	147	157	169	144	--	--
Contract Compliance											
	Prevailing Wage Restitution Completed (\$ millions)	0.55	1.10	0.53	1.21	1.54	0.93	0.91	1.03	1.46	0.76
Bureau of Engineering											
	Capital Projects Completed (#)	143	106	144	147	124	116	92	118	124	--
Bureau of Street Lighting											
Design and Construction											
	Streetlights converted to LED (% of total)	89	83	80	76	72	65	40	--	--	--
System Operation, Maintenance and Repair											
	Percent of streetlights operating (%)	99.34	99.33	99.37	99.30	99.00	99.00	99.10	--	--	--
Street Services											
Maintaining Streets											
	Small asphalt repairs (# of square feet)	820,592	1,513,764	1,121,767	1,050,411	1,402,144	1,416,500	1,206,612	1,190,244	1,448,820	--
	Response time to pothole service requests (days)	2.3	1.3	--	--	--	--	--	--	--	--
Street Cleaning Program											
	Completion frequency-posted routes (%)	98	99	91	93	96	97	97	93	95	97
Street Improvement Program											
	Access ramps constructed (#)	532	526	742	1,035	1,256	1,560	1,724	1,829	1,556	1,044
	Bus pads constructed (#)	55	49	58	101	76	97	144	144	36	76
	Concrete bus landings installed (#)	0	50	65	170	107	30	11	29	15	--
	Sidewalks repaired (# of square feet)	329,410	309,343	118,732	--	--	--	--	--	--	59
Street Resurfacing and Reconstruction Program											
	Streets resurfaced (# of lane miles)	660	848	855	855	--	--	--	--	--	--
	Streets slurry sealed (# of lane miles)	1,739	1,560	1,555	1,545	--	--	--	--	--	--
	Streets resurfaced (# of centerline miles)	--	--	--	--	245	245	236	174	149	200
	Streets slurry sealed (# of centerline miles)	--	--	--	--	455	455	401	401	401	--
Street Tree and Parkway Maintenance Program											
	Trees trimmed by contracted forces (#)	31,844	36,036	33,850	23,142	14,847	19,607	12,720	11,240	23,181	--

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Health and Sanitation

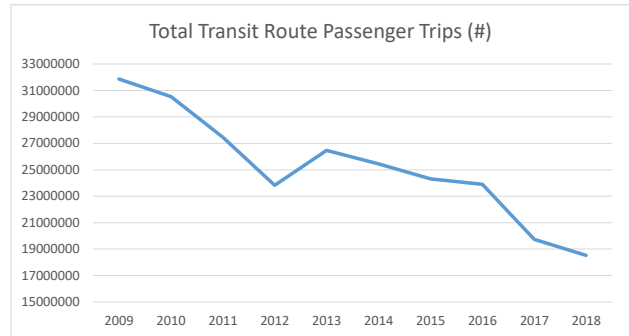
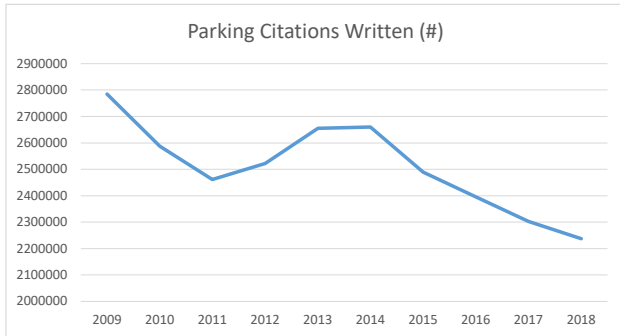


Department/Program	Indicator	Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Sanitation											
Household Refuse Collection Program											
	Tons Collected - Bulky items (# of tons)	53,766	91,224	60,101	46,416	33,720	34,000	27,640	32,479	33,330	33,146
	Tons Collected - Recyclables (# of tons)	207,756	224,796	216,542	209,924	198,143	150,380	143,338	148,194	141,314	170,000
	Tons Collected - Refuse (# of tons)	928,377	953,670	907,611	873,104	852,635	848,890	851,434	882,005	867,113	1,034,429
	Tons Collected - Yard trimmings (# of tons)	414,729	417,354	417,325	425,070	428,237	522,737	470,527	492,341	474,657	555,049
Solid Resources											
	Convert refuse collection fleet to clean fuels (%)	82	80	78	78	76	78	74	71	66	61
Watershed Protection											
	Catch basin cleaning (#)	95,561	91,021	114,699	73,772	65,492	65,000	69,772	63,070	87,051	115,000

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Transportation

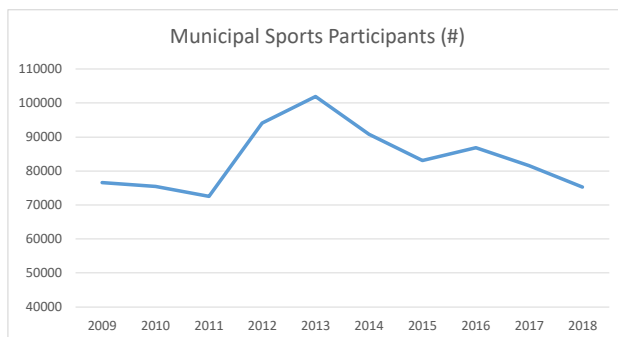
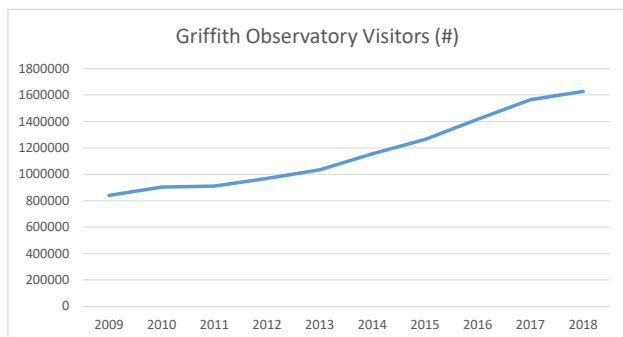


Department/Program	Indicator	Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Transportation											
Parking Management and Intersection Control											
	Citations written (#)	2,237,086	2,302,206	2,395,778	2,489,390	2,659,718	2,654,910	2,522,302	2,461,529	2,587,925	2,784,351
	Crossing guard assignments (#)	537	529	523	524	507	492	492	486	486	486
	Hours of intersection control (#)	53,901	32,400	25,997	25,997	23,490	23,730	30,370	27,622	42,842	72,618
	Peak hour tows and other tows (#)	61,060	32,647	31,245	49,910	39,999	45,921	48,648	41,244	44,334	55,057
Traffic Control Devices											
	New signals (Traffic and Pedestrian) installed (#)	32	19	31	11	19	32	105	--	--	--
	Traffic signals repaired (#)	626	725	766	10,797	8,832	8,769	8,832	--	--	--
Transit Capital Programming											
	Active traffic congestion relief projects (#)	64	62	96	81	79	84	78	59	45	58
	Increase in bicycle lane miles (# of miles)	10	12	9	23	41	101	51	17	10	7
Transit Operations											
	Total transit vehicle passenger trips (#)	18,527,770	19,741,533	23,895,017	24,306,283	25,453,959	26,467,594	23,824,821	27,466,279	30,535,921	31,860,898
Transportation System Operations											
	Red curb miles reinstalled/installed (#)	199	295	362	334	372	392	470	466	540	611
	Signs maintained/replaced (#)	28,115	46,189	52,422	49,029	7,812	43,728	66,556	63,019	89,415	108,032
	Temporary signs installed/removed (#)	726,009	726,200	646,724	365,068	436,589	471,376	423,759	414,268	347,990	365,389
	Thermoplastic longline striping installed/reinstalled (# of miles)	933	963	1,326	137	61	151	925	540	632	617

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Cultural and Recreational Services

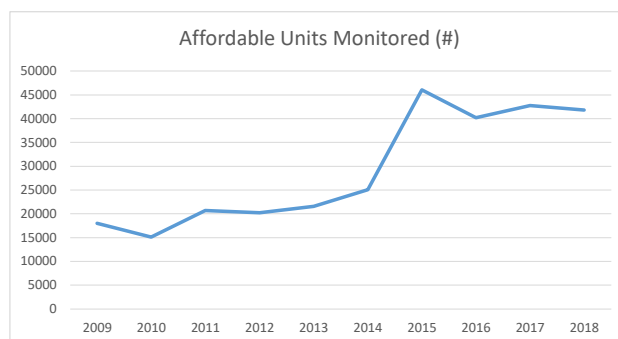
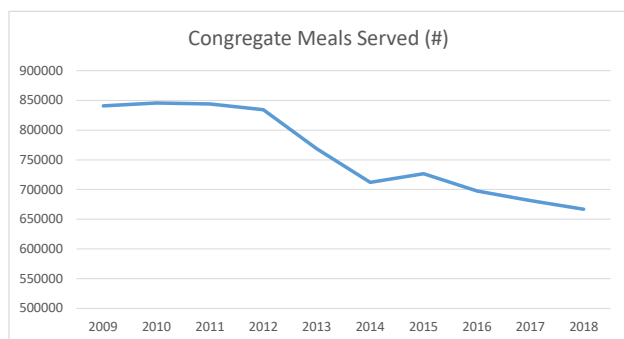


Department/Program	Indicator	Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Convention Center											
Convention and Tourism Development											
	Citywide conventions and center events (#)	27	32	29	25	23	24	23	22	13	19
	Delegates attending Citywide conventions (#)	440,634	503,036	496,886	320,900	299,274	215,800	291,700	363,000	167,160	--
	Exhibit hall events hosted (#)	148	153	167	156	126	140	137	149	161	161
Cultural Affairs											
City Arts											
	Art class enrollment (#)	185,546	182,078	121,356	212,506	15,000	14,000	13,500	13,000	15,000	16,850
	Theater attendance (#)	98,498	112,200	68,129	91,166	150,000	140,000	128,625	115,000	121,014	120,000
Community Arts											
	Art exhibitions presented (#)	1,371	692	655	1,082	65	60	52	27	46	52
	Special events/festivals (#)	149	133	118	142	20	17	15	18	30	33
Performing Arts											
	Music/theatre programs presented (#)	591	751	505	759	--	--	--	--	--	--
El Pueblo											
Events											
	Cultural and special events (#) (6)	122	152	137	73	119	--	--	--	--	--
History and Museums											
	Museum visitors (#) (6)	493,460	656,322	582,623	627,301	588,517	--	--	--	--	--
Library											
Public Library Services											
	Attendance level for cultural programming (#)	402,881	417,831	368,339	371,810	355,211	531,498	332,937	301,387	283,000	282,380
	Items circulated (#)	16,142,466	16,276,897	16,353,158	15,800,499	15,086,605	14,983,679	15,337,032	15,144,804	16,524,292	15,925,000
	Number of people visiting library facilities (#)	11,198,977	13,145,751	13,504,301	14,093,505	14,584,162	14,096,741	13,821,289	12,673,629	16,041,407	16,400,000
	Registered borrowers (#)	2,120,032	1,665,288	1,411,764	1,236,890	1,148,250	1,099,165	1,076,578	1,231,764	1,368,354	1,475,000
Recreation and Parks											
Advance Planning											
	New parks opened to the public (#)	2	5	8	7	10	8	16	--	--	--
Educational Exhibits											
	Observatory attendance (#)	1,628,315	1,565,700	1,417,282	1,264,376	1,155,104	1,033,429	969,479	909,668	902,489	840,151
Expo Center											
	Number of visitors to the Expo Center (#)	672,591	675,291	877,374	489,257	448,860	889,000	819,000	--	--	--
Museums and Educational											
	Visitors to museums (excluding Griffith Observatory) (#)	493,822	535,255	585,230	472,044	429,085	310,000	325,000	--	--	--
Recreational Opportunities											
	Aquatics - Attendance for recreational swim (#)	2,592,208	2,430,377	2,962,513	2,648,817	2,951,899	3,255,404	2,696,366	2,635,207	3,296,327	2,811,807
	Camps - Camper days (# of days)	73,929	70,654	65,283	66,626	62,427	55,624	56,204	18,900	34,060	39,513
	Municipal Sports - Team sports participants (#)	75,306	81,572	86,806	83,045	90,815	101,916	94,141	72,502	75,500	76,543
Zoo											
Admissions											
	Attendance (#)	1,802,387	1,743,795	1,784,786	1,752,279	1,550,343	1,506,274	1,660,450	1,543,232	1,459,080	1,556,162

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Community Development

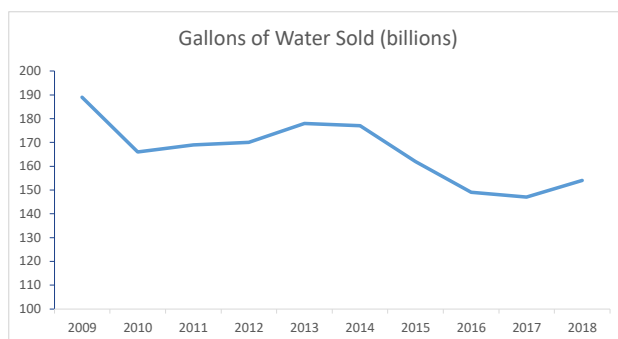
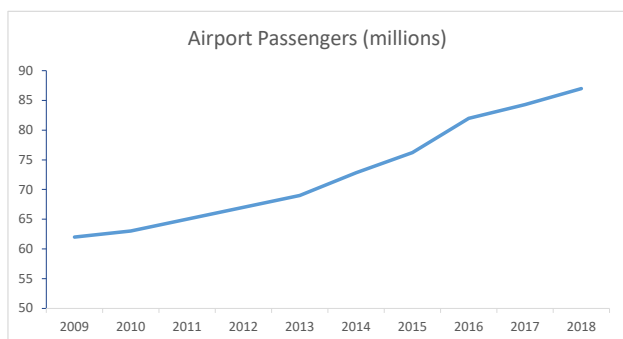


Department/Program	Indicator	Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Aging											
Family Caregiver Services											
Community education participants (#)		4,515	2,652	2,486	3,327	8,490	7,682	14,820	13,026	13,412	12,012
Senior Social Services											
Congregate meals served (#)		666,705	681,524	697,731	726,865	711,895	768,560	834,063	844,074	845,797	840,605
Homebound meals served (#)		721,423	725,079	737,100	740,713	755,480	768,536	756,462	781,553	809,649	791,422
Prop A - One-way transportation trips (#)		125,648	123,253	130,229	132,101	131,269	129,354	128,300	134,412	135,057	134,849
City Planning											
Community Planning											
Community Plans Less Than 10 Years Old (#)		6	7	5	2	2	3	4	--	--	--
Geographic Project Planning											
Cases Completed (#)		2,133	3,558	2,397	2,133	1,774	1,549	1,432	--	--	--
Major Projects											
Entitlement Cases Requiring and EIR (#)		18	20	11	9	--	--	--	--	--	--
Disability											
ADA Compliance											
Sign language and captioning requests processed (#)		327	94	389	397	245	342	294	--	--	--
AIDS Coordination											
HIV tests/referrals provided (#)		18,000	10,000				10,000	10,840	--	3,000	2,500
Individuals serviced by Prevention Program (#)		23,000	25,000	27,528	25,569	46,877	--	--	--	--	--
Syringes removed (# in millions)		1	1	1	1	1	1	1	--	--	--
Economic and Workforce Development											
Economic Development											
Businesses established by Business Source (#)		232	324	291	205	221	231	64	182	--	--
New jobs created through business source and lending (#)		1,069	1,364	1,039	2,000	331	--	--	--	--	--
Workforce Development											
HireLA Youth placed in employment (#)		16,834	15,500	15,070	11,382	10,256	--	--	--	--	--
Job training enrollments for adults/dislocated workers (#)		28,723	32,075	34,946	22,302	3,900	4,695	4,218	6,237	--	--
Housing a											
Code Enforcement											
Multi-family unit inspected every 4 years (#)		750,000	720,000	742,523	720,000	180,000	179,728	189,771	180,000	183,741	183,741
Periodic unit inspections (#)		178,646	177,795	169,568	164,655	165,928	180,484	178,160	176,908	189,611	180,776
Compliance Monitoring											
Affordable units monitored (#)		41,812	42,757	40,218	46,041	25,061	21,578	20,226	20,684	15,121	18,000
Finance & Development											
New funded transit oriented development housing units (#)		669	459	585	526	828	--	--	--	--	--
Homeownership and Preservation											
Housing units made lead safe (#)		48	86	61	84	114	121	195	41	80	138
Housing Preservation and Production											
Low income units financed under the Homeownership Pgm (#)		56	44	81	88	91	--	--	--	--	57
Rent											
Complaints resolved within 120 days (%)		79	78	79	89	88	--	--	--	--	--
Rent adjustments processed (#)		669	559	405	476	381	--	--	--	--	550
Rental units registered (#)		508,064	528,716	527,732	528,395	530,894	529,106	531,603	531,999	532,691	518,000
Tenant complaints processed (#)		9,728	7,661	6,897	6,248	5,874	5,780	5,426	6,408	5,632	8,900
Strategic Planning & Policy Development											
Housing unit at risk of losing affordability restrictions contacts (#)		82	1,364	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									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Airports											
	Air cargo (# in thousand tons)	2,416	2,508	2,655	2,588	2,393	2,400	2,366	2,296	2,242	2,018
	Aircraft movements (# in thousands)	949	956	970	944	974	939	976	989	1,025	1,049
	Passengers (# in millions)	87	84	82	76	73	69	67	65	63	62
Harbor											
	Containerized cargo volume (# in millions of TEUs)	9	9	8	8	8	8	8	8	7	8
	Cruise passengers (#)	479,388	534,484	676,644	578,902	541,418	355,875	515,827	667,434	802,899	990,965
	Inbound tonnage (# in millions tons)	103	106	106	103	99	93	98	94	88	94
	Outbound tonnage (# in millions tons)	88	92	79	75	74	72	75	68	67	66
	Vessel arrivals (#)	1,904	2,060	2,014	1,846	2,196	2,089	2,100	2,236	2,124	2,322
Power											
	Cumulative Feed in Tariff (FIT) installations (# of kilowatts)	46,700	36,200	14,636	7,532	800	--	--	--	--	--
	Customers (# in thousands)	1,516	1,507	1,499	1,493	1,503	1,479	1,471	1,461	1,447	1,452
	Energy production (# of kwh in billions)	25	26	27	27	27	27	28	27	28	29
	Megawatt hours of power from energy efficiency (# of Mwh)	445,630	475,076	412,191	1,481,336	1,453,801	--	--	--	--	--
	Kilowatt hours sold (# of hours in billions)	23	24	25	25	26	26	25	25	26	25
	Power poles replaced, installed and reinforced (#)	3,018	2,656	2,436	2,393	1,599	1,135	1,813	2,211	3,113	2,745
	Solar Incentive Program (SIP) cumulative capacity (# of kilowatts)	250,528	221,798	176,330	135,620	108,466	79,605	55,099	36,181	22,663	17,248
	Solar Incentive Program (SIP) installed capacity (# of kilowatts)	28,730	44,599	40,710	27,250	28,861	24,505	18,919	13,518	4,650	4,699
	System Average Interruption Duration Index - SAIDI (# of minutes per customer)	150	162	125	85	62	72	190	115	121	78
	System Average Interruption Frequency Index - SAIFI (# of interruptions per customer)	1	0.96	0.91	0.70	0.48	0.48	0.90	0.80	0.84	0.69
Wastewater											
	Wastewater treated (Volume in MGD)	326	317	314	327	344	398	398	384	393	451
	Water recycled (Volume in MGD)	123	122	97	97	85	72	62	68	81	78
	WCSD sewer cleaning - miles of sewers cleaned (#)	6,870	6,830	7,127	6,928	6,614	6,750	6,750	6,093	5,903	5,000
Water											
	DWP water sourced from local groundwater (%)	4	10	16	18	12	10	11	9	14	10
	Recycled water use (# of acre feet)	9,971	8,030	9,910	10,097	10,536	7,480	6,953	--	--	--
	Cumulative miles of water main replaced (# of miles)	41	242	207	174	154	131	102	85	63	47
	Customers (# in thousands)	683	680	678	676	679	676	674	667	659	666
	Gallons sold (billions of gallons)	154	147	149	162	177	178	170	169	166	189
	Per capita water use	112	102	104	114	123	131	123	122	125	141
	Water main breaks (# of breaks)	1,450	1,390	1,547	1,241	1,146	1,148	1,319	1,237	1,453	1,422
	Water purchased from MWD (% of total water supply)	36	45	71	71	76	69	39	31	48	71

CITY OF LOS ANGELES

**Capital Assets Information
Governmental Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2018	2017	2016	2015	2014
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⁾	400	381	380	377	367
Fire stations	106	106	106	106	106
Patrol units	1,380	1,347	1,345	1,374	1,374
Police stations	29	29	29	28	28
Police training centers	3	3	3	3	3
Public Works					
Bridges	515	515	515	517	517
Street lights	220,000	219,000	220,000	210,662	209,397
Streets (centerline miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	727	709	697	698	701
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	72	68	68	57	50
Bike paths (miles)	15	14	14	14	14
Commuter buses	392	390	399	387	385
Traffic signals	4,744	4,703	4,697	4,683	4,677
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	16,169	15,766	16,152	16,152	16,149
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	256	256	256
Children's play areas	387	387	387	387	387
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	13
Libraries	73	73	73	73	73
Licensed child-care centers	2	2	2	3	2
Museums	12	12	12	12	12
Park sites	446	490	444	444	442
Pools	62	62	62	62	62
Recreational centers	184	184	184	184	184
Regional parks	5	5	5	5	5
Residential camps	9	9	9	9	9
Senior citizen centers	29	35	30	31	35
Skate parks	26	26	26	26	28
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				
	2013	2012	2011	2010	2009
General Government					
Fiber optic cabling (fiber miles) ⁽¹⁾	150	150	150	150	3,426
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire apparatus ⁽⁴⁾	367	337	336	362	362
Fire stations	106	106	106	106	106
Patrol units	1,374	1,374	1,374	1,374	1,374
Police stations	29	29	29	28	26
Police training centers	3	3	3	3	3
Public Works					
Bridges	514	508	508	508	509
Street lights	207,384	206,757	204,750	204,000	207,000
Streets (centerline miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	750	750	732	742	744
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	48	48	48	48	48
Bike paths (miles)	14	13	13	13	12
Commuter buses	371	361	407	450	468
Traffic signals	4,657	4,625	4,607	4,589	4,530
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land including beaches	16,001	15,865	15,717	15,717	15,786
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	256	256	256	256	256
Children's play areas	383	368	368	368	368
Dog parks	9	9	9	9	9
Golf courses	13	13	13	13	13
Hiking trails (miles)	92	92	92	92	92
Historical sites	11	11	11	11	11
Horticulture centers	6	6	6	6	6
Indoor gyms	95	95	95	95	95
Lakes	13	11	11	11	11
Libraries	73	73	73	73	72
Licensed child-care centers	2	2	2	2	26
Museums	12	12	12	12	12
Park sites	435	427	427	427	417
Pools	62	61	61	61	60
Recreational centers	184	184	184	184	183
Regional parks	5	5	5	5	5
Residential camps	9	7	7	7	7
Senior citizen centers	31	31	31	31	31
Skate parks	21	18	9	9	9
Tennis courts	321	321	321	321	321
Therapeutic centers	--	--	--	3	3
Wedding sites	19	19	12	12	12

CITY OF LOS ANGELES

**Capital Assets Information
Business-Type Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2018	2017	2016	2015	2014
Airports					
Number of airports ⁽²⁾	2	2	3	3	3
Harbor					
Number of cargo terminals	23	23	23	23	23
Number of major container terminals	8	8	8	8	8
Power					
Generating units ⁽³⁾	245	245	245	241	242
Overhead distribution lines (miles)	10,333	10,329	10,300	10,288	10,213
Transmission lines (miles)	3,644	3,632	3,632	3,632	3,632
Underground distribution lines (miles)	3,699	3,693	3,680	3,677	3,608
Wastewater					
Sanitary sewers (miles)	6,700	6,700	6,700	6,700	6,700
Storm drain pipe mainline (miles)	1,306	1,293	1,272	1,260	1,260
Water					
Aqueduct (miles)	472	472	472	472	472
Distribution pipe (miles)	7,386	7,315	7,288	7,270	7,263
Number of storage reservoirs and tanks	118	118	120	120	114
Service connections	719,479	690,728	729,680	704,176	696,989

CITY OF LOS ANGELES

**Capital Assets Information
Business-Type Activities
Last Ten Fiscal Years**

Function/Asset	Fiscal Year				
	2013	2012	2011	2010	2009
Airports					
Number of airports ⁽²⁾	3	4	4	4	4
Harbor					
Number of cargo terminals	24	24	24	24	25
Number of major container terminals	8	8	8	8	8
Power					
Generating units ⁽³⁾	242	235	235	51	50
Overhead distribution lines (miles)	10,220	10,220	10,186	10,140	8,782
Transmission lines (miles)	3,632	3,626	3,626	3,631	3,631
Underground distribution lines (miles)	3,561	3,594	3,547	3,505	3,235
Wastewater					
Sanitary sewers (miles)	6,700	6,700	6,700	6,500	6,500
Storm drain pipe mainline (miles)	1,244	1,200	1,200	1,200	1,200
Water					
Aqueduct (miles)	472	472	472	390	367
Distribution pipe (miles)	7,246	7,225	7,221	7,273	7,248
Number of storage reservoirs and tanks	114	114	114	106	114
Service connections	702,485	701,644	719,154	718,511	716,919

⁽¹⁾ By fiscal year 2010, DWP took over possession, management and control over majority of the assets.

⁽²⁾ Airports operates LAX 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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