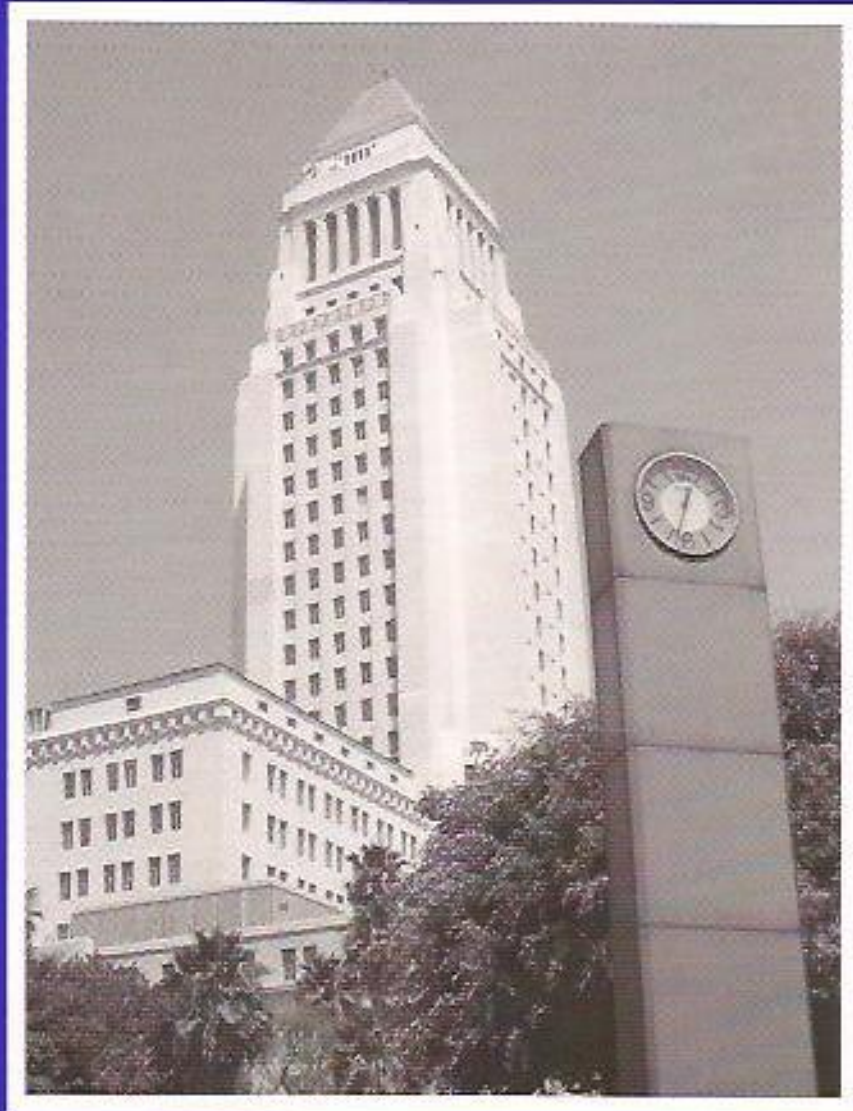




# CITY OF LOS ANGELES CALIFORNIA



## *Comprehensive Annual Financial Report*

For the Fiscal Year Ended June 30, 2011

Office of the Controller  
Wendy Greuel, City Controller

# **CITY OF LOS ANGELES CALIFORNIA**



## ***Comprehensive Annual Financial Report***

**For the Fiscal Year Ended June 30, 2011**

**Prepared by the Office of the Controller  
Wendy Greuel, City Controller**

# CITY OF LOS ANGELES CALIFORNIA

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

### Prepared by the City of Los Angeles Controller's Office

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended June 30, 2011**

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WENDY GREUEL  
CONTROLLER

February 29, 2012

Honorable Antonio R. Villaraigosa, Mayor and  
Honorable Members of the Council 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 20, 2011, in accordance with Section 216 of the City Charter. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) for governmental units and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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.

Simpson & Simpson, a firm of independent certified public accountants, audited the City's financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements as of and for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented on pages 1 and 2.

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

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

## **PROFILE OF THE GOVERNMENT**

The City of Los Angeles is the second most populous city in the nation with a 2010 population of 3,792,621 (per 2010 U.S. Census Data). With an area of 470 square miles, Los Angeles is located in the southern part of the State of California and is the principal city of a metropolitan region that stretches from the City of Ventura to the north, to the City of San Clemente to the south, and to the City of San Bernardino to the east. Founded in 1781, Los Angeles was for its first century a provincial outpost under a succession of Spanish, Mexican, and American rule. The City was incorporated in 1850 under the provisions of a City Charter. The current Charter was approved by the electorate on June 8, 1999 and became operative on July 1, 2000.

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

As discussed in Note 1B of the Notes to the Basic Financial Statements beginning on page 61, the City's reporting entity consists of 35 departments, bureaus, commissions and offices, and three pension systems governed by the City Charter. The City's reporting entity also includes, as blended component units, the Los Angeles Convention and Exhibition Center Authority, the Los Angeles Harbor Improvement Corporation, and the Municipal Improvement Corporation of Los Angeles (MICLA). The Community Redevelopment Agency of the City of Los Angeles (CRA) is also part of the reporting entity, but is presented discretely as a component unit.

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

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure that legal provisions embodied in the budget are complied with and that expenditures do not exceed appropriated amounts. Expenditures are controlled by appropriations at the line item level within each department, consistent with the level set forth in the resolution adopting the annual operating budget. The City also maintains an encumbrance accounting system that controls spending based on the expenditure budget; composed of appropriations, allotments, or a combination of both. Additional information about the City's budget process can be found in Note 3A in the Notes to the Basic Financial Statements beginning on page 79.

## **LOS ANGELES ECONOMY**

Recent statistics have shown that the national and State economies are beginning to recover from the Great Recession, but experts are in agreement that it will be a slow and sluggish recovery in the coming years. Los Angeles is one of the metropolitan areas showing signs of recovery in 2011. Modest improvement is projected in some sectors; particularly in employment and the commercial real estate market. The unemployment rate is still within the double digit range. Economists have projected local unemployment to decline to 11.5% in 2012.

The latest report from Allen Matkins/UCLA Anderson indicated an optimistic outlook for the Los Angeles commercial real estate market. A recent survey indicated that the commercial office vacancy rates are dropping. The drop has been minimal, but it reflects a mood of optimism.

In 2010, the City ranked first in population out of the 88 cities in Los Angeles County. According to the U.S. Census Bureau, the City had 3,792,621 residents as of April 1, 2010. Between 2000 and 2010, the City's population growth rate of 2.6% was lower than the Los Angeles County growth rate of 3.1%.

The California Employment Development Department reported that employment in Los Angeles suffered a 5% decline between June 2008 and June 2009; a 2% decline between June 2009 and June 2010; and, remained flat between June 2010 and June 2011. However, preliminary data as of December 2011 indicated a 1.5% increase in employment since June 2011. This suggests that local employment has stabilized and has begun to recover. There are several major job creating projects in the pipeline that could put many Angelenos back to work.

One of these major job creating projects is a new downtown Los Angeles football stadium and event center. The one billion dollar, 1.7 million square foot stadium will be privately financed. It is projected to be completed in Fall 2016. The City of Los Angeles has signed a non-binding Memorandum of Understanding with the Anschutz Entertainment Group (AEG) outlining financing, land lease, and other considerations.

Additionally, the entertainment and tourism industry continued strongly this year based on reports from the Los Angeles Economic Development Corporation (LAEDC). Jobs increased accordingly with more motion pictures, commercials, television pilots and shows being filmed locally. Entertainment companies such as Disney, Paramount Pictures and NBC Universal, are investing in the modernization of their lots with state of the art technology, new sound stages and production offices that will maintain Los Angeles County as the entertainment capital of the world. Also, new hotels downtown and in Hollywood are enticing more business and leisure travelers to the City, as reflected by an increase in LAX passenger traffic, more convention events, as well as higher hotel occupancy rates.

Ongoing major construction projects, partly funded by the federal government, also contributed to the Los Angeles economy. In April 2011, LAX broke ground to commence the construction of a \$1.45 billion new West Wing of the Tom Bradley International Terminal. This modernization and expansion project will bring new gates and concourses to the terminal that will greatly improve the customer experience. Additionally, the channel deepening project at the Port of Los Angeles is nearly completed to handle the next generation of cargo ships. This project should help solidify its position against new competition from a widened Panama Canal. Finally, construction of a \$56 million Civic Park and the Broad Art Museum projects are adding to construction activity in downtown Los Angeles.

The City's other key industries also reported positive results in terms of job growth and activity. These industries include international trade, private education, healthcare services, and retail sales. The 2011 trade figures for the San Pedro Bay Ports have been strong for both imports and exports. They have been boosted by brisk economic recovery occurring in key Asian markets and by domestic demand to refill inventory pipelines. Finally, retail sales posted moderate gains this year because tourism was up across the board and there was an increase in consumer spending.

As evidenced, a local economic recovery is underway, but it is lagging the national pace. Local government finance continues to be strained by falling property values, double-digit unemployment, and the State's chronic budget problems weighing down on county and municipal budgets.

## **RELEVANT FINANCIAL POLICIES AFFECTING THE CITY'S OPERATIONS**

The City continues to face enormous fiscal challenges resulting from the Great Recession. Weak revenue performance and escalating operational and pension costs have significantly threatened the City's fiscal sustainability. However, the City has made progress towards stabilization. Relevant financial policies affecting the City's operations fall under the categories of austerity measures, operational efficiencies, joint labor management, and revenue enhancements.

### Austerity Measures

The City continues to take actions to balance its budget and tighten its belt. Austerity measures undertaken to address the City's fiscal crisis include: focusing on core functions by eliminating and or consolidating some departments; suspending General Fund capital projects; tightly managing new employee hires, travel expenses and the purchase of equipment/furniture; and, reducing the City's fleet of vehicles. Additionally, certain outstanding debts were refinanced at lower interest rates.

### Operational Efficiencies

The City continues to focus on operational efficiencies; such as, improving billings and collections through the development of a centralized accounts receivable reporting system, upgrading the parking meter infrastructure to generate more revenues, and continuing the development of partnerships with non-profit organizations for the operations of certain animal shelters and some cultural facilities.

### Joint Labor Management

The City continues to work with its labor partners on cost saving measures. Various cost saving provisions approved through joint labor management efforts include: unpaid holidays, expedited transfers of General-Funded employees to non-General Funded departments, deferral of cost of living adjustments to salaries, increased usage of compensated-time-off to reduce/eliminate overtime and excess sick leave cash payouts, modifications to scheduled salary step increases, and healthcare plan modifications for active employees.

Joint labor management efforts have also led to reforms in post-employment benefits and its funding. Reforms include: increasing the contributions of most active employees towards post-employment health benefits; freezing the health subsidy for active employees that do not make the additional contribution; and, obtaining voter approval for a new pension tier for sworn hires.

### Revenue Enhancements

The City continues its efforts to develop and implement revenue enhancements. The City has approved fee increases for the following: animal services code enforcement; industrial building, fire, and above ground inspections; alarm system late penalty charges; and planning fees. The City has also focused on maximizing the use of special funds and grants where appropriate, and on obtaining full cost-recovery for reimbursable services. Finally, the City has reduced/eliminated fee waivers for the Convention Center, development, and permits.

The most recently approved financial status report projects the City to end fiscal year 2012 within budget, while it projects a deficit for fiscal year 2013. The fiscal year 2013 anticipated deficit is between \$150.0 million and \$200.0 million. In order to maintain a strong fiscal position during periods of economic decline or slowdown, the City will continue to build the Reserve Fund and minimize its use towards offsetting deficits. To supplement the Reserve Fund, a \$0.5 million Budget Stabilization Fund was established to dampen expanded services during prosperous years and to provide resources to help maintain services during lean years.

## **MAJOR INITIATIVES**

In the midst of the most serious economic downturn, the City continues to identify new ways that will create an environment in Los Angeles that fosters job creation, business growth and economic development. The City is developing initiatives to help businesses create jobs and boost the local economy. In this regard, the City has established the following major initiatives: 1) reforming the City's business tax; 2) reducing bureaucratic red tape; 3) partnering for business promotion; 4) modernizing LAX and the Port of Los Angeles; 5) and, building a 21<sup>st</sup> century transportation network.

### Reforming the City's Business Tax

In recent years, the City has exempted small existing and new businesses, with receipts below a specified amount, from the business tax. It has also provided targeted business tax relief to business categories that could relocate easily, and tax relief for businesses in empowerment zones. The City also reduced business tax rates by 15% across all business categories.

The City's Business Tax Advisory Committee (BTAC) is tasked with finding new and innovative ways to encourage business expansion, retention and attraction in the City. At this time, studies are being conducted on the most effective ways to make Los Angeles more business friendly through additional business tax reform measures. One proposal is the permanent elimination of the business tax within a four-year period.

On November 7, 2011, the City Administrative Officer (CAO) recommended that the Mayor and City Council establish a policy that any direct revenue loss resulting from future business tax reform measures would be offset with expenditure reductions or revenue enhancements in other areas until increased business activity is realized.

### Reducing Bureaucratic Red Tape

The City has implemented measures aimed at reducing bureaucratic red tape as part of a new Development Reform Initiative. Some of the key points of this initiative include: changing the way the City departments interact with developers in order to make it easier for developers to know where their projects are in the permitting pipeline; streamlining the permitting process and reducing the time, expense and complications faced by developers; improving the working relationship between contractors and City inspectors; streamlining the awarding of certificates of occupancy; simplifying the City's zoning code; and, developing new and improved customer service.

In 2012, the City is reopening six newly improved Business Source Centers (Centers) to give entrepreneurs the tools they need to create a healthy business environment. These Centers will focus on reducing red tape by requiring project managers to help businesses navigate the City's permitting and contracting processes. The Centers will also provide: Federal, State and local procurement assistance; contractual linkage with LA Work Source system for human resources assistance and training needs; entrepreneurial training and workshops; one-on-one business consultation; Business Assistance Virtual Network registration and benefits; and, capacity to provide access to capital.

### Partnering for Business Promotion

The City launched the Los Angeles Regional Export Council (LAREx), a public-private partnership between the City, business, and educational institutions that will coordinate export services in the Los Angeles region. The LAREx will streamline the region's export support services and help local businesses reach international markets. This partnership will create a single entry point for businesses interested in selling goods and services abroad. It will create a one-stop regional export web resource to connect small and medium-sized businesses to the right export service. LAREx

will focus on firms that are already exporting, or have the capacity to start exporting, and will target a dozen key growth industries, from fashion apparel, to food processing, to clean tech.

The City continues to pursue partnerships with the private sector and non-profit groups to improve service delivery and reduce costs. The City Council recently approved an agreement with a non-profit animal care organization to begin providing public services at a new animal shelter that previously could not be opened due to budget constraints. Departments have been instructed to submit proposals for other public-private partnerships for various service areas.

The City recently entered into a collaborative partnership agreement with a leading Chinese investment group and LA-based entertainment group to provide planning, concept creation, schematic design, design development, and construction oversight services in support of a large theme park and resort in China.

#### Modernizing LAX and the Port of Los Angeles

In 2010, LAX broke ground to commence a \$4.1 billion massive expansion project of the Tom Bradley International Terminal (Terminal). The modernization and expansion project will bring new gates and concourses to the Terminal that will greatly improve the customer experience. The Terminal will accommodate the new generation of super-sized jetliners, new shops, restaurants, ticketing counters, security and baggage areas. It is estimated that this project has added 40,000 jobs to the local economy.

The channel deepening project at the Port of Los Angeles which is near completion is expected to handle the next generation of cargo ships, and balanced its position to new competition from a widened Panama Canal. Other significant improvement projects include: the Cabrillo Marina development, which involves redevelopment of several acres of land and water for a marina and marina related facilities at the Port; construction of roadway improvements along a 1.3 mile segment of the Harry Bridges Boulevard, which will ease traffic congestion, enhance public safety, and improve access to the TraPac container terminal; and, the construction of the \$13.5 million Harbor downtown-adjacent section of the San Pedro waterfront for a new public open space and harbor area.

#### Building a 21<sup>st</sup> Century Transportation Network

The passage of Measure R, a half-cent transportation sales tax, generated funding for the construction of new projects to expand the City's transit system and ease traffic congestion. This will enable the City to double its rail network, repair roads, and build bike and pedestrian pathways. The City has begun adding 1,600 miles of bike lanes, has broken ground on the first rail line to the Westside in 50 years, and will construct new rail connection to LAX.

Revenues from Measure R will be used to achieve the objective of the Mayor's 30/10 initiative, which will allow LA's Metro system to build 12 key mass transit projects in 10 years rather than 30 years. Implementation of the 30/10 initiative will create hundreds of thousands of jobs, reduce greenhouse emissions, and ease traffic congestion.

In the spring of 2012, a 4.5-square mile area in downtown LA will support "ExpressPark", a one-year pilot program that will infuse technology and demand-based pricing into an innovative parking management strategy. The project will test ways technology can help the City realize its goals of increasing the availability of limited parking spaces, reduce traffic congestion and air pollution, and encourage the use of alternative modes of transportation.

## Job Creating Local Business Preference Ordinance

In 2011, the City Council passed the Local Business Preference Ordinance. The intent of this measure is to create local jobs by helping local businesses compete for City government contracts. This ordinance will require certain City departments, to apply an 8 percent bid preference to bids received from firms that qualify as local businesses for contracts involving consideration in excess of \$150 thousand. In addition, some preference will be given to bids submitted by businesses that do not qualify as a local business but identify a qualifying local subcontractor to perform work under the bid.

The Mayor also urged departments not covered by the ordinance to adopt an 8 percent competitive advantage for local businesses. Local hire agreements that require at least 30 percent of the workers to come from the City have been adopted by some departments including Airports and Harbor departments.

These incentives and the improved City business services have helped persuade high-profile companies to move to Los Angeles and have encouraged innovative companies to stay. The City has placed into motion plans to create jobs and put Angelenos back to work.

## **AWARD**

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, 2010. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **ACKNOWLEDGMENTS**

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.

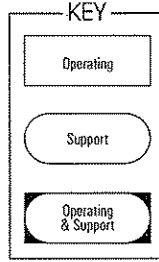
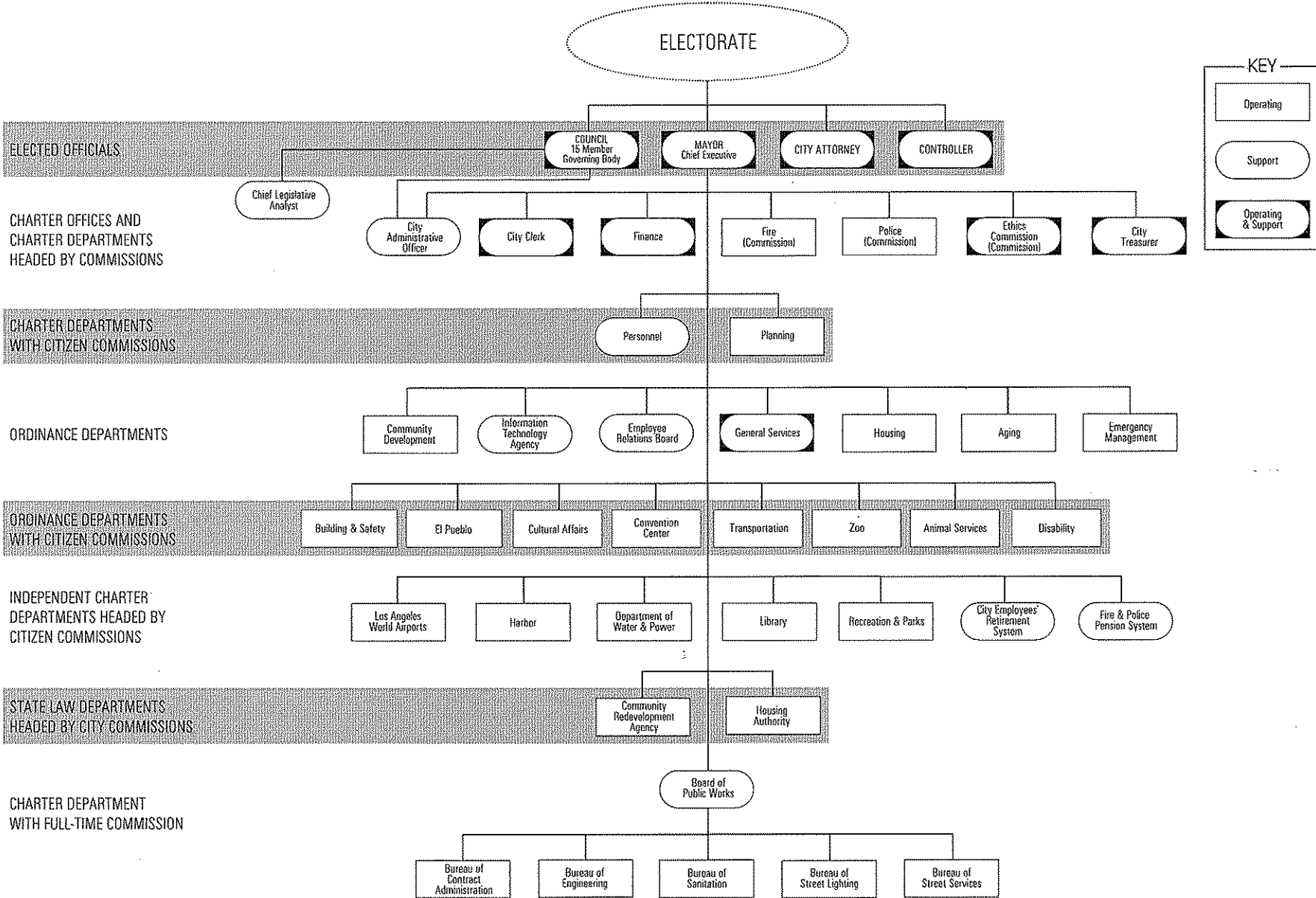
Respectfully submitted,



WENDY GREUEL  
CITY CONTROLLER

# ORGANIZATION OF THE CITY OF LOS ANGELES

FY 2010-2011





# CITY OFFICIALS

## City of Los Angeles, California



**Antonio Villaraigosa**  
Mayor



**Carmen A. Trutanich**  
City Attorney



**Wendy Greuel**  
City Controller

### CITY COUNCIL



**Herb J. Wesson, Jr.**  
10th District  
Council President



**Ed P. Reyes**  
1st District  
President Pro Tempore



**Tom LaBonge**  
4th District  
Asst. Pres. Pro Tempore



**Paul Krekorian**  
2nd District



**Dennis P. Zine**  
3rd District



**Paul Koretz**  
5th District



**Tony Cárdenas**  
6th District



**Richard Alarcón**  
7th District



**Bernard Parks**  
8th District



**Jan Perry**  
9th District



**Bill Rosendahl**  
11th District



**Mitchell Englander**  
12th District



**Eric Garcetti**  
13th District



**José Huizar**  
14th District



**Joe Buscino**  
15th District

### NON-ELECTED FISCAL OFFICERS

Director of Finance  
City Treasurer  
**Antoinette D. Christovale**

City Administrative  
Officer  
**Miguel A. Santana**

City Purchasing Agent & General Mgr.  
Department of General Services  
**Tony M. Royster**



**WENDY GREUEL**  
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).

Wendy Greuel was sworn in as City Controller on July 1, 2009 for a four year term. She is the second woman elected to citywide office in the history of Los Angeles.

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

- Community Redevelopment Agency of the City of Los Angeles
- Los Angeles Coliseum and Sports Arena
- Los Angeles Convention and Exhibition Center Authority
- Municipal Improvement Corporation of Los Angeles (MICLA)
- Parking Authority of the City of Los Angeles (Los Angeles Mall)
- El Pueblo de Los Angeles State Historical Park (Plaza)
- South Central Los Angeles Mulliservice and Child Development Center

**EXECUTIVE STAFF**

<b>CLAIRE BARTELS</b> Chief Deputy Controller	<b>DANIEL TARICA</b> Deputy Controller Government Relations	<b>SHANNON MURPHY</b> Deputy Controller Communications	<b>MARISOL ESPINOZA</b> Deputy Controller Community Affairs	<b>FAITH MOK</b> Principal Deputy Controller	<b>FARID SAFFAR</b> Director of Auditing	<b>MATIAS FARFAN</b> Director of Financial Analysis and Reporting
		<b>NAM HUYNH</b> <b>SALLY ROCIO</b> <b>MIN CHEN</b> <b>JOVONNE LAVENDER</b> <b>JOSEPHINE PALOMINO</b> <b>ROSEMARY GO</b>		<b>Director of Systems</b> <b>Financial Analysis and Reporting</b> <b>Financial Operations</b> <b>Management Services</b> <b>Paymaster</b> <b>Payroll</b>		

# 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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Enos*

Executive Director

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**Section**

# **Management's Discussion and Analysis**



SIMPSON & SIMPSON  
 CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
 BRAINARD C. SIMPSON, CPA  
 MELBA W. SIMPSON, CPA

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following City departments/funds, which are reported as enterprise and pension trust funds: Departments of Airports, Harbor, Water and Power, and Los Angeles City Employees' Retirement System, which represent the following percentages of assets and revenues/additions as of and for the fiscal year ended June 30, 2011:

Opinion Unit	Assets	Revenues/Additions
Business-type Activities	86%	91%
Each Major Enterprise Fund:		
Airports, Harbor, Power, and Water	100%	100%
Aggregate Remaining Fund Information:		
Los Angeles City Employees' Retirement System	30%	8%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City funds described above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Community Development Fund, Proposition A Local Transit Assistance Fund, and Solid Waste Resources Fund, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statements No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, and No. 59, *Financial Instruments Omnibus*, effective July 1, 2010.





The accompanying financial statements have been prepared assuming that the Community Redevelopment Agency of the City of Los Angeles, California (CRA), a discretely presented component unit of the City, will continue as a going concern. As discussed in Note 5.E on page 200 and Note 5.F on page 203 to the basic financial statements, the California State Legislature has enacted legislation (Assembly Bills AB1X 26 and AB1X 27) that is intended to provide for the dissolution and continuance of redevelopment agencies in the State of California. The first bill, AB1X 26, eliminated redevelopment agencies. The second bill, AB1X 27, allowed redevelopment agencies to continue after making state-mandated transfers. There were legal actions that challenge the constitutionality of this legislation. On December 29, 2011, the California Supreme Court upheld AB1X 26 and overturned AB1X 27. Due to the ruling, the CRA was dissolved as of February 1, 2012. The financial statements do not include any adjustments that might result from the dissolution of CRA.

In accordance with *Government Auditing Standards*, we also issued our report dated February 17, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (Other Than MD&A) on pages 3 through 32 and 207 through 209, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements taken as a whole. As identified in the accompanying table of contents, the introductory section on pages i through xi, the combining and individual funds financial statements and schedules on pages 212 through 328, and the statistical section on pages 330 through 381, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on the auditing procedures applied by us and the other auditors, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections listed in the accompanying table of contents have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Los Angeles, California  
February 17, 2012



## Management's Discussion and Analysis

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have presented in the letter of transmittal of this report. We hope that the information and the discussions will provide readers with a clear picture of the City's overall financial condition.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2010-11 fiscal year by \$20.4 billion. The *net assets* of \$20.4 billion consisted of: \$13.3 billion investment in capital assets, net of related debt; \$5.6 billion (*restricted net assets*) represents resources that are subject to certain restrictions on how they may be used; \$3.3 billion (*unrestricted net assets*) may be used to meet the City's obligations for its business-type activities; and \$1.8 billion deficit of governmental activities.
- The City's financial activities during the fiscal year resulted in an increase in total net assets of \$531.8 million. Governmental activities increased by \$74.7 million while the business-type activities increased by \$457.1 million.
- As of June 30, 2011, the aggregate ending fund balance of the City's governmental funds was \$3.6 billion, an increase of \$126.9 million from June 30, 2010. Of the combined fund balances of \$3.6 billion, 68.4% or \$2,447.8 million are restricted, \$752.5 million or 21.0%, are assigned to specific purposes, \$252.6 million or 7.0% are unassigned, and \$130.5 million or 3.6% are nonspendable fund balances.
- At the end of the fiscal year, the General Fund shows a fund balance of \$520.1 million, of which \$26.3 million are nonspendable, \$239.9 million are assigned for various purposes, and \$253.9 million are unassigned.
- The City's bonded debt and long-term notes payable at June 30, 2011 totaled \$21.6 billion, a net increase of \$2.2 billion from the prior year's balance of \$19.4 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of the City's finances and are made up of the following two statements: the Statement of Net Assets 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## Management's Discussion and Analysis (Continued)

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

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

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

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

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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

The budgetary basis statement of revenues, expenditures and changes in fund balances is prepared on a modified cash basis of accounting that is different from generally accepted accounting principles. (Please see Note 3B of the Notes to the Basic Financial Statements beginning on page 82 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*.

## Management's Discussion and Analysis (Continued)

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

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

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

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

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

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

## Management's Discussion and Analysis (Continued)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Analysis of Net Assets:** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$20.4 billion at the close of fiscal year 2010 -11.

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

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

	Governmental Activities		Business-type Activities		Total	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
<b>Assets:</b>						
Current and other assets.....	\$ 5,387,251	\$ 4,829,992	\$ 11,480,828	\$ 9,923,875	\$ 16,868,079	\$ 14,753,867
Capital assets.....	7,139,780	6,983,756	24,306,991	22,896,398	31,446,771	29,880,154
Total assets.....	12,527,031	11,813,748	35,787,819	32,820,273	48,314,850	44,634,021
<b>Liabilities:</b>						
Current and other liabilities.....	1,147,865	605,200	1,752,260	1,546,118	2,900,125	2,151,318
Long-term liabilities.....	7,003,127	6,907,197	17,925,546	15,621,250	24,928,673	22,528,447
Total liabilities.....	8,150,992	7,512,397	19,677,806	17,167,368	27,828,798	24,679,765
<b>Net assets:</b>						
Invested in capital assets,						
net of related debt.....	4,140,258	3,798,442	9,186,620	9,135,266	13,326,878	12,933,708
Restricted.....	2,030,096	2,067,382	3,586,417	3,479,232	5,616,513	5,546,614
Unrestricted.....	(1,794,315)	(1,564,473)	3,336,976	3,038,407	1,542,661	1,473,934
Total net assets.....	\$ 4,376,039	\$ 4,301,351	\$ 16,110,013	\$ 15,652,905	\$ 20,486,052	\$ 19,954,256

Notes: Rounding off difference may occur in the discussion.

By far, the largest portion of the City's net assets (\$13.3 billion or 65.0%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, facilities and equipment) less any related outstanding debt 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, 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 assets (\$5.6 billion or 27.4%) represents resources that are subject to various restrictions on how they may be used. The remaining balance of \$1.6 billion (7.6%) is the net amount of the governmental activities deficit of \$1.8 billion, and \$3.3 billion unrestricted net assets that may be used to meet the City's obligations for its business-type activities.

## Management's Discussion and Analysis (Continued)

At the end of fiscal year 2011, the City reported positive balances in all three categories of net assets for the City as a whole. While the business-type activities reported a positive balance of \$3.3 billion in unrestricted net assets, the governmental activities reported a deficit of \$1.8 billion. The deficit balance shown for the governmental activities unrestricted net assets reflected an increase of \$229.8 million (14.7%) from the prior year's deficit balance. The deficit should not be considered, of itself, evidence of economic or financial difficulties. The deficit reflects the extent to which the City has deferred to future periods the financing of certain liabilities (i.e. claims and judgments, workers' compensation, compensated absences, pension and other postemployment benefits). While accounting is primarily concerned with when a liability is incurred, financing focuses on when a liability will be paid. The City, like many other governments, raises and budgets resources needed to liquidate a liability during the year in which the liability is to be liquidated rather than during the year in which the liability is incurred.

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

Capital assets increased by \$1.6 billion or 5.2%. The net increase for governmental activities was \$156.0 million while for the business-type activities the net increase was \$1.4 billion. For the governmental activities, the increase was primarily due to various projects under construction for recreational, fire, zoo, bridges, stormwater, street lightings, streets, transportation, computer software and various other improvements to City facilities, and acquisition of vehicles for refuse collection and street services. Included in the \$156.0 million increase was the transfer of certain properties from CRA of \$97.1 million. Please see Note 5E on page 199 for related discussion on this transfer. Construction work in progress at the airports and harbor as well as ongoing improvements to sewer facilities and power and water utility plants caused the increase for business-type activities.

Current and other assets had a net increase of \$2.1 billion or 14.3%. Governmental activities were \$557.3 million higher than the prior year, while business-type activities were up by \$1.6 billion. The increase was due to higher cash, pooled and other investments of \$675.1 million, \$9.6 million increase in intergovernmental receivable, and increase of \$12.6 million in loans receivable. These increases, however, were offset by \$56.6 million decrease in taxes receivable, and \$61.6 million lower loans receivable from the City's component unit due to the transfer of properties from CRA as repayment of loans. Cash, pooled and other investments are up this fiscal year due to the new issuance of long term debt, accrual of investment at trade date of \$262.9 million, and higher cash collateral from securities lending transactions. Additional grants from the American Recovery and Reinvestment Act Program (ARRA) accounted for the increase in intergovernmental receivable. U.S. Department of Housing and Urban Development's Economic Development Initiative and Section 108 loans in the amount of \$17.0 million contributed to the increase in loans receivable. While economists believe that the U.S. economy has somewhat stabilized, there is still turmoil in other foreign countries, European debt crisis and uncertainties in the global economy. These factors affect the City's economic growth and are reflected in the lower taxes revenues and receivables. Increase in net cash provided by operating activities and higher allocated share of enterprise funds in the reinvested cash collateral from loaned securities resulted in higher cash and other current assets for business-type activities.

The City's current and other liabilities had a net increase of \$748.8 million or 34.8%. Governmental activities were \$542.7 million higher primarily due to the \$268.2 million increase in obligations under the City's securities lending program, and \$262.9 million accrual of liability for the unsettled investment at trade date. Business type activities were \$206.1 million higher mainly due to the increases of \$230.5 million in obligations under securities lending program, \$44.3 million in accrued interest for outstanding obligations offset by \$15.6 million decrease in derivative instrument liabilities.

## Management's Discussion and Analysis (Continued)

The increase of \$69.9 million in restricted net assets was composed of \$107.2 million increase for business-type activities and \$37.3 million decrease in governmental activities. For governmental activities, increases are for: public safety of \$22.1 million, public works and sanitation of \$13.0 million, transportation of \$63.1 million, and cultural and recreational of \$11.8 million, while decreases are \$147.3 million for capital projects, debt service, community development and other purposes. For business type activities, key changes were increases in restricted passenger/customer facility charges of \$33.7 million and debt service of \$48.1 million. As explained in more detail in the subsequent pages, the governmental activities unrestricted net assets deficit increased by \$229.8 million, while the business-type activities unrestricted net assets increased by \$298.6 million.

**Analysis of Activities:** The following table presents condensed information showing how the City's net assets changed during the most recent fiscal year. As previously stated, all changes in net assets 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)

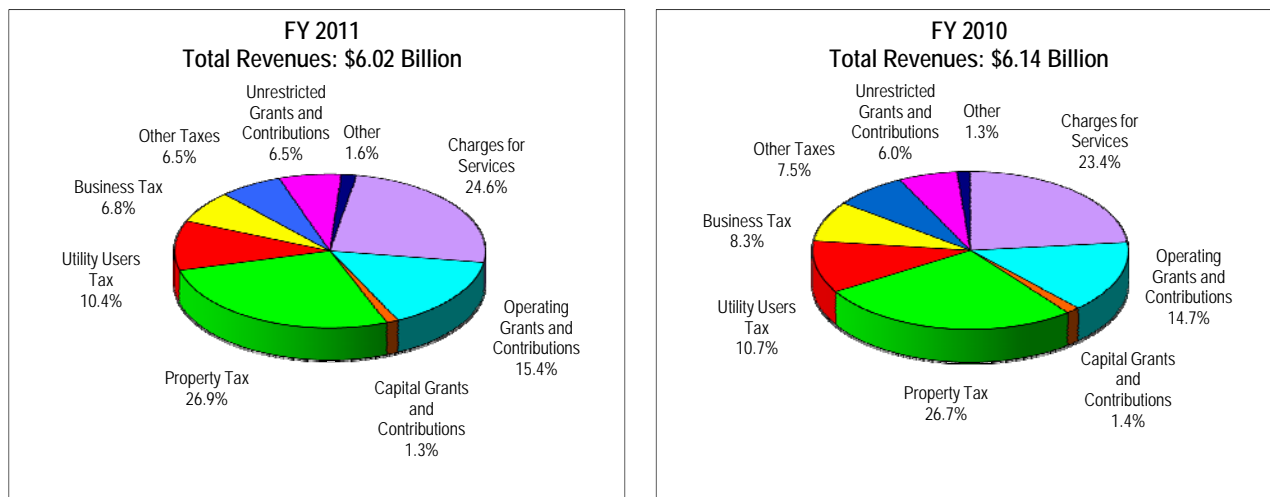
	Governmental Activities		Business-type Activities		Total	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
<b>Revenues</b>						
Program Revenues						
Charges for Services .....	\$ 1,480,999	\$ 1,438,289	\$ 6,039,071	\$ 6,164,405	\$ 7,520,070	\$ 7,602,694
Operating Grants and Contributions .....	924,031	900,569	--	--	924,031	900,569
Capital Grants and Contributions .....	75,744	86,275	174,574	151,346	250,318	237,621
General Revenues						
Property Taxes .....	1,618,444	1,641,155	--	--	1,618,444	1,641,155
Utility Users Taxes .....	628,028	658,110	--	--	628,028	658,110
Business Taxes .....	410,888	510,269	--	--	410,888	510,269
Other Taxes .....	392,405	457,473	--	--	392,405	457,473
Unrestricted Grants and Contributions .....	390,431	370,402	--	--	390,431	370,402
Unrestricted Investment Earnings .....	18,814	27,372	--	--	18,814	27,372
Other Revenues .....	75,838	54,005	--	--	75,838	54,005
<b>Total Revenues .....</b>	<b>6,015,622</b>	<b>6,143,919</b>	<b>6,213,645</b>	<b>6,315,751</b>	<b>12,229,267</b>	<b>12,459,670</b>
<b>Expenses</b>						
General Government .....	1,462,581	1,279,697	--	--	1,462,581	1,279,697
Protection of Persons and Property .....	2,641,343	2,618,138	--	--	2,641,343	2,618,138
Public Works .....	342,722	392,874	--	--	342,722	392,874
Health and Sanitation .....	393,827	382,127	--	--	393,827	382,127
Transportation .....	338,755	368,000	--	--	338,755	368,000
Cultural and Recreational Services .....	446,805	415,344	--	--	446,805	415,344
Community Development .....	429,695	349,203	--	--	429,695	349,203
Interest on Long-term Debt .....	190,424	186,711	--	--	190,424	186,711
Airports .....	--	--	834,071	765,513	834,071	765,513
Harbor .....	--	--	310,534	336,104	310,534	336,104
Power .....	--	--	2,964,399	2,843,642	2,964,399	2,843,642
Water .....	--	--	791,049	787,836	791,049	787,836
Sewer .....	--	--	557,269	552,006	557,269	552,006
Convention Center .....	--	--	40,400	32,842	40,400	32,842
<b>Total Expenses .....</b>	<b>6,246,152</b>	<b>5,992,094</b>	<b>5,497,722</b>	<b>5,317,943</b>	<b>11,743,874</b>	<b>11,310,037</b>
Excess (Deficit) of Revenues Over Expenses .....	(230,530)	151,825	715,923	997,808	485,393	1,149,633
Transfers .....	258,815	220,475	(258,815)	(220,475)	--	--
<b>Special Items</b>						
Loss on Loan Settlement .....	(47,007)	--	--	--	(47,007)	--
Transfer of Properties .....	93,410	--	--	--	93,410	--
Increase (Decrease) in Net Assets .....	74,688	372,300	457,108	777,333	531,796	1,149,633
Net Assets Beginning of Year .....	4,301,351	3,920,683	15,652,905	14,875,572	19,954,256	18,796,255
Net Adjustment for Prior Years' Intangible Assets .....	--	8,368	--	--	--	8,368
<b>Net Assets End of Year .....</b>	<b>\$ 4,376,039</b>	<b>\$ 4,301,351</b>	<b>\$ 16,110,013</b>	<b>\$ 15,652,905</b>	<b>\$ 20,486,052</b>	<b>\$ 19,954,256</b>

## Management's Discussion and Analysis (Continued)

### Governmental Activities

For the fiscal year ended June 30, 2011, total expenses for governmental activities of \$6.2 billion were \$254.1 million (4.2%) higher than the prior year. Total revenues, which were \$230.5 million lower than expenses, decreased by \$128.3 million or 2.1% from \$6.1 billion in fiscal year 2010. Of the \$6.2 billion total expenses, 56.6% was funded by taxes and other general revenues, and the remaining 43.4% was funded by program revenues, transfers from business-type funds and available fund balance. Program revenues are resources obtained from parties outside of the City. 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 show a graphical comparison of governmental revenues by source.

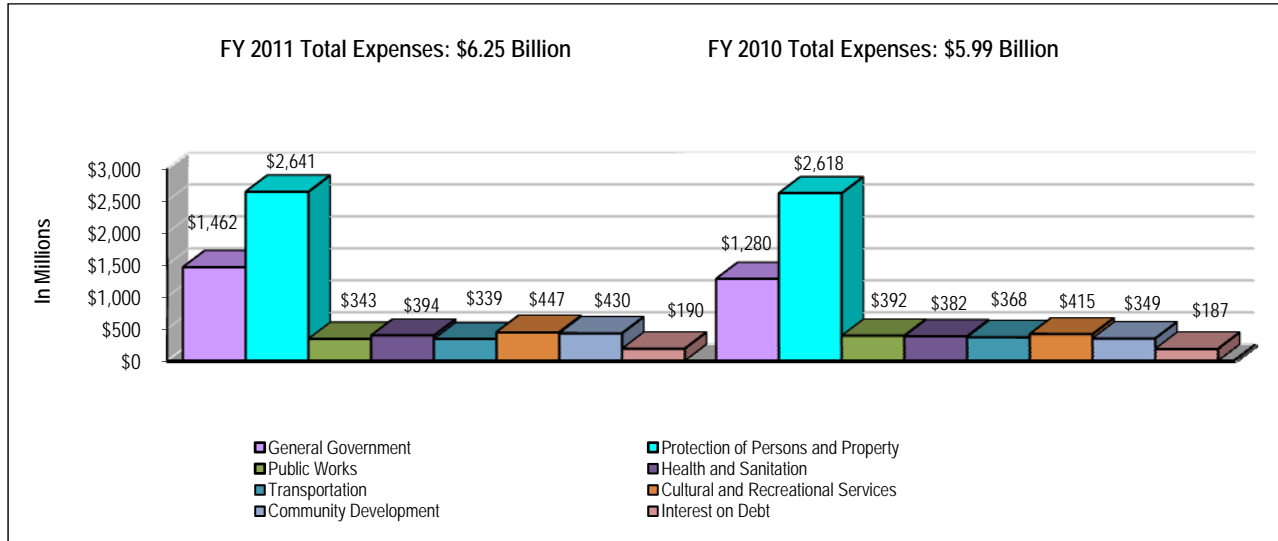


Revenues from property taxes, charges for services and operating grants and contributions are the three largest revenue sources for governmental activities. Together, they account for 66.9% of the total revenues and posted an increase of \$43.5 million as compared to fiscal year 2010. Increases in charges for services are mainly due to increases in planning and permit fees of \$11.0 million, additional systematic code enforcement fees of \$6.0 million, higher reimbursements from other departments of \$6.0 million, and an increase in library fees of \$4.0 million due to the lifting of the suspension of library hours. Various other licenses, permits and fees also increased, including dog license fees, building code enforcement fees, fire inspection and other fire enforcement fees. Additional funding from the American Recovery and Reinvestment Act Program (ARRA) for various City projects contributed an additional \$23.5 million to operating grants and contributions revenue.

Reduced electric consumption and decline in telephone users tax due to the downward trend in land line usage are reflected in the \$30.1 million decrease in utility users tax. Despite economists views of a mild economic growth, business and other tax revenues are still lower than the prior year due to the vulnerability of the local economy. Unrestricted grants and contributions are \$20.0 million higher due to the receipt of certain grant reimbursements and subsidies, as well as higher City share in the state motor vehicle license fees. Unrestricted investment earnings fell by \$8.6 million from the continued decline in interest rates.

## Management's Discussion and Analysis (Continued)

The following chart shows a graphical comparison of the City's governmental expenses by function.



Overall expenditures increased by \$254.1 million or 4.2% in fiscal year 2011 compared to the prior year. Combined increases in expenses for general government, protection of persons and property, cultural and recreational activities, and community development of \$318.0 million was offset by decreases of \$79.4 million in public works and transportation expenses. Increase in general government expenditures is primarily due to \$119.6 million increase in workers compensation liability, and \$56.2 million higher accruals for claims and pending litigations. Expenditures for protection of persons and property are up by \$23.2 million due to the accrual of \$10.1 million in sworn banked overtime, and \$53.7 million increase in OPEB liability, offset by lower salaries and operating costs. Costs charged to ARRA funds for various City programs are the main reasons for the \$80.5 million higher community development expenditures. Savings in payroll costs from furloughs, ERIP and layoffs, and slowdown in capital project activities accounted for the decreases of \$50.2 million and \$29.2 million expenditures for public works and transportation respectively.

### Business-type Activities

The City has six business-type activities: airports, harbor, power, water, sewer, and convention center services. The combined operating revenues from their customers and ratepayers of \$5.7 billion were \$808.6 million more than the \$4.9 billion combined operating costs.

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



## Management's Discussion and Analysis (Continued)

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements. In particular, the unreserved fund balance may serve as a useful measure for the City's net resources available for spending at the end of the fiscal year.

At June 30, 2011, the City's governmental funds reported combined fund balances of \$3.6 billion. Of the \$3.6 billion, \$130.5 million are nonspendable associated with inventories, prepaid items and certain advances to other funds, \$2,447.8 million are restricted due to constraints on the use of resources imposed by creditors, grantors and certain enabling legislation, \$752.5 million are assigned to various specific purposes, and \$252.6 million have not been restricted, committed, or assigned to specific purposes within the General Fund.

Overall, revenues for governmental functions totaled \$6.3 billion, while expenditures totaled \$6.7 billion. Although total revenues were \$332.9 million less than total expenditures, other financing sources bridged the gap. Other financing sources include proceeds from issuance of debt and transfers from enterprise funds.

The **General Fund** is the general operating fund of the City and it includes transactions of the Reserve Fund and other accounts that have General Fund type activity for GAAP reporting purposes. At June 30, 2011, the General fund reported a total fund balance of \$520.1 million, composed of \$26.3 million nonspendable fund balance associated with inventories of \$16.6 million, and certain advances to other funds of \$9.7 million; \$239.9 million fund balance assigned to general government purposes; and \$253.9 million unassigned fund balance that include \$0.5 million for economic stabilization, and \$253.4 million for reserves, emergency and contingency purposes.

## Management's Discussion and Analysis (Continued)

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 2011	FY 2010	% Change		FY 2011	FY 2010	% Change
<b>Revenues</b>				<b>Expenditures</b>			
Property Taxes .....	\$ 1,436,707	\$ 1,455,081	(1.3) %	General Government .....	\$ 1,224,681	\$ 1,329,982	(7.9) %
Sales Taxes .....	299,624	281,186	6.6	Protection of Persons and Property .....	2,182,116	2,231,156	(2.2)
Utility Users Taxes .....	618,307	628,484	(1.6)	Public Works .....	158,050	189,430	(16.6)
Business Taxes .....	424,762	412,287	3.0	Health and Sanitation .....	137,829	135,422	1.8
Other Taxes .....	359,434	345,618	4.0	Transportation .....	113,632	111,293	2.1
Licenses and Permits .....	20,229	20,849	(3.0)	Cultural and Recreational Services .....	46,239	75,984	(39.1)
Intergovernmental .....	33,704	21,926	53.7	Community Development .....	32,204	45,302	(28.9)
Charges for Services .....	496,551	541,306	(8.3)	Capital Outlay .....	17,203	25,795	(33.3)
Services to Enterprise Funds .....	248,263	255,949	(3.0)	Debt Service- Cost of Issuance .....	1,090	1,333	(18.2)
Fines .....	145,731	139,788	4.3	<b>Total Expenditures</b> .....	<b>3,913,044</b>	<b>4,145,697</b>	<b>(5.6)</b>
Special Assessments .....	2,332	2,142	8.9	<b>Other Financing Uses</b>			
Investment Earnings .....	18,149	26,504	(31.5)	Transfers Out .....	482,183	471,401	2.3
Other .....	75,498	54,313	39.0	<b>Total Expenditures and Other Financing Uses</b> .....	<b>\$ 4,395,227</b>	<b>\$ 4,617,098</b>	<b>(4.8) %</b>
<b>Total Revenues</b> .....	<b>4,179,291</b>	<b>4,185,433</b>	<b>(0.1)</b>				
<b>Other Financing Sources</b>							
Transfers In .....	299,510	332,521	(9.9)				
Issuance of Long-term Debt .....	--	50,875	(100.0)				
Premium on Issuance of Long-term Debt .....	--	2,922	(100.0)				
<b>Total Other Financing Sources</b> .....	<b>299,510</b>	<b>386,318</b>	<b>(22.5)</b>				
<b>Total Revenues and Other Financing Sources</b> .....	<b>\$ 4,478,801</b>	<b>\$ 4,571,751</b>	<b>(2.0) %</b>				
<b>Excess of Revenues Over Expenditures</b> .....	<b>\$ 266,247</b>	<b>\$ 39,736</b>	<b>570.0 %</b>				
<b>Net Change in Fund Balance</b> .....	<b>\$ 83,574</b>	<b>\$ (45,347)</b>	<b>284.3 %</b>				

Property tax accounted for 34.4% of General Fund revenues. The 1.3% decrease in property taxes revenue is primarily due to the continuing decline in real estate activity and drop in housing prices. Collection of prior years' deferred revenues accounted for the slight increases of 6.6% and 3.0% in sales taxes and business taxes, respectively. Higher transient occupancy taxes from a modest boost in local tourism of \$15.1 million, accounted for the increase in other taxes, but was offset by the other components of other taxes, mainly television franchise income which fell by \$6.9 million.

Utility users taxes fell by \$10.2 million due to the reduced electric consumption and decline in telephone users tax due to the downward trend in land line usage.

Intergovernmental revenues were \$11.8 million more than the prior year due to the receipt of \$1.2 million reimbursement for the Recovery Zone Economic Development Bonds, \$1.6 million for the Measure B Trauma Program Grant and \$7.0 million higher City's share in state motor vehicle license

## Management's Discussion and Analysis (Continued)

fees. Charges for services decreased by \$44.8 million due to slower reimbursements from departments for services, and the discontinuance of water and electricity reimbursement by the Recreation and Parks Department (R&P) to the General Fund. In fiscal year 2011, R&P paid DWP \$21.3 million directly for water and electricity usage. Likewise, a reimbursement for services to Harbor of \$10.3 million was made directly to the non-General Funded departments involved, that resulted in the 3.0% decrease in revenues from enterprise funds.

The decrease in investment earnings of \$8.4 million was reflective of the continued decline in interest rates. The rates of return of the Treasury Pool reserve and core portfolios for the twelve months ended June 30, 2011 were 2.57% and 0.22%, respectively, down from the previous fiscal year rates of 5.31% and 0.23%, respectively. The three-month treasury bill rates also went down from 0.95% to 0.16% for the same period.

Total General Fund expenditures for fiscal year 2011 were \$3.9 billion, down \$232.7 million or 5.6% from the prior fiscal year. Except for expenditures for health and sanitation, and transportation which increased by \$2.4 million and \$2.3 million respectively, all other expenditures decreased by \$237.4 million.

Significant changes in expenditures are as follows: \$105.3 million decrease in general government expenditures resulting from trimmed down salaries costs, as a consequence of imposed furlough, layoffs, and transfers of general-funded employees to special-funded positions; \$49.0 million decline in protection of persons and property expenses mainly from suspension of cash payout for sworn overtime costs as well as decreased salaries costs. Expenditures for public works, cultural and recreational services, and community development decreased by \$74.2 million due primarily also to lower payroll costs. Suspension of general-funded capital projects accounted for the \$8.6 million reduction in capital outlay.

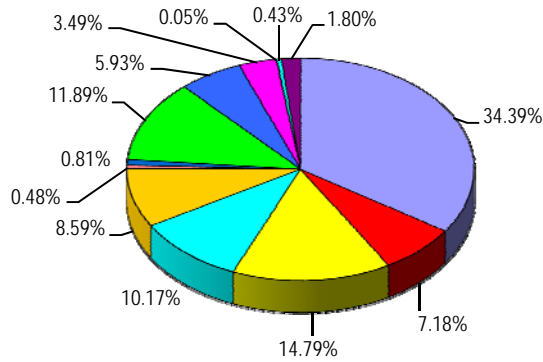
Overall, General Fund revenues slightly exceeded expenditures by \$266.2 million, up \$226.5 million from \$39.7 million in fiscal year 2010. Transfers in from other funds amounted to \$299.5 million, while transfers out are \$482.2 million. The Power Enterprise Fund transfer of \$258.8 million accounted for a majority (86.4%) of the total transfers in. Included in the \$482.2 million transfer out are: \$144.5 million for parks, cultural, and recreational facilities and activities; \$33.0 million for funding of various MICLA capital projects; \$120.3 million for MICLA debt service financing; and \$184.4 million for departmental operations.

The above factors resulted in a year end fund balance of \$520.1 million, an increase of \$82.9 million from the prior year's fund balance of \$437.2 million.

## Management's Discussion and Analysis (Continued)

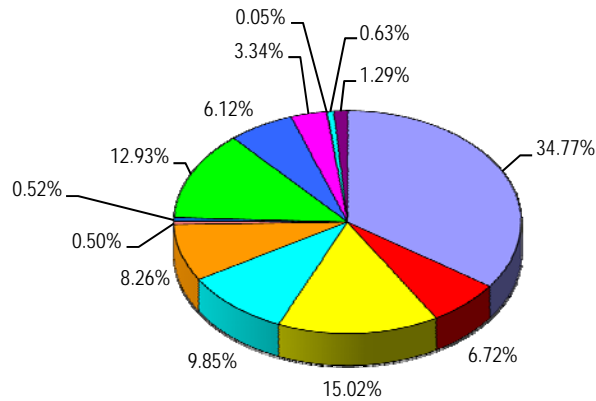
The following charts show graphical comparison of General Fund revenues by source and expenditures by function.

**General Fund Revenues by Source: \$4.18 Billion  
Fiscal Year Ended June 30, 2011**



■ Property Taxes (34.39%)	■ Sales Taxes (7.18%)	■ Utility Users Taxes (14.79%)
■ Business Taxes (10.17%)	■ Other Taxes (8.59%)	■ Licenses and Permits (0.48%)
■ Intergovernmental (0.81%)	■ Charges for Services (11.89%)	■ Services to Enterprise Funds (5.93%)
■ Fines (3.49%)	■ Special Assessments (0.05%)	■ Investment Earnings (0.43%)
■ Other (1.80%)		

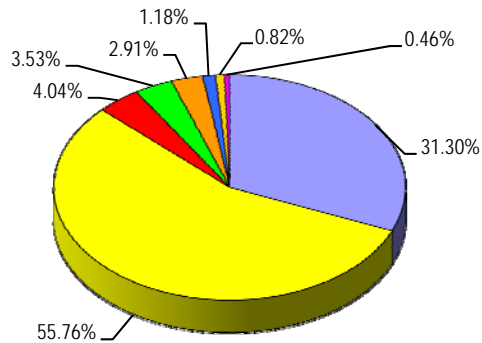
**General Fund Revenues by Source: \$4.19 Billion  
Fiscal Year Ended June 30, 2010**



■ Property Taxes (34.77%)	■ Sales Taxes (6.72%)	■ Utility Users Taxes (15.02%)
■ Business Taxes (9.85%)	■ Other Taxes (8.26%)	■ Licenses and Permits (0.50%)
■ Intergovernmental (0.52%)	■ Charges for Services (12.93%)	■ Services to Enterprise Funds (6.12%)
■ Fines (3.34%)	■ Special Assessments (0.05%)	■ Investment Earnings (0.63%)
■ Other (1.29%)		

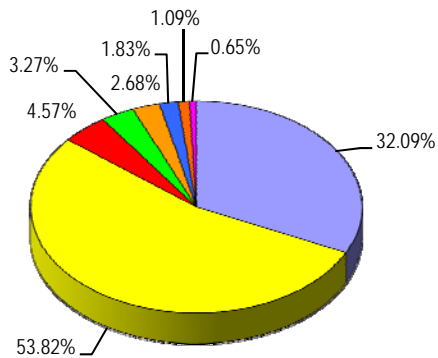
## Management's Discussion and Analysis (Continued)

General Fund Expenditures by Function: \$3.91 Billion  
Fiscal Year Ended June 30, 2011



General Government (31.30%)	Protection of Persons and Property (55.76%)
Public Works (4.04%)	Health and Sanitation (3.53%)
Transportation (2.91%)	Cultural and Recreational Services (1.18%)
Community Development (0.82%)	Capital Outlay (0.46%)

General Fund Expenditures by Function: \$4.15 Billion  
Fiscal Year Ended June 30, 2010



General Government (32.09%)	Protection of Persons and Property (53.82%)
Public Works (4.57%)	Health and Sanitation (3.27%)
Transportation (2.68%)	Cultural and Recreational Services (1.83%)
Community Development (1.09%)	Capital Outlay (0.65%)

## Management's Discussion and Analysis (Continued)

The **Community Development Fund** accounts for federal grant funds for community and economic development within the City. At June 30, 2011, the total fund balance was \$140.7 million. Revenues for fiscal year 2011 amounted to \$71.0 million, while expenditures totaled \$76.3 million.

The **Municipal Improvement Corporation Funds** account for the activities of the City's public financing entity, Municipal Improvement Corporation of Los Angeles (MICLA). Acquisition of certain properties and equipment, and construction of buildings and other improvements are financed through the issuance of MICLA certificates of participation and lease revenue bonds. The Debt Service Fund's aggregate principal and interest expenditures for the year were \$253.1 million, while lease payments from the General Fund and certain Special Revenue Funds were \$175.7 million. Investment earnings, available fund balance of the MICLA Debt Service Fund and proceeds of lease revenue bonds issued to pay-off commercial paper notes funded the difference of \$77.4 million.

The **Proposition A Local Transit Assistance Fund** accounts for the City's 25% share of the additional one-half cent sales tax within the County of Los Angeles for public transit programs. At June 30, 2011, the total fund balance was \$148.1 million, which reflected an increase of \$28.0 million from the previous fiscal year. The increase was mainly due to fare increases for DASH and commuter transit services. In addition, receipts from revenue increased due to the collection of billings of prior fiscal years.

The **Recreation and Parks Fund** accounts for the City's recreation programs and park services. At June 30, 2011, the total fund balance was \$243.6 million. The Fund's total expenditures exceeded its revenues by \$131.9 million. Transfers from the General Fund and available fund balance financed the deficiency of revenues.

The **Solid Waste Resources Fund** accounts for the solid waste collection, transfer, recycling, recovery of waste resources, and disposal fees imposed on all single dwellings in the City and on multiple unit dwellings for which the City provides refuse collection services. The Fund was formerly known as Sanitation Equipment Charge Fund. At June 30, 2011, total fund balance was \$152.6 million, which reflected a decrease of \$8.0 million from the previous fiscal year. Revenue increased by \$9.0 million but was offset by a \$15.8 million increase in expenditures mainly due to acquisition of automated recycling containers and settlement of a certain legal case.

## Management's Discussion and Analysis (Continued)

### Proprietary Funds

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

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

Business-type Activities Change in Net Assets For the Fiscal Year Ended June 30, 2011 (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Other- Convention Center	Total
Operating Revenues .....	\$ 855,496	\$ 400,503	\$ 3,125,957	\$ 756,605	\$ 506,537	\$ 26,442	\$ 5,671,540
Operating Expenses .....	(747,728)	(300,163)	(2,695,125)	(655,068)	(424,439)	(40,400)	(4,862,923)
Operating Income (Loss) .....	107,768	100,340	430,832	101,537	82,098	(13,958)	808,617
Net Nonoperating Revenues							
(Expenses) .....	110,951	(4,268)	(142,359)	(109,530)	(122,155)	93	(267,268)
Capital Contributions	75,171	12,059	27,983	48,946	10,415	--	174,574
Transfers Out .....	--	--	(258,815)	--	--	--	(258,815)
Change in Net Assets .....	<u>\$ 293,890</u>	<u>\$ 108,131</u>	<u>\$ 57,641</u>	<u>\$ 40,953</u>	<u>\$ (29,642)</u>	<u>\$ (13,865)</u>	<u>\$ 457,108</u>

Business-type Activities Change in Net Assets For the Fiscal Year Ended June 30, 2010 (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Other- Convention Center	Total
Operating Revenues .....	\$ 751,643	\$ 406,818	\$ 3,235,193	\$ 812,360	\$ 535,339	\$ 22,445	\$ 5,763,798
Operating Expenses .....	(725,177)	(297,490)	(2,625,300)	(681,416)	(414,288)	(32,836)	(4,776,507)
Operating Income (Loss) .....	26,466	109,328	609,893	130,944	121,051	(10,391)	987,291
Net Nonoperating Revenues							
(Expenses) .....	176,043	(21,111)	(80,887)	(87,741)	(127,183)	50	(140,829)
Capital Contributions	80,955	16,950	13,069	24,099	16,273	--	151,346
Transfers Out .....	--	--	(220,475)	--	--	--	(220,475)
Change in Net Assets .....	<u>\$ 283,464</u>	<u>\$ 105,167</u>	<u>\$ 321,600</u>	<u>\$ 67,302</u>	<u>\$ 10,141</u>	<u>\$ (10,341)</u>	<u>\$ 777,333</u>

## Management's Discussion and Analysis (Continued)

### Airports

Airports Enterprise Fund accounts for the operation, maintenance, and development of Los Angeles International Airport (LAX), LA/Ontario International Airport (ONT), and Van Nuys Airport (VNY). In addition, the Fund maintains LA/Palmdale Regional Airport (PMD); however, PMD is not currently certificated by the Federal Aviation Administration.

For the fiscal year ended June 30, 2011, the Airports operating revenues increased by \$103.9 million (13.8%), to \$855.5 million. The increase in operating revenues was primarily due to the growth in aviation related revenue of \$77.2 million and increase in non-aviation revenue of \$26.7 million of which \$25.8 million was from concession revenues. Revenues from landing fees and building rentals grew by 9.4% and 7.0% in fiscal year 2011. Gains in passenger and cargo traffics resulted to an increase in revenue landed weight. In addition, landing rates increased by 8.6% for passenger and 9.6% for cargo. Building rental base rates at the international and other terminals also increased. Increased passenger traffic at LAX was the main reason for the 9.7% increase in concession revenues. However, the continued decline in the activity at the ONT airport had an offsetting effect in the overall increase in operating revenues.

Fiscal year 2011 operating expenses before depreciation and amortization of \$616.9 million were at the same level as the prior year. A more rigorous budget monitoring resulted in minor fluctuation in expenditures. Depreciation charges increased by \$22.6 million (20.9%), to \$130.8 million, due to the completion and placement into service of major construction and improvement projects at the terminals and airfield.

The nonoperating activities of the Airports Enterprise Fund for fiscal year 2011 decreased by \$65.1 million. The decrease in nonoperating revenue is mainly due to \$16.1 million lower interest and investment income which is reflective of the declining interest rates; and \$11.7 million decrease in other nonoperating revenue which is due to the recognition in fiscal year 2010 of the receivable from the City's General Fund that resulted from an FAA audit. Offsetting these decreases are gains in passenger facility charges, \$6.6 million and in customer facility charges, \$2.2 million. The increase in nonoperating expenses is mainly due to \$43.2 million increase in interest expense, corollary to the additional issuances of revenue bonds to finance capital projects at LAX; and \$1.7 million settlement of a lawsuit.

Capital contributions decreased by \$5.8 million (7.1%), to \$75.2 million, due to lower eligible expenditures for capital grant related projects in fiscal year 2011.

As a result of the above financial changes, the Airports Enterprise Fund's change in net assets for fiscal year 2011 amounted to \$293.9 million, up \$10.4 million from fiscal year 2010.

### Harbor

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

For the fiscal year ended June 30, 2011, operating revenues of Harbor decreased to \$400.5 million, reflecting a \$6.3 million or 1.6% decrease from prior year revenues of \$406.8 million. This was primarily due to \$24.4 million decrease in Clean Truck Program revenues as non-EPA compliant subject to a fee were replaced with conforming ones. Offsetting this decrease are gains from shipping revenues and rental income. Shipping services revenue climbed from \$327.6 million to \$343.5 million or \$15.9 million (4.8%) higher than fiscal year 2010. The growth in revenues from shipping services mainly came from increases in wharfage, \$13.0 million; space assignment, \$3.5 million; and increase in demurrage and pilotage charges. Rental income at the Port increased by \$2.3 million or 5.3% over last fiscal year.



## Management's Discussion and Analysis (Continued)

Operating expenses before depreciation and amortization of \$209.7 million decreased by \$0.5 million from \$210.2 million, a 0.2% decrease over prior fiscal year. Significant decreases include \$8.7 million decrease in City services payments and \$5.4 million in other operating expenses. City services payments declined due to lower overhead cost allocation resulting from the City's reduced work force. These decreases were offset by \$6.9 million increase in salaries and benefits expense due to higher pension rates and increase in health benefits; and \$6.2 million increase in outside services. Depreciation charges increased by \$3.2 million to \$90.5 million due to net addition of \$20.8 million depreciable equipments placed in service.

Net nonoperating expenses of \$4.3 million reflect a \$16.8 million decrease over prior year. Significant changes were as follows: \$32.0 million decrease in interest expense which is reflective of higher capitalized interest expense; \$11.4 million decrease in interest and investment income due to drop in average yields in fiscal year 2011; and increase of \$3.7 million in other expenses mainly due to \$3.0 increase in estimated ACTA shortfall charges .

As a result of the above financial changes including capital contributions of \$12.1 million, the Harbor Enterprise Fund's change in net assets for fiscal year 2011 amounted to \$108.1 million, up \$3.0 million from fiscal year 2010.

### Power and Water

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

#### Power

During fiscal year 2011, operating revenues posted a net decrease of \$109.2 million (3.4%) from fiscal year 2010. The decrease in revenue is mainly due to lower consumption despite a one-time increase of \$0.6 cents/kWh in the Energy Cost Adjustment Factor effective July 1, 2010. Likewise, retail and wholesale consumption of energy decreased by 255.0 million kWhs and 257.0 GWWhs, respectively.

Fiscal year 2011 operating expenses were \$69.8 million higher as compared to fiscal year 2010, driven primarily by a \$49.1 million increase in depreciation expense. Fuel and purchased power expenses were \$20.3 million lower due to lower retail sales and decreased wholesale generation activities despite a year-over-year increase of \$114.2 million in renewable generation expenditures. Operating and administrative expenses increased by \$29.5 million due to an increase of \$18.8 million in overhead line and miscellaneous distribution expenses, and \$10.4 million higher customer accounting and collection expenses. Higher transmission plant and distribution plant maintenance costs accounted for the \$11.6 million increase in maintenance expenses.

The major nonoperating activities of the Power Fund for fiscal year 2011 included the transfer of \$258.8 million to the City's General Fund, interest income earned on investments of \$81.8 million, \$28.1 million in federal bond subsidies, and \$265.1 million in debt expenses. The transfer to the General Fund was based on 8% of the previous year's operating revenues. Investment income fell by \$24.6 million due to declining interest rates and lower funds held in the related restricted investments. The \$28.1 million increase in federal bond subsidies is directly related to interest payment subsidies that are received from the U.S. Treasury. The increase in debt expense of \$52.8 million was due to interest on bond issuances.

As a result of the above financial changes, including capital contributions of \$28.0 million, the Power Enterprise Fund's change in net assets for fiscal year 2011 amounted to \$57.6 million, down \$264.0 million from fiscal year 2010.

## Management's Discussion and Analysis (Continued)

### Water

During fiscal year 2011, operating revenues decreased by \$55.8 million (6.9%) from fiscal year 2010. The decrease in revenue is primarily due to lower recoverable pass-through costs which resulted in an over-collection of pass-through revenues. The over-collection reduced the amount of revenue recognized in fiscal year 2011 and will be deferred until the related costs are recovered in future periods.

The operating expenses for fiscal year 2011 were \$26.3 million lower as compared to the prior year. This was due to decreases in purchased water costs of \$37.9 million and other operating expenses of \$9.1 million, offset by increases in depreciation and maintenance costs of \$18.0 million and \$2.7 million, respectively. The decrease in purchased water costs was due to a 53% increase in the water supplied by the Los Angeles Aqueduct. The decrease in other operating expenses was due to an increase in the source of supply and purification expenses offset by a decrease in miscellaneous administrative general expenses, and customer accounting expenses.

Fiscal year 2011 net nonoperating revenues were \$8.2 million higher than the prior year. This is attributed to a \$9.3 million increase in federal bond subsidies, offset by a \$1.9 million decrease in interest income resulting from declining market interest rates. Debt expenses increased by \$30.0 million due to the issuance of new bonds during the fiscal year. The increase in capital contributions is primarily due to a \$25.0 million federal grant earned through the American Recovery and Reinvestment Act (ARRA) for expenditures relating to safe drinking water.

As a result of the above financial changes, the Water Enterprise Fund's increase in net assets for fiscal year 2011 was \$41.0 million, down \$26.3 million from fiscal year 2010.

### Sewer

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

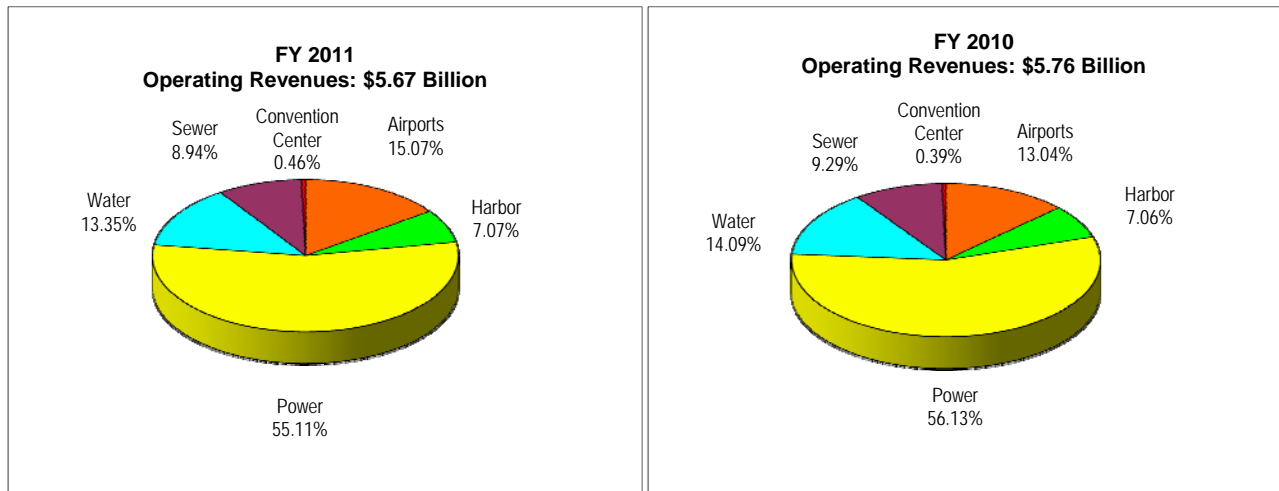
Total operating revenues of the Sewer Fund for fiscal year 2011 amounted to \$506.5 million, a \$28.8 million (5.4%) lower than fiscal year 2010. The decrease in revenues is due to \$25.6 million (5.2%) dropped in sewer service charges and \$3.2 million (40.5%) decrease in other operating revenues.

Total operating expenses amounted to \$424.4 million, a 2.5% or \$10.2 million higher from prior year's operating expenses of \$414.3 million. The increase is attributable to \$17.6 million increase in depreciation charges offset by \$7.4 million decrease in operations and maintenance expenses. Decrease in operations and maintenance expenses reflect lower City services payments due to employee furloughs and the implementation of the City's ERIP.

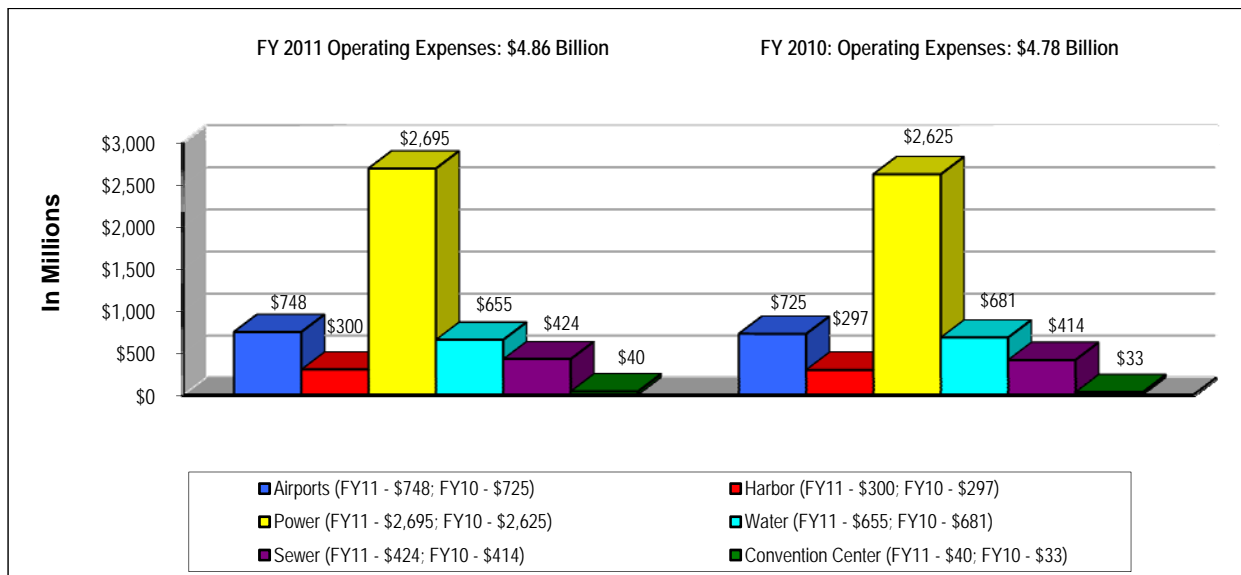
As a result of the above financial changes, including capital contributions of \$10.4 million, the Sewer Enterprise Fund's change in net assets for fiscal year 2011 was a negative \$29.6 million, down \$39.7 million from fiscal year 2010 of \$10.1 million.

## Management's Discussion and Analysis (Continued)

The following charts show a graphical comparison of the enterprise funds/business-type activities operating revenues.



The following chart shows graphical comparison of the enterprise funds/business-type activities operating expenses.



### GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2010 -11, the City budgeted the General Fund Operating Account. For purposes of the budget, General Fund Operating Account is separate and distinct from the non-budgeted Reserve Fund and other accounts that are classified by the City as having General Fund type activity for GAAP reporting purposes. At fiscal year end, the unreserved and undesignated fund balance of the General Fund Operating Account is transferred to the Reserve Fund and reported as “*Reversion to Reserve Fund.*”

The General Fund ended the year spending less than budgeted while actual revenues ended lower than estimates. The following table summarizes the operating results on a budgetary basis of the City's General Fund consolidated accounts as described above.

## Management's Discussion and Analysis (Continued)

City of Los Angeles  
 Budgetary Operating Results- General Fund  
 Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
<b>Revenues and Other Financing Sources</b>				
Taxes .....	\$ 3,131,425	\$ 3,131,425	\$ 3,141,721	\$ 10,296
Licenses, Permits, Fees and Fines .....	920,623	926,378	825,088	(101,290)
Intergovernmental .....	21,200	26,729	27,690	961
Interest .....	12,400	12,400	15,439	3,039
Other .....	11,300	17,419	9,466	(7,953)
Total Revenues .....	4,096,948	4,114,351	4,019,404	(94,947)
Power Transfers .....	257,000	257,000	258,815	1,815
Transfers from Other Funds .....	805,842	1,040,468	906,532	(133,936)
Loans from Other Funds .....	--	1,198	10,734	9,536
<b>Total Revenues and Other Financing Sources .....</b>	<b>5,159,790</b>	<b>5,413,017</b>	<b>5,195,485</b>	<b>(217,532)</b>
<b>Expenditures and Other Financing Uses</b>				
General Government .....	1,412,855	1,525,322	1,381,969	143,353
Protection of Persons and Property .....	1,756,638	1,807,323	1,790,791	16,532
Public Works .....	287,653	330,597	293,021	37,576
Health and Sanitation .....	214,327	216,196	201,780	14,416
Transportation .....	126,929	140,442	126,437	14,005
Cultural and Recreational Services .....	66,613	54,444	52,286	2,158
Community Development .....	108,311	125,864	109,598	16,266
Pension and Retirement Contributions .....	7,764	4,301	4,242	59
Capital Outlay .....	6,347	22,198	10,526	11,672
Total Expenditures .....	3,987,437	4,226,687	3,970,650	256,037
Transfers to Other Funds .....	1,172,353	1,186,330	1,167,816	18,514
<b>Total Expenditures and Other Financing Uses .....</b>	<b>5,159,790</b>	<b>5,413,017</b>	<b>5,138,466</b>	<b>274,551</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses .....</b>				
Fund Balance, July 1 .....	--	--	--	--
Encumbrances Lapsed .....	--	--	17,220	17,220
Reversion to Reserve Fund .....	--	--	(74,239)	(74,239)
<b>Fund Balance, June 30 .....</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

Overall General Fund are \$217.5 million below budgeted receipts primarily due to lower receipts from licenses, permits, fees and fines of \$101.3 million, and interfund transfers of \$133.9 million. Offsetting these decreases are higher revenues from taxes of \$10.3 million, and combined intergovernmental receipts and interest income of \$4.0 million.

Licenses, permits, fees and fines and interfund transfers are significantly lower than budgeted receipts mainly due to the non-realization of \$53.2 million budgeted revenues from the P3 parking asset restructuring, as part of the proposed public/private partnership of city-owned parking structures, lower fines on foreclosed properties of \$5.0 million, decreased revenues from fewer parking citations of \$8.9 million, and reduced related cost reimbursements. In prior years, the Recreation and Parks Department (R&P) transfers funds to the General Fund to reimburse for water and electricity consumption, however, starting fiscal year 2011, this was discontinued, and R&P now pays DWP directly instead of reimbursing the General Fund.

## Management's Discussion and Analysis (Continued)

Other revenues posted moderate growth in fiscal year 2011. The increase in taxes of \$10.3 million is the net result of increases of \$25.6 million in property tax, \$7.2 million in sales tax, \$6.4 million in business tax, and \$12.1 million in transient occupancy tax, offset by decreases of \$26.5 million in utility users' tax, \$10.6 million in documentary transfer tax and \$1.1 million in franchise income. The carry-over effect of the state action to replace a portion of sales taxes and vehicle license fees with property taxes, as well as higher County Assessor's valuation based on increased economic growth of 1.3 percent from 0.7 percent, mainly accounted for the increase in property tax. Sales and business tax receipts in fiscal year 2011 are higher than the recession-impacted prior year receipts, indicative of an encouraging sign that consumers are beginning to spend again. Utility users' taxes are lower than anticipated due to lower taxes from telephone usage, resulting from declining use of land lines. Lower receipts from documentary transfer tax is indicative of the continuing depressed real estate market, and the adverse effect of the drastic drop in housing prices.

The City continued to implement a series of belt-tightening and austerity measures aimed at balancing its budget. These measures resulted in General Fund expenditures below budgeted by \$256.0 million. During the fiscal year, the City implemented the following measures: elimination and/or consolidation of certain smaller departments, transfer of certain General-funded employees to special-funded positions, and layoffs, reduction in labor costs through furloughs and other cost saving measures agreed upon by certain employee bargaining units, employee benefit cost-sharing, freeze in certain retiree medical subsidies, and refinancing of certain obligations to avail of lower interest rates.

Overall, the negative variances in revenues and other financing sources of \$217.5 million offset by the positive variances in expenditures and other financing uses of \$274.6 million and lapsed encumbrances of \$17.2 million resulted in a \$74.2 million year-end reversion to the Reserve Fund.

### LONG-TERM DEBT

At June 30, 2011 the City's bonded indebtedness and long-term notes payable totaled \$21.6 billion as follows:

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

	Governmental Activities		Business-type Activities		Total	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Debt backed by the City						
General Obligation Bonds .....	\$ 1,288,707	\$ 1,404,320	\$ --	\$ --	\$ 1,288,707	\$ 1,404,320
Judgment Obligation Bonds .....	66,891	74,279	--	--	66,891	74,279
Special Assessment Debt .....	24,095	25,910	--	--	24,095	25,910
Debt Secured by Specified Revenue Sources						
Certificates of Participation and Lease						
Revenue Bonds .....	1,958,319	1,982,189	--	--	1,958,319	1,982,189
Revenue Bonds and Notes Payable .....	620,272	597,391	17,453,856	15,124,741	18,074,128	15,722,132
Loans Payable to U.S. Department						
of Housing and Urban Development .....	157,781	156,276	--	--	157,781	156,276
<b>Total .....</b>	<b>\$ 4,116,065</b>	<b>\$ 4,240,365</b>	<b>\$ 17,453,856</b>	<b>\$ 15,124,741</b>	<b>\$ 21,569,921</b>	<b>\$ 19,365,106</b>

## Management's Discussion and Analysis (Continued)

Significant new issuances during the year are the following:

- \$116.5 million MICLA lease revenue bonds and \$121.3 million MICLA commercial paper notes to finance and refinance costs associated with the acquisition of certain capital equipment, construction and improvement of certain real property, and to repay all or a portion of certain outstanding certificates of participation.
- \$134.7 million LAX Subordinate Revenue Bonds, 2010 Series B, \$59.4 million LAX Subordinate Revenue Bonds, 2010 Series C, and \$875.8 million LAX Senior Revenue Bonds, 2010 Series D, for capital expenditures.
- Power Fund revenue bonds issued were: \$139.8 million Power System Revenue Bonds, 2010 Series C to be used for renewable energy projects, \$760.2 million 2010 Series D bonds for capital improvements, and \$694.1 million 2011 Series A bonds to refund certain outstanding bonds.
- Water Fund issued \$492.7 million 2010 Series A bonds for capital improvements designated as Build America bonds under the ARRA program.
- Sewer Fund issued Wastewater System Revenue Senior Lien Bonds Series 2010-A, Series 2010-B, and Wastewater System Subordinate Revenue Bonds Series 2010-A in the amount of \$177.4 million, \$89.6 million, and \$199.8 million, respectively, to refund certain commercial papers and outstanding bonds.

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 beginning on page 120.

As of February 1, 2012, the ratings of the City's debts by Moody's Investors Service (Moody's), Standard & Poors (S&P) and Fitch Ratings (Fitch) respectively are as follows: General Obligation Bonds – Aa3, AA- and AA-; Judgment Obligation Bonds – A1, A+ and A+; Convention Center Lease Revenue Bonds – A2, A+ and A+; MICLA Lease – Revenue Obligations (Real Property) – A2, A+ and A+; MICLA Lease-Revenue Obligations (Equipment) – A3, A+ and A+; Special Assessment Bonds – Aa3, AA and AA; Parking System Revenue Bonds – A2, A+ and A; Solid Waste Resources Revenue Bonds – Aa3, AA and AA-; and Tax and Revenue Anticipation Notes – M1G1, SP-1+ and F1+.

The City's Debt Management Policy establishes guidelines for the structure and management of the City's General Fund debt obligation. These guidelines include target and ceiling levels for certain debt ratios to be used for financial planning purposes. The policy places certain restrictions on the types of items that can be financed, limiting financing only to those items with a useful life of six years or more. In accordance with this policy, the ratio of annual debt payments cannot exceed 15% of General Fund revenues for voter-approved and non-voter approved debt overall, and cannot exceed 6% of General Fund revenues for non-voter approved debt alone. The 6% 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% ceiling shall not be exceeded for more than one year.

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.

## Management's Discussion and Analysis (Continued)

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, 2011, the City is in compliance with the aforementioned policies.

Information related to the City's legal debt margin is found on pages 354 and 355. Pledged revenue bond coverage for the City's enterprise funds is found on pages 356 and 357.

### CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$31.4 billion (net of accumulated depreciation). This investment in capital assets, which accounts for 65.1% of the City's total assets, includes land, buildings, facilities, equipment, infrastructure, and construction in progress. The following table presents the City's capital assets (in thousands):

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

	Governmental Activities		Business-type Activities		Total	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
<b>Not Depreciated</b>						
Land.....	\$ 812,560	\$ 689,196	\$ 2,357,216	\$ 2,330,972	\$ 3,169,776	\$ 3,020,168
Infrastructure.....	170,605	178,903	--	--	170,605	178,903
Construction in Progress.....	782,081	1,182,236	4,316,865	3,981,920	5,098,946	5,164,156
Intangible Assets.....	42,308	25,482	65,793	65,693	108,101	91,175
Subtotal.....	<u>1,807,554</u>	<u>2,075,817</u>	<u>6,739,874</u>	<u>6,378,585</u>	<u>8,547,428</u>	<u>8,454,402</u>
<b>Depreciated, Net</b>						
Buildings, Facilities and Equipment.....	3,557,466	3,179,793	17,266,167	16,242,121	20,823,633	19,421,914
Infrastructure.....	1,723,943	1,710,923	--	--	1,723,943	1,710,923
Intangible Assets.....	50,817	17,223	--	--	50,817	17,223
Subtotal.....	<u>5,332,226</u>	<u>4,907,939</u>	<u>17,266,167</u>	<u>16,242,121</u>	<u>22,598,393</u>	<u>21,150,060</u>
Natural Gas Field, Net.....	--	--	256,622	231,397	256,622	231,397
Nuclear Fuel at Amortized Cost.....	--	--	44,328	44,295	44,328	44,295
Total.....	<u>\$ 7,139,780</u>	<u>\$ 6,983,756</u>	<u>\$ 24,306,991</u>	<u>\$ 22,896,398</u>	<u>\$ 31,446,771</u>	<u>\$ 29,880,154</u>

The modified approach is used in reporting the City's bridges infrastructure system. As of June 30, 2011, the condition of City bridges is compliant with the City's policy. Seventy three percent of all City bridges are rated B or better. The planned costs for preservation and maintenance were \$98.8 million, but \$41.0 million was actually spent. See additional information on Note 1E of the Notes To Basic Financial Statements on pages 68-70. The required supplementary information for bridges is presented on page 209.

## Management's Discussion and Analysis (Continued)

Major capital assets activities during the year are as follows:

### Governmental Activities

- Completed building construction and various improvements, including transfers from construction in progress, amounted to \$553.0 million. These various projects include \$82.4 million for police facilities, \$79.0 million for fire facilities, \$37.1 million for library, \$47.0 million for recreational, cultural and community centers and facilities, \$284.4 million for various municipal facilities, \$14.6 million for animal shelters, and \$11.3 million transfers from CRA.
- Transfer of land with historical cost of \$93.2 million from CRA to the City. See Note 5E on page 199 for related discussion on this transfer.
- Capitalized charges for various projects under construction totaled \$209.4 million. These projects include \$8.2 million for fire facilities, \$4.2 million for animal shelters, \$69.3 million for library, recreational, and community centers and facilities, \$69.8 million for various public works projects, \$24.4 million for transportation projects and \$33.5 million for municipal facilities projects.
- Capitalized infrastructure assets totaled \$59.3 million.
- Acquisition of machinery and equipment that were capitalized totaled \$63.8 million, while those retired, salvaged, deleted or sold amounted to \$41.9 million.
- Capitalized intangible assets for FY11 amounted to \$53.1 million.

### Business-type Activities

- The Airport Enterprise Fund's net capital assets increased by \$493.6 million, or 12.4%, mainly due to interior improvements and security upgrades at the Tom Bradley International Terminal of \$314.9 million, construction of new north/south crossfield taxiway and apron for overnight parking of \$35.2 million, replacement of central utility plant of \$33.6 million, \$14.9 million for security program-in-line baggage screening, \$23.9 million for repairs and improvements of elevators and escalators, \$17.4 million for residential acquisition and soundproofing, and \$14.8 million acquisition of leased facilities.
- The Harbor Enterprise Fund capitalized \$610.8 million in fiscal year 2011, including transfers from construction in progress. The majority of the capitalized expenses were terminal development and dredging. Other significant capital outlays were related to commercial development, infrastructure improvements, environmental enhancements, construction of a Port Police station, and Port security enhancements.
- The Power Enterprise Fund capitalized \$557.0 million of additions, including transfers from construction in progress, to depreciable utility plant in service. Of the \$557.0 million, \$356.0 million, or 64%, is related to distribution plant assets added to improve distribution system reliability in line with the Power Reliability Program. In addition, \$90.0 million or 16% is related to generation plant assets including station improvements at the in-basin generating stations. In addition, \$88.0 million or 16% is related to general plant assets including a new joint service center, communication/mainframe hardware equipment, and general office building improvements. Construction work in progress increased by \$254.0 million mostly due to repowering of a generating station and improvements at other in-basin generating stations.



## Management's Discussion and Analysis (Continued)

- The Water Enterprise Fund capitalized \$302.0 million of additions to depreciable utility plant in service. Of the \$302.0 million, \$207.0 million, or 69% is related to distribution plant assets including mains, meters and services. Major additions also included upgrades to the LA Water System-Data Acquisition Control and the supervisory control and data acquisition systems. Additions and betterments in the Owens Lake Dust Control Project, Lower Owens River Project and LA Aqueduct facilities added \$46.0 million to the value of assets in the source of water supply. General plant assets added \$36.0 million or 12% in improvements to software and various equipments. The remaining \$13.0 million or 4% additions included assets in the pumping stations, and purification stations.
- The Sewer Enterprise Fund capitalized \$408.7 million of additions, including transfers from construction in progress. Of the \$408.7 million, \$285.0 million or 69.7% relate to the collection system and \$106.3 million or 26.0% relate to treatment plants and equipment. Charges to construction in progress totaled \$87.1 million. These projects are driven by regulatory requirements.

Significant commitments that include construction contracts are discussed in Note 5C of the Notes to the Basic Financial Statements on page 177.

The City's policy affecting capital assets can be found in Note 1E of the Notes to the Basic Financial Statements on pages 68-70. Additional information can be found in Note 4F on pages 114-116.

### ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

The City's fiscal year 2011-12 adopted budget is \$6.9 billion. Of this amount, \$3.4 billion, or 49.5%, is appropriated for departmental expenditures. The remainder of \$3.5 billion is appropriated for non-departmental expenditures. Estimated general receipts of \$4.4 billion, special receipts of \$2.2 billion, and available balances of \$0.3 billion fund the budget.

The \$4.4 billion 2011-12 budgeted receipts of the General Fund operating account project a \$88.7 million (or 2.1%) net increase from fiscal year 2010 -11 actual receipts as follows (amounts in millions):

	FY 2011-12 Budget	FY 2010 -11 Receipts	Increase (Decrease)	
			Amount	%
Taxes.....	\$ 3,191.1	\$ 3,141.7	\$ 49.4	1.6%
Licenses, permits, fees and fines.....	861.9	825.1	36.8	4.5%
Intergovernmental.....	24.5	27.7	(3.2)	-11.6%
Interest.....	14.3	15.4	(1.1)	-7.1%
Other.....	9.5	9.0	0.5	5.6%
Transfers from other funds <sup>(a)</sup> .....	284.4	278.1	6.3	2.3%
<b>Total.....</b>	<b>\$ 4,385.7</b>	<b>\$ 4,297.0</b>	<b>\$ 88.7</b>	<b>2.1%</b>

<sup>(a)</sup> Other funds include Reserve Fund, Power Fund, Special Parking Revenue Fund, and Telecommunications Liquidated Damages Fund.

The increase of \$49.4 million in budgeted taxes for fiscal year 2011-12 compared to actual receipts in fiscal year 2010-11 is primarily due to increases of \$2.2 million or 0.2% in property tax, \$9.6 million or 3% in sales tax, \$20.8 million or 5% in business tax, \$1.4 million or 1% in transient occupancy tax, \$6.6 million or 7% in documentary transfer tax, \$5.0 million or 6% in parking users tax, \$3.6 million or 8% in franchise income, and \$0.2 million or 14% in residential development tax . There was however, a projected slight decrease of \$0.2 million in utility users tax receipts.

## Management's Discussion and Analysis (Continued)

Property tax is still the City's largest General Fund revenue source. The amount of property tax received is determined by complex Proposition 13 related factors, and other propositions approved by the electorate, inflation, the real estate market, new construction activity, assessment appeals, and restorations to the tax rolls. The projected increase of \$2.2 million in property tax is due to a current tax year growth of 0.6% in secured assessed valuation by the County Assessor's. A modest growth in real estate market accounted for the 7% estimated increase in documentary transfer tax.

Recent minimal economic growth, as well as views of local economists, local employment levels, statewide forecasts and pattern of recent receipts accounted for the slight increases in projections for sales, business, and transient occupancy taxes. However, the potential negative effect of current international tensions, rising oil prices, and the effects of the disaster in Japan on the local economy prevented a stronger forecast for these taxes.

Increased enforcement of parking regulations accounted for the 6% projected increases in parking users tax, and parking fines revenue of \$3.1 million. The increase in estimated franchise income receipts of 7.5% is primarily due to the rising oil and natural gas prices. Utility users tax is composed of the electric, gas and communication users taxes. Gas prices and electric consumption continue to rise, which would contribute to a higher utility users tax, but, such increases are offset by the continued decline in telephone users tax. Hence, a slight decrease of \$0.2 million in revenue is projected for the next fiscal year.

Lower receipts from interest income is estimated due to the prevailing low interest rates. Modest increase of \$0.5 million is projected for tobacco settlement due to declining tobacco consumption. Licenses, permits, fees, and fines are budgeted higher due to increases in additional overhead reimbursements and various fees such as bank and credit card transaction fees and code violation fees. Transfers from other funds is projected to increase by \$6.3 million mainly due to the transfers from Special Parking Revenue Fund of \$6.5 million and Reserve Fund of \$5.3 million, offset by decrease in Power Revenue Transfer of \$4.8 million. Lower grant receipts resulting from federal and state grant funding cuts accounted for the \$3.2 million decrease in intergovernmental receipts.

The State economy showed some positive signs of recovery since the deep recession hit the State and nation from 2008 to 2009. However, the rippling after-effects of the financial meltdown continued to impede a robust economic growth. Economists predicted the recovery will be sluggish and uneven in the coming years. The State's fiscal challenges keep on straining the City budgets as there's always a threat from the State to take funds from local governments. The City redoubles its efforts to address current and future budget shortfalls. With budget balancing solutions undertaken by the City to reduce the deficit, the City continues to take additional measures to mitigate shortfalls in revenue and ensure its long-term fiscal health and sustainability. A review of recent economic performance and forecasts by leading economists provides important insight into the regional economic outlook and of the City's revenue base.

- Los Angeles Economic Development Corporation (LAEDC) predicted the County's unemployment to continue within the double digit range although in a downturn trend. County's unemployment edged down from its peak of 12.8% in 2010 to 12.3% in June 2011, per Bureau of Labor Statistics report. LAEDC, in its Mid-Year Economic Forecast and Outlook Report issued in July 2011, anticipated County's unemployment rate to further decline to 11.5% in 2012. Same pattern of recovery was also seen in City's unemployment data. California EDD report indicated that the City's unemployment rate peaked at 14.1% in fiscal year 2010, but gradually dropped to 13.6% in 2011.
- LAEDC reported that the County's total personal income is up by an estimated 2.4% in 2010 from a 2.5% decline in 2009. Personal income is projected to increase in 2011 by 3.6% and 5.4% in 2012.

## Management's Discussion and Analysis (Continued)

- LAEDC also indicated an upturn in County's taxable retail sales which went up in 2010 by an estimated 7.0%, after falling by 12.7% in 2009. Taxable retail sales are anticipated to go up by 7.7% in 2011 and 6.1% in 2012, partly because of increase in consumer spending and tourism is on the rise.

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

- The City's fiscal year 2012 General Fund adopted budget reflected balanced revenues to appropriations but not to the levels of prior years. No deficit in Citywide revenue is currently projected, however, there are potential drawbacks to the economy-sensitive revenues, such as sales, business and utility users tax revenues associated with the latest economic indicators. Reduced employment levels and furloughs resulting from the effect of the implementation of employee layoffs, mandatory furloughs and Early Retirement Incentive Program (ERIP), may adversely affect related cost reimbursements for departments.
- The City Administrative Officer (CAO) reports to the Mayor and City Council on the status of the budget. In the first Financial Status Report (FSR), dated September 29, 2011, the CAO reported that the estimated sworn and civilian salary shortfall is \$10.3 million to \$13.3 million. This shortfall is anticipated to occur due to newly approved agreements with certain employee bargaining units. These new agreements include reduced furloughs, new and deferred bargaining unit payouts, salary bonuses and sworn overtime.
- To reduce the deficit, the Mayor and City Council approved budgetary adjustments by appropriating savings from certain approved agreements to salary accounts. These savings resulted from increased employee contributions towards retiree health benefits that allowed the City to reduce its contribution towards the sworn and civilian retirement systems, changes in negotiated health benefits, delayed salary step increases, reduced sick leave payouts and reduced overtime cash payouts.
- In the second FSR, dated December 2, 2011, the CAO reported that a Citywide deficit of \$72.0 million is projected, consisting of previously identified sworn and civilian salary deficits, new expense deficits and reevaluated sworn and civilian retirement contributions. The salary shortfalls for fiscal year 2012 had increased to \$17.5 million. New expenditure deficits totaling \$26.8 million have also been identified for petroleum expenses due to rising fuel costs, bank fees from increased credit card usage by customers, and workers' compensation expenditures mainly due to increased permanent disability settlements, medical costs, and sworn medical liens. Finally, retiree contributions for the sworn and civilian retirement systems have increased to \$27.7 million.
- Approximately \$50.6 million in surplus funds, revenue solutions and departmental budget reductions may be used to partially address this \$72.0 million deficit. Additionally, departments were instructed to absorb approximately \$20.8 million in General Funds budgeted for ERIP retiree payouts. Departments have submitted operational plans which could further reduce the budget deficit including: moving detailed Fire sworn special duty personnel to the field and reallocating Fire Inspectors to platoon duty firefighting positions, which will reduce overtime costs and eliminate the need to hire new recruits; reduction of 447 under-utilized vehicles from the City inventory; continued managed hiring and furloughs.
- In the third FSR dated February 9, 2012, the CAO reported that the projected Citywide deficit has been eliminated. The re-balancing of the current fiscal year budget is mainly due to departmental savings efforts, controlling of salary costs as a result of managed hiring, and identification of additional savings primarily within the tax revenue and anticipation notes (TRAN).
- In addition to current department salary, expense, and pension shortfalls, the potential impact of continued economic downturn, and pressures on the growing budget gap, the City will incur additional costs resulting from overtime staffing, cleanup and repair associated with the Occupy

## Management's Discussion and Analysis (Continued)

Los Angeles encampment at City Hall, and City services and activities performed in response to problems created by the winds, fires, downed power lines and mass outages brought about by the December 2011 Windstorm.

- Overall receipts are currently close to budget plan. However, economic forecasts and leading indicators on the current economic recovery are mixed. For example, City taxable sales results show encouraging growth, but underlying economic indicators suggest that results are not sustainable, employment figures are somewhat improving but construction activity and real estate sales have yet to stabilize, and the European sovereign debt crisis may affect economic growth in the United States.
- Various fees increases that are expected to contribute approximately \$1.9 million additional revenues are scheduled for implementation in fiscal year 2012. During the next fiscal year, the City did not approve any new Convention Center fee waivers, as well as development fee and permit subsidies.
- Recent State actions may negatively affect the City's revenues. While vehicle license fees are currently ahead of plan, the State has eliminated further payments which will reduce revenues by \$4.1 million. The State has eliminated funding to the California Public Library Foundation. This State budget action will reduce the City's library funding in fiscal year 2013. Additionally, "trigger reductions" will now impact on State grant funding with reductions in various City library grants of approximately \$0.5 million. On November 18, 2011, the President signed H.R. 2112, which reduced fiscal year 2012 funding for the U.S. Department of Housing and Urban Development (HUD). The City's entitlement to various HUD grants may be cut by \$22.4 million as a result of this action.

### COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

The Community Redevelopment Agency is a component unit that is legally separate from the City. It is discretely presented because its governing board is not substantially the same as the City's governing body and it provides services directly to the citizenry rather than to the City government.

The following schedule provides condensed data from the CRA's statement of net assets:

Community Redevelopment Agency  
Condensed Statement of Net Assets  
(amounts expressed in thousands)

	FY 2011	FY 2010
Current and other assets.....	\$ 843,638	\$ 945,745
Capital assets.....	72,480	95,947
Total assets.....	916,118	1,041,692
Current and other liabilities.....	86,176	71,017
Long-term liabilities.....	767,819	840,862
Total liabilities.....	853,995	911,879
Net assets:		
Invested in capital assets,		
net of related debt.....	24,800	53,854
Restricted.....	512,214	600,602
Unrestricted (Deficit).....	(474,891)	(524,643)
Total net assets.....	\$ 62,123	\$ 129,813

## Management's Discussion and Analysis (Continued)

At June 30, 2011, the CRA's total assets exceeded its total liabilities by \$62.1 million or a decrease of \$67.7 million from the previous year's net assets of \$129.8 million. The decrease is mainly due to the decrease in land held for redevelopment resulting from the transfer of properties to the City. The transfer of increment revenues from CRA to the State to close the State's budget shortfall accounted for the \$102.1 million decrease in current and other assets. Long-term liabilities decreased by \$73.0 million due to the debt settlement and repayment of the Community Development Block Grant loan to the City. The deficit in unrestricted net assets is primarily due to the issuance of debt, secured and to be paid for by future incremental property taxes. Debt proceeds are used to finance redevelopment activities that benefit the community and increase the project areas' taxable base. The redevelopment activities do not necessarily result in CRA assets; if they do, such assets are carried in the CRA's books at substantially below cost. The CRA also provides gap financing on certain redevelopment activities and any equity assumed in these projects is significantly less than the underlying expenses.

For the fiscal year ended June 30, 2011, the CRA incurred additional notes and bonds payable totaling \$23.1 million, while retirements totaled \$48.2 million. Proceeds of the debt issuances increased cash and investment, a component of current and other assets. At June 30, 2011, the CRA's net long-term debt amounted to \$767.8 million. Of this amount, 87.1% or \$668.9 million are tax allocation bonds. The CRA issues tax allocation bonds to finance certain redevelopment programs. Receipts from incremental property taxes are used to pay debt service on the tax allocation bonds. Incremental property taxes are collected from the excess of property taxes levied and collected each year on a redevelopment project over the amount that is levied and collected on the base year property tax assessment.

The following table presents the operating results of the CRA:

Community Redevelopment Agency Condensed Statement Activities (amounts expressed in thousands)		
	FY 2011	FY 2010
Program Revenues		
Charges for Services .....	\$ 7,837	\$ 9,678
Capital Grants and Contributions .....	12,848	22,929
General Revenues		
Incremental Property Taxes .....	214,970	226,097
Interest Income .....	5,116	5,806
Net Change in Loan Valuation .....	14,676	(5,705)
Other .....	2,874	4,416
Total Revenues .....	258,321	263,221
Special Items		
Gain on Loan Settlement .....	47,007	--
Transfer of Properties .....	(93,410)	--
Total Special Items .....	(46,403)	--
Program Expenses		
Housing .....	78,216	40,519
Community and Economic Development .....	44,587	21,606
Public Improvement .....	40,657	10,566
Project General .....	70,034	116,814
Parking facilities .....	5,389	5,386
Interest on Long-term Debt .....	40,725	41,318
Total Program Expenses .....	279,608	236,209
Change in Net Assets .....	\$ (67,690)	\$ 27,012

## Management's Discussion and Analysis (Continued)

For the fiscal year ended June 30, 2011, the CRA's revenues totaled \$258.3 million, a decrease of \$4.9 million (1.9%) from the prior fiscal year. The continued slowdown in regional economic activity resulted in decline in tax increment revenues of \$11.1 million. Total program expenses other than interest on long-term debt increased by \$44.0 million.

As a result of the above financial changes, the CRA's change in net assets for fiscal year 2011 was \$(67.7) million, down \$94.7 million from fiscal year 2010.

To help alleviate the State's significant budget shortfall in fiscal year 2010, the State required redevelopment agencies to participate proportionately in a shift of \$2.1 billion in property tax increment revenues for deposit into the County Supplemental Educational Revenue Augmentation Fund in fiscal years 2010 and 2011. CRA's total share is \$85.5 million of which \$70.9 million was paid on May 10, 2010 for fiscal year 2010, and \$14.6 million was paid on May 10, 2011 for fiscal year 2011.

On June 29, 2011, the Governor enacted Assembly Bills (AB) 1X26 and 1X27. AB 1X26 will dissolve redevelopment agencies in the State of California, unless the sponsoring city adopts a resolution and makes the voluntary payments contemplated by AB 1X27. The City adopted the Opt-in Ordinance for CRA as contemplated in AB 1X27. The constitutionality of AB 1X26 and AB 1X27 are being challenged before the California Supreme Court. On December 29, 2011, the California Supreme Court upheld AB 1X26, the redevelopment elimination bill, and struck down AB 1X27, the bill that would have allowed redevelopment agencies to remain in operation. Due to the ruling, the CRA was dissolved as of February 1, 2012. As of February 1, 2012, CRA functions were limited to close-out activities to be performed by a Successor Agency under the direction of an Oversight Board and the State Department of Finance (DOF). The City elected not to serve as the Successor Agency to the CRA.

Detailed discussion on the dissolution of CRA can be found in Note 5E on pages 200 to 201 and Note 5F on page 203.

### 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 Assets**  
**June 30, 2011**  
(amounts expressed in thousands)

	Primary Government			Component Unit- Community Redevelopment Agency
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 3,913,122	\$ 2,193,454	\$ 6,106,576	\$ 119,810
Other Investments	83,593	116,310	199,903	287,033
Receivables, Net	1,306,540	1,973,602	3,280,142	114,952
Loans Receivable from Component Unit	15,891	--	15,891	--
Due From Primary Government	--	--	--	1,044
Inventories	16,585	194,254	210,839	122,992
Prepaid Items and Other Assets	48,040	722,365	770,405	40,441
Restricted Assets	3,480	5,247,529	5,251,009	157,366
Investment in Joint Ventures	--	6,186	6,186	--
Net Pension Assets	--	52,102	52,102	--
Net Other Postemployment Benefits Assets	--	863,884	863,884	--
Deferred Outflow on Derivative Instruments	--	111,142	111,142	--
Capital Assets				
Not Depreciated	1,807,554	6,739,874	8,547,428	41,695
Depreciated, Net	5,332,226	17,266,167	22,598,393	30,785
Natural Gas Field, Net	--	256,622	256,622	--
Nuclear Fuel, at Amortized Cost	--	44,328	44,328	--
<b>TOTAL ASSETS</b>	<b>12,527,031</b>	<b>35,787,819</b>	<b>48,314,850</b>	<b>916,118</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	298,334	795,613	1,093,947	11,600
Obligations Under Securities Lending Transactions	361,731	299,531	661,262	--
Matured Bonds and Interest Payable	321	--	321	--
Accrued Interest Payable	60,534	258,403	318,937	22,238
Due to Component Unit	1,044	--	1,044	--
Internal Balances	49,850	(49,850)	--	--
Deposits and Advances	40,701	77,020	117,721	46,435
Other Liabilities	303,742	260,401	564,143	5,903
Advances from Fiduciary Funds	31,608	--	31,608	--
Derivative Instrument Liabilities	--	111,142	111,142	--
Non-current Liabilities				
Due Within One Year	590,944	528,935	1,119,879	45,271
Due In More Than One Year	6,412,183	17,396,611	23,808,794	706,657
Loans Payable to Primary Government (including \$7,886 due within one year)	--	--	--	15,891
<b>TOTAL LIABILITIES</b>	<b>8,150,992</b>	<b>19,677,806</b>	<b>27,828,798</b>	<b>853,995</b>
<b>NET ASSETS</b>				
Invested In Capital Assets, Net of Related Debt	4,140,258	9,186,620	13,326,878	24,800
Restricted for:				
Capital Projects	61,090	237,019	298,109	306,504
Debt Service	215,496	1,262,623	1,478,119	97,993
Public Safety	178,240	--	178,240	--
Public Works and Sanitation	401,476	--	401,476	--
Transportation Programs	538,711	--	538,711	--
Culture and Recreation Activities	281,612	--	281,612	--
Community Development and Housing	335,245	--	335,245	107,717
Passenger/Customer Facility Charges	--	805,405	805,405	--
Pension and Other Postemployment Benefits	--	915,986	915,986	--
Other Purposes	18,226	365,384	383,610	--
Unrestricted (Deficit)	(1,794,315)	3,336,976	1,542,661	(474,891)
<b>TOTAL NET ASSETS</b>	<b>\$ 4,376,039</b>	<b>\$ 16,110,013</b>	<b>\$ 20,486,052</b>	<b>\$ 62,123</b>

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, 2011  
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit - Community Redevelopment Agency
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
Governmental Activities:								
General Government	\$ 1,462,581	\$ 241,681	\$ 32,537	\$ --	\$ (1,188,363)	\$ --	\$ (1,188,363)	\$ --
Protection of Persons and Property	2,641,343	317,283	151,213	6,331	(2,166,516)	--	(2,166,516)	--
Public Works	342,722	162,551	137,268	13,299	(29,604)	--	(29,604)	--
Health and Sanitation	393,827	467,614	19,912	1,986	95,685	--	95,685	--
Transportation	338,755	99,797	219,265	2,667	(17,026)	--	(17,026)	--
Cultural and Recreational Services	446,805	128,170	8,456	51,461	(258,718)	--	(258,718)	--
Community Development	429,695	63,903	355,380	--	(10,412)	--	(10,412)	--
Interest on Long-Term Debt	190,424	--	--	--	(190,424)	--	(190,424)	--
Total Governmental Activities	<u>6,246,152</u>	<u>1,480,999</u>	<u>924,031</u>	<u>75,744</u>	<u>(3,765,378)</u>	<u>--</u>	<u>(3,765,378)</u>	<u>--</u>
Business-type Activities:								
Airports	834,071	1,052,790	--	75,171	--	293,890	293,890	--
Harbor	310,534	406,606	--	12,059	--	108,131	108,131	--
Power	2,964,399	3,252,872	--	27,983	--	316,456	316,456	--
Water	791,049	783,056	--	48,946	--	40,953	40,953	--
Sewer	557,269	517,212	--	10,415	--	(29,642)	(29,642)	--
Other- Convention Center	40,400	26,535	--	--	--	(13,865)	(13,865)	--
Total Business-type Activities	<u>5,497,722</u>	<u>6,039,071</u>	<u>--</u>	<u>174,574</u>	<u>--</u>	<u>715,923</u>	<u>715,923</u>	<u>--</u>
<b>Total Primary Government</b>	<u>\$11,743,874</u>	<u>\$ 7,520,070</u>	<u>\$ 924,031</u>	<u>\$ 250,318</u>	<u>(3,765,378)</u>	<u>715,923</u>	<u>(3,049,455)</u>	<u>--</u>
<b>Component Unit- Community Redevelopment Agency</b>	<u>\$ 279,608</u>	<u>\$ 7,837</u>	<u>\$ --</u>	<u>\$ 12,848</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(258,923)</u>
<b>General Revenues:</b>								
Property Taxes					1,618,444	--	1,618,444	214,970
Utility Users Taxes					628,028	--	628,028	--
Business Taxes					410,888	--	410,888	--
Other Taxes								
Documentary Transfer					98,709	--	98,709	--
Transient Occupancy					139,599	--	139,599	--
Parking Occupancy					68,929	--	68,929	--
Franchise Income					59,925	--	59,925	--
Miscellaneous					25,243	--	25,243	--
Grants and Contributions Not Restricted to Specific Programs								
Sales Taxes					337,727	--	337,727	--
Motor Vehicle In-Lieu Taxes					7,631	--	7,631	--
Other					45,073	--	45,073	--
Unrestricted Investment Earnings					18,814	--	18,814	5,116
Net Change in Loan Valuation					--	--	--	14,676
Other					75,838	--	75,838	2,874
<b>Transfers</b>					258,815	(258,815)	--	--
<b>Special Items:</b>								
Gain (Loss) on Loan Settlement					(47,007)	--	(47,007)	47,007
Transfer of Properties					93,410	--	93,410	(93,410)
<b>Total General Revenues and Other Items</b>					<u>3,840,066</u>	<u>(258,815)</u>	<u>3,581,251</u>	<u>191,233</u>
<b>Change in Net Assets</b>					<u>74,688</u>	<u>457,108</u>	<u>531,796</u>	<u>(67,690)</u>
<b>Net Assets - July 1</b>					<u>4,301,351</u>	<u>15,652,905</u>	<u>19,954,256</u>	<u>129,813</u>
<b>Net Assets - June 30</b>					<u>\$ 4,376,039</u>	<u>\$ 16,110,013</u>	<u>\$ 20,486,052</u>	<u>\$ 62,123</u>

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

CITY OF LOS ANGELES

Balance Sheet  
 Governmental Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	General	Community Development	Municipal Improvement Corporation	
			Special Revenue	Debt Service
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 966,168	\$ 8,467	\$ 105,847	\$ 56,819
Other Investments	--	--	--	69,251
Taxes Receivable (Net of Allowance for Uncollectibles of \$48,913)	488,977	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$480,438)	176,233	--	--	--
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$3,170)	4,319	--	--	--
Investment Income Receivable	6,091	27	175	349
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$14,379)	50,124	7,181	--	--
Loans Receivable (Net of Allowance for Uncollectibles of \$904,910)	--	103,880	--	--
Due from Other Funds	48,388	203	--	--
Loans Receivable from Component Unit (Net of Allowance for Uncollectibles of \$500)	--	15,109	--	--
Inventories	16,585	--	--	--
Prepaid Items and Other Assets	--	13,838	2,232	--
Advances to Other Funds	9,714	--	--	--
Restricted Assets	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 1,766,599</b>	<b>\$ 148,705</b>	<b>\$ 108,254</b>	<b>\$ 126,419</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 61,744	\$ 4,945	\$ 8,342	\$ --
Obligations Under Securities Lending Transactions	123,592	769	6,591	--
Accrued Salaries and Overtime Payable	95,287	--	--	--
Accrued Compensated Absences Payable	5,678	--	--	--
Accrued Retirement Benefits Payable	39,358	--	--	--
Estimated Claims and Judgments Payable	24,102	--	--	--
Intergovernmental Payable	814	--	2,202	--
Due to Other Funds	31,005	2,082	4,373	--
Due to Component Unit	--	10	--	--
Deferred Revenue and Other Credits	516,356	4	--	--
Deposits and Advances	20,444	142	--	--
Matured Bonds and Interest Payable	--	--	--	--
Advances from Other Funds	41,441	--	--	--
Other Liabilities	286,720	9	--	--
<b>TOTAL LIABILITIES FORWARDED</b>	<b>1,246,541</b>	<b>7,961</b>	<b>21,508</b>	<b>--</b>

Continued...

CITY OF LOS ANGELES

Balance Sheet  
Governmental Funds  
June 30, 2011

(amounts expressed in thousands)

	General	Community Development	Municipal Improvement Corporation	
			Special Revenue	Debt Service
<b>TOTAL LIABILITIES FORWARDED</b>	\$ 1,246,541	\$ 7,961	\$ 21,508	\$ --
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Inventories	16,585	--	--	--
Prepaid Items and Other Assets	--	13,838	2,232	--
Advances to Other Funds	9,714	--	--	--
<b>Restricted for:</b>				
Animal Shelter Facilities	--	--	--	--
Community Development	--	126,906	--	--
Construction and Engineering				
Regulation Enforcement	--	--	--	--
Cultural Activities	--	--	--	--
Debt Service	--	--	--	126,419
General Government	--	--	--	--
Health, Environment and Sanitation Programs	--	--	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--
Law Enforcement	--	--	--	--
Library	--	--	--	--
MICLEA Capital Projects	--	--	84,514	--
Other Capital Projects	--	--	--	--
Other Purposes	--	--	--	--
Police, Fire and 911 Facilities	--	--	--	--
Recreation and Parks	--	--	--	--
Seismic Improvement	--	--	--	--
Social Services	--	--	--	--
Solid Waste	--	--	--	--
Stormwater Cleanup Capital Projects	--	--	--	--
Street Lighting	--	--	--	--
Street Services	--	--	--	--
Transportation	--	--	--	--
<b>Assigned to:</b>				
Community Development	--	--	--	--
Construction and Engineering				
Regulation Enforcement	--	--	--	--
Cultural Activities	--	--	--	--
Fire Prevention and Emergency Preparedness	--	--	--	--
General Government	239,877	--	--	--
Health, Environment and Sanitation Programs	--	--	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--
Law Enforcement	--	--	--	--
Library	--	--	--	--
Other Capital Projects	--	--	--	--
Other Purposes	--	--	--	--
Recreation and Parks	--	--	--	--
Social Services	--	--	--	--
Solid Waste	--	--	--	--
Street Services	--	--	--	--
Transportation	--	--	--	--
<b>Unassigned:</b>				
Economic Stabilization	519	--	--	--
Reserve, Emergency and Contingency	253,363	--	--	--
Unassigned	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<u>520,058</u>	<u>140,744</u>	<u>86,746</u>	<u>126,419</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,766,599</u>	<u>\$ 148,705</u>	<u>\$ 108,254</u>	<u>\$ 126,419</u>

Continued...

CITY OF LOS ANGELES

Balance Sheet - (Continued)  
 Governmental Funds  
 June 30, 2011

(amounts expressed in thousands)

	<u>Proposition A Local Transit Assistance</u>	<u>Recreation and Parks</u>	<u>Solid Waste Resources</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 163,770	\$ 284,235	\$ 170,944	\$ 2,156,872	\$ 3,913,122
Other Investments	--	--	--	14,342	83,593
Taxes Receivable (Net of Allowance for Uncollectibles of \$48,913)	--	--	--	33,323	522,300
Accounts Receivable (Net of Allowance for Uncollectibles of \$480,438)	207	322	646	23,605	201,013
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$3,170)	--	--	--	19,924	24,243
Investment Income Receivable	463	844	456	5,989	14,394
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$14,379)	13,688	--	--	110,614	181,607
Loans Receivable (Net of Allowance for Uncollectibles of \$904,910)	--	--	--	259,103	362,983
Due from Other Funds	7	1,125	4,956	65,029	119,708
Loans Receivable from Component Unit (Net of Allowance for Uncollectibles of \$500)	--	--	--	782	15,891
Inventories	--	--	--	--	16,585
Prepaid Items and Other Assets	--	--	--	7,481	23,551
Advances to Other Funds	--	--	--	80,624	90,338
Restricted Assets	--	--	--	3,480	3,480
<b>TOTAL ASSETS</b>	<u>\$ 178,135</u>	<u>\$ 286,526</u>	<u>\$ 177,002</u>	<u>\$ 2,781,168</u>	<u>\$ 5,572,808</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 10,858	\$ 8,548	\$ 8,576	\$ 85,326	\$ 188,339
Obligations Under Securities Lending Transactions	14,881	25,823	15,533	174,542	361,731
Accrued Salaries and Overtime Payable	--	5,226	--	1,627	102,140
Accrued Compensated Absences Payable	--	129	--	55	5,862
Accrued Retirement Benefits Payable	--	--	--	--	39,358
Estimated Claims and Judgments Payable	--	--	--	--	24,102
Intergovernmental Payable	--	--	--	4,839	7,855
Due to Other Funds	1,831	189	176	86,482	126,138
Due to Component Unit	--	--	--	1,034	1,044
Deferred Revenue and Other Credits	2,483	240	133	103,511	622,727
Deposits and Advances	--	1,939	7	18,169	40,701
Matured Bonds and Interest Payable	--	--	--	321	321
Advances from Other Funds	--	844	--	123,081	165,366
Other Liabilities	--	--	--	17,013	303,742
<b>TOTAL LIABILITIES FORWARDED</b>	<u>30,053</u>	<u>42,938</u>	<u>24,425</u>	<u>616,000</u>	<u>1,989,426</u>

Continued...

CITY OF LOS ANGELES

Balance Sheet - (Continued)  
 Governmental Funds  
 June 30, 2011

(amounts expressed in thousands)

	Proposition A Local Transit Assistance	Recreation and Parks	Solid Waste Resources	Other Governmental Funds	Total
<b>TOTAL LIABILITIES FORWARDED</b>	\$ 30,053	\$ 42,938	\$ 24,425	\$ 616,000	\$ 1,989,426
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Inventories	--	--	--	--	16,585
Prepaid Items and Other Assets	--	--	--	7,481	23,551
Advances to Other Funds	--	--	--	80,624	90,338
<b>Restricted for:</b>					
Animal Shelter Facilities	--	--	--	32,350	32,350
Community Development	--	--	--	269,323	396,229
Construction and Engineering					
Regulation Enforcement	--	--	--	3,324	3,324
Cultural Activities	--	--	--	14,106	14,106
Debt Service	--	--	9,213	243,544	379,176
General Government	--	--	--	1,733	1,733
Health, Environment and Sanitation Programs	--	--	--	92,655	92,655
Landfill Closure and Postclosure Maintenance	--	--	--	38	38
Law Enforcement	--	--	--	53,781	53,781
Library	--	--	--	8,822	8,822
MICLA Capital Projects	--	--	--	--	84,514
Other Capital Projects	--	--	--	16,146	16,146
Other Purposes	--	--	--	1,996	1,996
Police, Fire and 911 Facilities	--	--	--	226,507	226,507
Recreation and Parks	--	--	--	194,840	194,840
Seismic Improvement	--	--	--	38,268	38,268
Social Services	--	--	--	3,903	3,903
Solid Waste	--	--	141,333	13,336	154,669
Stormwater Cleanup Capital Projects	--	--	--	194,806	194,806
Street Lighting	--	--	--	5,039	5,039
Street Services	--	--	--	144,674	144,674
Transportation	148,082	--	--	252,140	400,222
<b>Assigned to:</b>					
Community Development	--	--	--	83,351	83,351
Construction and Engineering					
Regulation Enforcement	--	--	--	35,047	35,047
Cultural Activities	--	--	--	4,596	4,596
Fire Prevention and Emergency Preparedness	--	--	--	12,027	12,027
General Government	--	--	--	41,400	281,277
Health, Environment and Sanitation Programs	--	--	869	7,583	8,452
Landfill Closure and Postclosure Maintenance	--	--	--	11,962	11,962
Law Enforcement	--	--	--	2,960	2,960
Library	--	--	--	4,451	4,451
Other Capital Projects	--	--	--	2,823	2,823
Other Purposes	--	--	--	23,209	23,209
Recreation and Parks	--	243,588	--	2,467	246,055
Social Services	--	--	--	319	319
Solid Waste	--	--	1,162	--	1,162
Street Services	--	--	--	6,344	6,344
Transportation	--	--	--	28,492	28,492
<b>Unassigned:</b>					
Economic Stabilization	--	--	--	--	519
Reserve, Emergency and Contingency	--	--	--	--	253,363
Unassigned	--	--	--	(1,299)	(1,299)
<b>TOTAL FUND BALANCES</b>	<u>148,082</u>	<u>243,588</u>	<u>152,577</u>	<u>2,165,168</u>	<u>3,583,382</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 178,135</u>	<u>\$ 286,526</u>	<u>\$ 177,002</u>	<u>\$ 2,781,168</u>	<u>\$ 5,572,808</u>

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 Assets  
June 30, 2011  
(amounts expressed in thousands)

**Total Fund Balances - Governmental Funds** \$ 3,583,382

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,139,780

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 622,727

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (6,969,850)

**Net Assets of Governmental Activities** \$ 4,376,039

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, 2011  
(amounts expressed in thousands)

	General	Community Development	Municipal Improvement Corporation	
			Special Revenue	Debt Service
<b>REVENUES</b>				
Property Taxes	\$ 1,436,707	\$ --	\$ --	\$ --
Sales Taxes	299,624	--	--	--
Utility Users Taxes	618,307	--	--	--
Business Taxes	424,762	--	--	--
Other Taxes	359,434	--	--	--
Licenses and Permits	20,229	--	--	--
Intergovernmental	33,704	60,920	--	--
Charges for Services	496,551	--	--	--
Services to Enterprise Funds	248,263	--	--	--
Fines	145,731	--	--	--
Special Assessments	2,332	--	--	--
Investment Earnings	18,149	44	1,283	1,931
Program Income	--	9,590	--	--
Other	75,498	433	--	--
<b>TOTAL REVENUES</b>	<b>4,179,291</b>	<b>70,987</b>	<b>1,283</b>	<b>1,931</b>
<b>EXPENDITURES</b>				
Current:				
General Government	1,224,681	--	154	4,915
Protection of Persons and Property	2,182,116	--	--	--
Public Works	158,050	--	--	--
Health and Sanitation	137,829	--	--	--
Transportation	113,632	--	--	--
Cultural and Recreational Services	46,239	--	--	--
Community Development	32,204	76,325	--	--
Capital Outlay	17,203	--	95,520	--
Debt Service:				
Principal	--	--	--	179,948
Interest	--	--	--	73,136
Cost of Issuance	1,090	--	1,342	--
<b>TOTAL EXPENDITURES</b>	<b>3,913,044</b>	<b>76,325</b>	<b>97,016</b>	<b>257,999</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>266,247</b>	<b>(5,338)</b>	<b>(95,733)</b>	<b>(256,068)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	299,510	6,247	32,969	263,995
Transfers Out	(482,183)	(4,880)	(140,786)	--
Issuance of Long-Term Debt	--	--	219,186	--
Premium on Issuance of Long-Term Debt	--	--	2,216	--
Issuance of Refunding Bonds	--	--	18,705	--
Premium on Issuance of Refunding Bonds	--	--	1,198	--
Loans from HUD	--	--	--	--
Proceeds of Refunding Loan	--	--	--	--
Payment for Refunding of Loan	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(182,673)</b>	<b>1,367</b>	<b>133,488</b>	<b>263,995</b>
Special Item - Loss on Loan Settlement	--	(47,007)	--	--
<b>NET CHANGE IN FUND BALANCES</b>	<b>83,574</b>	<b>(50,978)</b>	<b>37,755</b>	<b>7,927</b>
FUND BALANCES, JULY 1	437,180	191,722	48,991	118,492
DECREASE IN RESERVE FOR INVENTORIES	(696)	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 520,058</b>	<b>\$ 140,744</b>	<b>\$ 86,746</b>	<b>\$ 126,419</b>

Continued...

CITY OF LOS ANGELES

Statement of Revenues, Expenditures  
and Changes in Fund Balances - (Continued)  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Proposition A Local Transit Assistance	Recreation and Parks	Solid Waste Resources	Other Governmental Funds	Total
<b>REVENUES</b>					
Property Taxes	\$ --	\$ --	\$ --	\$ 206,989	\$ 1,643,696
Sales Taxes	--	--	--	37,736	337,360
Utility Users Taxes	--	--	--	--	618,307
Business Taxes	--	--	--	--	424,762
Other Taxes	--	--	--	51,504	410,938
Licenses and Permits	--	1,415	--	30,047	51,691
Intergovernmental	100,911	279	--	724,995	920,809
Charges for Services	16,305	89,772	282,033	298,417	1,183,078
Services to Enterprise Funds	--	--	4,496	1,140	253,899
Fines	--	--	--	12,881	158,612
Special Assessments	--	--	--	104,182	106,514
Investment Earnings	2,607	4,337	2,989	34,638	65,978
Program Income	--	--	--	15,929	25,519
Other	419	747	4,633	35,719	117,449
<b>TOTAL REVENUES</b>	<b>120,242</b>	<b>96,550</b>	<b>294,151</b>	<b>1,554,177</b>	<b>6,318,612</b>
<b>EXPENDITURES</b>					
Current:					
General Government	--	--	--	39,571	1,269,321
Protection of Persons and Property	--	--	--	295,532	2,477,648
Public Works	--	--	--	189,435	347,485
Health and Sanitation	--	--	248,118	73,838	459,785
Transportation	82,374	--	--	125,791	321,797
Cultural and Recreational Services	--	217,364	--	125,562	389,165
Community Development	--	--	--	355,391	463,920
Capital Outlay	6,551	11,044	14,132	218,417	362,867
Debt Service:					
Principal	--	--	--	187,258	367,206
Interest	--	--	--	116,766	189,902
Cost of Issuance	--	--	--	7	2,439
<b>TOTAL EXPENDITURES</b>	<b>88,925</b>	<b>228,408</b>	<b>262,250</b>	<b>1,727,568</b>	<b>6,651,535</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<b>31,317</b>	<b>(131,858)</b>	<b>31,901</b>	<b>(173,391)</b>	<b>(332,923)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	35	145,766	--	337,696	1,086,218
Transfers Out	(3,373)	--	(39,917)	(156,264)	(827,403)
Issuance of Long-Term Debt	--	--	--	--	219,186
Premium on Issuance of Long-Term Debt	--	--	--	--	2,216
Issuance of Refunding Bonds	--	--	--	--	18,705
Premium on Issuance of Refunding Bonds	--	--	--	--	1,198
Loans from HUD	--	--	--	7,388	7,388
Proceeds of Refunding Loan	--	--	--	1,983	1,983
Payment for Refunding of Loan	--	--	--	(1,983)	(1,983)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,338)</b>	<b>145,766</b>	<b>(39,917)</b>	<b>188,820</b>	<b>507,508</b>
Special Item - Loss on Loan Settlement	--	--	--	--	(47,007)
<b>NET CHANGE IN FUND BALANCES</b>	<b>27,979</b>	<b>13,908</b>	<b>(8,016)</b>	<b>15,429</b>	<b>127,578</b>
FUND BALANCES, JULY 1	120,103	229,680	160,593	2,149,739	3,456,500
DECREASE IN RESERVE FOR INVENTORIES	--	--	--	--	(696)
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 148,082</b>	<b>\$ 243,588</b>	<b>\$ 152,577</b>	<b>\$ 2,165,168</b>	<b>\$ 3,583,382</b>

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, 2011  
(amounts expressed in thousands)

**Net Change in Fund Balances - Total Governmental Funds** \$ 127,578

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. 156,024

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues and other financing sources in the funds. (73,820)

The issuance of long-term debt (e.g. bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 119,778

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. (254,176)

Decrease in reserve for inventory (696)

**Change in Net Assets of Governmental Activities** \$ 74,688

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

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CITY OF LOS ANGELES

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,131,425	\$ 3,131,425	\$ 3,141,721	\$ 10,296
Licenses, Permits, Fees and Fines	920,623	926,378	825,088	(101,290)
Intergovernmental	21,200	26,729	27,690	961
Interest	12,400	12,400	15,439	3,039
Other	11,300	17,419	9,466	(7,953)
<b>TOTAL REVENUES</b>	<b>4,096,948</b>	<b>4,114,351</b>	<b>4,019,404</b>	<b>(94,947)</b>
<b>EXPENDITURES</b>				
Current				
General Government	1,412,855	1,525,322	1,381,969	143,353
Protection of Persons and Property	1,756,638	1,807,323	1,790,791	16,532
Public Works	287,653	330,597	293,021	37,576
Health and Sanitation	214,327	216,196	201,780	14,416
Transportation	126,929	140,442	126,437	14,005
Cultural and Recreational Services	66,613	54,444	52,286	2,158
Community Development	108,311	125,864	109,598	16,266
Pension and Retirement Contributions	7,764	4,301	4,242	59
Capital Outlay	6,347	22,198	10,526	11,672
<b>TOTAL EXPENDITURES</b>	<b>3,987,437</b>	<b>4,226,687</b>	<b>3,970,650</b>	<b>256,037</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>109,511</b>	<b>(112,336)</b>	<b>48,754</b>	<b>161,090</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	1,062,842	1,297,468	1,165,347	(132,121)
Loans from Other Funds	--	1,198	10,734	9,536
Transfers to Other Funds	(1,172,353)	(1,186,330)	(1,167,816)	18,514
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(109,511)</b>	<b>112,336</b>	<b>8,265</b>	<b>(104,071)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>57,019</b>	<b>57,019</b>
FUND BALANCES, JULY 1	--	--	--	--
Encumbrances Lapsed	--	--	17,220	17,220
Reversion to Reserve Fund	--	--	(74,239)	(74,239)
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

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 (Deficit)  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Community Development Fund  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 36,120	\$ 101,571	\$ 61,263	\$ (40,308)
Licenses, Permits and Fines	--	--	3	3
Interest	--	--	14	14
Program Income	--	2,420	29,765	27,345
Other	--	--	431	431
<b>TOTAL REVENUES</b>	<u>36,120</u>	<u>103,991</u>	<u>91,476</u>	<u>(12,515)</u>
<b>EXPENDITURES</b>				
Current				
Community Development	12,139	158,319	61,543	96,776
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>23,981</u>	<u>(54,328)</u>	<u>29,933</u>	<u>84,261</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	--	--	3,225	3,225
Transfers to Other Funds	(23,981)	(38,712)	(32,186)	6,526
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(23,981)</u>	<u>(38,712)</u>	<u>(28,961)</u>	<u>9,751</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(93,040)	972	94,012
FUND BALANCES (DEFICIT), JULY 1	--	--	(10,654)	(10,654)
Appropriation of Fund Balance and Carryforward Appropriations	--	93,040	--	93,040
Encumbrances Lapsed	--	--	1,712	1,712
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (7,970)</u>	<u>\$ (7,970)</u>

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

CITY OF LOS ANGELES

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Proposition A Local Transit Assistance Fund  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 104,555	\$ 107,147	\$ 112,791	\$ 5,644
Charges for Services	15,008	15,008	16,413	1,405
Interest	2,000	2,000	2,201	201
Other	927	927	432	(495)
<b>TOTAL REVENUES</b>	<b>122,490</b>	<b>125,082</b>	<b>131,837</b>	<b>6,755</b>
<b>EXPENDITURES</b>				
Current				
Transportation	104,138	208,254	86,283	121,971
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>18,352</b>	<b>(83,172)</b>	<b>45,554</b>	<b>128,726</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	--	35	35	--
Loans from Other Funds	--	--	192	192
Transfers to Other Funds	(24,804)	(16,786)	(10,193)	6,593
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(24,804)</b>	<b>(16,751)</b>	<b>(9,966)</b>	<b>6,785</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(6,452)</b>	<b>(99,923)</b>	<b>35,588</b>	<b>135,511</b>
FUND BALANCES, JULY 1	6,452	6,452	78,470	72,018
Appropriation of Fund Balance and Carryforward				
Appropriations	--	93,471	--	(93,471)
Encumbrances Lapsed	--	--	6,867	6,867
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 120,925</b>	<b>\$ 120,925</b>

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  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Solid Waste Resources Fund  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ --	\$ --	\$ 408	\$ 408
Charges for Services	282,070	282,070	291,770	9,700
Interest	912	912	1,725	813
Services to Enterprise Funds	--	--	3,937	3,937
Other	551	551	4,628	4,077
<b>TOTAL REVENUES</b>	<b>283,533</b>	<b>283,533</b>	<b>302,468</b>	<b>18,935</b>
<b>EXPENDITURES</b>				
Current				
Health and Sanitation	146,749	143,749	129,973	13,776
Capital Outlay	22,073	2,566	272	2,294
Debt Service				
Principal	24,975	24,975	24,975	--
Interest	15,088	16,836	15,088	1,748
<b>TOTAL EXPENDITURES</b>	<b>208,885</b>	<b>188,126</b>	<b>170,308</b>	<b>17,818</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>74,648</b>	<b>95,407</b>	<b>132,160</b>	<b>36,753</b>
<b>OTHER FINANCING USES</b>				
Transfers from Other Funds	--	--	--	--
Transfers to Other Funds	(106,587)	(120,624)	(99,290)	21,334
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(106,587)</b>	<b>(120,624)</b>	<b>(99,290)</b>	<b>21,334</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(31,939)</b>	<b>(25,217)</b>	<b>32,870</b>	<b>58,087</b>
FUND BALANCES, JULY 1	31,939	31,939	51,615	19,676
Appropriation of Fund Balance and Carryforward				
Appropriations	--	(6,722)	--	6,722
Encumbrances Lapsed	--	--	253	253
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 84,738</b>	<b>\$ 84,738</b>

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

CITY OF LOS ANGELES

Statement of Fund Net Assets  
 Proprietary Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash, Pooled and Other Investments				
Unrestricted	\$ 772,239	\$ 441,411	\$ 630,948	\$ 230,567
Restricted	1,060,896	51,412	308,879	128,906
Investments Held by Escrow and Fiscal Agents				
Unrestricted	116,310	--	--	--
Restricted	1,719,841	--	--	--
Loans and Notes Receivable	131	62	102,307	--
Accounts Receivable				
Accounts Receivable (Net of Allowance for Uncollectibles of \$42,704)	15,838	27,363	309,575	116,387
Accrued Unbilled Revenue	39,396	--	156,079	64,182
Investment Income Receivable	5,859	965	7,370	555
Intergovernmental Receivable	22,874	16,596	23,573	9,811
Passenger/Customer Facility Charge Receivable	23,789	--	--	--
Due from Other Funds	769	4,466	3,267	--
Inventories	2,154	2,223	154,490	22,371
Prepaid Items and Other Assets	258	2,136	169,195	49,179
<b>TOTAL CURRENT ASSETS</b>	<b>3,780,354</b>	<b>546,634</b>	<b>1,865,683</b>	<b>621,958</b>
<b>NONCURRENT ASSETS</b>				
Restricted Assets				
Pooled and Other Investments	--	9,012	552,704	346,221
Investments Held by Escrow and Fiscal Agents	61,580	68,102	634,408	32,915
Investment Income Receivable	--	5	--	--
Total Restricted Assets	61,580	77,119	1,187,112	379,136
Long-term Investment				
Investment in Joint Ventures	--	6,186	--	--
Capital Assets				
Land	834,124	1,058,404	166,137	115,135
Buildings, Facilities and Equipment	3,193,948	2,761,053	12,365,339	5,940,394
Leased Property and Improvements	--	--	--	--
Intangible Assets	52,893	12,900	--	--
Accumulated Depreciation	(1,597,355)	(1,292,186)	(6,086,691)	(2,026,368)
Construction in Progress	1,976,232	738,736	685,485	729,785
Natural Gas Field, Net	--	--	256,622	--
Nuclear Fuel, at Amortized Cost	--	--	44,328	--
Total Capital Assets	4,459,842	3,278,907	7,431,220	4,758,946
Other Noncurrent Assets				
Loans and Notes Receivable	1,311	400	903,055	--
Advances to Other Funds	15,449	19,259	--	--
Net Pension Assets	--	--	14,386	37,716
Net Other Postemployment Benefits Assets	--	--	590,686	273,198
Deferred Outflows on Derivative Instruments	--	--	73,770	--
Other Assets	23,826	7,937	454,226	--
Total Other Noncurrent Assets	40,586	27,596	2,036,123	310,914
<b>TOTAL NONCURRENT ASSETS</b>	<b>4,562,008</b>	<b>3,389,808</b>	<b>10,654,455</b>	<b>5,448,996</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,342,362</b>	<b>\$ 3,936,442</b>	<b>\$ 12,520,138</b>	<b>\$ 6,070,954</b>

Continued...

CITY OF LOS ANGELES

Statement of Fund Net Assets - (Continued)  
 Proprietary Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Other- Convention Center</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash, Pooled and Other Investments			
Unrestricted	\$ 113,198	\$ 5,091	\$ 2,193,454
Restricted	160,277	--	1,710,370
Investments Held by Escrow and Fiscal Agents			
Unrestricted	--	--	116,310
Restricted	--	--	1,719,841
Loans and Notes Receivable	--	--	102,500
Accounts Receivable			
Accounts Receivable (Net of Allowance for Uncollectibles of \$42,704)	52,378	514	522,055
Accrued Unbilled Revenue	37,066	--	296,723
Investment Income Receivable	1,064	92	15,905
Intergovernmental Receivable	35,010	--	107,864
Passenger/Customer Facility Charge Receivable	--	--	23,789
Due from Other Funds	4,906	--	13,408
Inventories	13,016	--	194,254
Prepaid Items and Other Assets	--	1,074	221,842
<b>TOTAL CURRENT ASSETS</b>	<u>416,915</u>	<u>6,771</u>	<u>7,238,315</u>
<b>NONCURRENT ASSETS</b>			
Restricted Assets			
Pooled and Other Investments	109,736	--	1,017,673
Investments Held by Escrow and Fiscal Agents	2,635	--	799,640
Investment Income Receivable	--	--	5
Total Restricted Assets	<u>112,371</u>	<u>--</u>	<u>1,817,318</u>
Long-term Investment			
Investment in Joint Ventures	--	--	6,186
Capital Assets			
Land	43,824	139,592	2,357,216
Buildings, Facilities and Equipment	6,453,665	596,023	31,310,422
Leased Property and Improvements	--	9,500	9,500
Intangible Assets	--	--	65,793
Accumulated Depreciation	(2,818,433)	(232,722)	(14,053,755)
Construction in Progress	186,627	--	4,316,865
Natural Gas Field, Net	--	--	256,622
Nuclear Fuel, at Amortized Cost	--	--	44,328
Total Capital Assets	<u>3,865,683</u>	<u>512,393</u>	<u>24,306,991</u>
Other Noncurrent Assets			
Loans and Notes Receivable	--	--	904,766
Advances to Other Funds	8,721	--	43,429
Net Pension Assets	--	--	52,102
Net Other Postemployment Benefits Assets	--	--	863,884
Deferred Outflows on Derivative Instruments	37,372	--	111,142
Other Assets	14,534	--	500,523
Total Other Noncurrent Assets	<u>60,627</u>	<u>--</u>	<u>2,475,846</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>4,038,681</u>	<u>512,393</u>	<u>28,606,341</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,455,596</u>	<u>\$ 519,164</u>	<u>\$ 35,844,656</u>

Continued...



CITY OF LOS ANGELES

Statement of Fund Net Assets - (Continued)  
 Proprietary Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 123,381	\$ 33,913	\$ 266,692	\$ 91,052
Obligations Under Securities Lending Transactions	165,984	41,077	69,534	22,936
Accrued Salaries and Overtime Payable	8,837	3,686	38,157	16,263
Accrued Compensated Absences Payable	8,561	8,365	59,183	29,728
Due to Other Funds	--	--	--	3,267
Deferred Revenue and Other Credits	50	1,532	95,830	--
Deposits and Advances	--	--	--	77,020
Interest Payable	23,557	16,440	129,874	76,016
Bonds and Notes Payable - Current Portion	48,300	30,958	178,885	61,612
Advances from Other Funds	--	--	--	--
Other Current Liabilities	14,557	61,967	--	126,162
<b>TOTAL CURRENT LIABILITIES</b>	<b>393,227</b>	<b>197,938</b>	<b>838,155</b>	<b>504,056</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Debt Related Costs of \$212,882)	3,761,581	969,897	6,497,714	3,171,562
Net Pension Liability	10,013	3,039	--	--
Derivative Instrument Liabilities	--	--	73,770	--
Other Long-term Liabilities	101,151	122,683	173,947	18,732
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>3,872,745</b>	<b>1,095,619</b>	<b>6,745,431</b>	<b>3,190,294</b>
<b>TOTAL LIABILITIES</b>	<b>4,265,972</b>	<b>1,293,557</b>	<b>7,583,586</b>	<b>3,694,350</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,061,683	2,286,360	1,307,325	1,871,994
Restricted for:				
Capital Projects	19,709	--	120,008	--
Debt Service	486,955	67,341	549,511	29,658
Passenger/Customer Facility Charges	805,405	--	--	--
Pension and Other Postemployment Benefits	--	--	605,072	310,914
Other Purposes	155,979	--	142,684	23,167
Unrestricted	546,659	289,184	2,211,952	140,871
<b>TOTAL NET ASSETS</b>	<b>\$ 4,076,390</b>	<b>\$ 2,642,885</b>	<b>\$ 4,936,552</b>	<b>\$ 2,376,604</b>

Continued...

CITY OF LOS ANGELES

Statement of Fund Net Assets - (Continued)  
 Proprietary Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Other- Convention Center</u>	<u>Total</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts, Contracts and Retainage Payable	\$ 29,402	\$ 1,744	\$ 546,184
Obligations Under Securities Lending Transactions	--	--	299,531
Accrued Salaries and Overtime Payable	--	176	67,119
Accrued Compensated Absences Payable	20,645	1,605	128,087
Due to Other Funds	3,711	--	6,978
Deferred Revenue and Other Credits	--	3,430	100,842
Deposits and Advances	--	--	77,020
Interest Payable	12,516	--	258,403
Bonds and Notes Payable - Current Portion	68,381	--	388,136
Advances from Other Funds	--	9	9
Other Current Liabilities	16,246	120	219,052
<b>TOTAL CURRENT LIABILITIES</b>	<u>150,901</u>	<u>7,084</u>	<u>2,091,361</u>
<b>LONG-TERM LIABILITIES</b>			
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Debt Related Costs of \$212,882)	2,664,966	--	17,065,720
Net Pension Liability	--	--	13,052
Derivative Instrument Liabilities	37,372	--	111,142
Other Long-term Liabilities	36,855	--	453,368
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>2,739,193</u>	<u>--</u>	<u>17,643,282</u>
<b>TOTAL LIABILITIES</b>	<u>2,890,094</u>	<u>7,084</u>	<u>19,734,643</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,146,865	512,393	9,186,620
Restricted for:			
Capital Projects	97,302	--	237,019
Debt Service	129,158	--	1,262,623
Passenger/Customer Facility Charges	--	--	805,405
Pension and Other Postemployment Benefits	--	--	915,986
Special Purposes	43,554	--	365,384
Unrestricted	148,623	(313)	3,336,976
<b>TOTAL NET ASSETS</b>	<u>\$ 1,565,502</u>	<u>\$ 512,080</u>	<u>\$ 16,110,013</u>

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 Assets  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 203,424	\$ 343,498	\$ 3,125,957	\$ 756,605
Rent, Concessions and Royalties	622,624	45,428	--	--
Other Operating Revenues	29,448	11,577	--	--
<b>TOTAL OPERATING REVENUES</b>	<b>855,496</b>	<b>400,503</b>	<b>3,125,957</b>	<b>756,605</b>
<b>OPERATING EXPENSES</b>				
Fuel for Generation	--	--	435,812	--
Purchased Power/Water	--	--	853,745	125,301
Maintenance and Repairs	--	--	319,042	119,988
Operating and Administrative	616,923	209,695	699,589	294,752
Depreciation and Amortization	130,805	90,468	386,937	115,027
<b>TOTAL OPERATING EXPENSES</b>	<b>747,728</b>	<b>300,163</b>	<b>2,695,125</b>	<b>655,068</b>
<b>OPERATING INCOME (LOSS)</b>	<b>107,768</b>	<b>100,340</b>	<b>430,832</b>	<b>101,537</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	31,801	6,103	81,847	5,974
Interest Expense	(82,501)	(3,704)	(265,091)	(133,941)
Other Income (Expenses), Net	161,651	(6,667)	40,885	18,437
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>110,951</b>	<b>(4,268)</b>	<b>(142,359)</b>	<b>(109,530)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>218,719</b>	<b>96,072</b>	<b>288,473</b>	<b>(7,993)</b>
Capital Contributions	75,171	12,059	27,983	48,946
Transfers Out	--	--	(258,815)	--
<b>CHANGE IN NET ASSETS</b>	<b>293,890</b>	<b>108,131</b>	<b>57,641</b>	<b>40,953</b>
Net Assets, July 1	3,782,500	2,534,754	4,878,911	2,335,651
<b>NET ASSETS, JUNE 30</b>	<b>\$ 4,076,390</b>	<b>\$ 2,642,885</b>	<b>\$ 4,936,552</b>	<b>\$ 2,376,604</b>

Continued...

CITY OF LOS ANGELES

Statement of Revenues, Expenses, and Changes in Fund Net Assets (Continued)  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Other- Convention Center</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 501,849	\$ 9,721	\$ 4,941,054
Rent, Concessions and Royalties	--	8,190	676,242
Other Operating Revenues	4,688	8,531	54,244
<b>TOTAL OPERATING REVENUES</b>	<u>506,537</u>	<u>26,442</u>	<u>5,671,540</u>
<b>OPERATING EXPENSES</b>			
Fuel for Generation	--	--	435,812
Purchased Power/Water	--	--	979,046
Maintenance and Repairs	--	1,795	440,825
Operating and Administrative	256,664	26,677	2,104,300
Depreciation and Amortization	167,775	11,928	902,940
<b>TOTAL OPERATING EXPENSES</b>	<u>424,439</u>	<u>40,400</u>	<u>4,862,923</u>
<b>OPERATING INCOME (LOSS)</b>	<u>82,098</u>	<u>(13,958)</u>	<u>808,617</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	3,677	93	129,495
Interest Expense	(114,093)	--	(599,330)
Other Income (Expenses), Net	(11,739)	--	202,567
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(122,155)</u>	<u>93</u>	<u>(267,268)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(40,057)</u>	<u>(13,865)</u>	<u>541,349</u>
Capital Contributions	10,415	--	174,574
Transfers Out	--	--	(258,815)
<b>CHANGE IN NET ASSETS</b>	<u>(29,642)</u>	<u>(13,865)</u>	<u>457,108</u>
Net Assets, July 1	1,595,144	525,945	15,652,905
<b>NET ASSETS, JUNE 30</b>	<u>\$ 1,565,502</u>	<u>\$ 512,080</u>	<u>\$ 16,110,013</u>

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, 2011  
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 836,032	\$ 388,220	\$ 2,945,066	\$ 872,753
Receipts for Interfund Services	--	--	448,390	358,917
Payments to Suppliers	(177,425)	(84,900)	(1,642,853)	(228,283)
Payments to Employees	(358,836)	(106,982)	(512,045)	(256,674)
Payments for Interfund Services	(79,356)	(38,070)	(571,847)	(456,507)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>220,415</b>	<b>158,268</b>	<b>666,711</b>	<b>290,206</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers Out	--	--	(258,815)	--
Principal and Interest Received on Loans Receivable	235	--	--	--
Amounts Received on Advances to Other Funds	--	4,334	--	--
Interest Paid on Noncapital Revenue Bonds	--	--	(1,044)	--
Noncapital Grants Received	8,008	5,695	--	--
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>8,243</b>	<b>10,029</b>	<b>(259,859)</b>	<b>--</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(591,294)	(249,770)	(857,344)	(421,115)
Receipts from Passenger/Customer Facility Charges	153,529	--	--	--
Proceeds from Sale of Bonds and Notes	1,213,845	70,800	898,975	491,382
Payments on Bonds and Notes - Interest	(166,106)	(47,580)	(248,214)	(121,426)
Payments on Bonds and Notes - Principal	(188,956)	(487)	(173,820)	(30,525)
Payments of Bonds and Notes Expenses	(6,710)	--	--	--
Payments to/Receipts from Bond Sinking Fund	--	503	--	--
Deposits to Refunded Debt Escrow Account	--	--	--	--
Capital Contributions/Grants Received	70,994	9,475	32,129	23,781
Federal Bond Subsidies	--	--	28,069	13,311
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>485,302</b>	<b>(217,059)</b>	<b>(320,205)</b>	<b>(44,592)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	34,450	11,131	86,199	3,620
Cash Collateral Received (Paid) Under Securities Lending Transactions	127,022	29,637	55,954	17,909
Purchase of Investment Securities	--	--	(1,680,327)	(139,589)
Proceeds from Maturities of Investment Securities	508,002	--	1,728,579	141,638
Proceeds from Notes Receivable	--	80	78,190	--
<b>NET CASH PROVIDED BY (USED FOR ) INVESTING ACTIVITIES</b>	<b>669,474</b>	<b>40,848</b>	<b>268,595</b>	<b>23,578</b>

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Other- Convention Center</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 514,794	\$ 28,624	\$ 5,585,489
Receipts for Interfund Services	2,463	--	809,770
Payments to Suppliers	(129,539)	(3,231)	(2,266,231)
Payments to Employees	--	(16,853)	(1,251,390)
Payments for Interfund Services	(173,056)	(8,270)	(1,327,106)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>214,662</b>	<b>270</b>	<b>1,550,532</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers Out	--	--	(258,815)
Principal and Interest Received on Loans Receivable	--	--	235
Amounts Received on Advances to Other Funds	4,271	--	8,605
Interest Paid on Noncapital Revenue Bonds	--	--	(1,044)
Noncapital Grants Received	1,087	--	14,790
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>5,358</b>	<b>--</b>	<b>(236,229)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(151,489)	(408)	(2,271,420)
Receipts from Passenger/Customer Facility Charges	--	--	153,529
Proceeds from Sale of Bonds and Notes	115,344	--	2,790,346
Payments on Bonds and Notes - Interest	(109,010)	--	(692,336)
Payments on Bonds and Notes - Principal	(65,794)	--	(459,582)
Payments of Bonds and Notes Expenses	(6,561)	--	(13,271)
Payments to/Receipts from Bond Sinking Fund	--	--	503
Deposits to Refunded Debt Escrow Account	(4,440)	--	(4,440)
Capital Contributions/Grants Received	9,757	--	146,136
Federal Bond Subsidies	3,600	--	44,980
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(208,593)</b>	<b>(408)</b>	<b>(305,555)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Income	3,515	47	138,962
Cash Collateral Received (Paid) Under Securities Lending Transactions	--	--	230,522
Purchase of Investment Securities	--	--	(1,819,916)
Proceeds from Maturities of Investment Securities	--	--	2,378,219
Proceeds from Notes Receivable	--	--	78,270
<b>NET CASH PROVIDED BY (USED FOR ) INVESTING ACTIVITIES</b>	<b>3,515</b>	<b>47</b>	<b>1,006,057</b>

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 1,383,434	\$ (7,914)	\$ 355,242	\$ 269,192
CASH AND CASH EQUIVALENTS, JULY 1	2,099,997	500,737	1,137,289	436,502
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 3,483,431</u>	<u>\$ 492,823</u>	<u>\$ 1,492,531</u>	<u>\$ 705,694</u>
<b>CASH AND CASH EQUIVALENTS COMPONENTS:</b>				
Unrestricted Cash, Pooled and Other Investments	\$ 772,239	\$ 441,411	\$ 630,948	\$ 230,567
Restricted Cash, Pooled and Other Investments	1,060,896	51,412	861,583	475,127
Unrestricted Investments Held by Escrow and Fiscal Agents	116,310	--	--	--
Restricted Investments Held by Escrow and Fiscal Agents	1,533,986	--	--	--
<b>TOTAL CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 3,483,431</u>	<u>\$ 492,823</u>	<u>\$ 1,492,531</u>	<u>\$ 705,694</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 107,768	\$ 100,340	\$ 430,832	\$ 101,537
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	130,805	90,468	398,911	115,027
Depletion	--	--	14,398	--
Bad Debts Provision (Recovery)	653	--	27,492	9,003
Cash Provided By Other Nonoperating Income	371	--	16,999	6,428
Cash Used in Other Nonoperating Expenses	--	--	(4,183)	(2,040)
Decrease (Increase) in Assets:				
Accounts Receivable	4,589	(2,811)	(25,331)	(6,477)
Accrued Unbilled Revenue	(26,054)	--	2,758	(133)
Due from Other Funds	--	--	4,009	--
Inventories	--	69	3,513	(901)
Prepaid Items and Other Current Assets	883	186	(74,748)	(17,860)
Other Assets	--	--	(4,902)	13,219
Increase (Decrease) in Liabilities:				
Accounts, Contracts and Retainage Payable	797	(25,216)	23,916	(19,091)
Accrued Salaries and Overtime Payable	1,772	--	4,083	1,383
Accrued Compensated Absences Payable	(405)	(3,799)	924	786
Due to Other Funds	--	--	--	(4,009)
Deferred Revenue and Other Credits	--	(969)	(92,802)	--
Other Liabilities	(764)	--	(59,158)	93,334
<b>TOTAL ADJUSTMENTS</b>	<u>112,647</u>	<u>57,928</u>	<u>235,879</u>	<u>188,669</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 220,415</u>	<u>\$ 158,268</u>	<u>\$ 666,711</u>	<u>\$ 290,206</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net proceeds of revenue and refunding bonds deposited with escrow agent to refund or redeem outstanding revenue bonds	\$ --	\$ --	\$ 776,420	\$ --
Acquisition of capital assets included in accounts and contracts payable	66,058	5,763	--	--
Capital contributions	--	--	--	166

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Other- Convention Center	Total
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 14,942	\$ (91)	\$ 2,014,805
CASH AND CASH EQUIVALENTS, JULY 1	368,269	5,182	4,547,976
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 383,211</u>	<u>\$ 5,091</u>	<u>\$ 6,562,781</u>
<b>CASH AND CASH EQUIVALENTS COMPONENTS:</b>			
Unrestricted Cash, Pooled and Other Investments	\$ 113,198	\$ 5,091	\$ 2,193,454
Restricted Cash, Pooled and Other Investments	270,013	--	2,719,031
Unrestricted Investments Held by Escrow and Fiscal Agents	--	--	116,310
Restricted Investments Held by Escrow and Fiscal Agents	--	--	1,533,986
<b>TOTAL CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 383,211</u>	<u>\$ 5,091</u>	<u>\$ 6,562,781</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 82,098	\$ (13,958)	\$ 808,617
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	167,775	11,928	914,914
Depletion	--	--	14,398
Bad Debts Provision (Recovery)	903	(3)	38,048
Cash Provided By Other Nonoperating Income	3,387	--	27,185
Cash Used in Other Nonoperating Expenses	(43,298)	--	(49,521)
Decrease (Increase) in Assets:			
Accounts Receivable	2,081	2,327	(25,622)
Accrued Unbilled Revenue	--	--	(23,429)
Due from Other Funds	--	--	4,009
Inventories	(293)	--	2,388
Prepaid Items and Other Current Assets	--	206	(91,333)
Other Assets	1	--	8,318
Increase (Decrease) in Liabilities:			
Accounts, Contracts and Retainage Payable	(450)	210	(19,834)
Accrued Salaries and Overtime Payable	--	(340)	6,898
Accrued Compensated Absences Payable	--	43	(2,451)
Due to Other Funds	(1,890)	--	(5,899)
Deferred Revenue and Other Credits	4,348	(142)	(89,565)
Other Liabilities	--	(1)	33,411
<b>TOTAL ADJUSTMENTS</b>	<u>132,564</u>	<u>14,228</u>	<u>741,915</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 214,662</u>	<u>\$ 270</u>	<u>\$ 1,550,532</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Net proceeds of revenue and refunding bonds deposited with escrow agent to refund or redeem outstanding revenue bonds	\$ 376,721	\$ --	\$ 1,153,141
Acquisition of capital assets included in accounts and contracts payable	15,818	--	87,639
Capital contributions	--	--	166

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



CITY OF LOS ANGELES

Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	<b>Pension and Other Employee Benefits Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 17,784	\$ 279,615
Investments:		
Temporary	1,751,387	877
U.S. Government Agencies Securities	4,178,550	--
Medium Term Notes	223	--
Domestic Corporate Bonds	2,780,129	--
International Bonds	270,280	--
Opportunistic Debt	146,982	--
Domestic Stocks	13,198,686	41
International Stocks	6,277,455	--
Mortgage-backed Securities	905,126	--
Derivative Instruments	501	--
Real Estate	1,830,526	--
Venture Capital and Alternative Investments	3,250,534	--
Security Lending Collateral	2,143,179	--
Accounts Receivable	75,260	--
Special Assessments Receivable	--	2,188
Investment Income Receivable	112,020	144
Due from Brokers	575,146	--
Advances to Other Funds	--	31,608
Capital Assets (Net of Accumulated Depreciation of \$713)	250	--
<b>TOTAL ASSETS</b>	<u>37,514,018</u>	<u>\$ 314,473</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	161,758	\$ --
Benefits in Process of Payment	16,439	--
Fiduciary Liabilities	--	200,840
Obligations Under Securities		
Lending Transactions	2,143,179	--
Deposits and Advances	--	113,633
Mortgage Loan Payable - Current Portion	1,638	--
Mortgage Loan Payable - Noncurrent Portion	236,760	--
Due to Brokers	1,200,663	--
<b>TOTAL LIABILITIES</b>	<u>3,760,437</u>	<u>\$ 314,473</u>
<b>NET ASSETS</b>		
Net Assets Held in Trust for Pension and Other Employee Benefits		
Benefit Pension Plans	30,161,744	
Disability Plan	47,060	
Death Benefit Plan	22,442	
Postemployment Healthcare Plans	3,522,335	
<b>TOTAL NET ASSETS</b>	<u>\$ 33,753,581</u>	

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

**CITY OF LOS ANGELES**

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Pension and Other Employee Benefits Trust Funds</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 1,255,119
Plan Member	287,025
Other	<u>2,255</u>
Total Contributions	<u>1,544,399</u>
Investment Income	
Net Appreciation in Fair Value of Investments	5,284,246
Interest Income	353,862
Dividend Income	360,888
Securities Lending Income	10,134
Other Investment Income	51,893
Real Estate Operating Income, Net	<u>55,308</u>
Investment Income	6,116,331
Investment Expense	(105,749)
Securities Lending Expense	<u>(1,211)</u>
Net Investment Income	<u>6,009,371</u>
<b>TOTAL ADDITIONS</b>	<u>7,553,770</u>
<b>DEDUCTIONS</b>	
Benefit Payments	2,112,572
Refunds of Member Contributions	23,742
Administrative Expenses	<u>35,641</u>
<b>TOTAL DEDUCTIONS</b>	<u>2,171,955</u>
<b>CHANGE IN NET ASSETS</b>	
Benefit Pension Plans	4,654,761
Disability Plan	(975)
Death Benefit Plan	534
Postemployment Healthcare Plans	<u>727,495</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	5,381,815
Net Assets Held in Trust for Pension and Other Employee Benefits, July 1	
Benefit Pension Plans	25,506,984
Disability Plan	48,034
Death Benefit Plan	21,908
Postemployment Healthcare Plans	<u>2,794,840</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30</b>	<u><u>\$ 33,753,581</u></u>

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

## Notes to the Basic Financial Statements

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

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## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. General

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

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

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

##### B. Reporting Entity

For financial reporting purposes, the City (the primary government) consists of the funds, departments, agencies, boards, and commissions for which the City is financially accountable.

Criteria indicating financial accountability include, but are not limited to, the following:

- Appointment by the City of a majority of voting members of the governing body of an organization and ability of the City to impose its will on the daily operations of an organization, such as power to remove appointed members at will; to modify or approve budgets, rates or fees; or to make other substantive decisions; or provision by the organization of specific financial benefits to the City; or imposition by an organization of specific financial burdens on the City, such as assumption of deficits or provision of support, or
- Fiscal dependency by the organization on the City such as lack of authority to determine a budget, approve rates, or issue its own bonded debt without City approval.

##### Blended Component Units

Although the following are legally separate from the City, they are reported as if they are part of the City because their sole purpose is to provide services entirely to or exclusively for the City or the City Council is the governing body.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Los Angeles Convention and Exhibition Center Authority

The Authority was formed under a joint powers agreement between the City and the County of Los Angeles for the purpose of constructing and operating a convention and exhibition hall and related facilities within the City's boundary. The Authority is composed of 15 members, 10 are appointed by the City Mayor and 5 are appointed by the County Board of Supervisors. Capital financing activities are included in the Other Governmental Funds. Completed capital assets are contributed to the Convention Center Enterprise Fund.

Los Angeles Harbor Improvement Corporation

The Corporation is a nonprofit, public benefit corporation organized for the sole purpose of assisting the City, acting through the Board of Harbor Commissioners (Board), in providing financing for the acquisition, construction, replacement, or expansion of improvements to the facilities that the Board deems necessary for the promotion and accommodation of commerce within the area controlled by the Port of Los Angeles (Port). The Corporation is a component unit of the Port and is included in the Harbor Enterprise Fund.

Municipal Improvement Corporation of Los Angeles

The Municipal Improvement Corporation of Los Angeles (the MICLA) was formed for the purpose of rendering assistance to the City for financing the acquisition of properties and equipment, and the construction of buildings and other improvements, for the benefit of City residents, through the issuance of certificates of participation and lease revenue bonds. The MICLA is reported as a major special revenue and debt service fund.

**Discretely Presented Component Unit**

The Community Redevelopment Agency of the City of Los Angeles (the CRA) is a governmental entity that is legally separate from the City. It was created by the City to remove blight in accordance with Section 33000 of the California Health and Safety Code that authorized municipal agencies to form redevelopment areas and agencies. Under the Code, the local legislative body is required to approve the annual budgets and their amendments of such redevelopment agencies, when the local legislative body is not the governing body of the redevelopment agency. The Council as the governing body of the City reviews certain actions of the CRA that have significant policy or fiscal effect on the Agency, other City departments, policies, programs, or the public. A Board consisting of seven members appointed by the Mayor and confirmed by a majority vote of the City Council governs the CRA. Either the Mayor or the City Council, as joint appointing officers, may remove members pursuant to Section 33115 of the California Health and Safety Code. The CRA is discretely presented because its governing body is not substantially the same as the City's governing body and it does not provide services entirely or exclusively to the City government.

The Community Redevelopment Financing Authority of the City of Los Angeles (CRFA) is included as a blended component unit in the CRA financial statements. The financial statements of the CRA reflect the aggregated amounts of financial data for the CRA governmental and business-type activities, presented discretely on the statement of net assets and statement of activities.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

**Investment in Joint Ventures**

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

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

**Excluded Organizations**

Joint Venture

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

Related Organization

The Housing Authority of the City of Los Angeles 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.

**Separate Audited Financial Statements**

Separate 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 City departments and component units:

Department of Airports  
Department of Harbor  
Department of Water and Power (DWP)  
Sewer Construction and Maintenance Fund  
Los Angeles City Employees' Retirement System  
Fire and Police Pension System  
Water and Power Employees' Retirement, Disability and  
Death Benefit Insurance Plan  
Municipal Improvement Corporation of Los Angeles  
Community Redevelopment Agency of the City of Los Angeles

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

**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 assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from its legally separate component unit, which is presented discretely.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Included in the direct expenses are indirect costs, such as fringe benefits, administrative overhead, and liability claims, which were automatically allocated to the specific function or program. Charges for workers' compensation, information technology services, telephone, postage, and fleet services are not allocated and are included as part of the general government functional activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead 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.

**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 fund and pension trust fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

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

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

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

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, and interest income. In applying the susceptible to accrual concept to Federal and State grants and subventions, revenues are recognized when applicable eligibility requirements, including time requirements, are met and the resources are available.

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 *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.

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

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

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

The *Solid Waste Resources Fund* accounts for the solid waste collection, transfer, recycling, recovery of waste resources, and disposal fee imposed on all single dwellings in the City and on multiple unit dwellings for which the City provides refuse collection services. The fees collected are to cover all costs associated with the City's solid waste collection, recycling and disposal activities. The Fund was formerly known as Sanitation Equipment Charge Fund.



## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

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

The *Harbor Fund* accounts for the operations of the Port of Los Angeles formed for the purpose of providing shipping, fishing, recreational and other resources for the enjoyment of the citizens of Los Angeles and surrounding communities.

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

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

Additionally, the City reports the following fund types:

The *Pension Trust Funds* account for the activities of the City's three single-employer defined benefit pension plans namely: Fire and Police Pension System (Pensions); Los Angeles City Employees' Retirement System (LACERS); and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (DWP Retirement Plan).

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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.

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.

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.

**E. Assets, Liabilities and Net Assets or Equity**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, all Proprietary Fund cash and pooled investments with the City Treasurer, cash deposits and other short-term investments that are both readily convertible to known amounts of cash and have maturities of three months or less at the time of purchase, are considered to be cash and cash equivalents. At June 30, 2011, the Proprietary Funds' investments held by escrow and fiscal agents of \$799.6 million and other investments of \$9.0 million have maturities beyond three months and therefore are not considered cash and cash equivalents.

**Inventories**

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

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

The CRA land inventory, which is reported at cost, is acquired for eventual disposition for housing and commercial redevelopment projects.

**Restricted Assets**

The restricted assets for governmental activities and governmental funds are related to the State mandated deposit with a trustee bank to finance solid waste landfill closure and postclosure care costs.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

For the business-type activities and proprietary funds, amounts are reserved for accumulated resources for debt service payments, nuclear decommissioning trust funds, natural gas trust fund, hazardous waste treatment trust fund, SCPA Palo Verde investment, water expense stabilization fund, operations and maintenance reserve, capital construction projects, and debt service.

For the CRA, included in this account are investments, maintained with bond fiscal agents and trustees, pledged for payment of principal and interest on tax allocation and parking revenue bonds.

**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 assets. Generally, assets with an individual cost of at least \$5,000 and an estimated useful life of more than one year are capitalized. Purchased or constructed capital assets, and intangible assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by donation are recorded at estimated fair value on the date received.

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

The business-type activities and proprietary funds capitalize interest costs as well as preliminary development costs of capital projects incurred prior to the finalization of formal construction contracts. The Power and Water Enterprise Funds provide an "allowance for funds used during construction (AFUDC)" which represents the cost of borrowed funds used for the construction of utility plant. Interest and AFUDC capitalized during the year ended June 30, 2011 were \$123.3 million and \$13.6 million, respectively.

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

Depreciation for the Power Enterprise Fund facilities completed prior to July 1, 1973 is computed by the 5% sinking fund method based on estimated service lives. Decommissioning of a nuclear power plant, in which the City has an ownership interest, is expected to commence subsequent to the year 2044. The total cost to decommission the City's interest in the nuclear plant is estimated to be \$135.0 million in 2010 dollars. During fiscal year 2000, DWP suspended contributing additional amounts to the decommissioning trust funds, as management believes that contribution to date combined with reinvested earnings, will be sufficient to fully fund DWP's share of decommissioning costs. As of June 30, 2011, Power Enterprise Fund has recorded \$139.6 million to accumulated depreciation to provide for the decommissioning liability.

The Power Enterprise Fund's nuclear fuel is amortized and charged to operating expenses - 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.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

In July 2005, the Power Enterprise Fund acquired approximately a 74.5% ownership interest in gas properties located in Pinedale, Wyoming. The Fund uses the successful efforts method of accounting for its investment in gas producing properties. Costs to acquire the mineral interest in gas 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 proved developed producing wells. Depletion expense related to the gas field is recorded as a component of operating expenses - fuel for generation. During fiscal year 2011, the Fund recorded \$14.4 million of depletion expense.

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

Category	Useful Life	
	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	--	10 - 15 years
Intangible assets	5 - 22 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

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The modified approach is used in reporting the City's bridges infrastructure system. A comprehensive bridge database system, the Bridges and Tunnel System, enables the City to track the entire bridge inventory, the structural condition of various bridge elements, and bridge Sufficiency Ratings. Condition assessments of these structures are completed in a three-year cycle. The latest assessment report was as of July 1, 2010. A system of letter grades identifies the condition of each structure. Letter grades "A" through "D" represent the condition of the structure as Very Good, Good to Fair, Fair to Poor, and Very Poor. "F" rating symbolizes a failed condition where replacement of the structure is necessary. These letter grades are based on sufficiency ratings, or the overall condition of the structure based on the last inspection. It is the City's policy that at least 70% of the bridges are rated "B" or better and that no bridge shall be rated less than "D". It is also the intent of the City that at least 80% of bridges be rated "B" or better by 2017.

The City performs regular inspection and maintenance of the various structural elements for any defects. Funds for annual estimated inspection, maintenance and repair costs are provided in the City's budget. Bridges infrastructure system is excluded in the determination of depreciation provisions for capital assets, while preservation and maintenance costs are charged to expense. Additional information for the condition ratings of City bridges, sufficiency ratings, estimated and actual maintenance, and preservation costs are found in the Required Supplementary Information on page 209.

The Pension Trust Funds capital assets consist primarily of office furniture and equipment of the City Employees' Retirement System. Capital assets acquisitions of at least \$5,000 are capitalized and depreciated over five years.

The CRA capital assets are stated at cost. Capital assets acquisitions of at least \$150 are capitalized. Additions and improvements that extend the useful lives of capital assets are capitalized. Depreciation is provided over the estimated useful lives ranging from 3 to 40 years using the straight-line method.

**Compensated Absences**

Vacation Pay

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

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund 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 OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Sick Pay

City employees (except those of the DWP) are entitled to 96 hours of sick leave at full pay and 40 hours at 75% of full pay for each calendar year of employment. Sworn employees are entitled also to 40 hours at 50% of full pay. Employees may accumulate sick leave up to 800 hours at full pay and 800 hours at 75% of full pay. The City pays 50% of the excess over the maximum accumulated 800 hours at full pay in the subsequent calendar year. Upon retirement, the City pays 50% of the accumulated sick time at full pay. There is no provision for the payment of the accumulated sick time at 75% of full pay. Firefighters under Memorandums of Understanding (MOU) 22 and 23 may accumulate 1,088 hours at full pay.

Accrued and accumulated sick leave at 50% of full pay was frozen for any credits or withdrawals. However, the City will pay 25% of the balance upon retirement.

DWP employees accumulate 40 hours of sick leave per year to a maximum of 80 hours. Any excess over the maximum is paid to the employee at 100% of their current salary rate. The employee goes on disability after taking 2 consecutive days of sick leave.

Governmental activities accrue the estimated value of sick leave (vested and probable of being vested), which may be used in subsequent years, or paid upon retirement up to a set maximum accumulated balance. The Proprietary and Pension Trust Funds accrue sick leave in the fiscal year earned. For the Governmental Funds, earned sick leave 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, accrued sick leave is generally liquidated by the General Fund.

Employees of the CRA accumulate 96 hours per fiscal year to a maximum of 800 hours. The CRA pays 50% of the accumulated sick leave hours to any employee who retires or has a balance in excess of 800 hours.

Accumulated Compensated Time-Off

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

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

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Risk Management**

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

Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for Incurred But Not Reported (IBNR) liabilities for workers' compensation, tort cases and liabilities for allocated expenses. For the Governmental Funds, only the portion of the liability is 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, liability for claims and judgments is generally liquidated by the General Fund.

**Deferred Revenue**

Deferred revenue in the governmental funds arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition. Deferred revenue also arises when the City receives resources before it has a legal claim to them. In subsequent periods, when both the revenue criteria are met, or when the City has a legal claim to the resources, the deferred revenue is removed from the balance sheet/statement of net assets and revenue is recognized.

**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 assets. Bond premiums, discounts and deferred losses on refundings as well as issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Property Taxes**

Secured property taxes are levied on or before the first business day of September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (5) 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 of Los Angeles 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 20<sup>th</sup> day of the month.

#### Interfund Transactions

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

#### Fund Equity

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

- Nonspendable - includes amounts that are either 1) not in spendable form, or 2) legally or contractually required to be maintained intact. Inventories, prepaid items and certain advances to other funds are classified as nonspendable fund balances.
- Restricted - includes amounts which are constrained for specific purposes that are 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through enabling legislation.
- Committed - includes amounts that can be used for specific purposes with constraints imposed by formal action of the highest level of decision-making authority. The authorization specifying the purposes for which committed funds can be used should have the consent of both the legislative and executive branches of government. 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 City Council. The City Council enacts ordinances and resolutions that may impose, modify or rescind fund balance commitments. City Council action is subject to the approval or veto of the Mayor, and the City Council may override a Mayoral veto by two-thirds vote. The City does not have any committed fund balances.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

- Assigned - includes amounts that are intended to be used for specific purposes, but are neither restricted nor committed. The authority for assignment of funds is not required to be the government's highest level of decision making authority. Furthermore, the constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on committed fund balances. The City Council may authorize executive officers to assign fund balances for specific purposes through Council files, ordinances and resolutions.
- Unassigned - includes amounts that are not assigned to other funds and do not meet the criteria for being classified as restricted, committed, or assigned. Fund balances that can be utilized for economic stabilization, emergencies and contingencies that do not qualify as restricted or committed are reported as unassigned.

The City established a Budget Stabilization Fund with an initial fund balance of \$0.5 million in order to prevent overspending during prosperous years, and provide resources to help maintain service levels during lean years.

Funds for urgent economic necessity based on a significant economic downturn after the budget is completed or an earthquake or other natural disaster were provided in an Emergency Reserve Account. To utilize funds from this account, a finding by the Mayor, with confirmation by the City Council will be required, as well as a determination that no other viable sources of funds are available.

In the event that there are unanticipated expenses or revenue shortfalls impacting programs approved in the current year budget, a Contingency Reserve Account was established to provide additional funding for those programs. Funds must be appropriated by a vote of at least a majority of the Council, with Mayoral concurrence, or by a super-majority of the Council in the event of a Mayoral veto.

As of June 30, 2011, the City has \$253.4 million in Emergency and Contingency Reserve accounts.

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. Additionally, unless required by law or agreement, the City would use the restricted and assigned fund balances first, before using unassigned amounts of unrestricted fund balances.

The Mayor and City Council established a Reserve Fund Policy per Council File 98-0459 which states that the City shall maintain a Reserve Fund equal to 5 percent of the budgeted general receipts to be phased-in over a period of several years. The Reserve Fund is an account in which unrestricted cash is set aside outside the budget for unforeseen expenditures and emergencies.

As of June 30, 2011, the Disaster Assistance Grant Fund has a negative fund balance of \$0.6 million. Eligible government expenditures have been incurred, while revenues of \$9.4 million have been deferred and will be recognized when available.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Net Assets**

The government-wide financial statements utilize net assets presentation. Net assets are categorized as follows:

- Invested in capital assets, net of related debt - This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted net assets – This category consists of net assets with constraints placed on their use, either externally or internally. Constraints include those imposed by creditors (such as through bond covenants), grants or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This category represents net assets of the City that are not restricted for any project or other purposes.

**Use of Estimates**

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

**Reclassifications**

Certain reclassifications have been made to amounts reported in the separately audited financial statements of certain Enterprise Funds, Pension Trust Funds, 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.

**Adoption of New GASB Pronouncements**

The primary government adopted the following:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Issued in February 2009, this statement establishes criteria for classifying governmental fund balances into specifically defined classifications based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. It also clarifies the existing governmental fund type definitions.

GASB Statement No. 59, "Financial Instruments Omnibus." Issued in June 2010, this statement aims to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement has no material impact on the City's financial statements.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Recent GASB Pronouncements

GASB Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements.” Issued in November 2010, this statement addresses financial reporting issues related to service concession arrangements (SCAs). SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for the City beginning fiscal year 2012.

GASB Statement No. 61, “The Financial Reporting Entity: Omnibus.” Issued in November 2010, this statement modifies certain requirements for inclusion of component units in the financial reporting entity. It also amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. It also clarifies the reporting of equity interest in legally separate organizations. This statement is effective for the City beginning fiscal year 2013.

GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” Issued in December 2010, this statement aims to improve financial reporting by contributing to the GASB’s efforts to codify all generally accepted accounting principles for state and local governments so that they may derive from a single source. This statement is effective for the City beginning fiscal year 2012. This statement has no material impact on the City’s financial statements.

GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” Issued in June 2011, this statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position. State and local governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. These are identified as deferred outflows of resources and deferred inflows of resources respectively. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This statement is effective for the City beginning fiscal year 2012. This statement has no material impact on the City’s financial statements.

GASB Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No.53.” Issued in June 2011, this statement aims to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. The statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This statement is effective for the City beginning fiscal year 2012. This statement has no material impact on the City’s financial statements.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**A. Explanation of Certain Difference Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets**

The governmental funds balance sheet includes reconciliation between *total fund balances-governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$6,969,850 difference are as follows (in thousands):

Bonds, Certificates of Participation, and Notes	\$	3,892,823
Add: Issuance Premium (to be amortized as interest income)		90,201
Less: Deferred Charge on Refunding (to be amortized as interest expense)		(24,740)
Less: Deferred Charge for Cost of Issuance (to be amortized over the life of the debt)		(24,489)
HUD Loans		157,781
Accrued Interest Payable		60,534
Accrued Compensated Absences		522,200
Estimated Claims and Judgments Payable		2,084,132
Accrued Landfill Liability		46,159
Estimated Pollution Remediation Liability		7,076
Net Pension Liability		58,821
Net OPEB Liability		<u>99,352</u>
Net adjustments to reduce governmental fund balance to arrive at governmental activities net assets	\$	<u><u>6,969,850</u></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 assets 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 \$156,024 difference are as follows (in thousands):

Capital Outlay	\$	452,387
Less: Depreciation expense		<u>(296,363)</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at change in net assets of governmental activities	\$	<u><u>156,024</u></u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

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

Another element of that reconciliation states that the issuance of long-term debt provides current financial resources to the governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The details of this \$119,778 difference are as follows (in thousands):

Debt issued or incurred:	
Certificates of Participation, Revenue Bonds, and Notes	237,891
Add: Issuance Premium	3,414
Less: Deferred Charge for Cost of Issuance	(997)
Unamortized Deferred Charge on Refunding	(268)
HUD Loans	9,371
Principal repayments and bond refunding:	
General and Judgment Obligation Bonds	(120,680)
Certificates of Participation, Revenue Bonds, and Notes	(240,643)
HUD Loans	<u>(7,866)</u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at change in net assets of governmental activities	<u>\$ (119,778)</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

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

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 \$254,176 difference are as follows (in thousands):

Decrease in Accrued Interest	\$ (2,983)
Increase in Accrued Compensated Absences	28,242
Increase in Estimated Claims and Judgments	171,746
Decrease in Accrued Landfill Liability	(710)
Increase in Pollution Remediation Liability	2,302
Decrease in Net Pension Liability	(3,885)
Increase in Net OPEB Liability	53,670
Amortization of Deferred Charge on Refunding	3,773
Amortization of Deferred Charge for Cost of Issuance	<u>2,021</u>
Net adjustments to increase net change in fund balances of governmental funds to arrive at change in net assets of governmental activities	<u>\$ 254,176</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 20 for the forthcoming fiscal year commencing July 1. 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 1. 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 35 City departments, bureaus, commissions 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

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

Furthermore, the budgeted receipts and appropriations for the *Allocations from Other Governmental Agencies Special Revenue Fund* (which includes ARRA Workforce Investment, ARRA Community Service, ARRA Community Development Block Grant, ARRA COPS Hiring Recovery Program, Bus Bench Advertising, Business Improvement Trust, City Planning Long Range Planning, City Planning Systems Development, Coastal Transportation Corridor Trust, Council District 15 Real Property Trust, Federal Emergency Shelter Grant, Fire Hydrant Installation and Main Replacement, General Services Trust, Industrial Development Authority, Integrated Solid Waste Management, Pershing Square Project, Los Angeles Regional Agency Trust, Off-Site Sign Periodic Inspection, Proposition 1B Infrastructure, Used Oil Collection, Ventura/Cahuenga Boulevard Corridor Specific Plan Revenue, Warner Center Transportation Trust, and West LA Transportation Improvement and Mitigation Special Revenue Funds) is not all-inclusive because the budget provides for only the portion of fund receipts that are expended to finance City department operations.

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

General Fund

Reserve and certain other account components

Special Revenue

Major Funds:

Municipal Improvement Corporation  
Recreation and Parks

Nonmajor Funds:

Economic Development Section 108 Loan Program Grant  
Seismic Bond Reimbursement  
Transportation Grant  
Certain Other Nonmajor Grant Funds  
Certain Other Nonmajor Special Revenue Funds

Debt Service

Major Fund:

Municipal Improvement Corporation

Nonmajor Funds:

Certain Convention Center Accounts  
Solid Waste Resources  
Certain Other Debt Service Funds

Capital Projects

Nonmajor Funds:

General Obligation Bonds Series 2003-A  
General Obligation Bonds Series 2004-A  
General Obligation Bonds Series 2005-A  
General Obligation Bonds Series 2006-A  
General Obligation Bonds Series 2008-A  
General Obligation Bonds Series 2009-A  
Recreation and Parks Grant  
Parks Assessment  
Certain Other Capital Projects Funds

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

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

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

The City's original adopted budget is subject to revision to reflect the changes in revenue projections and to make necessary adjustments to appropriations. Transfers of appropriations are approved by the Mayor subject to the following limitations and conditions. Funds appropriated in the general City budget or thereafter by the Council may be transferred to the Reserve Fund or Unappropriated Balance of the General Fund, or appropriated for the same or other purposes amending the budget and other spending authority, upon approval of the Mayor provided the amounts do not exceed \$50,000 and required notices are made by the City Clerk to the President of the Council, Controller and City Administrative Officer. Intra-Department transfers from one appropriated item to another may be approved by the Mayor provided the amount does not exceed the greater of \$35,000 or 1% of the budget for the account receiving the transfer but not exceeding \$100,000. The \$35,000 limit is subject to adjustment based on the consumer price index. For fiscal year ended June 30, 2011, the adjusted amount was \$46,067. Transfers that exceed the amount limits require the approval of the City Council.

During the fiscal year, capital related appropriations of \$28.9 million that were reappropriated from prior budget years were included in the current annual operating budget. Transfers from the Reserve Fund (a nonbudgeted General Fund component), unanticipated receipts, and available fund balances that carried forward from the prior budget year financed these additional appropriations. In addition, non-capital related appropriations of \$993.5 million were automatically carried forward from the prior budget year.

Unused and unencumbered appropriations lapse at year-end except for non-capital related continuing appropriations for certain Special Revenue and Capital Projects Funds that are carried forward to the next budget year. Capital related appropriations that are unused and unencumbered at year-end are re-appropriated 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, function and object level. A separate budget and actual report by line item has been prepared. The budgetary documents are available to the general public in the Office of the City Controller.

The City's annual budget is prepared on a modified cash basis of accounting, which is different from GAAP. Revenues are recognized when cash is received, and expenditures include both cash disbursements and current year encumbered appropriations that had 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 report.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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 outstanding at year-end for specific purposes for which resources already have been restricted, committed, or assigned will be included within those classifications. Encumbrance outstanding for which resources have not been previously restricted, committed, or assigned will be included within committed or assigned fund balance based on the source of the constraint. These commitments will be honored in 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 non-major 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 year ended June 30, 2011 is presented in the following pages for the City's budgeted major funds. The dollar amounts are expressed in thousands.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

	General Fund	Community Development Fund
	<u>          </u>	<u>          </u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis	\$ 57,019	\$ 972
 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 revenues when received and expenditures when paid.	 28,284	 10,336
 Interfund borrowings are recorded in the debtor fund as an other financing source "Loans from Other Funds" and in the creditor fund as an other financing use "Loans to Other Funds" (budgetary) as opposed to "Due to Other Funds" in the debtor fund and "Due from Other Funds" in the creditor fund (GAAP).	 (10,734)	 --
 Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budgetary), but not considered as expenditures in the GAAP basis operating statements (GAAP).		
Encumbrances reported as budgetary expenditures	262,421	9,010
Prior year encumbrances expended in current year	(209,327)	(10,677)
 Grant funded loans are recorded as expenditures when disbursed and as program income when repaid (budgetary), as opposed to adjustments to the Loans Receivable account balance (GAAP).	 --	 (60,619)
 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.	 <u>(44,089)</u>	 <u>--</u>
 Net Change in Fund Balances - GAAP Basis	 <u>\$ 83,574</u>	 <u>\$ (50,978)</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

	Proposition A Local Transit Assistance Fund	Solid Waste Resources Fund
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis	\$ 35,588	\$ 32,870
 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 revenues when received and expenditures when paid.	(9,691)	(23,818)
 Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budgetary), but not considered as expenditures in the GAAP basis operating statements (GAAP).		
Encumbrances reported as budgetary expenditures	17,171	10,499
Prior year encumbrances expended in current year	(15,089)	(1,109)
 Perspective Difference		
Unbudgeted accounts	--	(26,458)
 Net Change in Fund Balances - GAAP Basis	 \$ 27,979	 \$ (8,016)

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**A. Cash, Deposits and Investments**

**Summary of Cash and Investments**

At June 30, 2011, the summary of cash, pooled and other investments for governmental and business-type activities, and fiduciary funds is as follows (in thousands):

	All City Funds			Total
	Governmental Activities	Business- type Activities	Fiduciary Funds	
Cash and Pooled Investments	\$ 3,913,122	\$ 2,193,454	\$ 297,399	\$ 6,403,975
Other Investments	83,593	116,310	36,734,476	36,934,379
Restricted Assets (Note 4D page 112)	3,480	5,247,524	--	5,251,004
<b>Total</b>	<b>\$ 4,000,195</b>	<b>\$ 7,557,288</b>	<b>\$ 37,031,875</b>	<b>\$ 48,589,358</b>

	Other Cash and Investments			Total
	Cash and Investments With City Treasurer	Pension Trust and Other Postemployment Benefits Trust	Other	
Cash and Pooled Investments	\$ 6,269,137	\$ --	\$ 134,838	\$ 6,403,975
Other Investments	--	36,733,558	200,821	36,934,379
Restricted Assets	2,728,417	--	2,522,587	5,251,004
<b>Total</b>	<b>\$ 8,997,554</b>	<b>\$ 36,733,558</b>	<b>\$ 2,858,246</b>	<b>\$ 48,589,358</b>

**Summary of Deposits and Investments**

The carrying amount of cash on hand, deposits and investments at June 30, 2011, is as follows (in thousands):

Cash on Hand	\$ 394
Deposits	496,536
Investments	
Pooled	8,627,503
Other	39,464,925
<b>Total</b>	<b>\$ 48,589,358</b>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Deposits**

At June 30, 2011, the book balance of the City's deposits was \$496.5 million and the balance per various financial institutions was \$466.7 million. The difference of \$29.8 million represents primarily deposits in transit and other reconciling items. Of the bank balance, \$3.9 million was covered by Federal depository insurance and \$462.8 million was uninsured. The uninsured deposits of \$462.8 million are held by financial institutions that are legally required by the California Government Code to collateralize the City's deposits by pledging government securities or first trust deed mortgage notes. The market value of the pledged government securities and first trust deed mortgage notes must be at least 110% and 150% of the City's deposits, respectively. The collateral is held by the pledging financial institution's trust department and is considered held in the City's name.

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

**Pooled Investments**

The cash balances of substantially all funds on deposit in the City Treasury are pooled and invested by the City Treasurer for the purpose of maximizing interest earnings through pooled investment activities but safety and liquidity still take precedence over return. Interest earned on pooled investments is allocated to the participating funds based on each fund's average daily deposit balance during the allocation period with all remaining interest allocated to the General Fund. Investments in the City Treasury are stated at fair value based on quoted market prices except for money market investments that have remaining maturities of one year or less at time of purchase, which are reported at amortized cost.

Pursuant to California Government Code Section 53607 and the Los Angeles City Council File No. 94-2160, the City Treasurer shall render to the City Council a statement of investment policy (the Policy) annually. City Council File No. 09-3050 was adopted on January 27, 2010 as the City's investment policy. This Policy shall remain in effect until the Los Angeles City 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 Treasurer will deposit funds and types of investment instruments permitted by California Government Code Sections 53600-53635 and 16429.1.

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

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

At June 30, 2011, 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 Notes	\$ 3,541,794	\$ --	\$ --	\$ 38,482	\$ 3,490,201	\$ 13,111
U.S. Treasury Bills	92,789	5,984	15,864	70,941	--	--
U.S. Sponsored Agency Issues	2,563,178	455,933	110,660	782,630	1,212,938	1,017
Medium Term Notes	1,126,648	--	--	148,980	977,668	--
Commercial Paper	607,177	388,945	130,749	87,483	--	--
Certificates of Deposit	8,000	--	--	8,000	--	--
Short Term Investment Funds	22,425	22,425	--	--	--	--
Securities Lending Cash Collateral						
U.S. Government and Agency Issues	665,492	--	--	--	665,492	--
Total General and Special Pools	<u>\$ 8,627,503</u>	<u>\$ 873,287</u>	<u>\$ 257,273</u>	<u>\$ 1,136,516</u>	<u>\$ 6,346,299</u>	<u>\$ 14,128</u>

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

*Credit Risk.* The Policy establishes minimum credit ratings requirement for investments. There is no credit quality requirement for local agency bonds, U.S. Treasury Obligations, State of California Obligations, California Local Agency Obligations, and U.S. Sponsored Agencies (U.S. government sponsored enterprises) securities. The City's \$2.6 billion investments in U.S. government sponsored enterprises consist of securities issued by the Federal Home Loan Bank - \$866.0 million, Federal National Mortgage Association - \$748.1 million, Federal Home Loan Mortgage Corporation - \$738.9 million, Federal Farm Credit Bank - \$164.4 million, Tennessee Valley Authority - \$37.9 million, and Federal Agricultural Mortgage Corporation - \$7.8 million. Of the City's \$2.6 billion investments in U.S. Sponsored Agencies securities, \$1,733.9 million are rated "AAA" by S&P and "Aaa" by Moody's; \$821.5 million are not rated individually by S&P nor Moody's (issuers of these securities are rated "A-1+" by S&P and "P-1" by Moody's); and \$7.8 million are not rated. Of the City's \$665.5 million investments in U.S. Government and Agency Issues purchased using the securities lending cash collateral, \$8.5 million were individually rated "AAA" by S&P and "Aaa" by Moody's. Issuers of the remaining \$657.0 million were rated "AAA" by S&P and "Aaa" by Moody's. In August 2011, Standard & Poor's lowered the long-term U.S. debt credit rating from AAA to AA+. This downgrade affects the credit risk associated with the City's investments in certain U.S. Sponsored Agencies securities.

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. The City's \$1.1 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.

Commercial paper issues must have a minimum of "A-1" or equivalent rating. If the issuer has issued long-term debt, it must be rated "A" without regard to modifiers. Issuing corporation must be organized and operating within the United States and have assets in excess of \$500.0 million. The City's \$607.2 million investments in commercial paper comply with these requirements and were rated A-1+/A-1 by S&P and P-1 by Moody's. The issuers of the certificates of deposit were not rated.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

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

*Concentration of Credit Risk.* The Policy does not allow more than 40% of its investment portfolio be invested in commercial paper and bankers' acceptances, 30% in certificates of deposit and medium term notes, 20% in mutual funds, money market mutual funds and mortgage pass-through securities. The Policy further provides for a maximum concentration limit of 10% in any one issuer of commercial paper as well as in any one mutual fund, and 30% in bankers' acceptances of any one commercial bank. There is no percentage limitation on the amount that can be invested in the U.S. government agencies. The City's pooled investments comply with these requirements. GAAP requires disclosure of certain investments in any one issuer that represent 5% or more of total investments. Of the City's total pooled investments as of June 30, 2011, \$899.3 million (10%) was invested in securities issued by the Federal Home Loan Bank, \$796.0 million (9%) was invested in securities issued by Federal Home Loan Mortgage Corporation, and \$917.1 million (11%) was invested in securities issued by Federal National Mortgage Association.

*General Investment Pool Securities Lending Program.* Securities lending is permitted and limited under provisions of California Government Code Section 53601. The City 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 receives cash as collateral on loaned securities, which is reinvested in securities permitted under the Policy. 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 92 days. Earnings from securities lending accrue to the Pool and are allocated on a pro-rata basis to all Pool participants.

At June 30, 2011, the assets and liabilities arising from the reinvested cash collateral were recognized in the respective participants' financial statements. During the fiscal year 2011, 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

**Other Investments**

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

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

The City's other investments as of June 30, 2011 are as follows (in thousands):

Department of Water and Power	\$ 667,323
Fire and Police Pension and Health Subsidy Plans	14,890,680
Los Angeles City Employees' Retirement and Postemployment Healthcare Plans	12,202,436
Water and Power Employees' Retirement, Disability, and Death Benefit Insurance; and Retiree Health Benefits Plans	9,640,442
Others	<u>2,064,044</u>
Total	<u>\$ 39,464,925</u>



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

Department of Water and Power

The City Charter grants the Board of Water and Power Commissioners control over the investments of all financial assets of the Department of Water and Power (DWP). The \$667.3 million investments not included in the City's investment pool program are as follows (in thousands):

	<u>Power</u>	<u>Water</u>	<u>Total</u>
Debt reduction trust funds	\$ 485,609	\$ --	\$ 485,609
Nuclear decommissioning trust fund	120,008	--	120,008
Natural gas trust fund	129	--	129
SCPPA Palo Verde investment	26,497	--	26,497
Hazardous waste treatment trust fund	2,165	--	2,165
Water expense stabilization fund	--	32,915	32,915
<b>Total</b>	<b><u>\$ 634,408</u></b>	<b><u>\$ 32,915</u></b>	<b><u>\$ 667,323</u></b>

At June 30, 2011, the investments of the Power and Water Enterprise Funds outside of the City's investment pool programs and their maturities are as follows (in thousands):

Type of Investments	Amount	Investment Maturities				
		1 to 30 Days	31 to 60 Days	61 to 365 Days	366 Days To 5 Years	Over 5 Years
U.S. Agencies	\$ 408,222	\$ 5,005	\$ --	\$ --	\$ 327,852	\$ 75,365
Medium Term Notes	46,401	5,484	5,546	13,997	21,374	--
Commercial Paper	103,709	17,804	26,732	59,173	--	--
Negotiable Certificates of Deposit	30,005	13,000	10,001	7,004	--	--
Municipal Commercial Paper	6,000	--	6,000	--	--	--
California Local Agency Bonds	23,543	12,775	--	6,686	4,082	--
Bankers' Acceptances	1,499	--	500	999	--	--
Money Market Funds	21,447	21,447	--	--	--	--
SCPPA Palo Verde Investment	26,497	--	--	--	--	26,497
<b>Total</b>	<b><u>\$ 667,323</u></b>	<b><u>\$ 75,515</u></b>	<b><u>\$ 48,779</u></b>	<b><u>\$ 87,859</u></b>	<b><u>\$ 353,308</u></b>	<b><u>\$ 101,862</u></b>

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

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

*Credit Risk.* Under its investment policy and the State of California Government Code, DWP is subject to 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. government agency securities in the portfolio consist of securities issued by government-sponsored enterprises, which are not explicitly guaranteed by the U.S. government. As of June 30, 2011, the U.S. government agency securities in the portfolio carried the highest possible credit ratings by the Nationally Recognized Statistical Rating Organizations (NRSRO's) that rated them.

DWP's investment policy specifies that medium-term corporate notes must be rated in a rating category of "A" or its equivalent or better by a NRSRO. As of June 30, 2011, DWP's investments in corporate notes were rated as follows: \$38.7 million was rated in the category of AA, \$4.1 million was rated in the category of A by at least one NRSRO, and \$0.5 million were not rated.

DWP's investment policy specifies that commercial paper must be of the highest ranking or of the highest letter and number rating as provided for by at least two NRSROs. As of June 30, 2011, all of DWP's investments in commercial paper were rated with at least the highest letter and number rating as provided by at least two NRSROs.

DWP's investment policy specifies that negotiable certificates of deposit must be of the highest ranking or letter and number rating as provided for by at least two NRSROs. As of June 30, 2011, DWP's investments in certificates of deposits included \$26.0 million of negotiable certificates of deposit with at least the highest letter and number rating as provided by at least two NRSROs and \$1.0 million of nonnegotiable certificates of deposit fully insured by the FDIC.

DWP's investment policy specifies that money market funds may be purchased as allowed under the State of California Government Code ("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, 2011, each of the money market funds in the portfolios had the highest possible ratings by three NRSROs, specifically AAAM by S&P, Aaa by Moody's, and AAA by Fitch.

DWP's investment policy specifies that California local agency obligations, which include municipal commercial paper, must be rated in a rating category of "A" or its equivalent or better by a NRSRO. Of DWP's investments in California municipal commercial paper as of June 30, 2011, \$5.0 million (100%) was rated with the highest short-term letter and number rating by two NRSROs. Of DWP's investments in California local agency bonds as of June 30, 2011, \$9.8 million (41%) was rated in the category of AAA; \$6.7 million (29%) was rated in the category of AA; \$2.0 million (9%) was rated in the category of A; and \$5.0 million (21%) was rated with the highest short-term ranking as provided by at least one NRSRO.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

DWP's investment policy specifies that bankers' acceptances must be of the highest ranking or letter and number rating as provided for by at least two NRSROs. As of June 30, 2011, all of DWP's investments in bankers' acceptances were rated with the highest letter and number rating as provided by three 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. government agency securities, except that a maximum of 30 percent of the cost value of the portfolio may be invested in the securities of any single U.S. government agency issuer. Of DWP's total investments as of June 30, 2011, \$106.1 million (16%) was invested in securities issued by the Federal Home Loan Bank; \$151.6 million (23%) was invested in securities issued by the Federal National Mortgage Association; and \$134.3 million (20%) was invested in securities issued by the Federal Home Loan Mortgage Corporation.

**Securities Lending Transactions.** DWP participates in the City's securities lending program (SLP), through the pooled investment fund. DWP recognizes its proportionate share of the cash collateral received for securities loaned and the related obligation for the general investment pool.

**Derivative Instruments.** In accordance with GASB No. 53, DWP records the fair value of its hedging derivative instruments, financial natural gas hedges, on the statement of net assets. As of June 30, 2011, the fair values of the financial natural gas hedges were approximately \$(73.8) million.

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

As of June 30, 2011, DWP's financial natural gas hedges by fiscal year are the following (amounts in thousands):

Derivative Description	Notional Amount (Total Contract Quantities*)	Contract Price Range Dollar per Unit	First Effective Date	Last Termination Date	Fair Value
Financial natural gas:					
FY 2011-12	8,240,000	\$ 5.53 - 8.27	07/01/11	06/30/12	\$ (21,267)
FY 2012-13	6,387,500	5.96 - 8.31	07/01/12	06/30/13	(14,355)
FY 2013-14	5,027,000	6.37 - 8.31	07/01/13	06/30/14	(10,712)
FY 2014-15	5,384,500	6.37 - 9.38	07/01/14	06/30/15	(11,357)
FY 2015-16	4,488,000	6.42 - 9.85	07/01/15	06/30/16	(8,865)
FY 2016-17	3,197,500	6.61 - 9.83	07/01/16	06/30/17	(5,320)
FY 2017-18	<u>2,190,000</u>	6.76 - 7.14	07/01/17	06/30/18	<u>(1,894)</u>
Total	<u>34,914,500</u>	5.53 - 9.85	07/01/11	06/30/18	<u>\$ (73,770)</u>

\* Contract quantities in MMBtu - Million British thermal Units.

As of June 30, 2011, there were no cash paid at derivative inception.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

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

The fair value of the natural gas hedges is reported as a deferred outflow on the statement of net assets. All fair values were estimated using forward market prices available from broker quotes and exchanges.

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

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

As of June 30, 2011, the 11 financial natural gas hedge counterparties were rated by Moody's as follows: two at Aa1, one at Aa2, two at Aa3, three at A1, and three at A2. The counterparties were rated by S&P as follows: one at AA; three at AA-, two at A+, and five at A.

Based on the International Swap Dealers Association agreements, DWP or the counterparty may be required to post collateral to support the financial natural gas hedges subject to credit risk in the form of cash, negotiable debt instruments (other than interest-only and principal-only securities), or eligible letters of credit. Collateral posted is held by a custodian. As of June 30, 2011, the fair values of the financial natural gas hedges are within the credit limits and collateral posting was not required.

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

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

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Fire and Police Pension and Health Subsidy Plans

At June 30, 2011, the Fire and Police Pension and Health Subsidy Plans' (Pensions) investments are as follows (in thousands):

Investment Type	Pension Plan	Health Subsidy Plan	Total
Short-term Investments	\$ 591,938	\$ 38,554	\$ 630,492
U.S. Government Obligations	1,729,430	112,640	1,842,070
Domestic Corporate Bonds	1,118,181	72,829	1,191,010
International Bonds	17,727	1,154	18,881
Domestic Stocks	5,624,750	366,348	5,991,098
International Stocks	2,283,652	148,737	2,432,389
Real Estate	1,054,002	68,649	1,122,651
Alternative Investments	1,560,454	101,635	1,662,089
Total	\$ 13,980,134	\$ 910,546	\$ 14,890,680

*Interest Rate Risk.* Pensions manages its exposure to interest rate risk by requiring fixed income investment managers to maintain the effective duration of their portfolio within a specified range of the Lehman Brothers Aggregate Index for core fixed income investments, the Lehman Brothers Long-Term Government/Corporate Index for long duration investments, and the First Boston High Yield Index for high yield investments. The longer the duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the Pensions' investments to interest rate fluctuations is provided in the following table that shows the weighted average effective duration of Pensions' fixed income investments by investment type:

Investment Type	Amount (in thousands)	Weighted Average Maturity (In Years)
Asset Backed Securities	\$ 55,463	9.41
Commercial Mortgages	40,940	28.55
Corporate Bonds	1,054,354	15.09
Government Agencies Bonds	72,267	4.50
Government Bonds	602,860	22.18
Government Mortgage Backed Securities	535,420	22.56
Index Linked Government Bonds	664,552	9.62
Non-Government Backed Collateralized Mortgage Obligations	11,790	16.43
Bond Index Fund	14,315	N/A
Total	\$ 3,051,961	

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Investments that are highly sensitive to interest rate risk at June 30, 2011 are as follows (in thousands):

Investment Type	Amount
Asset Backed Securities	\$ 55,463
Commercial Mortgages	40,940
Government Agencies Bonds	72,267
Government Mortgage Backed Securities	535,420
Index Linked Government Bonds	664,552
Non-Government Backed Collateralized Mortgage Obligations	11,790
Total	<u>\$ 1,380,432</u>

*Credit Risk.* Pensions seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk within this asset class. As of June 30, 2011, the credit ratings of Pensions' fixed income investments are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 1,266,448	42.66%
AA	107,361	3.62%
A	205,928	6.94%
BBB	238,462	8.03%
BB	220,102	7.42%
B	221,463	7.46%
CCC	45,729	1.54%
CC	7,474	0.25%
C	1,738	0.06%
Not Rated	653,581	22.02%
Subtotal	<u>2,968,286</u>	<u>100.00%</u>
U.S. Government Issued or Guaranteed Securities	<u>83,675</u>	
Total Fixed Income Investments	<u>\$ 3,051,961</u>	

*Concentration of Credit Risk.* As of June 30, 2011, 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.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of a financial failure of a depository financial institution, 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, 2011, Pensions' exposure to such risk was \$25.0 million, comprised of foreign currencies held outside the custodial bank. 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 investments 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 not registered in Pensions' name, and held by the counterparty. Pensions' investments are not exposed to custodial credit risk since they are held by the custodian and registered in the Pensions' name. As of June 30, 2011, Pensions' other investments are exposed to custodial credit risk including hedge fund of \$598.7 million, private equity of \$1.1 billion, and commingled real estate funds of \$530.2 million.

*Foreign Currency Risk.* The Pensions' asset allocation policy sets a target of 18% of the total portfolio for non-U.S. equity investments. The majority of Pensions' currency exposure comes from its holdings of foreign stocks. Pensions' foreign investment holdings, including foreign currencies in temporary investments at June 30, 2011 are as follows (in thousands):

<u>Foreign Currency</u>	<u>Amount</u>
Australian Dollar	\$ 57,762
Brazilian Real	63,283
British Pound Sterling	389,017
Canadian Dollar	82,835
Chilean Peso	828
Czech Koruna	4,093
Danish Krone	25,392
Euro	701,079
Hong Kong Dollar	161,606
Hungarian Forint	1,760
Indian Rupee	41,759
Indonesian Rupiah	24,232
Japanese Yen	426,138
Malaysian Ringgit	15,364
Mexican Peso	24,913
New Taiwan Dollar	59,133
New Zealand Dollar	5,312
Norwegian Krone	9,100
Philippine Peso	10,066
Polish Zloty	11,232
Singapore Dollar	12,573
South African Rand	27,588
South Korean Won	100,381
Swedish Krona	54,978
Swiss Franc	127,198
Thai Baht	7,755
Turkish Lira	5,894
Total	<u>\$ 2,451,271</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**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 fee when the collateral is marketable securities or letters of credit, or interest earned when the collateral is cash on deposit.

Upon direction of the Pensions' Board, the custodian may loan securities to brokers or dealers or other borrowers upon such terms and conditions, as it deems advisable. The minimum required collateralization is 102% of market value plus any accrued interest of the borrowed U.S. securities and 105% of market value plus any accrued interest for non-U.S. securities. At year-end, Pensions had no credit risk exposure to borrowers because the amounts Pensions owes the borrowers exceed the amounts the borrowers owe Pensions.

Borrowers of Pensions securities have all incidents of ownership with respect to borrowed securities and collateral including the right to vote, and transfer or loan borrowed securities to others. Pensions are entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the lending agreements, 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 for 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.

**Derivative Instruments.** The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, 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, 2011		Notional Amount
	Classification	Amount	Classification	Amount	
Futures - Shorts	Investment Income	\$ --	Investment	\$ --	\$ (11,387)
Futures - Longs	Realized Loss	1,142	Investment	--	-
Forwards	Unrealized Loss	345	Investment	(248)	--
	Realized Loss	7,915			
Rights/Warrants	Unrealized Gain	1,160	Investment	1,241	--
	Realized Gain	645			

At June 30, 2011, Pensions held futures-shorts with a notional value of negative \$11.4 million and futures-longs with a realized loss of \$1.1 million for the fiscal year. Pensions held forwards with a fair value of negative \$0.2 million and rights and warrants with a fair value of \$1.2 million. Loss of \$8.3 million for forwards and earnings of \$1.8 million for rights/warrants were reported.

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



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

Los Angeles City Employees' Retirement and Postemployment Healthcare Plans

At June 30, 2011, the Los Angeles City Employees' Retirement and Postemployment Healthcare Plans' (LACERS) investments are as follows (in thousands):

Investment Type	Retirement Plan	Postemployment Healthcare Plan	Total
Short-term Investments (non-U.S. of \$286,559)	\$ 525,389	\$ 83,495	\$ 608,884
U.S. Government/Agencies Securities	545,315	86,662	631,977
Municipal Bonds	5,043	801	5,844
Domestic Corporate Bonds	801,669	127,401	929,070
International Bonds	206,151	32,761	238,912
Opportunistic Debt	126,827	20,155	146,982
Domestic Stocks	3,548,577	563,938	4,112,515
International Stocks	1,823,312	289,760	2,113,072
Mortgages	453,929	72,138	526,067
Real Estate	499,776	79,424	579,200
Venture Capital and Alternative Investments	932,191	148,143	1,080,334
Security Lending Collateral	1,060,970	168,609	1,229,579
Total	<u>\$ 10,529,149</u>	<u>\$ 1,673,287</u>	<u>\$ 12,202,436</u>

*Interest Rate Risk.* LACERS manages its exposure to interest rate risk by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. Universal Bond Index, the BC Intermediate Government Credit Index, or the BC Aggregate Bond Index, depending on the LACERS Board's mandate. The effective duration is a measure, in years, of interest rate sensitivity in debt investments.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

Investment Type	Amount (in thousands)	Weighted Average Duration (In Years)
Asset Backed Securities	\$ 33,155	1.15
Commercial Mortgage Backed Securities	91,756	4.47
Corporate Bonds	1,060,082	5.99
Government Agencies	51,417	2.91
Government Bonds	561,813	3.07
Government Mortgage Backed Securities	434,311	2.73
Index Linked Government Bonds	57,276	2.58
Municipal/Provincial Bonds	10,785	5.25
Nongovernment Backed Collateralized Mortgage Obligations	30,775	3.76
Opportunistic Debt	146,982	2.72
Derivative Instruments	148	4.30
<b>Total</b>	<b>\$ 2,478,500</b>	

*Credit Risk.* LACERS seeks to maintain a diversified portfolio of fixed income investments 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 in fixed income securities by a nationally recognized statistical rating organization as of June 30, 2011 are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA *	\$ 516,401	27.07%
AA	40,132	2.10%
A	336,986	17.66%
BBB	480,318	25.18%
BB	172,963	9.07%
B	96,020	5.03%
CCC	31,383	1.64%
CC	2,390	0.13%
C	1,011	0.05%
D	8,574	0.45%
Not Rated	221,744	11.62%
Subtotal	1,907,922	100.00%
U.S. Government Guaranteed Securities **	570,578	
<b>Total Fixed Income Investments</b>	<b>\$ 2,478,500</b>	

\* Includes FNMA and FHLMC of \$419,415 in total which were downgraded to AA+ by S&P in August 2011.

\*\* Includes US Government Bonds and Notes and GNMA Mortgage-Back Securities which had the AAA rating. However, these securities were downgraded to AA+ by S&P in August 2011.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

*Concentration of Credit Risk.* LACERS' investment portfolio as of June 30, 2011 has 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 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, 2011, LACERS has exposure to such risk in the amount of \$27.7 million or 1.08% of the fair value of the total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 13 different investment managers, and held outside of LACERS custodial bank. LACERS policy requires each individual publicly traded equities investment managers to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

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

*Foreign Currency Risk.* The Asset Allocation policy of LACERS sets a target of 20% of the total portfolio for foreign investments in equities. In addition, fixed income, real estate and alternative investment managers may hold foreign investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce foreign currency risk. Non-U.S. investment holdings as of June 30, 2011, which represents 18.9% of fair value of total investments, are as follows (in thousands):

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

<u>Foreign Currency</u>	<u>Amount</u>
Argentine Peso	\$ 65
Australian Dollar	142,046
Brazilian Real	18,843
British Pound Sterling	319,408
Canadian Dollar	93,741
Columbian Peso	665
Czech Koruna	446
Danish Krone	16,455
Egyptian Pound	952
Euro	625,777
Hong Kong Dollar	144,169
Hungarian Forint	1,385
Indian Rupee	31,718
Indonesian Rupiah	13,136
Japanese Yen	341,021
Malaysian Ringgit	5,127
Mexican Peso	16,853
New Israeli Shekel	4,857
New Taiwan Dollar	47,570
New Zealand Dollar	972
Norwegian Krone	22,400
Philippine Peso	16,999
Polish Zloty	3,342
Singapore Dollar	36,184
South African Rand	28,004
South Korean Won	83,426
Swedish Krona	35,783
Swiss Franc	108,310
Thai Baht	25,492
Turkish Lira	5,074
United Arab Emirates Dirham	1,350
Total	<u>\$ 2,191,570</u>

*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 such information as embedded options, coupon multipliers, benchmark indexes, and reset dates. The asset-backed investments of LACERS 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. As of June 30, 2011, the fair value of LACERS asset-backed investments by investment type, are as follows (in thousands):

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Investment Type	Amount
Asset Backed Securities	\$ 33,155
Commercial Mortgage Backed Securities	91,756
Government Agencies	51,417
Government Mortgage Backed Securities	434,311
Nongovernment Backed Collateralized Mortgage Obligations	30,775
Total	<u>\$ 641,414</u>

**Derivative Instruments.** LACERS enters into derivative contracts for investment purposes and to manage risks associated with its investment portfolio. All derivatives for the current and previous fiscal years are classified as investment derivatives.

The notional amount and the fair value of derivative instruments as of June 30, 2011 are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Equity Index	\$ 12,673	\$ 144	\$ 236
Interest Rate	(58,048)	149	149
Currency Forward			
Contracts	51,703	59	85
Right/Warrants	N/A	149	56
Total Value		<u>\$ 501</u>	<u>\$ 526</u>

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

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2011, without respect to netting arrangements, LACERS maximum loss on derivative instruments subject to credit risk, namely currency forward contracts, is as follows (in thousands):

<u>S &amp; P Ratings</u>	<u>Amount</u>
AA-	\$ 36
A+	457
Total Credit Risk	<u>\$ 493</u>

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

Minimum required collateralization is 102% of fair value of the borrowed U.S. securities and 105% for international securities. Collateral consists of cash, government securities and irrevocable bank letters of credit. The cash collateral may be invested separately or pooled in a separate fund for investing in money market or cash equivalent 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 fair value in the statement of fiduciary net assets. During the fiscal year, LACERS had no losses due to borrower default. There was no credit risk exposure at year-end because the amounts LACERS owed the borrowers exceed the amounts the borrowers owed LACERS.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Water and Power Employees' Retirement, Disability, and Death Benefit Insurance; and Retiree Health Benefits Plans

At June 30, 2011, the Water and Power Employees' Retirement, Disability, and Death Benefit Insurance; and Retiree Health Benefits Plans' (DWP Plans) investments are as follows (in thousands):

Investment Type	Retirement, Disability, and Death Benefit Insurance Plan	Retiree Health Benefits Plan	Total
Domestic Stocks	\$ 2,690,246	\$ 404,827	\$ 3,095,073
International Stocks	1,532,682	199,312	1,731,994
Mortgage and Asset Backed Securities	321,623	57,436	379,059
Domestic Corporate Debts	522,499	105,426	627,925
International Corporate Debts	12,487	--	12,487
Medium Term Notes	186	37	223
Preferred Securities/Convertible Bonds	31,862	262	32,124
Hedge Funds	433,334	74,777	508,111
Real Estate	127,660	1,015	128,675
U.S. Agencies and Other General Obligations	988,574	190,674	1,179,248
U.S. Treasuries	434,813	85,099	519,912
Money Market Mutual Funds	417,494	94,517	512,011
Securities Lending Short-term Collateral Investment Pool	791,151	122,449	913,600
<b>Total</b>	<b>\$ 8,304,611</b>	<b>\$ 1,335,831</b>	<b>\$ 9,640,442</b>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

*Interest Rate Risk.* As of June 30, 2011, the DWP Plans' exposure to interest rate risk is as follows:

Investment Type	Amount (in thousands)	Weighted Average Maturity (Years)
Mortgage and Asset Backed Securities	\$ 379,059	20.69
Domestic Corporate Debts	627,925	9.01
U.S. Treasuries	519,912	7.73
Mutual Funds	512,011	0.07
Medium Term Notes	223	3.67
U.S. Agency Notes	1,179,248	22.00
Preferred Securities/Convertible Bonds	32,124	14.92
International Corporate Debts	12,487	7.50
Total	<u>\$ 3,262,989</u>	13.51

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

*Credit Risk.* The 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. The 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. The DWP Plans' investment policy for fixed income allows investment grade and high yield fixed income securities with minimum credit ratings of BBB- or Baa3 by Moody's, S&P and Fitch. Investment managers shall notify the DWP Plans' management of subsequent declines in ratings and shall develop an investment strategy for investments rated below Baa3 or BBB-.

Active high yield fixed income investment is composed primarily of non-investment grade securities as rated by Moody's, S&P or Fitch. The credit quality ratings of the DWP Plans' investments at June 30, 2011 are as follows:

Credit Rating	Amount (in thousands)	Percentage
AAA	\$ 888,898	42.30%
A or better	241,539	11.49%
BB or better	6,682	0.32%
B or better	385,468	18.34%
C or better	39,939	1.90%
Not Rated	539,129	25.65%
Subtotal	<u>2,101,655</u>	<u>100.00%</u>
U.S. Government Guaranteed Securities	<u>1,161,334</u>	
Total Fixed Income Investments	<u>\$ 3,262,989</u>	



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

*Concentration of Credit Risk.* According to DWP Plans' investment policy, no more than 5% of investments shall be invested in any one issue, except for investment in the fixed income asset class where no more than 10% of investments shall be invested in any one issue. United States Treasury or United States Agency issues are exempted from this limitation. As of June 30, 2011, there are no investment holdings of more than 5% in any one issue in each of the plan's net assets or in the DWP Plans' aggregate, except investments issued or guaranteed by the U.S. Government and investments in commingled funds.

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that in the event of a bank failure, DWP Plans deposits may not be returned. As of June 30, 2011, DWP Plans' cash balances consist primarily of deposits with the City Treasurer.

*Foreign Currency Risk.* The DWP Plans' investment policy permits a maximum of 20% of the total portfolio for investments in foreign currency-denominated securities. As of June 30, 2011, the DWP Plans' position is 18.88% as follows (in thousands):

<u>Foreign Currency</u>	<u>Amount</u>
Australian Dollar	\$ 111,583
Brazilian Real	1,949
British Pound Sterling	318,430
Canadian Dollar	159,749
Danish Krone	14,116
Euro	602,448
Hong Kong Dollar	47,635
Indonesian Rupiah	3,476
Japanese Yen	357,504
Mexican Peso	1,850
New Zealand Dollar	975
Norwegian Krone	22,245
Philippines Peso	729
Singapore Dollar	18,527
South Korean Won	1,772
Swedish Krona	52,729
Swiss Franc	103,336
Uruguayan Peso	894
Total	<u>\$ 1,819,947</u>

**Securities Lending Transactions.** The DWP Plans' custodial bank manages its securities lending. The DWP Plans or the borrowers can terminate the contract with advance notice. 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. 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 Plan Net Assets. At year-end, the DWP Plans had no credit risk exposure to borrowers because the value of the collateral received exceeded the value of the securities on loan. Related borrower or lending agent default losses were recognized in the financial statements.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The DWP Plans' custodian is the authorized agent to handle the DPW Plans' securities lending activity. The custodian may invest the cash collateral received in connection with loaned securities in investments permitted by the DWP Plans. The 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 custodial bank is responsible for the return of loaned securities from the borrowers. The DWP Plans does not have the ability to pledge or sell collateral assets unless the borrower is in default of its obligation. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which at June 30, 2011, has an average maturity of 32 days.

**Derivative Instruments.** The fair value balances and notional amounts of derivatives instruments outstanding at June 30, 2011, 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 at		Notional Amount
	Classification	Amount	June 30, 2011	Amount	
	Investment				
Forward Contracts	Income / (Loss)	\$ 1,721	Investment	\$ 2,865	\$ 405,539
	Investment				
Swap	Income / (Loss)	5	Investment	--	--

At June 30, 2011, the Plan had direct commitments to purchase and/or sell foreign currency in the forms of swap and forward contracts as part of the strategy of hedging its currency risk. The fair values of the swap and forward contracts were based on the market price.

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, 2011, 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
U.S. Sponsored Agency Issues	\$ 111,837	\$ --	\$ --	\$ 15,965	\$ 95,872
U.S. Treasury Notes	397,145	49,917	51,915	240,576	54,737
Mutual Funds	67,619	67,619	--	--	--
Money Market Funds	1,467,143	946,587	244,361	276,195	--
Short-term Investment Funds	867	867	--	--	--
Guaranteed Investment Contracts	19,433	--	--	--	19,433
<b>Total</b>	<b>\$ 2,064,044</b>	<b>\$ 1,064,990</b>	<b>\$ 296,276</b>	<b>\$ 532,736</b>	<b>\$ 170,042</b>

*Credit Risk.* At June 30, 2011, the investments in U.S. Sponsored Agency Issues and U.S. Treasury Notes have attained the highest possible ratings as follows: AAA by S&P and Aaa by Moody's. The short-term investment funds and guaranteed investment contracts were not rated.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Community Redevelopment Agency (CRA)**

At June 30, 2011, cash and investments of the CRA are as follows (in thousands):

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Cash and Pooled Investments	\$ 41,447	\$ 78,363	\$ 119,810
Other Investments	--	287,033	287,033
Restricted Assets	40,405	116,961	157,366
Total	<u>\$ 81,852</u>	<u>\$ 482,357</u>	<u>\$ 564,209</u>

The CRA's deposits are maintained with various banks within redevelopment project areas or banks that benefit redevelopment activities. At June 30, 2011, the book balance of the deposits was \$81.9 million while the bank balances totaled \$86.7 million. The difference of \$4.8 million represents primarily outstanding checks and other reconciling items. Of the bank balance, \$8.7 million was covered by the Federal Deposit Insurance Corporation and \$78.0 million was fully collateralized as required by State law and reported to the State Administrator of Local Agency Security to ensure the safety of public deposits. State law requires a financial institution to secure deposits in excess of \$0.3 million made by state or local government units by pledging government securities or first trust deed mortgage notes. The market value of the pledged government securities and first trust deed mortgage notes must be at least 110% and 150% of the deposits, respectively. The collateral is held by the pledging financial institution's trust department and is considered held in the CRA's name.

The CRA's investments at June 30, 2011 consist of the following investment types:

<u>Investment Type</u>	<u>Amount (in thousands)</u>	<u>Weighted Average Maturity (Years)</u>
Investments Held by the CRA		
Treasury Securities	\$ 112,516	0.77
Federal Securities	202,913	0.53
Local Agency Investment Fund	78,363	--
Certificates of Deposits	100	0.05
Subtotal	<u>393,892</u>	
Investments Held by Fiscal Agent or Trustee		
Treasury Securities	40,541	0.09
Money Market Funds	44,816	--
Repurchase Agreement	3,108	21.02
Subtotal	<u>88,465</u>	
Total	<u>\$ 482,357</u>	
Portfolio weighted average maturity for investments held by the CRA (excluding investments held by fiscal agent or trustee)		0.49

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

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

The CRA's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would exercise in the management of his own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of the CRA. The objective is to minimize the interest rate risk and credit risk of each investment. In addition, in order to minimize the total volatility of the portfolio, the CRA shall maintain a diversified portfolio of investments.

*Interest Rate Risk.* The CRA manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to not more than two years, excluding those investments held by trustees, fiscal agents or escrow banks in connection with a CRA bond, note or certificate of participation issue.

*Credit Risk.* At June 30, 2011, CRA's investment in money market funds at amortized cost of \$44.8 million were rated A-1+ by Standard and Poor's and P-1 by Moody's. The State of California administered LAIF is also an authorized investment, but is not subject to the ratings requirement and is not rated.

*Local Agency Investment Fund.* As of June 30, 2011 the CRA's investments in the State of California Local Agency Investment Fund (LAIF) total \$78.4 million, while the City has a minimal amount invested. The total amount invested by all public agencies in LAIF at that date is \$24.0 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2011, the investments in the PMIA totaled \$66.4 billion, of which 95.0% is invested in non-derivative financial products and 5.0% in structured notes and asset-backed securities. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The Pooled Money Investment Board whose members are the State Treasurer, Director of Finance, and State Controller, has oversight responsibility for PMIA. The value of the pooled shares in LAIF, which may be withdrawn at any time, is determined on a historical cost basis, which is different than the fair value of the CRA's position in the pool.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**B. Receivables**

**Primary Government**

The primary government's net receivables at June 30, 2011 are as follows (in thousands):

	Governmental Activities	Business-type Activities
Gross Receivables		
Taxes	\$ 571,213	\$ --
Accounts	681,451	885,271
Special Assessments	27,413	--
Investment Income	14,394	15,905
Intergovernmental	195,986	107,864
Loans and Notes	<u>1,267,893</u>	<u>1,007,266</u>
Total	<u>2,758,350</u>	<u>2,016,306</u>
Allowance for Uncollectibles		
Taxes	(48,913)	--
Accounts	(480,438)	(42,704)
Special Assessments	(3,170)	--
Intergovernmental	(14,379)	--
Loans and Notes	<u>(904,910)</u>	<u>--</u>
Total	<u>(1,451,810)</u>	<u>(42,704)</u>
Net Receivables	<u>\$ 1,306,540</u>	<u>\$ 1,973,602</u>
Net Receivables not scheduled for collection during the subsequent year:		
Loans and Notes	\$ 313,717	\$ 904,766

The majority of the governmental activities loans consist of grant funded loans provided as follows: 1) to property owners for the upgrading and rehabilitation of residential or rental properties to eliminate the spread of slums and blight and repair earthquake damage; 2) to businesses to carry out economic development projects; and 3) to community based organizations to acquire, construct or improve existing public facilities. Interest rates ranged from 0.5% to 14% for 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).

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The governmental activities loans include a \$14.0 million HUD Section 108 loan provided to the CRA in fiscal year 2004. The CRA used the loan proceeds to partially fund the acquisition and relocation costs of a redevelopment project. The loan agreement allows CRA to assign the loan to the project developer. On August 27, 2004, the assignment was effected. Although the loan was assigned to the developer, the CRA will maintain its pledge to the City of area-wide tax increment as security of the loan. However, the area-wide tax increment pledge is subordinate to existing and future lien bonds of the project area. The loan is further secured by an unconditional guaranty of payment not to exceed \$12.3 million. A company that is a party related to the project developer issued the guaranty.

The business-type activities loans include the Airports Enterprise Fund's long-term notes of \$1.3 million, Power Enterprise Fund's long-term notes of \$1.0 billion from Intermountain Power Agency (see Note 5C on page 179), and \$0.4 million long-term Harbor notes receivable.

**Component Unit**

The \$114.9 million net receivables of the CRA at June 30, 2011 consisted of \$13.0 million property taxes, \$3.2 million intergovernmental, \$0.4 million investment income, \$93.2 million loans, and \$5.1 million others.

The CRA net loans receivable of \$93.2 million reflected an allowance for market value write-down and uncollectibles of \$607.1 million. To enhance the redevelopment process, the CRA grants "below-market" interest rate loans primarily for the rehabilitation and development of low and moderate-income housing and the development of commercial properties. Since these loans are generated to assist various redevelopment areas, repayment terms are structured to meet requirements established by the CRA and the specific project areas.

**Deferred Receivables**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2011, the various components of deferred revenue reported in the governmental funds were as follows (in thousands):

Taxes	\$	364,641
Accounts		134,234
Intergovernmental		113,889
Special Assessments		2,725
Investment Income		3,666
Services to Enterprise		3,572
Total Deferred Revenue for		
Governmental Funds	\$	<u>622,727</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**C. Loans Receivable from Component Unit**

The City has recorded non-interest bearing, no-fixed term loans of \$50.7 million, and 20-year loans totaling \$17.2 million. These loans are to be repaid by the CRA from certain sources, such as tax increment revenues of the respective redevelopment projects as defined in contracts, and applicable program income. On March 8, 2011, the City Council approved various actions related to the transfer of CRA’s revenue-generating properties costing \$3.7 million to the City as repayment of the \$50.7 million non-interest bearing loan. The resulting loss on loan settlement of \$47.0 million is shown as special item in the Statement of Activities. Additionally, a payment of \$6.3 million was received on the 20-year loan, thereby reducing the outstanding balance to \$10.9 million as of June 30, 2011. Please see Note 5E on page 199 for related discussion.

Additionally, the City has recorded a loan of \$4.2 million with a 5.5% interest rate that will mature in December 2022. This \$4.2 million promissory note will be repaid by making City approved block grant qualifying expenditures in the redevelopment project.

The City’s Special Parking Revenue Fund extended a loan of \$0.9 million to the CRA for the design and construction of public parking spaces in the Beacon Street Redevelopment Project area. The loan matures in September 2019. Repayment of the loan will come from surplus profits as described in the development agreement and/or from tax increment revenues from the project area. If surplus profits are insufficient to repay the loan, the balance will be amortized over a ten-year period at the City’s “average pooled fund” interest rate.

**D. Restricted Assets**

The primary government’s restricted assets are composed of the following at June 30, 2011 (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash and Investments			
Cash and Pooled Investments			
With City Treasurer	\$ --	\$ 2,728,417	\$ 2,728,417
Other Investments	3,480	2,519,107	2,522,587
Subtotal	3,480	5,247,524	5,251,004
Other Restricted Assets			
Investment Income Receivable	--	5	5
Total	\$ 3,480	\$ 5,247,529	\$ 5,251,009

The restricted assets for governmental activities are related to the State mandated deposit with a trustee bank to finance solidwaste landfill closure and postclosure care costs. For the business-type activities, the restricted amounts are for accumulated resources for debt service payments, nuclear decommissioning trust funds, natural gas trust fund, hazardous waste treatment storage and disposal trust fund, SCCPA Palo Verde investment, water expense stabilization fund, operations and maintenance reserve, capital construction projects and debt service.

The CRA’s restricted assets totaling \$157.4 million consist primarily of investments maintained with fiscal agents that are pledged as collateral for the payment of principal and interest on tax allocation and parking revenue bonds.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**E. Joint Ventures**

**Intermodal Container Transfer Facility Joint Powers Authority**

The Harbor departments of the City of Los Angeles (the Harbor) and the City of Long Beach, California (Port of Long Beach) entered into a joint exercise of 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. The Harbor contributed \$2.5 million to the ICTF as part of the agreement. The facility, which began operations in December 1986, was developed by Southern Pacific Transportation Company (SPTC, subsequently a wholly owned subsidiary of Union Pacific Corporation), which operates the facility under a long-term lease agreement. The Harbor appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. Both the Harbor and the Port of Long Beach share income and equity distributions equally.

Pursuant to an indenture of trust dated November 1, 1984, the ICTF issued \$53.9 million bonds (1984 Bonds) on behalf of the SPTC to construct the facility. In 1989, the ICTF issued \$52.3 million refunding bonds (1989 Bonds) on behalf of SPTC to advance refund all of the 1984 Bonds. In 1999, the ICTF, on behalf of the SPTC, again issued \$42.9 million refunding bonds (1999 Bonds) to advance refund all of the 1989 Bonds. The 1999 Bonds are payable solely from payments by the SPTC under the lease agreement for use of the facility. The nature of the bonds is such that the indebtedness is that of the SPTC and not of the ICTF, nor the Harbor, nor the Port of Long Beach.

The ICTF's operations are financed by lease revenues. The ICTF is empowered to perform those acts necessary for the development of its facilities and related facilities, including acquiring, constructing, leasing, and selling any of its property. The Harbor's share of the ICTF's net assets at June 30, 2011 is \$6.2 million. Separate financial statements for the ICTF's may be obtained from the Executive Director, Port of Long Beach, 925 Harbor Plaza, Long Beach, California 90802.

**Alameda Corridor Transportation Authority**

In August 1989, the Harbor and the Port of Long Beach entered into a joint exercise of powers agreement and formed the Alameda Corridor Transportation Authority (ACTA) for the purpose of establishing a comprehensive transportation corridor and related facilities consisting of street and railroad rights-of-way, and an improved highway and railroad network along Alameda Street between the Santa Monica Freeway and the Ports of Los Angeles and Long Beach in San Pedro Bay linking the two ports to the central Los Angeles area. The Harbor and the Port of Long Beach share income and equity distributions equally. During fiscal year 1995, the Harbor and the Port of Long Beach purchased railroad rights-of-way and other assets totaling approximately \$370.0 million along the proposed corridor route.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

At June 30, 1998, the Harbor had advanced a total of \$13.3 million to the ACTA to fund its share of planning and other costs incurred to date. During fiscal year 1999, the ACTA reimbursed the Harbor for all amounts advanced plus approximately \$3.2 million of interest on the advances out of debt or grant financing proceeds. In addition, the ACTA reimbursed the Harbor for approximately \$81.7 million of capital assets directly related to the ACTA's mission, which the Harbor had previously included in construction in progress. Of the capital assets transferred, approximately \$22.2 million had been funded by capital grants, which the Harbor had previously included in contributions/land valuation equity. The Harbor has no share of the ACTA's net assets and income at June 30, 2011. Separate financial statements for ACTA may be obtained from the Chief Financial Officer, Alameda Corridor Transportation Authority, One Civic Plaza Drive, Suite 350, Carson, California 90745.

**F. Capital Assets**

**Governmental Activities**

Capital asset activity for Governmental Activities for the year ended June 30, 2011 is as follows (in thousands):

Governmental Activities	Balance June 30, 2010	Additions	Deductions	Transfers	Balance June 30, 2011
Capital Assets Not Depreciated					
Land	\$ 689,196	\$ 103,603	\$ --	\$ 19,761	\$ 812,560
Infrastructure	178,903	3,691	--	(11,989)	170,605
Construction in Progress	1,182,236	209,362	--	(609,517)	782,081
Intangible Assets	25,482	16,826	--	--	42,308
<b>Total Capital Assets Not Depreciated</b>	<b>2,075,817</b>	<b>333,482</b>	<b>--</b>	<b>(601,745)</b>	<b>1,807,554</b>
Capital Assets Depreciated					
Buildings and Improvements	3,761,976	21,698	--	531,281	4,314,955
Machinery, Furniture and Equipment	1,271,362	63,817	(41,855)	--	1,293,324
Infrastructure	2,723,845	33,374	(1,191)	34,242	2,790,270
Intangible Assets	30,306	16	--	36,222	66,544
<b>Total Capital Assets Depreciated</b>	<b>7,787,489</b>	<b>118,905</b>	<b>(43,046)</b>	<b>601,745</b>	<b>8,465,093</b>
Less: Accumulated Depreciation/Amortization					
Buildings and Improvements	(961,612)	(141,432)	--	--	(1,103,044)
Machinery, Furniture and Equipment	(891,933)	(97,691)	41,855	--	(947,769)
Infrastructure	(1,012,922)	(54,596)	1,191	--	(1,066,327)
Intangible Assets	(13,083)	(2,644)	--	--	(15,727)
<b>Total Accumulated Depreciation/Amortization</b>	<b>(2,879,550)</b>	<b>(296,363)</b>	<b>43,046</b>	<b>--</b>	<b>(3,132,867)</b>
<b>Total Capital Assets Depreciated/Amortized, Net</b>	<b>4,907,939</b>	<b>(177,458)</b>	<b>--</b>	<b>601,745</b>	<b>5,332,226</b>
Governmental Activities					
Capital Assets, Net	\$ 6,983,756	\$ 156,024	\$ --	\$ --	\$ 7,139,780

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

<u>Function/Program</u>	<u>Amount</u>
General Government	\$ 40,527
Protection of Persons and Property	94,287
Public Works	48,212
Health and Sanitation	22,010
Transportation	33,770
Cultural and Recreational Services	47,969
Community Development	<u>9,588</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 296,363</u></u>

**Business-type Activities**

Capital asset activity for Business-type Activities for the year ended June 30, 2011 is as follows (in thousands):

<u>Business-type Activities</u>	<u>Balance June 30, 2010</u>	<u>Additions/ Transfers</u>	<u>Deductions/ Transfers</u>	<u>Balance June 30, 2011</u>
Capital Assets Not Depreciated				
Land	\$ 2,330,972	\$ 26,462	\$ (218)	\$ 2,357,216
Construction in Progress	3,981,920	1,756,971	(1,422,026)	4,316,865
Intangible Assets	<u>65,693</u>	<u>100</u>	<u>--</u>	<u>65,793</u>
Total Capital Assets Not Depreciated	<u>6,378,585</u>	<u>1,783,533</u>	<u>(1,422,244)</u>	<u>6,739,874</u>
Capital Assets Depreciated				
Buildings, Facilities and Equipment	29,403,691	1,964,098	(57,367)	31,310,422
Leased Property and Improvements	<u>10,210</u>	<u>--</u>	<u>(710)</u>	<u>9,500</u>
Total Capital Assets Depreciated	<u>29,413,901</u>	<u>1,964,098</u>	<u>(58,077)</u>	<u>31,319,922</u>
Less: Accumulated Depreciation				
Buildings, Facilities and Equipment	<u>(13,171,780)</u>	<u>(940,021)</u>	<u>58,046</u>	<u>(14,053,755)</u>
Capital Assets Depreciated, Net	<u>16,242,121</u>	<u>1,024,077</u>	<u>(31)</u>	<u>17,266,167</u>
Natural Gas Field, Net	<u>231,397</u>	<u>39,623</u>	<u>(14,398)</u>	<u>256,622</u>
Nuclear Fuel at Amortized Cost	<u>44,295</u>	<u>12,007</u>	<u>(11,974)</u>	<u>44,328</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 22,896,398</u></u>	<u><u>\$ 2,859,240</u></u>	<u><u>\$ (1,448,647)</u></u>	<u><u>\$ 24,306,991</u></u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

**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	\$ 130,805
Harbor	90,468
Power	386,937
Water	115,027
Sewer	167,775
Other Enterprise Fund	11,928
Capitalized depreciation expense:	
Power	23,600
Water	13,481
Total	<u>\$ 940,021</u>

The Power Enterprise Fund (Fund) has direct interests in several electrical generating stations and transmission systems that are jointly owned with other utilities. The Fund will incur 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. The Fund's proportionate share of the operating costs of the joint plants is included as part 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 assets at June 30, 2011:

	Ownership Interest	Share of Capacity (megawatts)	Plant in Service (in thousands)	
			Cost	Accumulated Depreciation
Palo Verde Nuclear Generating Station	5.7%	224	\$ 593,723	\$ 360,094
Navajo Generating Station	21.2%	477	344,338	302,801
Mohave Generating Station	10.0%	--	62,763	57,852
Pacific Intertie DC Transmission Line	40.0%	1,240	183,531	52,941
Other Transmission Systems	--	various	91,292	49,595
			<u>\$ 1,275,647</u>	<u>\$ 823,283</u>

**Component Unit**

Capital assets activity for the CRA for the year ended June 30, 2011 is as follows (in thousands):

	Balance June 30, 2010	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2011
Capital Assets Not Depreciated				
Land	\$ 67,508	\$ --	\$ (25,813)	\$ 41,695
Capital Assets Depreciated				
Buildings and Improvements	41,360	-	(11,326)	30,034
Equipment	17,628	9,031	(500)	26,159
Total Capital Assets Depreciated	58,988	9,031	(11,826)	56,193
Less - Accumulated Depreciation	(30,549)	(2,802)	7,943	(25,408)
Capital Assets Depreciated, Net	28,439	6,229	(3,883)	30,785
Total Capital Assets, Net	<u>\$ 95,947</u>	<u>\$ 6,229</u>	<u>\$ (29,696)</u>	<u>\$ 72,480</u>

The CRA allocated the depreciation expense of \$2.8 million to its various projects.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

**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, 2011 (in thousands):

**Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General	Community Development	\$ 2,081
	MICLA Special Revenue	4,332
	Proposition A Local Transit Assistance	1,683
	Recreation and Parks	155
	Solid Waste Resources	176
	Other Governmental Funds	36,250
	Sewer	3,711
		48,388
Community Development	General	202
	Other Governmental Funds	1
		203
Proposition A Local Transit Assistance	General	7
Recreation and Parks	Other Governmental Funds	1,125
Solid Waste Resources	General	4,925
	Recreation and Parks	31
		4,956
Other Governmental Funds	General	15,733
	Community Development	1
	MICLA Special Revenue	41
	Proposition A Local Transit Assistance	148
	Other Governmental Funds	49,106
		65,029
Airport	General	769
Harbor	General	4,466
Power	Water	3,267
Sewer	General	4,903
	Recreation and Parks	3
		4,906
Total		\$ 133,116

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The receivable balance of the General Fund from the various governmental funds resulted from transfers from the Reserve Account as short-term loan to cover tardy receipts of revenues, while the payable balance is composed primarily of encumbered and unexpended budgetary transfers for certain costs allocated to the various funds. The Power Enterprise Fund's receivable from the Water Enterprise Fund is related to outstanding costs of certain administrative functions shared by the funds. The receivable balance of Sewer Enterprise Fund pertains to related cost reimbursements as of June 30, 2011.

The receivable balance of the Airports Enterprise Fund from the General Fund pertains to the current portion of two cases that were settled related with the FAA audit findings of improper payments made by Airports to the City's General Fund discussed in Note 5C on page 169, while the receivable balance of the Harbor Enterprise Fund from the General Fund is related to the current portion of a litigation settlement discussed in Note 5C on page 176. The receivable balance of the General Fund from Sewer Enterprise Fund includes \$3.7 million ERIP related payouts payable in fiscal year 2012. See Notes 5B on page 168 for related discussion on ERIP.

**Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ 9,705
	Other Enterprise Fund	9
		9,714
Other Governmental Funds	General	641
	Recreation and Parks	844
	Other Governmental Funds	79,139
		80,624
Airports	General	15,449
Harbor	General	19,259
Sewer	General	6,092
	Other Governmental Funds	2,629
		8,721
Agency Funds	Other Governmental Funds	31,608
Total		\$ 165,375

The above balances represent interfund borrowings payable beyond one year. Advances from General Fund represents Reserve Fund borrowings to cover temporary revenue shortfall. The \$79.1 million advances from other governmental funds are for funding of transportation activities and projects. The payable balance of the General Fund to the Airports Enterprise Fund pertains to the noncurrent portion of two cases that were settled related with the FAA audit findings of improper payments made by Airports to the City's General Fund discussed in Note 5C on page 169, while the payable balance of the General Fund to the Harbor Enterprise Fund is related to the noncurrent portion of a litigation settlement discussed in Note 5C on page 176.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Interfund Transfers**

Transfers In	Transfers Out	Amount
General	MICLA Special Revenue	\$ 18,100
	Other Governmental Funds	22,595
	Power	258,815
		299,510
Community Development MICLA Special Revenue MICLA Debt Service	Other Governmental Funds	6,247
	General	32,969
	General	120,341
	MICLA Special Revenue	122,686
	Other Governmental Funds	20,968
		263,995
Proposition A Local Transit Assistance Improvement	General	27
	Other Governmental Funds	8
		35
Recreation and Parks	General	144,456
	Other Governmental Funds	1,310
		145,766
Other Governmental Funds	General	184,390
	Community Development	4,880
	Proposition A Local Transit Assistance	3,373
	Solid Waste Resources	39,917
	Other Governmental Funds	105,136
		337,696
Total		\$ 1,086,218

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 4) 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 2011, significant transfers include the following: 1) \$22.6 million funds transferred to General Fund including \$14.0 million surplus revenues from the Special Parking Revenue Fund and \$5.6 million allocation from special fund; 2) \$258.8 million from the Power Enterprise Fund to the General Fund; 3) interfund transfers to and from MICLA, and various other funds to provide funding for debt service requirements and capital projects; 4) \$144.5 million from the General Fund to fund the operation and maintenance of parks and various recreation facilities or activities; 5) \$184.4 million budget allocation from the General Fund to finance various departmental programs including \$75.9 million to the Library Department and \$47.6 million to partially finance debt service payments; 6) \$39.9 million from Solid Waste Resources primarily for debt service payments; and 7) \$105.1 million transfers mainly for funding of the City's transportation projects.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**H. Accounts Payable and Accrued Expenses**

The primary government's accounts payable and accrued expenses at June 30, 2011 are broken down as follows (in thousands):

	Governmental Activities	Business-type Activities
Accounts, Contracts and Retainage Payable	\$ 188,339	\$ 546,184
Accrued Salaries and Overtime Payable	102,140	67,119
Intergovernmental Payable	7,855	--
Other Current Liabilities (excluding workers compensation, claims, and pollution remediation liability)	--	182,310
Total	<u>\$ 298,334</u>	<u>\$ 795,613</u>

**I. Long-term Liabilities**

**Governmental Activities**

Changes in Long-term Liabilities

The changes in the governmental activities long-term liabilities for the year ended June 30, 2011 are as follows (in thousands):

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
General Obligation Bonds	\$ 1,369,450	\$ --	\$ (113,620)	\$ 1,255,830	\$ 111,385
Judgment Obligation Bonds	71,065	--	(7,060)	64,005	6,185
Certificates of Participation and Lease Revenue Bonds	1,970,515	116,545	(142,050)	1,945,010	126,110
Commercial Paper Notes	152,630	121,346	(67,803)	206,173	--
Special Assessment and Revenue Bonds	452,595	--	(30,790)	421,805	32,105
Subtotal Bonds and Notes	<u>4,016,255</u>	<u>237,891</u>	<u>(361,323)</u>	<u>3,892,823</u>	<u>275,785</u>
Add: Unamortized Net Premium and Deferred Charges	67,834	3,147	(5,520)	65,461	--
Total Bonds and Notes	4,084,089	241,038	(366,843)	3,958,284	275,785
Loans Payable to HUD	156,276	9,371	(7,866)	157,781	5,934
Compensated Absences	497,367	35,840	(5,145)	528,062	36,271
Claims and Judgments	1,932,412	416,816	(240,994)	2,108,234	231,160
Landfill Liability	46,869	--	(710)	46,159	--
Estimated Pollution Remediation Liability	4,774	9,003	(6,701)	7,076	2,436
Accrued Retirement Benefits	77,022	876	(38,540)	39,358	39,358
Net Pension Liability	62,706	--	(3,885)	58,821	--
Net OPEB Liability	45,682	53,670	--	99,352	--
Governmental Activities Long-term Liabilities	<u>\$ 6,907,197</u>	<u>\$ 766,614</u>	<u>\$ (670,684)</u>	<u>\$ 7,003,127</u>	<u>\$ 590,944</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

General Obligation Bonds (GO Bonds)

The voter authorizations for general obligation bonds are summarized as follows (in thousands):

<u>Election Date</u>	<u>Project</u>	<u>Amount Authorized</u>	<u>Amount Issued as of June 30, 2011</u>	<u>Amount Authorized But Unissued</u>
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	322,500	177,500
Total		<u>\$ 2,523,948</u>	<u>\$ 2,346,448</u>	<u>\$ 177,500</u>

The bonds are general obligations of the City payable as to principal and interest from proceeds of ad valorem taxes that may be levied, without limitation as to rate or amount, upon property subject to taxation by the City. The GO bonds outstanding as of June 30, 2011 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 1998-A, Refunding	9/1/15	4.00% - 5.25%	\$ 119,990	\$ 57,565
Series 1999-A, Refunding	9/1/14	3.00% - 4.70%	97,320	21,190
Series 2001-A	9/1/21	4.00% - 5.00%	201,290	60,380
Series 2002-A	9/1/22	2.50% - 5.25%	262,200	157,320
Series 2002-B, Refunding	9/1/14	2.00% - 5.00%	79,055	58,045
Series 2003-A	9/1/23	3.00% - 6.00%	233,365	151,710
Series 2003-B, Refunding	9/1/13	3.625% - 6.00%	77,345	14,790
Series 2004-A	9/1/24	3.00% - 5.00%	360,540	252,390
Series 2005-A	9/1/25	3.00% - 5.00%	126,800	95,100
Series 2005-B, Refunding	9/1/20	3.00% - 5.00%	73,080	72,605
Series 2006-A	9/1/26	4.00% - 5.00%	71,023	56,160
Series 2008-A	9/1/28	3.75% - 5.00%	101,000	90,900
Series 2009-A	9/1/23	1.50% - 4.00%	123,550	114,725
Series 2009-B	9/1/29	5.50% - 5.65%	52,950	52,950
Total			<u>\$ 1,979,508</u>	<u>\$ 1,255,830</u>



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

Fiscal Year	Principal	Interest	Total
2012	\$ 111,385	\$ 56,010	\$ 167,395
2013	109,060	51,242	160,302
2014	107,100	46,506	153,606
2015	100,095	41,810	141,905
2016	94,845	37,325	132,170
2017-2021	417,350	126,782	544,132
2022-2026	262,035	39,836	301,871
2027-2030	53,960	5,093	59,053
Subtotal	1,255,830	404,604	1,660,434
Net Unamortized Premium and Deferred Charges	32,877	--	32,877
Total	\$ 1,288,707	\$ 404,604	\$ 1,693,311

Judgment Obligation Bonds (JOBs)

The City issued JOBs in August 2000, June 2009 and June 2010 to pay for judgments related to civil rights violations and claims under the Fair Labor Standards Act. The judgment obligation bonds outstanding at June 30, 2011, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Series 2009-A	6/1/19	2.00% - 5.00%	\$ 20,600	\$ 17,000
Series 2010-A	6/1/20	4.00% - 5.00%	50,875	47,005
Total			\$ 71,475	\$ 64,005

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

Fiscal Year	Principal	Interest	Total
2012	\$ 6,185	\$ 2,846	\$ 9,031
2013	6,460	2,570	9,030
2014	6,785	2,247	9,032
2015	7,055	1,973	9,028
2016	7,340	1,691	9,031
2017-2020	30,180	3,404	33,584
Subtotal	64,005	14,731	78,736
Net Unamortized Premium and Deferred Charges	2,886	--	2,886
Total	\$ 66,891	\$ 14,731	\$ 81,622

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

**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 equipment be established. This program was subsequently expanded to include real property projects. A nonprofit corporation, the Municipal Improvement Corporation of Los Angeles (MICLA) was created to serve as the lessor. The City and MICLA have entered into a number of lease-purchase programs funded through the sale of certificates of participation and lease revenue bonds.

During the year, MICLA lease revenue bonds totaling \$116.5 million were issued to finance and refinance costs associated with the acquisition of certain capital equipment, construction and improvement of certain real property, and to prepay all or a portion of certain outstanding certificates of participation. The aggregate outstanding balance at June 30, 2011 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	1.647% - 7.842%	<u>\$ 2,019,465</u>	<u>\$ 1,494,045</u>

The City has pledged, as security for bonds issued by MICLA, revenues consisting of basic lease payments pursuant to the equipment lease agreements and earnings from investment of money held. The City includes all necessary MICLA lease payments in its annual budget appropriations. Principal and interest paid by MICLA for the current year totaled \$185.3 million, while revenue from leases received and investment earnings totaled \$186.6 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>
2012	\$ 94,070	\$ 71,201	\$ 165,271
2013	92,830	67,283	160,113
2014	94,125	63,176	157,301
2015	73,875	59,357	133,232
2016	57,795	56,408	114,203
2017 - 2021	294,090	238,422	532,512
2022 - 2026	238,280	171,375	409,655
2027 - 2031	220,895	109,617	330,512
2032 - 2036	231,445	55,694	287,139
2037 - 2041	96,640	7,879	104,519
Subtotal	1,494,045	900,412	2,394,457
Net Unamortized Premium and Deferred Charges	27,050	--	27,050
Total	<u>\$ 1,521,095</u>	<u>\$ 900,412</u>	<u>\$ 2,421,507</u>

Please see Note 4J on pages 141 to 142 for additional information on refunding bonds.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

Bond payments are secured primarily by revenues from base rental payments and revenues earned by the facility. Principal and interest paid for the current year and revenues were \$51.9 million and \$84.4 million, respectively. The Convention Center certificates of participation and lease revenue bonds outstanding at June 30, 2011, 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>
1993 Series A, Refunding	8/15/11	4.600% - 6.125%	\$ 503,870	\$ 26,335
1998 Series A	8/15/24	6.500% - 7.125%	45,580	33,980
2003 Series A, Refunding	8/15/15	2.000% - 5.000%	226,045	137,590
2008 Series A, Refunding	8/15/22	4.250% - 5.125%	253,060	253,060
Total			<u>\$ 1,028,555</u>	<u>\$ 450,965</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 32,040	\$ 20,280	\$ 52,320
2013	33,435	18,833	52,268
2014	34,490	17,710	52,200
2015	35,660	16,463	52,123
2016	36,965	15,082	52,047
2017 - 2021	207,475	46,794	254,269
2022 - 2025	70,900	4,082	74,982
Subtotal	450,965	139,244	590,209
Net Unamortized Premium and Deferred Charges	(13,741)	--	(13,741)
Total	<u>\$ 437,224</u>	<u>\$ 139,244</u>	<u>\$ 576,468</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Commercial Paper Notes

In April 2004, the Mayor and City Council approved a \$200.0 million MICLA Commercial Paper Lease Financing Program. In December 2009, the Mayor and City Council increased the program by \$100.0 million. This program supplements the MICLA equipment and real property lease program, and allows MICLA to access financial markets quickly; to obtain flexible, short-term maturities; to borrow only those amounts needed as invoices are received; and to borrow at more favorable rates. The notes issued mature at a specific time between one and 270 days of issuance. Upon maturity, they are either re-sold in the open market or refinanced with longer-term bonds. As a security to the notes, the City and MICLA entered into an asset-transfer lease agreement on certain capital assets with a carrying net book value as of June 30, 2011 of \$142.5 million and estimated fair value of \$347.8 million. The payment of principal and interest on the notes is further supported by irrevocable direct letters of credit issued by three commercial banks pursuant to the terms of a reimbursement agreement among MICLA, the City, and the commercial banks. At June 30, 2011, outstanding commercial paper notes amounted to \$206.2 million with interest rates ranging from 0.16% to 0.34%.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Special Assessment and Revenue Bonds

The special assessment and revenue bonds outstanding at June 30, 2011, 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>
Special Assessment Bonds				
2000 Series	3/01/20	4.70% - 5.65%	\$ 14,355	\$ 5,135
2001 Series	3/01/21	4.00% - 7.00%	10,305	6,255
2002 Series	3/01/22	3.75% - 5.00%	19,630	12,705
Subtotal			<u>44,290</u>	<u>24,095</u>
Parking System Revenue Bonds				
1999-A Series	5/01/29	4.00% - 5.25%	80,975	63,050
2003-A Series	5/01/32	2.00% - 5.25%	39,630	26,415
Subtotal			<u>120,605</u>	<u>89,465</u>
Solid Waste Resources				
Revenue Bonds				
2003-A Series	2/01/16	4.50% - 5.00%	47,825	31,515
2003-B Series	2/01/18	4.00% - 5.00%	61,120	50,515
2004-A Series	2/01/29	5.00%	56,230	34,990
2005-A Series	2/01/19	5.00%	45,750	34,685
2006-A Series	2/01/24	3.75% - 5.00%	58,370	55,120
2009-A Series	2/01/22	2.00% - 5.00%	65,020	60,675
2009-B Series	2/01/20	2.00% - 5.00%	49,485	40,745
Subtotal			<u>383,800</u>	<u>308,245</u>
Total			<u>\$ 548,695</u>	<u>\$ 421,805</u>

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

Principal and interest paid for the current year and revenue from assessments excluding interest earnings were \$3.1 million and \$19.9 million, respectively.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

Fiscal Year	Principal	Interest	Total
2012	\$ 1,885	\$ 1,164	\$ 3,049
2013	1,970	1,082	3,052
2014	2,060	995	3,055
2015	2,155	902	3,057
2016	2,255	802	3,057
2017 - 2021	12,325	2,229	14,554
2022	1,445	72	1,517
Total	<u>\$ 24,095</u>	<u>\$ 7,246</u>	<u>\$ 31,341</u>

The parking revenue bonds were issued to finance the acquisition and construction of, and improvements to certain City parking facilities. The bonds are payable from and secured by a pledge of the parking revenues generated from parking facilities owned by the City.

Principal and interest paid for the current year and parking revenues were \$8.6 million and \$56.2 million, respectively.

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

Fiscal Year	Principal	Interest	Total
2012	\$ 4,175	\$ 4,429	\$ 8,604
2013	4,355	4,250	8,605
2014	4,545	4,061	8,606
2015	4,760	3,842	8,602
2016	4,995	3,608	8,603
2017 - 2021	28,955	14,068	43,023
2022 - 2126	23,055	7,133	30,188
2027 - 2029	14,625	1,562	16,187
Total	<u>\$ 89,465</u>	<u>\$ 42,953</u>	<u>\$ 132,418</u>

The Solid Waste Resources (formerly Sanitation Equipment Charge) revenue bonds were issued to finance the acquisition of certain equipment and construction of certain facilities for the refuse collection and disposal system of the City. The bonds are payable from and secured by a pledge of revenues, which include the solid waste collection, transfer, recycling, recovery of waste resources and disposal fees, received by the Solid Waste Resources Revenue Fund. Principal and interest paid for the current year and total solid waste resources revenue were \$40.1 million and \$294.2 million, respectively.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

**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
2012	\$ 26,045	\$ 14,027	\$ 40,072
2013	27,090	12,953	40,043
2014	28,215	11,768	39,983
2015	29,485	10,519	40,004
2016	30,840	9,131	39,971
2017 - 2021	138,810	23,757	162,567
2022 - 2026	23,635	3,389	27,024
2027 - 2029	4,125	419	4,544
Subtotal	308,245	85,963	394,208
Unamortized Premium	16,389	--	16,389
Total	\$ 324,634	\$ 85,963	\$ 410,597

Loans Payable to HUD

The Loans Payable to HUD consists of \$59.1 million fixed-rate loans and \$98.7 million interim financing loans. The loans will be repaid from program income generated by HOME and Community Development Block Grant entitlements and the Section 108 Loan Program Funds. The debt service requirements to maturity are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2012	\$ 5,934	\$ 2,667	\$ 8,601
2013	8,626	2,416	11,042
2014	10,958	2,169	13,127
2015	12,997	1,870	14,867
2016	11,637	1,562	13,199
2017 - 2021	44,316	4,958	49,274
2022 - 2026	42,502	1,463	43,965
2027 - 2031	20,811	14	20,825
Total	\$ 157,781	\$ 17,119	\$ 174,900

The interest rates on the fixed-rate loans range from 2.62% to 7.21% and have maturity dates through 2025. The interim financing loans bear interest payable quarterly at 20 basis points above the applicable London Interbank Offered Rate (LIBOR). The loans mature on various dates through 2031. The interest rate in effect (LIBOR + 0.2%) as of June 30, 2011 of 0.3872% was used in the debt service requirement schedule.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Business-type Activities**

Changes in Long-term Liabilities

The changes in the business-type activities long-term liabilities for the year ended June 30, 2011 are as follows (in thousands):

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
Airports Revenue Bonds and Notes	\$ 2,745,356	\$ 1,184,857	\$ (188,956)	\$ 3,741,257	\$ 48,300
Harbor Revenue Bonds and Loans	911,491	100,000	(29,687)	981,804	30,958
Power System Revenue Bonds and Revenue Certificates	5,921,172	1,594,105	(950,240)	6,565,037	178,885
Water System Revenue Bonds and Loans	2,750,191	494,313	(30,525)	3,213,979	61,612
Wastewater System Revenue Bonds, Notes, and Loans	2,712,241	466,810	(440,154)	2,738,897	68,381
Subtotal Revenue Bonds and Notes	15,040,451	3,840,085	(1,639,562)	17,240,974	388,136
Add (Less): Unamortized Net Discount and Deferred Charges	84,290	140,406	(11,814)	212,882	--
Net Revenue Bonds and Notes	15,124,741	3,980,491	(1,651,376)	17,453,856	388,136
Compensated Absences	164,277	41,551	(35,366)	170,462	128,087
Claims and Judgments	191,214	6,939	(51,212)	146,941	6,531
Estimated Pollution Remediation Liability	128,619	38,597	(25,981)	141,235	6,181
Net Pension Liability	12,399	653	--	13,052	--
Business-type Activities Long-term Liabilities	<u>\$ 15,621,250</u>	<u>\$ 4,068,231</u>	<u>\$ (1,763,935)</u>	<u>\$ 17,925,546</u>	<u>\$ 528,935</u>

Airports Revenue Bonds and Notes

Revenue bonds, revenue refunding bonds, and commercial paper notes outstanding at June 30, 2011, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2040	2.00% - 7.053%	\$ 3,768,855	\$ 3,626,245
Commercial paper notes	--	variable	115,012	115,012
Subtotal			<u>\$ 3,883,867</u>	3,741,257
Net unamortized premiums, discounts, and debt related costs				68,624
Net revenue bonds and notes				<u>\$ 3,809,881</u>



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Airports bonds are subject to optional and mandatory sinking fund redemption prior to maturity. The Airports has agreed to certain covenants with respect to bonded indebtedness that include the requirement that pledged revenues, as defined, shall be the security and source of payment for the bonds. The Federal Aviation administration approved the collection and use of the passenger facility charges (PFC) to pay for debt service on bonds issued to finance the Tom Bradley International Terminal Renovations and Bradley West Projects. In fiscal year 2011, the LAWA Board authorized the use of PFC funds not to exceed \$34.5 million for this purpose. Of the \$34.5 million, \$19.0 million was used for debt service.

Principal and interest paid for the current year and net pledged revenues (as defined and including the \$19.0 million PFC funds) were \$207.5 million and \$285.8 million, respectively. Information on Airport's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 356.

On November 4, 2010, Airports issued \$134.7 million LAX Subordinate Revenue Bonds, 2010 Series B, and \$59.4 million LAX Subordinate Revenue Bonds, 2010 Series C. On November 30, 2010, \$875.8 million LAX Senior Revenue Bonds, 2010 Series D was issued. The bonds were issued to finance a portion of certain capital projects at LAX including construction of the Bradley West Aprons Project, Taxilane T Project, certain elements of the Bradley West Terminal Projects, and the Central Utility Plant Project.

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

Fiscal Year	Principal	Interest	Total
2012	\$ 48,300	\$ 188,151	\$ 236,451
2013	55,265	186,022	241,287
2014	64,630	183,511	248,141
2015	69,840	180,442	250,282
2016	72,375	177,270	249,645
2017 - 2021	418,510	830,044	1,248,554
2022 - 2026	537,895	711,424	1,249,319
2027 - 2031	655,685	557,174	1,212,859
2032 - 2036	848,215	364,644	1,212,859
2037 - 2040	855,530	114,764	970,294
Subtotal	3,626,245	3,493,446	7,119,691
Net Unamortized Premium, Discount, and Deferred Charges	68,624	--	68,624
Total	\$ 3,694,869	\$ 3,493,446	\$ 7,188,315

The above schedule does not include the commercial paper notes that are assumed to be renewed or refinanced on a long-term basis.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Harbor Revenue Bonds and Loans

Revenue bonds, revenue refunding bonds, notes and loans outstanding at June 30, 2011, 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>
Fixed rate revenue bonds	2040	2.0% - 5.55%	\$ 1,236,925	\$ 879,930
Commercial paper notes	--	variable	100,000	100,000
Loans from CDBW	2015	4.50%	8,000	1,874
Subtotal			<u>\$ 1,344,925</u>	<u>981,804</u>
Net unamortized premiums, discounts, and debt related costs				19,051
Net revenue bonds, notes and loans				<u>\$ 1,000,855</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 \$72.7 million and \$196.9 million, respectively. Information on Harbor's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 356.

On November 1, 2001, Harbor obtained a credit agreement to provide liquidity support for the issuance of commercial paper notes not to exceed \$375.0 million to be used as interim financing primarily for construction, maintenance, and replacement of structures, facilities and equipment. In June 2009, Harbor reinstated its Commercial Paper Notes Program (Program) at an aggregate amount of \$100.0 million. The Program was amended in June 2010 to increase the credit limit to \$200.0 million, and extended the term to July 29, 2012.

The outstanding loans were obtained from the California Department of Boating and Waterways (CDBW). The Harbor's obligation with respect to paying such loans is subordinate to the lien of the Harbor's Parity Obligations on the revenue bonds.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 30,958	\$ 43,801	\$ 74,759
2013	31,816	42,315	74,131
2014	33,325	40,776	74,101
2015	34,445	39,106	73,551
2016	36,640	37,308	73,948
2017 - 2021	214,905	156,195	371,100
2022 - 2026	273,315	94,060	367,375
2027 - 2031	97,435	41,893	139,328
2032 - 2036	75,815	23,906	99,721
2037 - 2040	53,150	5,168	58,318
Subtotal	<u>881,804</u>	<u>524,528</u>	<u>1,406,332</u>
Net Unamortized Premium, Discount, and Deferred Charges	19,051	--	19,051
Total	<u>\$ 900,855</u>	<u>\$ 524,528</u>	<u>\$ 1,425,383</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Power System Bonds and Revenue Certificates

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

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Fixed rate revenue bonds	2046	2.188% - 5.583%	\$ 5,760,261	\$ 5,395,737
Variable rate revenue bonds	2036	variable	1,009,100	969,300
Revenue certificates	--	variable	200,000	200,000
Subtotal			<u>\$ 6,969,361</u>	<u>6,565,037</u>
Net unamortized premiums, discounts, and debt related costs				<u>111,562</u>
Net revenue bonds and notes				<u>\$ 6,676,599</u>

Revenue bonds are generally callable 10 years after issuance. DWP has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that the Power Enterprise Fund'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 the Power Enterprise Fund.

In August 2010, the Power system issued \$139.8 million of Power System Revenue bonds, 2010 Series C. The net proceeds of \$138.7 million from the transaction were deposited into the construction fund to be used for renewable energy projects. These bonds which were designated as direct payment new Clean Renewable Energy Bonds (CREBs) and Qualified Energy Conservation Bonds (QECBs), enabled DWP to receive subsidy payments from the U.S. Treasury equal to 3.37% representing 70% of the tax credit rate of 4.81%. The financing provided a weighted average life of 16.9 years, an average coupon rate of 5.52% and an effective interest rate of 2.21% net of tax subsidy. DWP received subsidy payments totaling \$0.3 million for the CREBs and \$3.7 million for the QECBs in fiscal year 2011. These subsidies were recorded as federal bond subsidies in the financial statement.

In December 2010, DWP issued \$760.2 million Power System Revenue Bonds, 2010 Series D. The net proceeds of \$755.7 million were deposited into the construction fund to be used for capital improvements.

In June 2011, DWP issued \$694.1 million Power System Revenue Bonds, 2011 Series A, to refund \$765.6 million of Power System Revenue Bonds, 2001 Series A, SubSeries A-1 and A-2, and \$60.9 million of Power System Revenue Bonds, 2003 Series B.

Please see Note 4J on pages 141 to 142 for additional information on refunding bonds.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The variable rate bonds currently bear interest at daily and weekly rates (ranging from 0.05% to 0.06% as of June 30, 2011). The Power System 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. The Power System has entered into standby and line-of-credit agreements with a syndicate of commercial banks in initial amounts of \$580.8 million, and \$388.5 million to provide liquidity for the variable rate bonds. The extended standby agreements expire in January 2012 for the \$580.8 million issue and in June 2014 for the \$388.5 million issue.

The \$580.8 million variable rate bonds will bear interest that is payable quarterly at the greater of the Prime Rate plus 1.50%, Federal Funds Rate plus 3.00% and 8.50%, while the \$388.5 million variable rate bonds will bear interest that is payable quarterly at the greater of the Prime Rate plus 2.00%, the Federal Funds Rate plus 2.00%, the daily One-Month LIBOR plus 0.5% and 7.50%. The unpaid principal of each liquidity advance made by the liquidity provider is payable in ten equal semi-annual installments ninety days immediately following the related liquidity advance. At its discretion, the Power System has the ability to convert the outstanding bonds to fixed rate obligations, which cannot be tendered by the bondholders. These bonds have been classified as long-term on the statement of net assets as the liquidity facilities give the Power System the ability to refinance on a long-term basis and the Power System intends to either renew the facility or exercise its right to tender the debt as a long-term financing. The portion that would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the standby agreements has been included in the current portion of long-term debt and was \$96.9 million at June 30, 2011.

DWP entered into a letter of credit and reimbursement agreement with a commercial bank in the amount of \$200.0 million to provide liquidity and credit support for the commercial paper program.

Principal and interest paid for the current year and net pledged revenue were \$315.6 million and \$980.3 million, respectively. Information on Power's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 356.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

Fiscal Year	Principal	Interest	Total
2012	\$ 61,955	\$ 310,846	\$ 372,801
2013	129,651	306,159	435,810
2014	131,575	300,552	432,127
2015	142,578	293,713	436,291
2016	145,865	286,691	432,556
2017 - 2021	726,693	1,335,616	2,062,309
2022 - 2026	912,360	1,130,819	2,043,179
2027 - 2031	1,186,250	879,894	2,066,144
2032 - 2036	1,143,050	631,125	1,774,175
2037 - 2041	1,024,860	375,394	1,400,254
2042 - 2046	760,200	104,312	864,512
Subtotal	6,365,037	5,955,121	12,320,158
Net Unamortized Premium, Discount, and Deferred Charges	111,562	--	111,562
Total	\$ 6,476,599	\$ 5,955,121	\$ 12,431,720

The maturity schedule presented above reflects the scheduled debt service requirements for the Power Enterprise Fund's revenue bonds. The schedule is presented assuming that the tender options on the variable rate bonds, as previously discussed, will not be exercised and that the full amount of the revenue certificates will be renewed. Should the bondholders exercise the tender options and the Power System converts all of the revenue certificates under the line of credit, the Power System would be required to redeem the \$1,169.3 million in variable rate bonds outstanding over the next six years, as follows: \$116.9 million in fiscal year 2012, \$233.9 million in each of the fiscal years 2013 through 2016, and \$116.9 million in fiscal year 2017. Accordingly, the statement of net assets includes the possibility of the exercise of the tender options and reflects the \$116.9 million that could be due in fiscal year 2012 as a current portion of long-term debt payable. Interest requirements include those of the variable rate bonds, using the variable debt interest rate in effect at June 30, 2011 of 0.08%.

Water System Bonds and Loans

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

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2051	3.252% - 5.245%	\$ 2,928,965	\$ 2,780,372
Variable rate revenue bonds	2036	variable	325,000	325,000
Loans payable to CDWR	2030	2.320% - 2.600%	116,600	108,607
Subtotal			\$ 3,370,565	3,213,979
Net unamortized premiums, discounts, and debt related costs				19,195
Net revenue bonds, notes and loans				\$ 3,233,174

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Revenue bonds generally are callable ten years after issuance. DWP has agreed to certain covenants with respect to bonded indebtedness. Significant covenants include the requirement that Water Enterprise Fund'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 the Water Enterprise Fund.

In December 2010, the Water System issued \$492.7 million of Water System Revenue Bonds, 2010 Series A. The net proceeds of \$489.8 million from the transaction were deposited into the construction fund to be used for capital improvements. These bonds which were designated as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 have an average life of 35.8 years and an average coupon rate of 6.67%. Its 4.37% effective interest rate is net of cash subsidy payments to be received by DWP directly from the U.S. Treasury equal to 35% of the interest payable on the bonds.

In June 2007, DWP entered into a loan agreement with the California Department of Water Resources (CDWR). The loan agreement allows for a total maximum loan of \$38.7 million, at a fixed interest rate of 2.29%. In March 2010, DWP received the full \$38.7 million under the agreement. The proceeds are being used to fund water quality capital improvements. The Water Enterprise Fund is required to begin making principal payments under this agreement beginning in October 2010.

The variable rate bonds currently bear interest at daily and weekly rates (ranging from 0.04% to 0.05% as of June 30, 2011). DWP can elect to change the interest rate period of the bonds, with certain limitations. The bondholders have the right to tender the bonds to the tender agent on any business day with seven days' prior notice. DWP has entered into standby agreements with a syndicate of commercial banks in initial amounts of \$225.0 million and \$100.0 million to provide liquidity for these bonds. The initial and extended standby agreements expire in February 2012, and October 2013, respectively.

Bonds purchased under the agreements will bear interest that is payable quarterly at the greater of 8.00% per annum, the Federal Funds Rate plus 2.50% per annum, the Prime Rate plus 2.50% per annum, and 150% of the yield on actively traded 30-year U. S. Treasury bonds. The unpaid principal of each liquidity advance made by the liquidity provider is payable in ten equal semi-annual installments ninety days immediately following the related liquidity advance. At its discretion, DWP has the ability to convert the outstanding bonds to fixed-rate obligations, which cannot be tendered by the bondholders. These bonds have been classified as long-term on the statement of net assets as the liquidity facilities give DWP the ability to refinance on a long-term basis and DWP intends to either renew the facilities or exercise its right to tender the debt as a long-term financing. That portion, which would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the standby agreements, has been included in the current portion of long-term debt and was \$32.5 million as of June 30, 2011.

Principal and interest paid for the current year and net pledged revenue were \$157.7 million and \$291.7 million, respectively. Information on Water's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 357.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

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

Fiscal Year	Principal	Interest	Total
2012	\$ 29,112	\$ 160,442	\$ 189,554
2013	34,126	158,976	193,102
2014	34,522	157,507	192,029
2015	37,421	155,976	193,397
2016	46,494	153,997	200,491
2017 - 2021	266,606	737,003	1,003,609
2022 - 2026	330,400	665,861	996,261
2027 - 2031	411,193	580,106	991,299
2032 - 2036	514,500	474,412	988,912
2037 - 2041	656,235	325,601	981,836
2042 - 2046	519,150	153,967	673,117
2047 - 2051	334,220	46,072	380,292
Subtotal	3,213,979	3,769,920	6,983,899
Net Unamortized Premium, Discount, and Deferred Charges	19,195	--	19,195
Total	\$ 3,233,174	\$ 3,769,920	\$ 7,003,094

The maturity schedule presented above reflects the scheduled debt service requirements for all of the Water Enterprise Fund's long-term debt. The schedule is presented assuming that the tender options on the variable rate bonds, as previously discussed, will not be exercised. Should the bondholders exercise the tender options, the Water System 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 2012, \$65.0 million in each of the fiscal years 2013 through 2016, and \$32.5 million in fiscal year 2017. Accordingly, the statement of net assets recognizes the possibility of the exercise of the tender options and reflects the \$32.5 million that could be due in fiscal year 2012 as a current portion of long-term debt payable.

The above schedule includes interest requirements for the variable rate debt over the regularly scheduled maturity period at the interest rate in effect at June 30, 2011 of 0.06% for tax-exempt bonds. Should the tender options be exercised, the interest would be payable at the rate in effect at the time the standby agreements are activated.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

Wastewater System Revenue Bonds, Notes, and Loans

Revenue bonds, revenue refunding bonds, commercial paper notes, and loans outstanding at June 30, 2011, 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>
Fixed rate revenue bonds	2040	1.25% - 6.00%	\$ 2,453,610	\$ 2,131,220
Variable rate revenue bonds	2032	variable	444,600	441,415
Loans payable to SWRCB	2024	1.80%	<u>219,081</u>	<u>166,262</u>
Subtotal			<u>\$ 3,117,291</u>	2,738,897
Net unamortized premiums, discounts, and debt related costs				<u>(5,550)</u>
Net revenue bonds and notes				<u>\$ 2,733,347</u>

Wastewater revenue bonds are issued under Senior Lien and Subordinate Lien General Resolutions dated November 10, 1987 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 Enterprise Fund (Sewer) revenues, as defined, to secure payment of the bonds. Certain bond agreements provide for the early redemption of the revenue bonds at various dates with redemption prices ranging from 100% to 102% of the principal amount of the bonds called for redemption.

On October 14, 2010, Sewer issued Wastewater System Revenue Senior Lien Bonds Series 2010-A, Series 2010-B, and Wastewater Subordinate Revenue Bonds Series 2010-A in the amount of \$177.4 million with interest rate of 5.71%, \$89.6 million with interest rate of 5.81% , and \$199.8 million with interest ranging from 2.00% to 5.00%, respectively. Both Series 2010 Senior Lien and Subordinate Bonds refunded outstanding commercial paper notes of \$300.0 million and paid for bond issuance costs. In addition, the Subordinate Bonds current refunded Series 1998-C of \$11.7 million and advance refunded Series 2002-A of \$62.7 million totaling \$74.4 million. Proceeds of the refunding issue, including available debt service monies, were deposited in an escrow to provide debt service payments on the refunded 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, 2011, Sewer received \$3.6 million interest subsidies. The refunding resulted in cash flow savings and economic gain of \$10.9 million and \$7.9 million, respectively. Please see Note 4J, pages 141 to 142 for more information on debt refunding.

Principal and interest paid for the current year and net pledged revenue were \$174.8 million and \$253.6 million, respectively. Information on Wastewater’s pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 357.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

In May 2003, the City Council adopted a resolution, approved by the Mayor, authorizing a \$264.6 million revolving fund loan from the State Water Resources Control Board (SWRCB). The loan will assist in financing a project that fulfills certain requirements of the Cease and Desist Order issued by the Regional Water Quality Control Board.

The loan balance of \$166.3 million is payable from the Sewer Enterprise Fund's revenues but are subordinate to the revenue bonds and commercial paper notes.

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

Fiscal Year	Principal	Interest	Total
2012	\$ 68,381	\$ 120,599	\$ 188,980
2013	72,802	117,852	190,654
2014	76,147	114,844	190,991
2015	89,355	111,723	201,078
2016	92,983	108,124	201,107
2017 - 2021	522,905	490,609	1,013,514
2022 - 2026	632,999	382,239	1,015,238
2027 - 2031	496,535	244,733	741,268
2032 - 2036	411,465	136,374	547,839
2037 - 2040	275,325	38,052	313,377
Subtotal	2,738,897	1,865,149	4,604,046
Net Unamortized Premium, Discount, and Deferred Charges	(5,550)	--	(5,550)
Total	\$ 2,733,347	\$ 1,865,149	\$ 4,598,496

Interest requirements include those of the variable rate debt interest rate of 0.05% in effect as of June 30, 2011.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Fiduciary Funds**

The notes payable of the Pensions are secured by real estate. Interest rates range from 4.03% to 7.5% per annum. Final maturity of the notes is in June 2031. The debt service payments to maturity for these notes are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,638	\$ 13,865	\$ 15,503
2013	26,760	12,488	39,248
2014	12,294	11,811	24,105
2015	83,332	6,984	90,316
2016	36,443	6,064	42,507
2017 - 2021	52,816	14,087	66,903
2022 - 2026	20,201	3,133	23,334
2027 - 2031	4,914	772	5,686
Total	<u>\$ 238,398</u>	<u>\$ 69,204</u>	<u>\$ 307,602</u>

**Component Unit**

The changes in the CRA's long-term liabilities for the year ended June 30, 2011 are as follows (in thousands):

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Tax Allocation Bonds, Project Notes, and Revenue Bonds and Notes	\$ 751,499	\$ 22,902	\$ (37,614)	\$ 736,787	\$ 43,167
Less: Unamortized Net Discount and Deferred Charges	(1,124)	208	312	(604)	--
Net Bonds and Notes	750,375	23,110	(37,302)	736,183	43,167
Compensated Absences	3,863	1,647	(2,553)	2,957	2,104
OPEB Liability	9,144	3,644	--	12,788	--
Subtotal	763,382	28,401	(39,855)	751,928	45,271
Loans Payable to Primary Government	77,480	--	(61,589)	15,891	7,886
CRA Long-term Liabilities	<u>\$ 840,862</u>	<u>\$ 28,401</u>	<u>\$ (101,444)</u>	<u>\$ 767,819</u>	<u>\$ 53,157</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

At June 30, 2011 balances and the original amounts of the CRA's bonds and notes are as follows (in thousands):

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Tax Allocation Bonds				
Fixed Rate	2040	1.49% - 9.75%	\$ 800,420	\$ 668,905
Project Notes				
Fixed Rate	2012	6.50% - 12.00%	4,491	4,070
Variable Rate	2012	variable	10,380	13,032
No fixed term	--	6.00%	9,043	8,493
Parking System Revenue Bonds and Notes	2032	4.60% - 10.00%	<u>48,772</u>	<u>42,287</u>
Subtotal			<u>\$ 873,106</u>	736,787
Unamortized Premium, Discount, and Deferred Charges, Net				<u>(604)</u>
Bonds and Notes				<u>736,183</u>
Loans Payable to Primary Government				
CDBG 20-year and Float Loans	2021	5.00%	15,166	10,859
UDAG Loan	2022	5.50%	4,250	4,250
City Department of Transportation (DOT) Loan	2019	variable	<u>960</u>	<u>782</u>
Loans			<u>\$ 20,376</u>	15,891
Total Bonds, Notes, and Loans				<u>\$ 752,074</u>

The CRA has pledged a portion of its future tax increment revenues to repay \$668.9 million in outstanding tax allocation bonds which had been issued to finance various redevelopment projects. These bonds are payable solely from individual redevelopment project's tax increment. Total principal and interest remaining on these bonds is \$1.1 billion, payable through fiscal year 2041. Principal and interest paid for the current year and total tax increment revenue net of county administrative fees were \$64.3 million and \$210.3 million, respectively.

Project site-specific and area-wide tax increment revenues have also been pledged on various CRA debt instruments that were issued to finance various redevelopment projects. These pledges are subordinate to senior-lien tax allocation bonds and CRA liability is limited to the amount available. Payments for the year on these various debt instruments totaled \$6.0 million.

The primary source of payment for the Parking System Revenue Bonds is the facility's parking revenues net of operating and maintenance costs. In the event of insufficient revenues, the shortfall could be drawn from a \$9.3 million letter of credit.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

On March 8, 2011, the City Council approved the transfer of certain commercial properties from the CRA to the City in repayment of CDBG no-terms loans in the amount of \$50.7 million. Please see note 5E on page 199 for additional information related to the transfer of properties from CRA to the City.

The debt service requirements to maturity for the CRA's bonds, notes, and loans to be paid from incremental property taxes and certain special revenues are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2012	\$ 51,053	\$ 49,448	\$ 100,501
2013	28,413	41,502	69,915
2014	28,421	38,873	67,294
2015	31,325	37,283	68,608
2016	31,040	35,538	66,578
2017 - 2021	169,847	150,325	320,172
2022 - 2026	165,024	102,014	267,038
2027 - 2031	142,608	53,519	196,127
2032 - 2036	72,352	21,468	93,820
2037 - 2041	32,595	4,085	36,680
Subtotal	752,678	534,055	1,286,733
Unamortized Discount/Premium	(604)	--	(604)
Net	<u>\$ 752,074</u>	<u>\$ 534,055</u>	<u>\$ 1,286,129</u>

Interest requirements include those of the variable rate debt using interest rates in effect as of June 30, 2011 as follows: Project Notes – LIBOR plus 350 basis points, and DOT Loan -1.61%

**J. Current and Advance Refunding of Debt**

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

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

<u>Refunding Debt</u>	<u>Refunded Debt</u>	<u>Cash Flow Savings</u>	<u>Economic Gain</u>
<u>Governmental Activities</u>			
MICLA Lease Revenue Bonds Series 2010 D-1 \$5,340 3.000% - 5.000%	MICLA COP 1997 Program AC \$4,980 5.000%	\$ 254	\$ 252
MICLA Lease Revenue Bonds Series 2010 D-2 \$4,890 3.000% - 5.000%	MICLA COP 1998 Program AE \$6,260 4.250% - 4.500%	\$ 207	\$ 192
MICLA Lease Revenue Bonds Series 2010 D-3 \$8,475 3.000% - 5.000%	MICLA COP 1999 Program AL \$8,080 5.125% - 5.600%	\$ 639	\$ 606
Loans Payable to HUD \$1,368 0.560% - 2.660%	Loans Payable to HUD \$1,368 6.080% - 6.590%	\$ 234	\$ 42
Loans Payable to HUD \$615 0.560% - 2.660%	Loans Payable to HUD \$615 5.500%	\$ 102	\$ 16
<u>Business-type Activities</u>			
Power System Revenue Bonds Refunding Series 2011 \$694,130 2.000% - 5.000%	Power System Revenue Bonds Series 2001 A-1, A-2 and certain 2003 Series B \$826,420 3.7000% - 5.125%	\$ 157,331	\$ 101,940
Wastewater System Revenue Bonds Series 2010-A and 2010-B \$466,810 2.000% - 5.810%	Wastewater System Revenue Bonds Series 1998-C and 2002-A \$74,360	\$ 10,904	\$ 7,940

The above refunding transactions for business-type activities resulted in a total net loss for accounting purposes of \$6.1 million, which is deferred and amortized through 2039.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**K. Prior Years Defeasance of Debt**

In prior years, the City and CRA 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, 2011, the following bonds are considered defeased (in thousands):

	Outstanding Balance	
	<u>June 30, 2011</u>	
Governmental Activities		
General Obligation Bonds	\$	50,325
MICLA Certificates of Participation and Lease Revenue Bonds		<u>17,650</u>
Total	\$	<u><u>67,975</u></u>
Business-type Activities		
Harbor Revenue Bonds	\$	67,830
Power Revenue Bonds		35,185
Water Revenue Bonds		72,690
Sewer Revenue Bonds		<u>62,685</u>
Total	\$	<u><u>238,390</u></u>

**L. Tax and Revenue Anticipation Notes**

At the beginning of the fiscal year, the City issued tax and revenue anticipation notes in advance of property tax and other revenue collections, depositing the proceeds in a General Fund account. The notes are issued to pay the City's annual contributions to the Fire and Police Pension System and the Los Angeles City Employees' Retirement System 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 is 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, 2011 was as follows (in thousands):

	<u>Beginning</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u>
	<u>Balance</u>			<u>Balance</u>
Tax and Revenue Anticipation Notes	<u>\$ --</u>	<u>\$ 1,164,630</u>	<u>\$ (1,164,630)</u>	<u>\$ --</u>

**M. Interest Rate Swaps**

**Wastewater System Subordinate Variable Rate Revenue Refunding Bonds**

**Objective of the swaps.** On April 6, 2006, in order to protect against the potential rising of interest rates, the City entered into two separate pay-fixed, receive-variable interest rate swap agreements on the \$316.8 million Wastewater System Refunding Series 2006 A through D Subordinate Variable Rate Bonds.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

On April 28, 2008, the City issued \$444.6 million Wastewater System Refunding Series 2008 A through H Subordinate Variable Rate Bonds. The proceeds of this issue were used to current refund certain outstanding bonds that included the outstanding balance of the \$311.6 million issue referred to in the preceding paragraph. As neither of the swap agreements were actually terminated by the City and its counterparties, the City issued a certificate to reassociate the swap agreements with series 2008 A through F1 (of Series 2008 A-H) aggregating \$314.8 million. As of the date of the certificate, the aggregate notional amount of the swap agreements was reduced to \$314.8 million. The reduction is equal to the amount of principal of the refunded bonds that would have been due and payable had the refunded bonds remained outstanding to such date. The reduced aggregate notional amount of the swap agreements matches the aggregate principal amount of the underlying reassociated bonds.

The fair value and notional amounts of the interest rate swap outstanding at June 30, 2011, classified by type, and changes in fair value are as follows (in thousands):

	Changes in Fair Value		Fair Value at June 30, 2011		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedges:					
Interest rate swaps	Deferred outflow of resources	\$ 5,129	Liabilities	\$ (37,372)	\$ 311,640

**Terms, fair values, and credit risks.** Under the interest rate swap agreements, the Fund owes interest to the counterparties calculated on a notional amount at a fixed rate and the counterparties owe the Sewer Enterprise Fund 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, 2011, are as follows:

Notional Amount (in thousands)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value (in thousands)	Swap Termination Date	Counterparty Credit Rating <sup>(1)</sup>
\$ 155,820	April 6, 2006	3.34%	64.1% of LIBOR <sup>(2)</sup>	\$ (18,686)	June 1, 2028	Aaa/AA/AA-
155,820	April 6, 2006	3.34%	64.1% of LIBOR <sup>(2)</sup>	(18,686)	June 1, 2028	A1/AA+

<sup>(1)</sup> Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

<sup>(2)</sup> One-month LIBOR reset monthly. One-month LIBOR as of June 30, 2011 is 0.19%.

**Fair Values.** Because interest rates were lower on June 30, 2011 than the date the swaps were entered into, the swaps have a negative fair value as of June 30, 2011. 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 swaps.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

*Credit risk.* The fair values of the swaps represented the City's credit exposure to the swap counterparties as of June 30, 2011. If a counterparty to a swap transaction failed to perform according to the terms of the swap contract, and the City chose to terminate the swap, the City 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, the City 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, 2011; however, no collateralization was necessary because fair value of the swap indicated that Dexia Credit Locale would not be required to make a payment to the City in the event of a termination at that time.

*Basis risk.* The City is exposed to basis risk on the swaps when the relationship between 64.1% of LIBOR and the actual rates on the associated variable rate bonds diverge. In this situation, the expected savings may not be realized. As of June 30, 2011, the weighted average rate on the variable bonds was 0.05% while 64.1% of the LIBOR was 0.12%.

*Termination risk.* The City or the counterparties may terminate the swap 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, the City 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, the City would not receive a payment from the counterparty to offset its variable interest expense on the associated variable rate bonds.

**Swap payments and associated debt.** Using rates as of June 30, 2011, 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)	
2012	\$ 1,135	\$ 145	\$ 10,038	\$ 11,318
2013	1,170	144	10,002	11,316
2014	1,210	144	9,964	11,318
2015	1,250	143	9,925	11,318
2016	7,145	142	9,885	17,172
2017-2021	130,070	567	39,268	169,905
2022-2026	91,645	352	24,360	116,357
2027-2028	78,015	55	3,790	81,860
Total	<u>\$ 311,640</u>	<u>\$ 1,692</u>	<u>\$ 117,232</u>	<u>\$ 430,564</u>

(1) Assumes rate of 0.05% (the weighted average rate for period beginning June 30, 2011), thereafter

(2) Assumes swap rate of 3.34% less 0.12% (64.1% of LIBOR as of June 30, 2011), thereafter

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



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**N. Electricity Swap and Forward Contracts**

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

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

DWP enters into power and natural gas forward contracts in order to meet the electricity requirements to serve its customers. To assist DWP in achieving its Renewable Portfolio Standards (RPS) goal of 20%, some of the forward purchases made are renewable energy and biomethane gas.

DWP does not enter into swap and forward transactions for trading purposes. All of these transactions are intended to be used in DWP’s normal course of operation. DWP is exposed to risk of nonperformance if the counterparties default or if the swap agreements are terminated.

As of June 30, 2011, DWP had the following Electricity Swap and Forward Contracts, which are not recorded in DWP’s financial statements based on the criteria in GASB No. 53:

Description	Notional Amount (total contract quantities)	Contract price range dollar per unit	First effective date	Last Termination Date	Fair Value (in thousands)	Cash paid at inception (in thousands)
Electricity swaps:						
Purchases	264,960 MW	\$ 44.20 - 46.90	07/01/11	12/31/11	\$ (816)	\$ --
Sales	264,960 MW	46.70 - 49.40	07/01/11	12/31/11	1,478	--
Forward contracts:						
Electricity	600,160 MW	9.52 - 75.67	07/01/11	12/31/11	(2,328)	--
Natural gas	26,782,400 MMBtu	5.28 - 9.80	07/01/11	07/31/14	(91,108)	--

**CITY OF LOS ANGELES**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**O. Leases**

**Governmental Activities**

The City leases a significant amount of property and equipment under operating leases. Total rental expenditures, incurred primarily in the General Fund, on the operating leases for the fiscal year ended June 30, 2011 were approximately \$25.5 million.

The future lease payments under noncancelable operating lease agreements are as follows (in thousands):

Fiscal Year Ending June 30	
2012	\$ 12,061
2013	9,890
2014	7,220
2015	6,368
2016	6,099
2017 - 2021	23,834
2022 - 2026	23,021
2027 - 2031	20,452
2032 - 2036	6,660
2037 - 2041	7,721
2042 - 2046	8,951
2047 - 2051	10,376
2052 - 2056	<u>9,144</u>
Total	<u>\$ 151,797</u>

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

Municipal Improvement Corporation

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. 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Los Angeles Convention and Exhibition Center Authority

Pursuant to a Facility Lease between the City and the Los Angeles Convention and Exhibition Center Authority (Authority), the Authority issued certificates of participation to provide financing for the acquisition and construction of certain improvements for the Los Angeles Convention Center, and taxable lease revenue bonds to finance the City's share of the development of the Staples Center. Under the lease, the City is obligated to make rental payments sufficient to pay the debt service requirements on the certificates and bonds. The City's General Fund made rental payments during fiscal year ended June 30, 2011. Since the Authority is included within the City's reporting entity, the lease payments by the City are accounted for in the fund financial statements as transfers from the General Fund to the Convention Center Debt Service Fund. The leases were eliminated in the government-wide financial statements.

**Business-type Activities**

Airports

Airports has entered into numerous rental agreements with concessionaires for food and beverages, 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 fiscal year 2011, revenues from such agreements were approximately \$199.8 million, which is \$40.1 million over the MAG. Minimum future rents under these agreements over the next five years, assuming that current agreements are carried to contractual termination, are as follows (in thousands):

Fiscal Year Ending June 30	
2012	\$ 147,325
2013	105,379
2014	57,851
2015	34,367
2016	1,312
Total	<u>\$ 346,234</u>

Airports also leases land and terminal facilities to certain airlines and others. The terms of these long-term leases range from 35 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 the M&O Charges are set each calendar year based on the actual audited M&O Charges for the prior fiscal year ending June 30.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The land and terminal lease agreements are accounted for as operating leases. For fiscal year 2011, revenues from these leases were approximately \$332.8 million. Future rents under these agreements over the next five years, based on existing rates and assuming that current agreements are carried to contractual termination, are as follows (in thousands):

Fiscal Year Ending June 30	
2012	\$ 291,714
2013	271,056
2014	263,316
2015	254,179
2016	<u>246,912</u>
Total	<u>\$ 1,327,177</u>

The carrying cost and the related accumulate depreciation of property held for operating leases as of June 30, 2011 are as follows (in thousands):

Buildings and facilities	\$ 1,068,927
Less Accumulated Depreciation	<u>(463,618)</u>
Net	605,309
Land	<u>605,480</u>
Total	<u>\$ 1,210,789</u>

Airports leases office spaces under operating lease agreements that expire through 2032. Lease payments for the fiscal year ended June 30, 2011 amounted to \$4.2 million. Future minimum lease payments under these agreements are as follows (in thousands):

Fiscal Year Ending June 30	
2012	\$ 4,716
2013	4,636
2014	4,528
2015	4,528
2016	4,528
2017 - 2021	18,546
2022 - 2026	8,191
2027 - 2031	8,191
2032	<u>1,638</u>
Total minimum lease payments	<u>\$ 59,502</u>

Airports had lease agreements with certain airlines that were classified as capital leases. Airports used rental credits to finance its obligations on capital leases. The rental credits were applied as an offset to amounts owed to Airports by such airlines for terminal leases and landing fees. As part of the settlement agreement between Airports and the airlines, the lease agreements were terminated in fiscal year 2010. Airports exercised its buy-back right relative to the leased facilities. Such buy-back right allowed Airports to purchase the leased facilities by retiring third party debt used to finance improvements on such facilities. Please see related discussion on Note 5C on page 172 regarding the settlement agreement between Airports and certain airlines on lease agreements.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Harbor

A substantial portion of the Harbor Department's land and facilities is leased to others. The majority of these leases provide for cancellation on a 30-day notice by either party and for retention of ownership by the Harbor or restoration of the property at the expiration of the agreement. Accordingly, no leases are considered capital leases for purposes of financial reporting.

Minimum Annual Guarantee Agreements (MAG) relate to shipping services and provide for the additional payment beyond the fixed portion, based upon tenant usage, revenues, or volumes.

These lease agreements are intended to be long-term in nature (up to 30 years) and to provide the Harbor with a firm tenant commitment for a minimum fixed income stream. These agreements are generally subject to periodic inflationary escalation of base amounts due to the Harbor. For the year ended June 30, 2011, the minimum rental income from such lease agreements was approximately \$45.4 million, while MAG payments was approximately \$228.9 million.

The property on lease at June 30, 2011 consists of the following (in thousands):

Wharves and sheds	\$ 754,511
Cranes/bulk facilities	52,427
Municipal warehouses	11,639
Port pilot facilities and equipment	6,059
Buildings and other facilities	758,690
Cabrillo Marina	<u>98,162</u>
Total	1,681,488
Less - Accumulated depreciation	<u>(830,853)</u>
Net	<u>\$ 850,635</u>

Assuming that current agreements are carried to contractual termination, minimum tenant commitments due to the Harbor over the next five years are as follows (in thousands):

Fiscal Year Ending June 30:	<u>Rental Income</u>	<u>MAG Income</u>
2012	\$ 45,882	\$ 228,942
2013	46,341	228,942
2014	46,804	228,942
2015	47,272	246,128
2016	<u>47,745</u>	<u>246,128</u>
Total	<u>\$ 234,044</u>	<u>\$ 1,179,082</u>

Water

The Water Enterprise Fund utilizes an advanced wastewater treatment facility owned by the Water System but is operated by and located on a property leased by a separate City department. The use of this facility is accounted for as an operating lease. Expenditures for fiscal year 2011 are approximately \$2.3 million to operate and maintain this asset. There are no minimum rental payments that the Water Enterprise Fund has to make. However, the Water Enterprise Fund is obligated to reimburse the other City department for that department's operating and maintenance costs to operate the facility, estimated to be about \$2.3 million per year, for a term of 25 years.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The Water Enterprise Fund will also pay additional monies to the other City department, if revenues generated by the Water Enterprise Fund exceed the costs of operation and maintenance as defined by the agreement. The Water Enterprise Fund does not expect to pay such additional amounts as it does not expect that a net operating profit will be achieved based on current demand of recycled water.

**Fiduciary Funds**

The Pensions leases an office space under an operating lease agreement that expires on April 14, 2014. Lease payments for the fiscal year ended June 30, 2011 were \$1.0 million. The minimum lease commitment for fiscal year ending June 30, 2012, 2013, and 2014 is \$0.8 million, \$1.0 million, and \$0.8 million, respectively.

**Community Redevelopment Agency**

The CRA leases office spaces under operating lease agreements. Lease payments for the fiscal year ended June 30, 2011 were \$2.2 million. Future minimum lease payments under the agreements are as follows (in thousands):

Fiscal Year Ending June 30:	
2012	\$ 2,834
2013	2,777
2014	2,770
2015	2,750
2016	2,825
2017 - 2021	8,808
Thereafter	<u>38</u>
Total	<u>\$ 22,802</u>

**P. Risk Management - Estimated Claims and Judgments Payable**

**Governmental Activities**

Because of its size and financial capacity, the City has long followed the practice of directly assuming virtually all insurable risks without procuring commercial insurance policies. 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 Incurred But Not Reported (IBNR) liabilities, and provision for allocated expenses.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

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

As of June 30, 2011, 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, 2011 at approximately \$473.8 million. Of this amount, approximately \$94.7 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 General Fund liability totaling \$1.0 billion. 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, 2011.

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 4% yield on investments.

The liability for workers' compensation was recorded using the present value of the actuarially estimated outstanding losses, which were based on an analysis of the City's historical loss and allocated loss adjustment expenses (ALAE). The present value of the estimated outstanding losses was calculated based on a 4% yield on investments. At June 30, 2011, the City estimates its workers' compensation liability at \$1,634.4 million. Of this amount, \$136.5 million is estimated to be payable in the next fiscal year.

#### **Business-type Activities**

Airports' risk and claims management program implements a comprehensive risk identification, assessment and treatment process that addresses key risks that may adversely affect Airports' ability to meet its business goals and objectives. Airports' maintains insurance coverage of \$1.3 billion for general liability and \$1.0 billion for war and terrorism. Additional coverage is carried for general property for \$1.5 billion, boiler and machinery for \$250.0 million and earthquake for \$25.0 million. Deductibles for these policies are \$10 thousand per claim with a \$0.4 million annual aggregate for general liability, and \$0.1 million per occurrence and annual aggregate for general property. Historically, no liability or property claims have reached or exceeded the stated policy limits. Airports also maintains catastrophic loss fund for claims or losses that may exceed insurance policy limits. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. For fiscal year 2011, no claims were in excess of Airports' insurance coverage.

Harbor purchases insurance on certain risk exposures such as property, railroad, automobiles, fleet, pilotage and public official. Harbor, is, however, self-insured for general liability/litigation-type claims and workers' compensation of Harbor employees. In fiscal year 2011, Harbor carried excess insurance on certain claims over \$1.0 million, but there have been no settlements that exceeded the insurance coverage limit.

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 DWP's financial position, results of operations, or cash flows as of June 30, 2011.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

The Sewer Enterprise Fund has commercial insurance for risks of physical damage to real and personal properties and for business interruption expenses. Claims settlements have not exceeded commercial insurance coverage during the last three fiscal years.

The Enterprise Funds estimated claims and judgments payable of \$146.9 million consists of \$38.5 million long-term litigation-type claims and \$108.4 million workers' compensation liability. The amount estimated to be payable in the next fiscal year is approximately \$6.5 million.

**Claim Changes**

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

	<u>2011</u>	<u>2010</u>
Unpaid Claims, July 1	\$ 2,123,626	\$ 2,131,224
Provisions for current year's events and changes in provision for prior years' events	423,755	216,198
Claims payments	<u>(292,206)</u>	<u>(223,796)</u>
Unpaid Claims, June 30	<u>\$ 2,255,175</u>	<u>\$ 2,123,626</u>

**Community Redevelopment Agency**

The CRA is exposed to various risks related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the CRA carries commercial insurance policies. In fiscal year 2011, insurance claims have not exceeded commercial insurance coverage.

**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 expiration of the CUP, and to monitor and maintain the site for thirty years after closure. The City recognized a portion of the estimated closure and postclosure care costs in each fiscal year based on landfill capacity used. As of June 30, 2011, the City's liability of \$46.2 million represents 100% of the estimated closure and postclosure care costs of the landfill. The estimated costs of closure and postclosure care are subject to changes due to inflation, changes in laws and regulations, or changes in technology.

As required by the California Integrated Waste Management Board (CIWMB), the City makes annual contributions to a trust fund to finance closure construction. The City is in compliance with the State requirements, and, at June 30, 2011, investments of \$3.5 million are held for these purposes and are reported as Restricted Assets. The City is not currently required to advance fund postclosure care costs.

The City owns or operated other landfills that were already closed before the State and Federal requirements became enforceable. Therefore, no liability was included in the financial statements for these landfills (Toyon Canyon, Gaffey, Branford, Bishops Canyon and Sheldon-Arleta).

The Landfill Closure and Post-closure Maintenance Special Revenue Fund was set up to defray the closure and postclosure maintenance costs of City landfills.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**R. Pollution Remediation Obligations**

**Governmental Activities**

The pollution remediation obligations for governmental activities for the year ended June 30, 2011 are as follows (in thousands):

	Balance			Balance
	June 30, 2010	Additions	Deductions	June 30, 2011
Obligating Event				
Violation of pollution prevention-related permit or license	\$ 4,455	\$ 6,190	\$ (5,451)	\$ 5,194
Voluntary commencement	319	2,813	(1,250)	1,882
Total	<u>\$ 4,774</u>	<u>\$ 9,003</u>	<u>\$ (6,701)</u>	<u>\$ 7,076</u>
Pollution Type				
Soil and/or groundwater remediation	\$ 4,684	\$ 8,381	\$ (6,054)	\$ 7,011
Lead paint removal	--	169	(169)	--
Methane protection	35	53	(43)	45
Asbestos removal	55	393	(428)	20
Mold removal	--	7	(7)	--
	<u>\$ 4,774</u>	<u>\$ 9,003</u>	<u>\$ (6,701)</u>	<u>\$ 7,076</u>

The \$7.1 million liabilities for governmental activities include violation of pollution prevention-related permits or licenses of \$5.2 million. These obligations were determined based on construction contract amount, contract change orders, related direct costs and allocated indirect project costs. For fiscal year 2011, no remediation outlays were capitalized. Estimated expenditures for fiscal year 2012 and beyond are \$2.4 million and \$4.7 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.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Business-type Activities**

The pollution remediation obligations for business-type activities for the year ended June 30, 2011 are as follows (in thousands):

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<b>Obligating Event</b>				
Named by a regulator as a potential party to remediation	\$ 75,713	\$ 6,764	\$ (2,482)	\$ 79,995
Named in law suit and compelled to participate in remediation	22,043	2,500	(22,043)	2,500
Voluntary commencement	30,863	29,333	(1,456)	58,740
<b>Total</b>	<b>\$ 128,619</b>	<b>\$ 38,597</b>	<b>\$ (25,981)</b>	<b>\$ 141,235</b>
<b>Pollution Type</b>				
Soil and/or groundwater remediation	\$ 121,756	\$ 38,597	\$ (25,981)	\$ 134,372
Asbestos removal	6,863	--	--	6,863
<b>Total</b>	<b>\$ 128,619</b>	<b>\$ 38,597</b>	<b>\$ (25,981)</b>	<b>\$ 141,235</b>

Airports bears full responsibility for the cleanup of environmental contamination on property it owns. Airports accrues liabilities when costs are incurred or amounts can be reasonably estimated based on expected outlays. At June 30, 2011, Airports recognized \$12.8 million in estimated pollution remediation liabilities. Of the \$12.8 million liability, \$6.9 million was incurred for cleanup of asbestos in various sites, and \$5.9 million are for soil and/or groundwater contamination. There are no undeterminable pollution remediation obligations, capitalized costs and recoveries realized in fiscal year 2011. Additional information can be found in note 5C on page 171.

Harbor estimated pollution remediation liability of \$101.9 million of which \$3.7 million is due within one year. These are mostly for soil and groundwater contamination. Of the \$101.9 million, \$74.1 million is liability due to Harbor's being identified as one of the parties responsible for remediation, and \$27.8 million is for voluntary commencement of pollution remediation. Environmental risks associated with contamination of sites used for industrial purposes can be managed and does not necessarily require an extensive cleanup. For this reason, Harbor adopts the "managed environmental risk" approach in estimating the liability. A combination of in-house specialists and outside consultants performed these current best estimates of potential liability. Certain remediation project contracts are included in the site development contracts, as defined final uses for the sites have been identified. There were no recoveries realized in fiscal year 2011.

The Power System has identified sites that require remediation work and is working with the Department of Toxic Substances and the Los Angeles Regional Water Quality Control Board who have jurisdiction over these sites. The estimated liability for these sites for fiscal year 2011 is approximately \$20.9 million. This liability includes remediation and ongoing operation and maintenance costs where estimable.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

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

The Water System 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. The Water System's estimated liability for these sites is approximately \$3.1 million for fiscal year 2011, and includes remediation and ongoing operation and maintenance costs where estimable. There are no estimated recoveries.

During fiscal year 2010, a lawsuit was filed against the City for contamination remediation costs incurred by an adjacent property owner caused by hazardous substance emanating from a property owned by the City. The case settled in January 2012 and \$2.5 million was accrued as Pollution Remediation Obligation by the Sewer Enterprise Fund (Sewer) at June 30, 2011.

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 built over an old landfill due to environmental issues including leachate and gas migration. According to the County's review of prior customer record, Sewer used the site for disposal of grit waste from the Hyperion Treatment Plan. The City entered into a settlement with the County for \$0.2 million and remained an active participant in the site investigation. The next phase for site cleanup and maintenance is under review by the California Department of Toxic Substance Control (SDTSC) and, hence, additional remediation costs, if any, are not known at this time.

The Sewer was named by SDTSC as one of the responsible agencies involved in the investigation and cleanup of a landfill. The site is complex regarding the environmental issues to be addressed and the total costs for cleanup and long-term maintenance are not known at this time.

#### **Community Redevelopment Agency**

CRA performs cleanup of environmental contamination as part of its agreement with developers and subsequent property owners during acquisitions of brownfields (abandoned, under-utilized, and/or blighted properties likely impacted by environmental contamination). For fiscal year 2011, CRA has estimated cleanup costs at five brownfields redevelopment sites totaling \$2.5 million. The estimate is based on reasonable range of potential outlay and probability of occurring. The expected recoveries from external sources is \$1.9 million leaving a net estimated cost of \$0.6 million to CRA. CRA will capitalize cleanup costs of the brownfields redevelopment sites where it has a legal obligation for cleanup. Those cleanup costs will be capitalized when incurred rather than recorded as expenses and related liabilities potentially in earlier periods. Only those outlays that are expected to exceed the capitalization limit will be accrued as liabilities. No costs were capitalized during the fiscal year due to the immateriality of the cleanup costs incurred.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

**NOTE 5 – OTHER INFORMATION**

**A. Pension and Other Postemployment Benefit Plans**

**Plan Descriptions**

The City of Los Angeles contributes to three single-employer defined benefit pension plans: Fire and Police Pension Plan (Pensions), Los Angeles City Employees' Retirement Plan (LACERS), and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (DWP Retirement Plan). Pensions and LACERS provide retirement benefits to sworn and civilian (other than DWP) employees, respectively. The DWP Retirement Plan provides retirement, disability, and death benefits to Department of Water and Power (DWP) employees. The City also provides three single-employer substantive other postemployment benefits (OPEB) healthcare plans through the aforementioned defined benefit plans: Fire and Police Health Subsidy Plan (Pensions OPEB), Los Angeles City Employees' Postemployment Healthcare 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 by writing or calling the plans.

Department of Fire and Police Pensions  
360 E. Second Street, Suite 400  
Los Angeles, CA 90012  
(213) 978-4545

Los Angeles City Employees'  
Retirement System  
360 E. Second Street, 2<sup>nd</sup> floor  
Los Angeles, CA 90012  
(213) 473-7200

Department of Water and Power  
Retirement Office  
111 N. Hope Street, Room 357  
Los Angeles, CA 90012  
(213) 367-1689

**Funding Policy**

The City's annual cost for each plan is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the applicable GASB Statements. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize unfunded actuarial liabilities over a period not to exceed thirty years. The City Administrative Code and related ordinances define member contributions.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

**Benefit Pension Plans**

Annual Pension Cost and Net Pension Asset (Obligation)

The City's annual pension cost for the current year, net pension asset (obligation) at the end of the year, and related information for each plan are as follows (amounts in thousands):

	<u>Pensions</u>	<u>LACERS</u>	<u>DWP Retirement</u>
Contribution rates:			
City	20.6% of covered payroll	18.1% of covered payroll	37.8% of covered payroll
Plan members	6% - Tier 1 7% - Tier 2 8% - Tiers 3 & 4 9% - Tier 5 11% - Tier 6	Prior to the City's Early Retirement Incentive Program (ERIP): 8.22% to 13.33% of salaries at entry age with City subsidy for members prior to February 1983; 6% for entry date after January 1983 Effective November 8, 2009, upon implementation of ERIP: 6% of pay regardless of entry date which will increase to 7% on July 1, 2011 for a period of 15 years, or until ERIP cost obligation is fully paid, whichever comes first. (see additional information on page 159)	6% of salaries upon becoming a member on or after June 1, 1984; prior to June 1, 1984, amount is based on entry age percentage rate
Annual required contribution	\$ 277,092	\$ 303,561	\$ 329,178
Interest on net pension asset (obligation)	--	6,008	(10,409)
Adjustment to annual required contribution	--	(9,240)	15,772
Annual pension cost	<u>277,092</u>	<u>300,329</u>	<u>334,541</u>
Contributions made	<u>277,092</u>	<u>303,561</u>	<u>282,377</u>
Change in net pension asset (obligation)	--	3,232	(52,164)
Net pension asset (obligation) - beginning of year	--	<u>(75,105)</u>	<u>104,266</u>
Net pension asset (obligation) - end of year	<u>\$ --</u>	<u>\$ (71,873)</u>	<u>\$ 52,102</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

In 2011, the City Council adopted new ordinances that require members of LACERS represented by certain bargaining groups to contribute an additional 2% or 4% of pay beginning April 24, 2011. As a result, LACERS' members contribution rates at June 30, 2011 are either 6% or 8% of pay. Effective July 1, 2011, contribution rates will be 7%, 9% or 11% of pay, depending upon the terms and conditions of specific Memoranda of Understanding to which the member is subject.

For the fiscal year ended June 30, 2011, the City's contribution to LACERS of \$421.5 million is broken down as follows: \$303.6 million ARC; \$3.0 million defrayal portion of member contributions; \$0.2 million for family death benefits insurance plan; and \$114.7 million member contributions.

The City's annual pension cost, the percentage of annual pension cost contributed to the plans, and the net pension asset (obligation) for fiscal year 2010-11 and the two preceding years for each of the plans are as follows (amounts in thousands):

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
Pensions	6/30/09	\$ 238,698	100%	\$ --
	6/30/10	250,517	100%	--
	6/30/11	277,092	100%	--
LACERS	6/30/09	272,332	101%	(77,749)
	6/30/10	255,999	101%	(75,105)
	6/30/11	300,329	101%	(71,873)
DWP Retirement	6/30/09	149,175	97%	119,051
	6/30/10	215,787	93%	104,265
	6/30/11	334,541	102%	52,102

**Funded Status and Funding Progress**

The following is funded status information for each plan as of June 30, 2011 (amounts in thousands):

	Pensions	LACERS	DWP Retirement
Actuarial Accrued Liability (AAL)	\$ 16,616,476	\$ 13,391,704	\$ 9,297,204
Actuarial Value of Assets	14,337,669	9,691,011	7,465,184
Underfunded AAL	\$ 2,278,807	\$ 3,700,693	\$ 1,832,020
Funded Ratio	86.3%	72.4%	80.3%
Covered Payroll	\$ 1,343,963	\$ 1,833,392	\$ 870,203
Underfunded AAL as a percentage of covered payroll	169.6%	201.9%	210.5%

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as RSI following the notes to financial statements, which presents a multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits have been updated accordingly for the actuarial valuation date of June 30, 2011.

Actuarial Methods and Assumptions

The following is information as of the most recent actuarial valuation:

	<u>Pensions</u>	<u>LACERS</u>	<u>DWP Retirement Plan</u>
Actuarial valuation date	June 30, 2011	June 30, 2011	July 1, 2011
Actuarial cost method	Entry age normal	Projected unit credit	Entry age normal
Amortization method	Level dollar - Tier 1 Level percent of payroll - Tiers 2, 3, 4, 5 & 6	Level percent of payroll	Level dollar
Remaining amortization period	Multiple layers not exceeding 30 years, closed	Multiple layers not exceeding 30 years, closed	Multiple layers not exceeding 15 years, closed
Asset valuation method	Before June 30, 2008, 5-year market related After June 30, 2008, 7-year market related	7-year market related	5-year market related
Actuarial assumptions:			
Investment rate of return	7.75%	7.75%	7.75%
Projected salary increases	5.25% - 12.25%	4.65% - 11.25%	5.35% - 10.50%
Inflation rate	3.50%	3.50%	3.50%
Cost-of-living adjustments	3.50% - Tiers 1 & 2 3% - Tiers 3, 4, 5 & 6	3.00%	Based upon CPI increases with a 3% maximum

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Other Postemployment Benefits (OPEB)**

The City Charter, the Administrative Code and related ordinance define the postemployment healthcare benefits. There are no member contributions for healthcare benefits.

Annual OPEB Cost and Net OPEB Asset (Liability)

The City's annual OPEB cost for the current year, net OPEB asset (liability) at the end of the year, and related information for each plan are as follows (amounts in thousands):

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
City contribution rates	12.9% of covered payroll	6.4% of covered payroll	7.9% of covered payroll
Annual required contribution	\$ 172,841	\$ 107,396	\$ 68,705
Interest on net OPEB asset (liability)	3,655	--	(62,322)
Adjustment to annual required contribution	<u>(2,850)</u>	<u>--</u>	<u>50,081</u>
Annual OPEB cost	173,646	107,396	56,464
Contributions made	<u>119,976</u>	<u>107,396</u>	<u>140,590</u>
Change in net OPEB asset (liability)	(53,670)	--	84,126
Net OPEB asset (liability)- beginning of year	<u>(45,682)</u>	<u>--</u>	<u>779,758</u>
Net OPEB asset (liability) - end of year	<u>\$ (99,352)</u>	<u>\$ --</u>	<u>\$ 863,884</u>

During fiscal year 2011, the City adopted an ordinance to freeze the maximum medical subsidy at the current year level of \$1,190 for LACERS members who retire on or after July 1, 2011. However, LACERS members who at any time prior to retirement contribute the additional 2% or 4% of pay are exempted from the freeze and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2011, approximately 63% of non-retired members were making the additional contributions, and therefore are not subject to the medical subsidy freeze.

The Pensions OPEB actuarial study for valuation date June 30, 2008 determined the annual required contribution for fiscal year ended June 30, 2011. To reflect the phasing-in of assumption changes, the Pensions Board adopted a contribution rate that was lower than the actuarially determined rate and resulted in a net OPEB liability. The annual OPEB cost for fiscal years beginning July 1, 2007, and continuing during the 30-year amortization period, shall include interest on the OPEB liability and adjustment to the annual required contribution.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB asset (liability) for fiscal year 2010-11 and the two preceding years for each of the plans are as follows (amounts in thousands):

	<u>Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset (Liability)</u>
Pensions OPEB	6/30/09	\$ 106,453	89%	\$ (32,894)
	6/30/10	127,604	90%	(45,682)
	6/30/11	173,646	69%	(99,352)
LACERS OPEB	6/30/09	95,122	100%	--
	6/30/10	96,511	100%	--
	6/30/11	107,396	100%	--
DWP OPEB	6/30/09	50,038	319%	665,698
	6/30/10	46,400	346%	779,758
	6/30/11	56,464	249%	863,884

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2011 (amounts in thousands):

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
Actuarial Accrued Liability (AAL)	\$ 2,557,607	\$ 1,968,708	\$ 1,550,896
Actuarial Value of Assets	882,890	1,546,884	1,132,929
Underfunded AAL	<u>\$ 1,674,717</u>	<u>\$ 421,824</u>	<u>\$ 417,967</u>
Funded Ratio	34.5%	78.6%	73.0%
Covered Payroll	\$ 1,343,963	\$ 1,833,392	\$ 870,203
Underfunded AAL as a percentage of covered payroll	124.6%	23.0%	48.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as RSI following the notes to financial statements, which presents a multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits have been updated accordingly for the actuarial valuation date of June 30, 2011.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Although no formal funding policy has been established for the future benefits to be provided under the DWP OPEB Plan, DWP has made significant contributions into the Plan. In fiscal year 2011, the DWP transferred \$75.0 million into the Plan and paid an additional \$65.6 million in retiree medical premiums. The Power and Water Enterprise Funds' portions of these amounts were \$95.6 million and \$45.0 million, respectively.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan and include the types of benefits in force at the valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
Actuarial valuation date	June 30, 2011	June 30, 2011	June 30, 2011
Actuarial cost method	Entry age normal	Projected unit credit	Entry age normal
Amortization method	Level percent of payroll	Level percent of payroll	Level dollar
Remaining amortization period	25 years, closed	Multiple layers not exceeding 30 years	24 years, closed
Asset valuation method	Before June 30, 2008, 5-year market related After June 30, 2008, 7-year market related	7-year market related	Before June 30, 2008, market value of assets After June 30, 2008, 5-year market related
Actuarial assumptions:			
Investment rate of return	7.75%	7.75%	7.75%
Projected salary increases	4.25%	4.25%	4.25%
Inflation rate	3.50%	3.50%	3.50%
Healthcare cost trend rates			
Medical	9%, decreasing by 0.5% for each year for eight years until it reaches an ultimate rate of 5%	8.75%, decreasing by 0.5% for each year for ten years until it reaches an ultimate rate of 5%	9%, graded down to an ultimate rate of 5% over 8 years
Dental	5%	5%	5%

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### **Deferred Retirement Option Plan**

Effective May 1, 2002, members of Pensions have the option to enroll in a Deferred Retirement Option Plan (DROP). Members of Tiers 2 and 4 who have at least 25 years of service, and members of Tiers 3 and 5 who have at least 25 years of service and who are at least 50 years old are eligible for the DROP. Members who enroll continue to work and receive their active salary up to five years. Enrolled members continue to make contributions to Pensions until they have completed the maximum number of years required for their Tier but cease to earn additional retirement service and pay credits. Monthly pension benefits that would have been paid to enrolled members are credited to their DROP accounts which will earn 5% annual interest.

Once the DROP participation period ends, enrolled members must terminate active employment. They then receive proceeds from their DROP account and a monthly benefit based on their service and salary at the beginning date of the DROP, plus applicable cost of living adjustments.

At June 30, 2011, there were 1,201 pensioners enrolled in the DROP program and the total estimated value of the DROP accounts at that date was approximately \$224.7 million.

##### **Patient Protection and Affordable Care Act**

The Patient Protection and Affordable Care Act (Act) was signed into law in March 2010. One key provision of the legislation is the assessment of a 40% excise tax on the cost of health plans that exceed certain threshold. The thresholds in 2018 for non-Medicare retirees aged 55 through 64 are \$11,850 for single coverage and \$30,950 for family coverage. For all other retirees the thresholds in 2018 are \$10,200 for single coverage and \$27,500 for family coverage.

LACERS and Pensions did not include the projected excise tax in the June 30, 2011 actuarial valuation. If the excise tax were to be reflected in the LACERS' OPEB actuarial valuation, the ARC would increase by \$3.3 million, from 4.34% of payroll to 4.52% of payroll. The Pensions' actuary estimates that the projected excise tax will increase the fiscal year 2013 ARC by approximately 0.66% of payroll. The increase in the Pensions UAAL is approximately \$98.6 million and the decrease in the funded ratio is approximately 1.28%.

The impact of this potential excise tax is reflected in the DWP Retirement Plan's actuarial valuation as of June 30, 2011. For the purpose of the actuarial valuation, the threshold in 2019 are indexed and assumed to increase by 4.5% over those in 2018. After 2019, the thresholds are assumed to increase by 3.5% (assumed CPI inflation) per year. Also, the allocation of excise tax between the RHBF and retiree was based on the proportion of the health care cost expected to be paid by each party. DWP Retirement Plan's share of the projected excise tax increased the ARC by about 0.24% of payroll. The increase in the UAAL is approximately \$30.5 million and the decrease in the funded ratio is approximately 1.5%. The impact of this potential excise tax is not reflected in the June 30, 2010 actuarial valuation. It was estimated that DWP Retirement Plan's share of the projected excise tax would have increased the ARC for the fiscal year 2010-11 by about 0.30% of payroll, increased UAAL at June 30, 2010 by approximately \$38.1 million, and decreased the funded ratio to 59.13%.

The impact of this potential excise tax was also included in the CRA's July 1, 2010 OPEB actuarial valuation.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Community Redevelopment Agency Employees Retirement System and Other Postemployment Benefits**

Retirement System

The CRA contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and authorized by the City Council. Copies of the CalPERS annual financial report may be obtained from its Executive Office at 400 P Street, Sacramento, California 95814.

The pension plan covers all full-time employees of the CRA. Under the provisions of CalPERS, pension benefits fully vest after five years of service. An employee may retire at age 50 and receive annual pension benefits equal to a predetermined percentage of the employee's salary earned during the highest 12 consecutive months of employment multiplied by the number of years of service. Under the CRA's current contract with CalPERS, the service requirement benefits vary from 1.426 percent at age 50 to 2.418 percent at age 63 and over, multiplied by the number of years of service.

The contribution requirements of plan members and the CRA are established and may be amended by CalPERS. A summary of assumptions and methods used to determine the annual required contribution for the fiscal year ended June 30, 2011 is presented below.

Amortization method	Level percent of payroll
Average remaining amortization period	21 years as of the valuation date
Asset valuation method	15-year smoothed market
Actuarial assumptions	
Investment rate of return	7.75% (net of administrative expenses)
Projected salary increases	3.55% to 14.45% depending on age, service, and type of employment
Inflation rate	3.00%
Payroll growth	3.25%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% (portion pertaining to the national trend of inflation), and an annual production growth of 0.25% (portion due to the increase in productivity).
Contribution rates for fiscal year ended June 30, 2011	
CRA	13.604% of covered payroll
Plan members	7% of annual covered payroll (CRA makes this contribution for the employees on their behalf and for their account)
Annual pension cost	\$3,298,000
Contributions made	\$3,298,000

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

The three-year trend information is as follows (amounts in thousands):

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 3,461	100%	\$ --
6/30/10	3,604	100%	--
6/30/11	3,298	100%	--

As of June 30, 2010 (the most recent actuarial valuation date available), the CRA's retirement plan's funded status and funding progress are as follows (amounts in thousands):

Actuarial Accrued Liability (AAL)	\$ 184,648
Actuarial Value of Assets	<u>158,726</u>
Underfunded AAL	<u>\$ 25,922</u>
Funded Ratio	86.0%
Covered Payroll	\$ 26,228
Underfunded AAL as a percentage of covered payroll	98.8%

The schedule of funding progress, presented as RSI following the notes to financial statements, presents multi-year trend information on whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Other Postemployment Benefits

The CRA currently funds the retiree medical and dental healthcare benefits on a pay-as-you-go basis. The CRA subsidizes healthcare benefits starting at 40% of maximum subsidy to retirees for the first ten years of service and increases at the rate of 4% each year of additional service. Eligible retirees pay premiums in excess of the subsidy. At 25 years of service and over 50 years of age, the retiree healthcare benefit is 100% subsidized. The plan is administered by the CRA, and the CRA is currently negotiating with CalPERS to establish an OPEB trust fund.

The CRA's annual OPEB cost and net OPEB liability at June 30, 2011 are as follows (amounts in thousands):

Contribution rate	18.91% of covered payroll
Annual required contribution (ARC)	\$ 4,583
Interest on net OPEB liability	411
Adjustment to ARC	<u>(399)</u>
Annual OPEB cost	4,595
Contributions made	<u>(951)</u>
Increase in net OPEB liability	3,644
Net OPEB liability - beginning of year	<u>9,144</u>
Net OPEB liability - end of year	<u>\$ 12,788</u>

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The CRA's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB liability for fiscal year 2011 and the prior years are as follows (amounts in thousands):

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/09	\$ 3,740	19%	\$ 5,628
6/30/10	4,281	18%	9,144
6/30/11	4,595	21%	12,788

The funded status of the plan as of June 30, 2010 (the most recent actuarial valuation date available) was as follows (amounts in thousands):

Actuarial Accrued Liability (AAL)	\$ 55,374
Actuarial Value of Assets	--
Unfunded AAL	<u>\$ 55,374</u>
Funded Ratio	0.0%
Covered payroll	\$ 26,640
Unfunded AAL as a percentage of covered payroll	207.9%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the CRA are subjected to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as RSI following the notes to financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between CRA and plan members. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial valuation date	July 1, 2010
Actuarial cost method	Entry age normal cost method
Amortization method	Closed 30-year period as a level percentage of payroll
Remaining amortization period	27 years as of the valuation date
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.25%
Inflation rate	5.00%
Payroll growth	3.25%
Individual salary growth	3.25%

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**B. Early Retirement Incentive Program**

In October 2009, the City adopted an Early Retirement Incentive Program (ERIP) aimed to reduce the City's workforce by providing incentives for eligible members of the Los Angeles City Employees Retirement System (LACERS) to retire in the form of retirement benefit enhancement and/or separation pay incentives. The goal of the ERIP was to separate 2,400 employees from City service as quickly as possible. The ERIP enrollment period started on November 2, 2009 (effective date of the ERIP ordinance) and ended 45 days thereafter. Eligible ERIP participants received: 1) a "Severance Payment" in the amount of what would be the employee's accumulated sick and vacation time payment if the employee were retiring pursuant to standard non-ERIP retirement policies and procedures, and 2) a "Separation Payment" whereby additional service and/or age credit was added to qualify an employee for an unreduced or standard retirement. Further, depending on length of service credit, ERIP retirees each received a separation payment of \$1,000 for each year of service or \$15,000. The Severance Payment and Separation Payment shall be paid over two separate calendar years and shall constitute, and be administered as, a Bona Fide Separation Pay Plan under Internal Revenue Code Section 457(e)(11).

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%. Further, the LACERS active employees' retirement contribution rate increased from 6% to 7% based upon the terms of the ERIP. Once the City has recouped the ERIP cost obligation, the contribution rate shall be adjusted to 6% for all employees who were LACERS members as of the ERIP beginning date. However, the City reserves the right to increase the retirement contribution rate for new hires. New ordinances adopted by the City Council in 2011 provide that members represented by certain bargaining units are required to contribute an additional 2% or 4% of pay beginning April 24, 2011. As a result, members' contribution rates are either 6% or 8% of pay as of June 30, 2011. Effective July 1, 2011, members' contribution rates will be 7%, 9% or 11% of pay, depending upon the terms and conditions of specific MOU to which a member is subject.

As of June 30, 2011, 2,400 eligible employees had retired under the City's ERIP with total severance and separation payment costs of \$89.4 million. Out of the \$89.4 million, \$77.9 million are payouts for General-Funded retirees that include \$42.0 million separation bonus, and \$35.9 million severance payout for sick and vacation benefits. \$38.5 million of these severance and separation payments were made in fiscal year 2011, and \$39.4 million will be paid in fiscal year 2012.

The Sewer Enterprise Fund is expected to reimburse the General Fund in the amount of \$7.4 million for ERIP related payouts (separation pay incentives of \$3.8 million and accumulated sick and vacation time payment of \$3.6 million.) Of the \$7.4 million, 50% or \$3.7 million were paid in fiscal year 2011, and the remaining 50% will be paid in fiscal year 2012.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### CRA's Early Retirement Incentive Package

Due to the continuing effects of the prolonged economic downturn and other factors, the CRA and City Council approved an early retirement incentive (ERIP) package in September 2010 aimed at reducing 20 percent of staff costs over the next two years. Employees with at least 15 years of qualifying CalPERS service were eligible to apply for the full ERIP package consisting of: 1) additional three years of service credit, 2) cash payment of \$1,000 for every year of service with a minimum of \$25,000 and up to a maximum of \$40,000, and 3) 100 percent subsidy for health care. Employees with at least 5 years of qualifying CalPERS service were eligible to retire with an additional two years of service credit (partial ERIP). The estimated ERIP savings was capped at \$6.4 million in staff costs. To the extent that the partial ERIP staff costs savings do not exceed the \$6.4 million cap, the full ERIP was then made available to the eligible employees based on seniority. The enrollment period ended on December 16, 2010. A total of 43 eligible employees retired that resulted in an estimated costs of \$7.4 million. These costs will be paid from CRA employee contributions currently calculated at 2.25% of gross wages, but may change depending on the number of full time employees.

#### C. Commitments and Contingencies

##### Contingencies

##### Governmental Activities

##### Pledges of Future Revenues

The City has pledged certain future revenues for the payment of certain outstanding long-term obligations. Discussions about pledged revenues are included in Note 4I on Long-Term Liabilities beginning on page 120.

##### Pending Lawsuits and Claims

As mentioned in Note 4P on page 151, certain pending lawsuits and claims have a reasonable possibility of resulting in additional General Fund liability totaling approximately \$1.0 billion. 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, 2011.

##### City Repayments to Airports Enterprise Fund

In December 2009, the City settled two unrelated cases with the Federal Aviation Administration (FAA) regarding FAA audit findings of improper payments by Airports to the City. The cases involved compliance review by FAA of the transfer of Airports revenue funds to the City for the implementation of a joint strategic international marketing alliance, and the legality of the transfer of \$43.0 million out of approximately \$58.0 million to the General Fund, representing condemnation proceeds received for certain City-owned property taken by the State for use in the construction of the Century Freeway. The settlement calls for a consolidated series of repayments over 10 years by the City to Airports of \$17.7 million plus a 3% interest or \$3.6 million, for a total of \$21.3 million. To effect the payments, the City will reduce the charges to Airports for future services rendered. As of June 30, 2011, \$1.3 million installment payment has been offset against billings by the City for actual costs of services provided to Airports, which was verified by the City's independent auditor. The City reported the outstanding principal balance of \$15.4 million as payable beyond one year and \$0.8 million as payable within one year.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Federal Consent Decree

The City has entered into a consent decree with the Federal government. It is a five-year agreement, which the court extended by three years to June 2009, that the City is required to implement in order to avoid litigation with the Federal government. Under the agreement, the City is required to build a Training, Evaluation, and Management System (TEAMS II) database to track officer performance as well as undertake additional risk management and integrity assurance measures. On July 17, 2009, the Federal Court terminated the Consent Decree and implemented a Transition Agreement under the Court's jurisdiction that included continued monitoring over the use of the TEAMS II database. The specific work involved under this agreement include: 1) upgrade of the TEAMS II Commercial Off-The -Shelf Software (COTS) products to currently supported product releases in order to ensure on-going stability of the system, 2) modification of TEAMS II systems to simplify workflow implementation, and 3) rebuilding of the Claims and Lawsuit System (CLIS) in order to integrate this with TEAM II, and cross-reference data from the Use of Force System. The upgrades to the COTS were completed, tested and are now being used. The simplification of the workflow implementation has been completed which resulted in the elimination of the City's reliance on the IBM MQ Workflow product. This also resulted in cost savings to the City due to the elimination of annual product licensing payments. The design of the new CLIS is completed and development of the required software is currently underway. Completion of CLIS is expected in 2012. As of June 30, 2011, the City has incurred \$1.3 million on this project. It is estimated that the project will cost an additional \$1.5 million in fiscal year 2012.

Telephone Users' Tax

The City's telephone users' tax (TUT) ordinance was amended with the approval by the electorate of Proposition S, "*Reduction of Tax Rate and Modernization of Communications Users Tax*," on the February 5, 2008 election ballot. This measure replaced the prior telephone users' tax ordinance and reduced the rate of the City tax on users of communication services from 10% to 9%. The new ordinance, which was effective on March 15, 2008, provides for taxation of a broader tax base than the prior ordinance, and includes private communication services, voice mail, paging services, text messaging, and pay-phone usage.

A number of claims have been filed in connection with this tax. In a certain case, a plaintiff seeks a refund of \$6.3 million for alleged overpayment for the period February 2007 through February 2008. Plaintiff claims that it is not subject to TUT because it did not collect TUT from its customers, its prepaid service is excluded from TUT, that the municipal code provisions were invalid during the period which ended when the voters approved an amendment to the tax ordinance in February 2008, and the municipal code provisions violated Proposition 218.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

On issues related to a certain class action, the appellate court held that class actions against local taxes are not permitted under State law. The California Supreme Court (Court) reversed the appellate court decision and held that the Government Claims Act does not bar claims for tax refunds against a municipality. The Court allowed the class action lawsuit to proceed. If plaintiffs were to prevail, City liability could be up to \$750.0 million.

A plaintiff filed a complaint against certain public agencies including the City, seeking a refund of TUT of \$22.9 million paid to the City between November 1, 2005 and September 30, 2010. Plaintiff contends that TUT was erroneously collected on internet access charges, and that such charges were exempt under federal law. The parties are in the early pleading stages of this case.

Other plaintiffs seek a total refund of \$17.7 million for allegedly not being subject to TUT and that the TUT as amended does not apply to the services they provide.

**Airports Enterprise Fund**

Los Angeles International Airport (LAX) Master Plan

The LAX Master Plan was adopted by the Board of Airport Commissioners (BOAC) and approved by the City Council in 2004. It is a broad policy statement regarding the conceptual strategic framework for future improvements at LAX and describes how LAX can accommodate its appropriate share of the region's aviation demand, while balancing those needs with environmental concerns, safety and security, and the concerns of LAX's neighbors.

Settlement agreements were entered into by the City and several entities that filed lawsuits in connection with the LAX Master Plan. Among other things, the agreements require the Airports to limit the number of terminal gates; involve the surrounding communities in project planning; provide funding for traffic and noise mitigation and abatement, job training and opportunities, street and street lighting improvements, and air quality and environmental programs; and develop a regional initiative to encourage passenger and cargo activity at other airports. These agreements are conditioned upon FAA's approval of expenditures and use of airport revenues for the specified purposes.

Environmental Issues

Airports bears full responsibility for the cleanup of environmental contamination on property it owns. However, if the contamination originated based on contractual arrangements, the tenants are held responsible even if they declare bankruptcy. As property owner, Airports assumes the ultimate responsibility for cleanup in the event the tenant is unable to make restitution. Under certain applicable laws, Airports may become liable for cleaning up soil and groundwater contamination on a property in the event that the previous owner does not perform its remediation obligations. Airports accrues pollution remediation liabilities when costs are incurred or amounts can be reasonably estimated based on expected outlays. At June 30, 2011, amounts accrued totaled \$12.8 million. At this time, Airports does not expect any recoveries reducing this obligation.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Terminal Leases

In January 2007, American Airlines, Continental Airlines, and United Airlines (the Plaintiffs) filed a complaint in Federal District Court alleging that the Airports has imposed new Maintenance and Operations (M&O) charges in violation of their leases at LAX.

In January 2008, the Airports Board (Board) approved interim settlement with the Plaintiffs. Thereafter, a joint stipulation for dismissal of the entire action filed by the parties was granted by the Court without prejudice to renew. United Airlines and Continental Airlines have since settled their claims with Airports relating to this matter. The interim settlement with American Airlines was subsequently extended until December 31, 2010, and the action has not been reinitiated as of November 8, 2011.

In fiscal year 2010, as a result of the settlement agreements, Airports exercised its buy-back rights relative to the facilities under capital lease. Such buy-back rights allowed Airports to purchase the leased facilities by retiring third party bonds used to finance improvements on such facilities. The net difference between the carrying amount of the capital lease obligation and the purchase price of the leased facilities (the cost to retire the debt) of \$39.2 million was recorded as an adjustment of the carrying amount of the leased asset. In addition, the lease termination premium of \$29.1 million was also capitalized.

In fiscal year 2011, Airports purchased certain facilities under operating lease by retiring third party bonds used to finance improvement on such facilities. The purchase price (the cost to retire the debt) was \$14.8 million.

Delta Airlines (Delta) filed a complaint in bankruptcy court challenging Airport's increased M&O charges and Airport's right to defease third party bonds issued for leasehold improvements at LAX. In January 2008, the Board approved an interim settlement agreement and in May 2008, Delta dismissed the entire case without prejudice to renew. In August 2011, Delta entered into a settlement agreement with Airports that settled all claims relating to this matter.

On September 16, 2011, an Amended and Restated Terminal Facilities Lease and License Agreement (Amended Lease) was executed with Delta. Pursuant with the Amended Lease, Delta will make renovations in Terminal 5 at LAX. The renovations are estimated to cost \$228.8 million broken down as follows: 1) \$77.8 million completed renovations, 2) \$11.8 million proprietary renovations, 3) \$139.2 million non-proprietary renovations. Airports has agreed to purchase the completed and non-proprietary renovations with \$25.0 million partial funding from the TSA. Airports will lease back the improvements to Delta.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Terminal Tariff

In February 2007, a number of airlines operating at LAX filed a complaint with the United States Department of Transportation (USDOT) alleging that terminal rates and charges imposed under the Airport Terminal Tariff unreasonable and unjustly discriminated against these airlines by increasing their rates while other airlines with long-term leases were only partially affected by the new rates. The rental rate issues pertain to Airport's increased M&O charges, and the use of rentable square feet methodology rather than the usable feet methodology in determining the rates. The matter was heard by an Administrative Law Judge and ultimately, a decision largely favoring Airports was made by the USDOT. The USDOT's decision was subsequently petitioned for review by the involved parties in the D.C Circuit Court of Appeals that issued a decision in favor of Airports on August 7, 2009. This upheld the USDOT's decision that Airports' M&O charges are reasonable and not unjustly discriminatory. The Court also remanded a number of issues to USDOT.

In April 2011, Airports entered into a settlement agreement with Alaska Airlines (Alaska), one of the litigants, settling all of its claims in litigation. In July 2011, the remaining litigants and Airports filed a joint motion with the USDOT requesting that the proceedings be stayed until December 2011 to allow the parties to continue negotiations. On June 24, 2011, the Terminal Space Lease and License Agreement (Lease) was executed with Alaska. A key component of the Lease requires Alaska to make renovations in Terminal 6 at LAX. The renovations are estimated to cost \$271.0 million broken down as follows: 1) \$161.8 million airline areas renovations, 2) \$77.9 million non-airline areas renovations, 3) \$12.7 million relocation cost, and 4) \$18.6 million proprietary renovations. Airports has agreed to purchase components of the airlines areas renovations as they are completed. It is projected that funding of \$17.9 million will be received from the TSA. In addition, Airports exercised its option to purchase the non-airline areas renovations. Airports will lease back the improvements to Alaska and will also reimburse Alaska for the relocation cost through rental credits.

**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.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Capital Facilities Fee Claims

In June 2007, the DWP received a tentative decision in favor of the State and a number of local government agencies that are electric customers of DWP that claimed that DWP has rates that include a capital facilities' charge that violates the State's statute. However, in October 2008, DWP settled the case and recorded the \$160.0 million settlement amount. Additionally, as permitted by generally accepted accounting principles, the DWP Board approved to defer all potential costs associated with the resolution of this litigation and establish a corresponding long-term deferred debit to be recovered through future revenues over a period of up to ten years, if necessary.

**Harbor Enterprise Fund**

Alameda Corridor Transportation Authority Agreement

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

The Alameda Corridor began operating on April 15, 2002. ACTA is governed by a seven-member board which is comprised of two members from each Port, one each from the Cities of Los Angeles and Long Beach and one from the Metropolitan Transportation Authority. In 2003, ACTA agreed to an expanded mission to develop and support projects that more effectively move cargo to points around Southern California, ease truck congestion, improve air quality, and make roads safer. If in the future ACTA becomes entitled to distribute income or make equity distributions, the Ports shall share any such income or equity distributions equally.

In October 1998, the Ports, ACTA and the railroad companies (Railroads), which operate on the corridor, entered into a Corridor Use and Operating Agreement (Agreement). The Agreement obligates the privilege of using the corridor to transport cargo into and out of the Ports. ACTA negotiated with the Railroads regarding certain types of cargo movements for which the Railroads are not paying Use Fees. In the Settlement and Release Agreement dated July 5, 2006, the Railroads and ACTA agreed to resolve the Transloading Dispute. ACTA and the Ports release, acquit, and discharge the Railroads of all liability and costs arising from or relating to the Transloading Dispute. The Railroads release, acquit, and discharge the ACTA from any and all liability and costs arising from or relating to any claim by the Railroads. These Use Fees are used to pay for: (a) the debt service for the bonds issued by ACTA (\$1.2 billion issued in 1999 and \$686.0 million issued in 2004), and (b) required reserves and financing costs. Use Fees end after 35 years or sooner if the ACTA Obligations are paid off earlier.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011

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

If ACTA revenues are insufficient to pay ACTA Obligations, the Corridor Agreement obligates each Port to pay up to 20% of the shortfall (Shortfall) on an annual basis. If this contingency 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 movements through the Ports. The Ports are required to include expected Shortfall payments in their budgets, but Shortfall payments are subordinate to other obligations of the Harbor, and neither of the Ports is required to take Shortfall payments into account when determining whether it may incur additional indebtedness or when calculating compliance with rate covenants under their respective bond indentures and resolutions.

In April 2004, it was estimated by ACTA that the Ports would be required to make Shortfall payments totaling approximately \$20.5 million (each port being liable for their one-half share of \$10.3 million) through 2027. Pursuant to the ACTA Operating Agreement, Harbor is obligated to include any forecasted Shortfall payments in its budget each fiscal year. No shortfall payments were payable by Harbor in the prior years. In the revised Notice of Port Shortfall Advance dated August 8, 2011, a revised Shortfall Advance of \$3.0 million from each Port is due no later than September 22, 2011. Harbor charged this shortfall to non-operating expense and recorded a currently liability as of June 30, 2011

Natural Resources Defense Council Settlement Judgment

In March 2003, the Harbor settled a lawsuit entitled "*Natural Resources Defense Council, Inc. vs. City of Los Angeles, et al*" regarding the environmental review of a project. The settlement calls for a total of \$50.0 million mitigation measures to be undertaken by the Harbor. The \$50.0 million settlement liability was charged as an expense of the Harbor Enterprise Fund in fiscal year 2003.

The terms of the agreement require that Harbor fund various mitigation activities in the amount of \$10.0 million per year over a five-year term ending fiscal year 2007. As of June 30, 2009, a total of \$50.0 million has been transferred to Harbor's restricted mitigation fund.

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. As of June 30, 2009, a total of \$5.0 million has been spent for this program.

In June 2004, Harbor agreed to amend the original settlement to include the transfer of additional \$3.5 million to the restricted fund for the creation of parks and open space in San Pedro. 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 2005 to 2008 in the amount of \$18.3 million, which Harbor charged to nonoperating expense and deposited in the restricted mitigation funds from 2006 to 2009.

As of June 30, 2011, Harbor has disbursed a total of \$43.1 million, \$2.5 million of which was made in fiscal year 2011.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### Settlement of Dispute on Nexus Study

In January 2001, the City, Harbor, and the State Lands Commission, entered into a settlement and mutual release agreement to amicably resolve their disputes concerning the General Fund's entitlement to historic and future reimbursements for costs incurred and would incur in providing services to the Harbor. Such entitlement resulted from a series of studies, collectively referred to as the Nexus Study, conducted under the auspices of the City Attorney. The settlement agreement provides that the City's General Fund, as reimbursement for payments made by the Harbor to the City General Fund for retroactive billings for City General Fund services during the period July 1, 1977 through June 30, 1994, inclusive, pay the Harbor \$53.4 million in principal plus 3% simple interest over 15 years.

The settlement agreement also provides that the City General Fund reimburse Harbor for the payment differential, that amount representing the difference between the actual payments and the amount to which the City General Fund would have been entitled to reimbursement between fiscal year 1994-95 and fiscal year 2000-01, inclusive, had the reimbursement been computed during those fiscal years using the settlement formula. This amount is estimated at \$8.4 million. Payment for this period is to be reimbursed to the Harbor over 15 years including 3% simple interest. The agreement also provides that at any time after five years from January 19, 2001, the City, the Harbor and State Lands Commission may negotiate to amend their agreement to account for new or changed circumstances.

The three parties have agreed to mutually release and discharge the other from any and all claims, demands, obligations and causes of action, of whatever nature pertaining in any way to the use, payment, transfer or expenditure for any of the services or facilities identified in the Nexus Study or the 1997 MOU and provided for during the period July 1, 1977 through June 30, 2002. Accordingly, the Harbor had recorded the amount due from the City General Fund as Advances To Other Funds of \$19.3 million and the current portion as Due From Other Funds of \$4.5 million as of June 30, 2011.

##### Alleged Misuse of Federal Funds

An individual has brought a lawsuit under the Federal Civil False Claims Act against the Harbor, the City, and Harbor's former Executive Director, challenging the use by the Harbor of certain federal funds obtained from the United States under the Water Resources Development Act of 1986 and State funds in the form of Tidelands Revenues for the construction of Pier 400 at the Harbor. The plaintiff alleges that the federal contribution amount to the construction of Pier 400 was \$108.0 million and the State contribution was approximately \$1.0 billion. The case was under seal from 2002 to 2005 while the federal government determined whether to join as a plaintiff. In 2005, the federal government decided not to join as a plaintiff. An amended complaint was served on the Harbor in August 2005 requesting treble damages.

The Harbor believes that any claims alleging misuse of Federal and State funds are without merit. After an initial dismissal for failure to have counsel and an appeal by the Relator to the Ninth circuit, on remand all of the defendants, including the City, filed motions for Summary Judgment. The trial court granted motions for summary judgment on behalf of all defendants. The Relator has again appealed to Ninth Circuit. On December 22, 2010, the United States Court of Appeals for the Ninth Circuit issued a judgment affirming the trial court dismissal of the action. The Relator filed a petition for Writ of Certiorari with the U.S. Supreme Court, which the City opposed. On October 3, 2011, this petition was denied.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

Trapac Project and Environmental Impact Report

On December 6, 2007, Harbor approved the Trapac Project, which involves the development of various improvements to Berths 136-147 currently occupied by Trapac. Certain entities appealed the approval under the provisions of the California Environmental Quality Act. On April 3, 2008, a Memorandum of Understanding (MOU) providing for the revocation of the appeals and the establishment of a Port Community Mitigation Trust Fund was agreed upon by all parties. Harbor has provided the first two years funding of \$16.1 million. Based on the volume of cargo processed in the third year, no additional funding was necessary. A total of \$6.5 million was disbursed in fiscal year 2011. At June 30, 2011, total fund balance, including interest earned was \$10.2 million. Contributions of Harbor to the trust fund over the subsequent years may vary based on the volume of cargo processed.

**Sewer Enterprise Fund**

Certain claims and lawsuits are pending against the Sewer Enterprise Fund for construction claims and other alleged liabilities arising during the ordinary course of operations. The Sewer Enterprise Fund 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 2011, \$28.8 million was accrued as claims payable of the Sewer Enterprise Fund. Of the \$28.8 million, \$27.1 million is payable in the long-term.

**Community Redevelopment Agency**

In the normal course of its business, the CRA has been named as a defendant or co-defendant in several lawsuits and claims arising from its redevelopment activities. These claims against the CRA have been evaluated and CRA management believes that the ultimate resolution of such claims will not have a material adverse impact on the financial condition of the CRA.

In addition, the CRA, as a result of its real estate acquisition activities, is involved in eminent domain relocation and other related litigation which may result either in judgment or settlement amounts significantly higher than its initial court deposits or anticipated payments.

**Commitments**

As of June 30, 2011, the City's encumbrances are as follows: \$157.6 million for General Fund, \$9.0 million for Community Development Fund, \$55.7 million for MICLA Special Revenue Fund, \$13.4 million for Proposition A Local Transit Assistance Fund, \$14.0 million for Recreation and Parks Fund, \$20.8 million for Solid Waste Resources Fund, and \$491.2 million for Other Governmental Funds.

As of June 30, 2011, the following Enterprise Funds have commitments for construction contracts and open purchase orders in the following amounts (in thousands):

Airports	\$	140,200
Harbor		185,331
Sewer		76,400



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

**Other Enterprise Fund Commitments**

Harbor Enterprise Fund

In 1985, the 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. The Harbor agreed to reimburse the federal government up to \$14.0 million from excess revenues, if any, generated from marina operations after the Harbor recovered all costs of construction. No such payments were made in fiscal year 2011.

Power Enterprise Fund

Purchase Power Commitments

The DWP entered into a number of energy and transmission service contracts that involve substantial commitments as follows (amounts in thousands):

	Agency	Agency Share	DWP's Interest in Agency Share		
			Interest	Capacity (Megawatts)	Outstanding Principal
Intermountain Power Project	IPA	100%	60.0%	1,076	\$ 939,823
Palo Verde Nuclear Generating Station	SCPPA	5.90%	67.0%	151	53,225
Mead-Adelanto Project	SCPPA	68.00%	36.0%	313	63,182
Mead-Phoenix Project	SCPPA	17.8% - 22.4%	25.0%	148	13,862
Southern Transmission System	SCPPA	100%	60.0%	1,429	504,911
Milford I Wind	SCPPA	100%	93.0%	188	219,442
Windy Point	SCPPA	100%	92.0%	242	475,084
Linden Wind Energy	SCPPA	100%	90.0%	45 *	124,493

\* For the first three years, DWP will receive 100% (50 MWs), unless City of Glendale exercises its option to take 10%.

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). DWP Power System serves as the Project Manager and Operating Agent of IPP.

SCPPA: The Southern California Public Power Authority, a California joint powers agency.

Note: SCPPA's interest in the Mead-Phoenix Project includes three components.

The above agreements require the Power Enterprise Fund to make certain minimum payments that are based mainly upon debt service requirements. In addition to average annual fixed charges of approximately \$292.0 million during each of the next five years, the Power Enterprise Fund is required to pay for operating and maintenance costs related to actual deliveries of energy under these agreements (averaging approximately \$393.0 million annually during each of the next five years). The Fund made total payments under these agreements of approximately \$678.0 million in fiscal year 2011. These agreements are scheduled to expire from 2027 to 2035.

The Power Enterprise Fund earned fees under the IPP project manager and operating agent agreements totaling \$20.8 million in fiscal year 2011.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Long-term Notes Receivable

Under the terms of its purchase power agreement with IPA, DWP is charged for its output entitlements based on its share of IPA's costs, including debt service. During fiscal year 2000, DWP restructured a portion of this obligation by transferring \$1.1 billion to IPA in exchange for long-term notes receivable. The funds transferred were obtained from the debt reduction trust funds and through the issuance of new variable rate debentures. IPA used the proceeds from these transactions to defease and to tender bonds with par values of approximately \$618.0 million and \$611.0 million, respectively.

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. The Power Fund'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 \$1.0 billion as of June 30, 2011. The IPA notes pay interest and principal monthly and mature on July 1, 2023. The interest rates range from 0.4% to 14.4% subject to adjustments related to IPA bond refundings.

Energy Entitlement

DWP has a contract through 2017 with the U.S. Department of Energy for the purchase of available energy generated at the Hoover Power Plant. The Power Fund's share of capacity at Hoover is 491 MW (maximum rated capability). The cost of power purchased under this contract was approximately \$17.0 million in fiscal year 2011.

On July 14, 2011, the State Energy and Natural Resources (ENR) Committee approved the Hoover Power Allocation Act (S.519), with Nonsubstantive technical amendments. The legislation reallocates for 50 years power from the Hoover Dam Power Plant to existing contractors while creating an additional pool for power for new entrants. The House companion bill (H.R. 470) was passed by the ENR on June 15, 2011.

DWP has a contract through 2026 with SCCPA for the purchase of available energy generated at the Pebble Springs Wind Project. The Power System's share of capacity is approximately 69 MWs (maximum capacity). The cost of power purchased was \$18.0 million as of June 30, 2011

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Palo Verde Nuclear Generating Station Matters

As a joint project participant in Palo Verde Nuclear Generating Station (PVNGS), DWP has certain commitments with respect to nuclear spent fuel and waste disposal. Under the Nuclear Policy Act, the U.S. Department of Energy (DOE) is to develop facilities necessary for the storage and disposal of spent fuel and to have the first such facility in operation by 1998; however, the DOE has announced that such a repository cannot be completed before 2017. Capacity in existing fuel storage pools at PVNGS was exhausted in 2003. A Dry Cask Storage Facility (also called the Independent Spent Fuel Storage Facility) was built and completed in 2003 at a total cost of \$33.9 million (about \$3.3 million for DWP). The facility has the capacity to store all the spent fuel generated by the plant until the end of its life in 2026. The Power Enterprise Fund accrues for current nuclear fuel storage costs as a component of fuel expense as the fuel is burned. DWP's share of spent nuclear fuel costs related to its indirect interest in PVNGS is included in the Power Enterprise Fund's purchased power expense.

Because of the DOE's inability to provide a disposal site, the PVNGS operating agent filed damages/actions against DOE to recover costs incurred by the PVNGS participants. A settlement was reached in August 2010 in the amount of \$30.2 million from DOE of which \$1.7 million is the share of DWP which covers costs incurred up to 2006.

The Price-Anderson Act (the Act) requires that all utilities with nuclear generating facilities share in the payment of claims resulting from a nuclear incident. Participants in the PVNGS currently insure potential claims and liability through commercial insurance with a \$375.0 million limit; the remainder of the potential liability is covered by industry wide retrospective assessment program provided under the Act. This program limits assessments to a maximum of \$118.0 million for each licensee for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$18.0 million per incident, per year. Based on DWP's 5.7% direct interest and its 3.96% indirect investment interest through SCPPA, DWP would be responsible for a maximum assessment of \$11.0 million per incident, limited to payments of \$2.0 million per incident annually.

The NRC guidelines require improved security in immediate areas surrounding the reactor buildings. PVNGS enlarged the protected area with inclusion of an outage support facility, a new warehouse, a minor vehicle maintenance facility, and a fuel depot to reduce vehicular traffic in and out of the protected area. The estimated cost of these facilities to DWP is approximately \$6.3 million.

In response to the nuclear event in Fukushima Japan, the NRC may require PVNGS to increase the redundancy in its power supply to emergency cooling systems and accelerate the transfer of spent fuel from the pool to the dry cask storage. DWP cannot predict what new requirements will be mandated by the NRC and the resulting costs to DWP.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### Environmental Matters

Numerous environmental laws and regulations affect the Power System's facilities and operations. DWP monitors its compliance with laws and regulations, and reviews its remediation obligations on an ongoing basis. The following topics highlight some of the major environmental compliance issues affecting the Power System.

Air Quality – Nitrogen Oxide Emissions. DWP's generating station facilities are subject to the Regional Clean Air Incentives Market (RECLAIM) nitrogen oxide (NO<sub>x</sub>) emission reduction program adopted by the South Coast Air Quality Management District (SCAQMD). In accordance with this program, SCAQMD established annual NO<sub>x</sub> allocations for NO<sub>x</sub> RECLAIM facilities based on historical emissions and type of emissions sources operated. These allocations are in the form of RECLAIM trading emission credits (RTCs). Facilities that exceed their allocations may buy RTCs from other companies that have emissions below their allocations. DWP has a program of installing emission controls and purchasing RTCs, as necessary, to meet its emission requirements.

As a result of the installation of NO<sub>x</sub> control equipment and the repowering of existing units, DWP has sufficient RTCs to meet its native load requirements for normal operations.

Air Quality – Greenhouse Gas Emissions. In September 2006, Governor Schwarzenegger signed the California Global Warming Solutions Act of 2006 (AB32). The bill requires the California Air Resources Board to develop regulations and market mechanisms that will ultimately reduce California's greenhouse gas emissions to 1990 levels by 2020, or approximately 30 percent from business-as-usual emission levels for 2020. Mandatory declining greenhouse gas emission caps will begin in 2012 for significant sources and be gradually reduced to meet the 2020 goals. As specified in the bill, all emissions from electricity that is consumed in the State, whether it is generated in California or in other states, will be subject to the cap. As a result, the Power system's share of emissions from Intermountain Power Plant and other facilities outside California will be subject to this program. In December 2008, the California Air Resources Board adopted a Climate Change Scoping Plan, pursuant to AB32, which includes a number of strategies that will apply to the electricity sector, including 1) California cap-and-trade program linked to the Western Climate Initiative, 2) energy efficiency, 3) renewable energy, and 4) combined heat and power.

It is uncertain at this time what impact a state program will have on the Power system's operations. The Air Resources Board adopted the regulations for the electricity and industrial sectors on October 20, 2011. Per AB32, the goal of the regulations would be to "achieve the maximum technologically feasible and cost-effective greenhouse gas reductions". DWP is actively participating in the rule making process.

SB 1368 was signed into law on September 29, 2006 and requires the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) to establish a greenhouse gases emissions performance standard and implement regulations for all long-term financial commitments in base load generation made by load serving entities (LSEs) and local publicly owned electric utilities (POUs), respectively. The greenhouse gas emissions performance standard is not to exceed the rate of greenhouse gases emitted per MW hour associated with combined-cycle, gas turbine baseload generation. The regulations have been adopted by the CPUC for investor-owned utilities and by the CEC for publicly owned utilities and establish an emissions performance standard of 1,100 pounds of carbon dioxide per MW hour of electricity.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

At the federal level, several legislative bills have been proposed or introduced, but none have passed Congress. As such, a federal cap-and-trade program is unlikely to be established in the same time frame (2012) as a state cap-and-trade program, but may be considered in future years. However, the United States Environmental Protection Agency (EPA) adopted its Prevention of Significant Deterioration (PSD) and Title V Greenhouse Gas Tailoring Rule in June 2010. The Power System's in-basin repowering projects requiring PSD permits after January 2, 2011 would be impacted as they would be required to submit a GHG Best Available Control Technology (BACT) analysis. EPA is expected to issue its GHG BACT guidance for public review later this year. Also, the Power System's generating stations will need to amend their Title V operating permits to incorporate any GHG requirements when the permits are renewed.

Power Plant Once-Through Cooling Water Systems. Once-through cooling (OTC) is the process where water is drawn from a source, pumped through equipment to provide cooling, and then discharged. Some type of cooling process is necessary for nearly every type of traditional electrical generating station, and the once-through cooling process is utilized by many electrical generating stations located next to large bodies of water. Typically, the water used for cooling is not chemically changed in the process although its temperature is increased.

Due to the Second Circuit Court's decision to remand most of Environmental Protection Agency's (EPA) 316(b) Rule, finalized in July 2004, EPA suspended this Rule and is in the process of drafting a new rule. EPA's proposed new rule for existing facilities was recently released in the federal register for comments on April 19, 2011 for a 120-day comments period, and the targeted date to finalize the Rule is 2011. In the absence of EPA's 316(b) Rule, the California State Water Resources Control Board (State Board) has decided to move forward and adopted their own Statewide 316b Policy (Policy) on May 4, 2010. The Policy became effective on October 1, 2010. This policy requires DWP's coastal power plants to reduce OTC by 93%-equivalent to wet cooling towers using seawater. This is the Track 1 compliance path. If the Track 1 compliance path is found to be infeasible, a Track 2 compliance path can be pursued which requires that the cooling water intake structure (CWIS) achieve an impingement mortality and entrainment (IM/E) reduction level of 90% of the Track 1 compliance standard or 83.7% on a unit-by-unit basis. DWP has made a decision to pursue the Track 1 compliance path, in order to comply with the Policy and completely eliminate the use of OTC. Recently, DWP was successful in having the Policy amended to extend the compliance date, for six out of the nine remaining OTC units, to 2024 for Scattergood, and 2029 for Haynes and Harbor. The other four OTC units are on schedule, due to an AQMD settlement, to be repowered with eliminating OTC by 2013 and 2015, respectively. The Amendment to the Policy was adopted on July 19, 2011. The Amendment requires DWP to submit additional information responsive to the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS) resolution by December 31, 2012. Depending upon the information submitted by DWP and no later than December 31, 2013, the State Board will consider modifications to the 2029 compliance dates. Furthermore, the Amendment requires implementation of interim measures that include a proposal to study new and/or viable existing technologies to reduce impingement and entrainment. The proposal must be submitted to the State Board no later than December 31, 2015. Upon approval of the proposal, the interim measures must be in place no later than December 31, 2020. These interim measures will include the funding of a mitigation project or the use of screens or an equivalent alternative measure at each OTC unit or intake until the facility is in full compliance.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

In addition, other regulatory changes have been made that could significantly impact operations at the Haynes and Harbor Generating Stations. The Regional Water Quality Control Board reclassified the body of water that the OTC water is discharged to an enclosed bay for the Harbor Generating Station, and sent a letter of intent to reclassify the receiving water body of water as an estuary for the Haynes Generating Station discharge. Even though the Haynes Generating Station will be repowering existing units, should there be a reclassification for the water body discharges at the Haynes Generating Station, there will be requirements that cannot be met with its existing cooling or future repowered configuration. DWP is in the process of reviewing the regulations and conducting studies. Once the studies are reviewed, DWP will determine an appropriate course of action.

Water Enterprise Fund

Surface Water Treatment Rule

The State of California Surface Water Treatment Rule (SWTR) imposes increased filtration requirements at any open distribution reservoirs exposed to surface water runoff. DWP has four major reservoirs in its system subject to SWTR: Upper and Lower Hollywood, Lower Stone Canyon, and Encino. To comply with SWTR, DWP has designed projects to remove these reservoirs from regular service through construction of larger pipelines and alternate covered storage facilities.

The Hollywood Water Quality Improvement Project was completed in July 2002. Upper and Lower Hollywood Reservoirs were removed from service and functionally replaced by two 30 million gallon tanks and additional pipelines. Construction of the Encino project was completed in December 2007. Construction of the Lower Stone Canyon Water Quality Improvement Project was completed in November 2008. DWP is now in compliance with the SWTR.

Stage 2 Disinfectants and Disinfection Byproduct Rule

In January 2006, the Environmental Protection Agency (EPA) published the Stage 2 Disinfectants and Disinfection Byproduct Rule (Stage 2 DBP Rule) in the federal register. The Stage 2 DBP Rule strengthens public health protection for customers by tightening compliance monitoring requirements for two groups of disinfection byproducts, 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 is proposing the construction of several chloramination stations, ammoniation stations, and the installation of mixers in tanks and reservoirs. The cost of Stage 2 DBP compliance related engineering studies and construction activities is expected to be approximately \$296.0 million at completion. The actual expenditures to date are \$122.0 million.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### 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 watershed 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 LT2, DWP is proposing to cover, bypass, or build alternate covered storage for the aforementioned reservoirs and to install additional pipelines and related facilities. All these projects are in different stages of planning, design and construction. The cost of LT2 compliance-related engineering studies and construction activities is expected to reach \$1.3 billion at completion in 2026. The actual cost spent to date has been \$298.0 million.

##### Owens Lake

During 1997, the Great Basin Unified Air Pollution Control District (the District) adopted an initial State Implementation Plan, as amended, and an implementing order requiring DWP to initiate pollution control measures to control particulate matters emitting from the Owens Dry Lake bed. DWP disputed the remediation measures imposed by the original order; however, in July 1998, DWP and the District entered into a Memorandum of Agreement (MOA) to mitigate the dust problem. The MOA delineated the dust-producing areas on the lakebed that needed to be controlled, specified what measures must be used to control the dust, and specified a timetable for implementation of the control measures. The MOA called for phased implementation to permit the effectiveness of the control measures to be evaluated and modifications to be made as the control measures were being installed.

The MOA was incorporated into a formal air quality State Implementation Plan (SIP) by the District. This SIP was approved by the EPA on October 4, 1999. The District revised and adopted the SIP in November 2003. The revised SIP defines the additional boundaries and areas required to be controlled on the lakebed. DWP was allowed to examine the District's methodology to determine the additional areas to be controlled. As a result of those efforts, the District ordered in the revised SIP that 29.8 square miles required control including the areas DWP agreed to and completed. The revised SIP demonstrated that upon completion of DWP's work, emissions from Owens Lake bed should be reduced so that the Owens Valley Planning Area would attain and maintain the Federal Clean Air Act ambient air quality standards for particulate matter. The Federal Clean Air Act requires that Owens Lake meet ambient air quality standards by the end of 2006.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

The MOA specified that DWP must choose from among three control measures the District has certified as Best Available Control Measures for Owens Lake. The three measures are Shallow Flooding, Managed Vegetation, and Gravel. The first phase of dust control implementation, completed in December 2001, consists of 13.5 square miles of Shallow Flooding. Shallow Flooding involves flooding the area to be controlled until it is either inundated with a few inches of water or the soil becomes thoroughly saturated to the surface with water. The second phase of dust control implementation, completed in July 2002, consists of about four square miles of Managed Vegetation. Managed Vegetation involves growing native vegetative cover that will hold the shifting and emissive lakebed in place, locking up the dust. The third and fourth phases of dust control implementation, completed in March 2003 and September 2005, respectively, consist of a total of 5.6 square miles of additional Shallow Flooding. The fifth phase completed the remainder of the required 29.8 square miles of dust control in December 2006 with Shallow Flooding. The total capital-related costs of implementing the 29.8 square miles of dust control measures through 2008 is approximately \$413.0 million.

In November 2006, DWP and the District entered into an agreement to settle their disputes arising from supplemental dust control measures proposed to be ordered upon DWP by the District (Settlement Agreement). The Settlement Agreement largely defines DWP's activities moving forward in terms of new dust control measure development and air quality regulatory and research activities. The essence of the agreement calls for the City to construct 12.7 square miles of dust control measures by April 2010, 9.2 square miles must be Shallow Flooding and the remaining 3.5 square miles can be of the City's own choosing, including a new low to zero water using method called moat and row. Following a successful demonstration project, DWP has decided to move forward with moat and row on 3.5 square miles. In turn, the agreement allows for new opportunities for water savings and a marked improvement as to how DWP will be regulated in the future.

The District issued a new revised SIP in February 2008 that included an order to control the additional dust control areas agreed to in the Settlement Agreement. DWP completed construction of 9.2 square miles of shallow flooding at a cost of \$120.0 million in April 2010. DWP is now diverting up to 95,000 acre feet per year of water from the Los Angeles Aqueduct for dust mitigation activities at Owens Lake. Due to concerns expressed by the California State Lands Commission and the California Department of Fish and Game, construction of moat and row on 3.5 square miles was delayed with a new required completion date of October 1, 2010 in order to conduct additional environmental analysis. This additional environmental analysis was completed in August 2009. However, the California State Lands Commission would only issue a lease for 0.4 square miles leaving 3.1 square miles unmitigated. In March 2011, DWP entered into a Stipulated Order of abatement with the District requiring construction of BACM on the remaining 3.1 square miles with provisions for converting three square miles of existing shallow flooding dust control measures to a hybrid of shallow flooding, managed vegetation, and gravel in order to free up sufficient water for operation of the new areas without increasing water diversions from the LA Aqueduct. This project is known as Phase 7a with an estimated construction cost of \$98.0 million, and is required to be completed by December 2013.

DWP is also required to construct Phase 8 of the Owens Lake Dust Mitigation Program consisting of 2 square miles of Gravel Cover, a District-approved waterless dust control measure. DWP obtained a lease from the California State Lands Commission for Phase 8 in December 2010. Phase 8 has an estimated construction cost of \$70.0 million, and is required to be completed by November 2012.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

On August 1, 2011, the District issued an order to DWP to construct an additional 2.93 square miles of dust control (Phase 9) and to develop a 30% design for an additional 2.07 square miles of watch list area (potentially Phase 10). DWP has expressed concern regarding the need for these additional projects based on new information and evidence, and intends to invoke dispute resolution.

**Fire and Police Pension System**

The Pensions has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately \$3,206.7 million at June 30, 2011.

All members of the Pensions, except Tier 4 members, who were active on or after July 1, 1982 have vested rights to their past contributions and accrued interest in the event of termination prior to retirement. At June 30, 2011, the total amount subject to this right is \$1,417.8 million.

Pensions is in negotiation with the State of Arizona over the value received in a taking of property that was owned by the Pensions and might result in an additional payment to the Pensions for the property.

**Los Angeles City Employees Retirement System**

At June 30, 2011, the LACERS was committed to future purchases of real estate and alternative investments at an aggregate cost of approximately \$679.5 million.

**Community Redevelopment Agency**

Hollywood and Highland Projects

The CRA helped to facilitate public improvement financing for the Hollywood and Highland commercial development by the TrizecHahn Corporation (the Developer). Public financing consisted of taxable certificates of participation issued by MICLA for the live broadcast theater and tax-exempt parking revenue bonds issued by the City for a subterranean parking structure.

The debt service requirements for the theater certificates of participation are paid from the annual lease rental payments from the City's General Fund. To the extent that the transient occupancy tax generated by the hotel project at the site is less than the annual debt service requirement, the Developer (or its successor) has guaranteed up to 74% of the shortfall. Under certain conditions, the Developer may be released from the guarantee after the eleventh year (year 2010). In a cooperation agreement executed in February 2004, the CRA agreed to guarantee the remaining 26%, net of certain exclusions, payable from tax increment revenues or other legally available funds from the Hollywood Redevelopment Project (Project Area). The CRA will be released from this guaranty when the developer is released from its guaranty as described above. Unless subordination is approved by the City Council, the pledge of tax increment is senior to all future pledges of tax increment from the Project Area.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

The parking revenue bonds are payable from and secured by a pledge of the parking revenues deposited into the City's Special Parking Revenue Fund. The February 2004 cooperation agreement does not require the CRA to provide a back-up reimbursement mechanism should parking revenues be insufficient to pay for the debt service on the parking bonds.

The obligation to pay Hollywood Project tax increment revenues to the City, under certain conditions, is subject to prior and senior obligations to pay tax allocation bond debt service, housing set-asides as required by State law, and pass-through payments arising from agreements with the County of Los Angeles, the Los Angeles Unified School District, and the Los Angeles Community College District.

Buckingham Place Senior Housing

CRA provided the developer of Buckingham Place Senior Housing Project with a predevelopment loan of \$8.5 million for the construction of 180-unit senior housing facilities. The loan was in the form of federally-funded HOME funds granted to CRA through the Los Angeles Housing Department (LAHD). The developer failed to complete the first 70 units on schedule and filed for Chapter 7 bankruptcy. CRA subsequently acquired title to the property at a trustee sale in June 2009. An audit of the Project in 2009 conducted by the Department of Housing and Urban Development recommended that CRA reimburse LAHD for the \$8.5 million HOME funds in the event the first 70 units of the Project are not completed within 24 months by December 31, 2010. This deadline has been extended to January 15, 2012.

Marlton Square Limited Recourse Obligation

In September 2008, the City through the Community Development Department (CDD) entered into a funding agreement with CRA to provide Community Development Block Grant (CDBG) funds of \$19.2 million to CRA for the acquisition, relocation and related hazardous materials remediation costs for the Marlton Square Retail Acquisition Project (Retail Project). The CDBG funds were in the form of Section 108 loan guarantee of \$15.2 million, Brownfields Economic Development Initiative (BEDI) funds of \$2.0 million and Economic Development Initiative (EDI) funds of \$2.0 million. Until and unless Section 108 is assumed by a private developer, CDD shall pay debt service for 16 years using up to \$1.2 million per year or a total of \$19.5 million of future CDBG funds and Assembly Bill (AB) 1290 funds from a total of seven CRA project areas in the South Los Angeles Region with a minimum amount pledged of \$0.2 million per year and a maximum of \$0.4 million per year. CDD retained \$2.4 million of the federal funds in an interest reserve account. CRA will replenish the interest reserve account if the balance falls below \$0.2 million. CRA, upon approval of the City Council, also guaranteed to make available annual AB1290 pledge in the event the South Los Angeles Project fails to generate sufficient AB1290 funds. CRA's obligation to make payments shall terminate upon the earlier of the repayment by CDD or a private developer of the outstanding Section 108 funds or upon the City Council's approval of an alternative funding source to the AB1290 funds. In fiscal year 2010, a total of \$1.3 million was used by CRA to acquire properties under this Retail Project, bringing the total Section 108 funds spent on the Retail Project to \$11.0 million.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Others

At June 30, 2011, the CRA had approximately \$283.0 million in outstanding commitments. These commitments include a \$94.6 million to be deposited to the Voluntary Alternative Redevelopment Program for fiscal year 2012 to help alleviate the State's budget deficits. Other commitments include projected fiscal year 2012 expenditures for work program pursuant to executed agreements like disposition and development agreements, loan agreements, and memoranda of understanding.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

**D. Third-Party Obligations**

The City participated in the issuance of the following indebtedness to provide financing to private-sector entities for the acquisition, construction and improvements of housing, commercial, educational, medical and other facilities deemed to be in the public interest (in thousands):

Issue	Outstanding June 30, 2011
Multifamily Housing Bonds - 99 Issues	\$ 542,787
Home Mortgage Revenue Bonds - 7 Issues	8,777
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 - 24 Issues	229,648
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 credit.	
Limited Obligation Medium-Term Improvement Notes - 1 Issue	2,847
The proceeds were used to provide financing for the fire safety improvements in privately owned buildings in the City. The notes are supported solely through annual assessments on the properties and the value of the underlying properties themselves.	
Community Facilities District No. 3 Special Tax Bonds	5,290
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	126,720
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	6,000
The proceeds were used to fund acquisition and construction of public improvements for the Legends at Cascades Development.	
Street Improvement Assessment 1911/1913 Act Bonds	914
The proceeds were used to finance certain public improvements for the Westwood Village Streetscape Assessment District. The City's obligation is limited to collecting the assessments annually levied for debt service payment.	
	\$ 922,983

The City is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the accompanying financial statements.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### Community Redevelopment Agency

In order to encourage redevelopment activities by the private sector, the CRA has authorized the issuance of tax-exempt revenue bonds and certificates of participation. The private sector assets and revenues generated by the respective projects are the collateral for the indebtedness. As of June 30, 2011, the outstanding balance of such issues was \$809.0 million. The CRA is not obligated for the repayment of such debt; therefore, the liabilities are not included in the accompanying financial statements.

#### **E. Other Matters**

##### **Airports Enterprise Fund**

##### Aviation Security

Concerns about the safety and security of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand, particularly in the light of existing international hostilities, potential terrorist attacks, and world health concerns. Intensified security precautions have been instituted by government agencies, airlines, and airport operators since the September 11, 2001 terrorist attacks. Intelligence reports have indicated that LAX was a target of a terrorist bombing plot as well as a potential terrorist target. The Airports is unable to predict: (a) the likelihood of future incidents of terrorism and other airline travel disruptions; (b) the impact of the aforementioned security issues on its operations and revenues; and (c) financial impact to the airlines operating at the Los Angeles World Airports' (LAWA) airports.

##### Passenger Facility Charges

Passenger Facility Charges (PFC) 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. Airports has received approvals from FAA to impose PFCs at LAX and Ontario (ONT) airports for various projects. The current PFC at LAX and ONT is \$4.50. Airports has received approval from the FAA to collect and use PFCs to pay for debt service on bonds issued to finance the Tom Bradley International Terminal Renovations and Bradley West Projects. For fiscal year 2011, the Airports Board authorized the use of PFC funds not to exceed \$34.5 million for these projects. Of the \$34.5 million allocation, \$19.0 million was used for debt service. Through June 30, 2011, the cumulative PFC collections and the related interest earned as reported to the FAA were \$1,581.1 million and \$198.2 million, respectively, while cumulative expenditures were \$1.1 billion.

##### Customer Facility Charges

In November 2001, the Board of Airport Commissioners approved the collection of a state-authorized Customer Facility Charge (CFC) from car rental agencies serving LAX and ONT. State law allows airports to collect a fee of \$10 per on-airport rental car agency transaction to fund the development of consolidated car rental facility and common-use transportation system. CFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. At June 30, 2011, CFCs collected and the related interest earnings were \$133.3 million and \$5.4 million, respectively, while cumulative expenditures were \$40.2 million.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

LA/ONT International Airport Local Control

State lawmakers have introduced a bill in the California legislature that would transfer control of LA/Ontario International Airport from the City to a regional airport authority. While LAWA management has indicated its opposition, it cannot predict the outcome of the legislation.

**Power Enterprise Fund**

Regulatory Matters Affecting the Power System

Federal Regulation of Transmission Access

The Energy Policy Act of 1992 (the Energy Policy Act) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission. As amended by the Energy Policy Act, Sections 211, 212, and 213 of the Federal Power Act (FPA) provide Federal Energy Regulatory Commission (FERC) authority, upon application by any electric utility, federal power marketing agency, or other person or entity generating electric energy for sale or resale, to require a transmitting utility to provide transmission services (including any enlargement of transmission capacity necessary to provide such services) to the applicant at rates, charges, terms, and conditions set by FERC based on standards and provisions in the FPA. Under the Energy Policy Act, electric utilities owned by municipalities and other public agencies, which own or operate electric power transmission facilities that are used for the sale of electric energy at wholesale rates are “transmitting utilities” subject to the requirements of Sections 211, 212, and 213.

FERC has encouraged in the past the voluntary formation of regional transmission organizations (RTOs) independent from owners of generation and other market participants that will provide transmission access on a nondiscriminatory basis to buyers and sellers of power. Investor-owned utilities (IOUs) and publicly owned utilities (POUs) have been encouraged to participate in the formation and operation of RTOs, but POUs are not, at this time, being ordered by FERC to participate. FERC has adopted a “go slow” approach to the issue of RTO formation in the western United States; it is contemporaneously engaged in a wholesale overhaul of the California market design, referred to initially as the Market Design 2002 proceeding and lately as the Market Redesign and Technology Update (MRTU) proceeding. These FERC proceedings will have potential impacts on every electric utility doing business in California. MRTU involves a comprehensive overhaul of the electricity markets administered by California Independent System Operator (CAISO), including the areas of transmission congestion management, trading and scheduling energy in the day ahead, or spot market, improved market power mitigation, and pricing transparency measures and system improvements to increase operational efficiency and enhance reliability, among other things. MRTU was implemented on April 1, 2009. It is not certain at this time what impact, if any, FERC’s final decision on MRTU will have on the Power System. In addition, CAISO has announced its intention to implement further market changes over the next several years.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### Federal Energy Legislation of 2005

On August 8, 2005, the Energy Policy Act of 2005 (the EP Act) was enacted, the first comprehensive energy legislation in over a decade. One of the most significant provisions of the EP Act empowers FERC to certify an Electric Reliability Organization (ERO) to improve reliability of the nation's "bulk-power system" through mandatory and enforceable electric reliability standards (in contrast to the long-standing voluntary system). The definition of "bulk-power system" does not include facilities used in the local distribution of electric energy. The ERO will file any proposed reliability standard or modification with FERC. A "reliability standard" is a requirement that provides for reliable operation of the bulk-power system. Such a standard includes requirements for the operation of existing transmission facilities or the design of planned additions or modifications to the extent necessary to provide for reliable operation. It does not include, and the ERO may not impose, any requirement to enlarge existing facilities or to construct new transmission or generation. All users, owners, and operators of the bulk-power system are required to comply with the electric reliability standards. The ERO may impose a penalty on a user, owner or operator for violating a reliability standard, and FERC may order compliance with such a standard and impose a penalty if it finds that a user, owner or operator is about to engage in an act that would violate a reliability standard.

Based on the EP Act authority vested upon the FERC, the FERC approved the North American Electric Reliability Corporation (NERC) as the ERO, and last year made mandatory more than 80 NERC and Western Electricity Coordinating Council (WECC) reliability standards, all of which are subject to penalties ranging from \$1.0 thousand to \$1.0 million depending on the impact of the violation to reliability and other factors. DWP has implemented a NERC/WECC Reliability Standards Compliance Program to proactively prevent, monitor, and stop any potential violations to these standards.

The EP Act authorizes FERC to require nondiscriminatory access to transmission facilities owned by municipal, cooperative, and other transmission companies not currently regulated by FERC, unless exercising this authority would violate a private activity bond rule for purposes of Section 141 of the Internal Revenue Code of 1986. FERC is prohibited from requiring any such entities to join RTOs. The EP Act also allows FERC to issue permits for the construction of new transmission facilities when states have been unable or unwilling to act and allows load-serving entities to use the firm transmission rights, or equivalent tradable or financial transmission rights, in order to deliver output or purchased energy to the extent required to meet its service obligations. The EP Act does not relieve a load-serving entity from any obligation under state or local law to build transmission or distribution facilities adequate to meet its service obligations, or to abrogate preexisting firm transmission service contracts.

The EP Act directs FERC to establish, by rule, incentive-based rates for transmission no later than August 2006 and requires FERC to establish market transparency rules for the electric wholesale market (entities that have a *de minimis* market presence are exempt from the rules). The EP Act instructs that the market transparency rules must provide for the timely dissemination of information about the availability and prices of wholesale electric energy and transmission service to FERC, state commission, buyers and sellers of wholesale electric energy, users of transmission services, and the public. Within 180 days of the EP Act's enactment, FERC and the Commodity Futures Trading Commission are required to enter into a memorandum of understanding regarding information sharing pursuant to these rules.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

In addition, the EP Act prohibits any person from willfully and knowingly reporting false information to any federal agency on the price of wholesale electricity or availability of transmission capacity, or using (directly or indirectly) any manipulative device in contravention of any FERC rule. The EP Act increases civil and criminal penalties, modifies the procedures for review of FERC orders under the FPA, and changes the refund date under the FPA to be effective as of the date an applicable complaint is filed. The EP Act also establishes an entity's right to a refund if (i) it makes a short-term sale of electric energy through an organized market in which the rates for the sale are set by a FERC-approved tariff (not by a contract) and (ii) the sale violates the terms of the tariff or applicable FERC rule in effect at the time of the sale. The overall impact of the EP Act on the Power Enterprise Fund cannot be predicted at this time.

Final Rule on Transmission and Cost Allocation – FERC Order No. 1000 (RM10-23-000)

On July 21, 2011, the FERC issued its Final Rule on Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, denominated Order No. 1000 (Docket No. R10-23-000). The Final Rule, which largely mirrors FERC's proposed rule issued in June 2010, requires public utility transmission providers to: develop and participate in a regional planning process that produces a regional transmission plan, consider state and federal public policy requirements in transmission planning processes, eliminate, with certain exceptions, rights of first refusal contained in FERC-approved tariffs, or contracts that entitle an incumbent utility to build transmission facilities identified in the regional transmission planning processes, develop regional cost allocation methods for transmission projects selected in regional transmission plans, and coordinate with each neighboring planning region to develop procedures for coordination of planning and methods of cost allocation for interregional transmission projects.

The Final Rule reflects an ambitious effort by FERC to modify its policies in a manner that will result in more efficient and cost-effective transmission planning and support investment in transmission infrastructure. The Final Rule, however, leaves many of the critical details to be worked out at the regional and interregional levels, and subsequently, to be reviewed by FERC in the form of compliance filings.

The Final Rule urges, but does not require, government-owned utilities such as the DWP and cooperative utilities to participate in regional transmission planning and cost allocation. FERC indicates that if "nonjurisdictional" transmission owners do not comply with Order No. 1000, they may not meet reciprocity requirements, and thus may have access to third-party transmission services limited.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, the “Dodd-Frank Wall Street Reform and Consumer Protection Act” (Dodd-Frank) was signed into law. Dodd-Frank was enacted to minimize systemic risk to the U.S. financial system, in part by establishing new rules related to swaps and other derivatives. First, Dodd-Frank generally requires that parties to swap transactions provide collateral for their swaps. This “margining” requirement means that a party to a swap must set aside cash or other collateral to secure its obligations under the swap. Second, Dodd-Frank generally requires that swap transactions be conducted or “cleared” through financial intermediaries. This clearing requirement means that parties generally cannot enter into a swap that is customized to the needs of the parties, as is typically the case for public power and other electric utilities. Dodd-Frank did, however, provide exceptions to both the margining and clearing requirements for “end users” that are using swaps to hedge commercial risks. A third requirement of Dodd-Frank is to impose reporting requirements on swap transactions, including additional reporting for end-user transactions. Finally, Dodd-Frank imposed additional limitations on swaps with “special entities,” including public power and other governmental entities, to ensure that these special entities are being properly advised and dealt with fairly in consummating swap transactions. These rules require that a swap counterparty ensure that a special entity has an independent swap advisor and impose on the advisor a duty to act in the best interests of the special entity. Under Dodd-Frank, the Department would be classified as a swap dealer instead of an end-user (which is exempt from the Dodd-Frank), impacting the Department’s transactions in the market. The economic impact is unknown at this time. Dodd-Frank mandates that within one year the Commodities Futures Trading Commission (CFTC) is to issue a comprehensive system of regulations in order to implement the Act.

Healthcare Reform Legislation

The Patient Protection and Affordable Care Act (PPACA) which was signed into law on March 23, 2010 requires the assessment of excise tax on high cost plans (Cadillac Plans) beginning in 2018. Under this act, a 40% excise tax applies to plans with costs exceeding certain annual thresholds. Significant uncertainties exist regarding the impact of the excise tax on high cost plans without further regulatory guidance. DWP estimated the potential impact of this tax on the liability is based on unadjusted thresholds and assuming the tax is shared between DWP and its participants in the same as the current costs are shared. The estimated impact of the 40% excise tax provision on high cost plans beginning in 2018, under the healthcare reform, is not reflected in the actuarial valuation of DWP Retirement System as of July 1, 2010. It is estimated that the financial effect of reflecting the excise tax in the accrued liability will be an additional \$38.1 million, which is approximately 2.3% of the total accrued liability of \$1.6 billion as of July 1, 2010.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Harbor Enterprise Fund**

Cash Funding of Reserve Fund

The Harbor obtains one or more reserve sureties in lieu of fully funding the outstanding bonds' reserve fund requirement with cash. Three bond insurers provide the reserve sureties. The downgrading of the rating of one of the insurers in June 2008 triggered certain specific requirements in compliance with the indenture. The Harbor opted to cash fund its reserve fund requirements in order to comply with its bond covenants. On September 18, 2008, the Board of Harbor Commissioners approved the one-time cash funding of the entire reserve requirement of \$61.5 million which was transferred to the bond trustee in December 2008. Subsequent to the refunding and new borrowings in July 2009, the total reserve fund balance increased to \$67.1 million. The required amount for the reserve fund will be re-evaluated every year.

Community Redevelopment Agency (CRA) Agreement

On September 20, 2007, Harbor entered into an agreement with CRA for the readying of the underutilized and contaminated industrial properties within the Wilmington Industrial Park. CRA may execute note(s) not to exceed \$25.0 million. The notes will become due and payable sixty months from the date of execution unless the term of the note is extended to periods not exceeding five additional years for each of the two extension option periods. CRA shall pay down the line of credit by applying proceeds generated from the sale and disposition of acquired properties. Repayment of each draw is deferred until such time as the property that was acquired with the funds at issue is disposed of. CRA shall repay any outstanding draw at the end of the term of the line of credit. The line of credit will be frozen if any fund draws are outstanding for longer than sixty months. As of June 30, 2011, there has been no drawdown by CRA.

**Sewer Enterprise Fund**

Land Application of Biosolids

The City reuses biosolids, a by-product or residual of wastewater treatment, as a soil amendment at a City-owned farm in Kern County. The City is producing Exceptional Quality (EQ) biosolids, using the highest level of treatment, at the Hyperion Treatment Plant and Terminal Island Water Reclamation Treatment Plant (TIWRP), which permits the continuation of land application. However, a number of counties and other jurisdictions currently ban or are considering banning the land application of biosolids.

In July 2006, a Kern County voter-approved initiative (Measure E) prohibits biosolids land application in the unincorporated areas of Kern County, including the City-owned farm. In August 2007, the Kern County initiative was overturned in the courts, subsequently appealed by the Kern County Board of Supervisors and granted by the Ninth Circuit Court. The City filed a petition for certiorari before the United States Supreme Court which was denied on June 1, 2010. While the legal issues are ongoing, the City is investigating new beneficial use options and began a demonstration program to inject biosolids in wells at TIWRP in July 2008.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

On November 9, 2010, the United States District Court dismissed all the claims in the litigation challenging Measure E. In January 2011, the city filed a state claim challenging Measure E. The court granted a preliminary injunction in July 2011 allowing the City to maintain biosolids operations at Green Acres while the litigation is pending. Kern County filed an appeal against the court's decision granting a preliminary injunction.

If Measure E provisions are upheld, the City will no longer be able to land apply biosolids and would have to landfill the City-owned farm in Kern County, dispose of it out of state or consider other use options at an increased cost of approximately \$3.0 million per year.

#### National Pollutant Discharge Elimination System Permits

In October 1998, the City filed an appeal of its National Pollutant Discharge Elimination System (NPDES) permits for the DC Tillman Water Reclamation Plant (DCTWRP) and the Los Angeles-Glendale Water Reclamation Plant (LAGWRP) to the Los Angeles Regional Water Resources Control Board (LARWQCB). The City filed an appeal of the permits since they are "more stringent" than required under federal law and thus should have been subject to "economic considerations" by the LARWQCB before inclusion in the permits. In March 2010, all parties to the lawsuit agreed to a negotiated settlement agreement. As a result of the settlement agreement, most of the Groundwater Monitoring Requirements in the DCTWRP and LAGWRP permits were removed. Also, the revised permit changed the deadline for compliance with the State Implemental Policy of the California Toxics Rule for both plants to January 11, 2011. Currently, DCTWRP and LAGWRP are complying with their final permit limits for copper, but may experience difficulty meeting these final copper limits in the future. In anticipation of the expiration of the copper interim limits, the Cities of Burbank and Los Angeles completed a Copper Site-Specific Objective Study for the Los Angeles River. The study was adopted by the LARWQCB on May 6, 2010 and a Water Effects Ratio adjustment will be applied to the final copper limits which will enable both plants to comply with their permits. The study must also be approved by State Water Resources Control Board (SWRCB), US Environmental Protection Agency (EPA) and the Office of Administrative Law before being incorporated into the permits. It is difficult to predict the potential financial impact to the City until final copper limits are incorporated into the permits. If the plants cannot meet future permit requirements, it is possible that the City may be required to install new treatment processes at a substantial cost to the City.

The City cannot currently estimate the cost of such permit requirements, and such permit requirements are not included in the current Capital Improvement Program.

The new permits also required compliance with the Nitrogen TMDL and construction of Nitrification-Denitrification (NDN) facilities. NDN facilities have been constructed at DCTWRP and LAGWRP and both plants are operating in full NDN mode. An Ammonia Site-Specific Objective Study was approved by the LARWQCB and adopted by the SWRCB, Office of Administrative Law and US EPA. The adoption of this study will allow the adjustment of ammonia limits that will allow operators flexibility in the disinfection process. The RWQCB still needs to re-open the Nitrogen TMDL to revise its Waste Load Allocations for Ammonia and the permits to revise Ammonia permit limits. The Sewer Enterprise Fund is also pursuing the possibility of de-listing the Los Angeles River which would also provide relief from the Ammonia Wasteload Allocations. If the results of the study are not incorporated into the permits, then operator flexibility may be limited and additional modifications to the treatment process may be required. Potential costs for compliance are unknown at this time.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

On May 6, 2010 the LARWQCB adopted TIWRP's new NPDES permit, which will expire on June 25, 2015. The NPDES permit is based upon Resolution 94-009 adopted by LARWQCB in 1994 and as required by the 1974 Bay and Estuary policy calls for the City to eliminate TIWRP tertiary discharge to the Los Angeles Harbor by 2020. Resolution 94-009 sets the goal of eliminating the effluent discharge by expanding the Advance Water Treatment Facility (AWTF) and increasing water reuse. At this time, it is difficult to project whether this permit requirement will result in additional costs to the Sewer Enterprise Fund. Previous water recycling facilities constructed and operated at TIWRP received funding from the LADWP. While it is expected that LADWP will participate in a cost-sharing agreement for future water recycling facilities, no agreement is currently in place.

#### Total Maximum Daily Loads (TMDLs)

The LARWQCB is required to develop TMDLs for impaired waterbodies. Various watersheds in the Los Angeles area have water body segments that are listed as impaired due to a variety of pollutants. Although some TMDLs have already been released, additional TMDLs will be under development and compliance with both existing and new TMDLs will continue into the next decade. The Bureau of Sanitation is participating in the stakeholder process for TMDL development. At this time, it is difficult to predict the full impact of TMDLs on the NPDES effluent limits at the City's four treatment plants. However, it is expected that significant capital improvements funded by the Sewer Enterprise Fund may be required to comply with the TMDLs.

#### Glendale-Burbank Interceptor Sewer (GBIS) Environmental Impact Report (EIR) Challenge

On December 7, 2006, the City was served with a Notice of Commencement of Action arising under the California Environmental Quality Act by the City of Burbank. The City of Burbank challenged the adequacy of the EIR prepared for the GBIS project. In October 2007, the court ruled that the City must clarify certain elements in the EIR as it relates to GBIS. On December 19, 2008, the City Council adopted recommendations to decertify and immediately recertify the Integrated Resources Plan's EIR without the GBIS portion. The City Council adopted and certified the EIR Addendum on November 9, 2010 which addressed the six mitigation measures that the Court requested. On November 12, 2010, the Notice of Determination was filed with the County Clerk. On November 22, 2010, the Los Angeles County Supervisor Court sided with the City that the Second Addendum to the IRP EIR was sufficient in addressing the environmental concerns. In light of the November 2010 Court decision, the GBIS project as identified in the recent approvals and addendum is now free from any legal impediments. The EIR Addendum did not identify mitigations that would add to the cost of the GBIS project.

#### Judicial Interpretation of Articles XIIC and XIID of Proposition 218

In Bighorn-Desert View Water Agency v. Beringson (Bighorn), the California Supreme Court held that fees and charges for ongoing water service through an existing connection were property related fees and charges imposed on a person as an incident of property ownership for purposes of Article XIID, whether the fees and charges are calculated based on consumption or are imposed as a fixed monthly fee.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

The City believes that the Bighorn decision, which applied to water fees and charges, would apply equally to sewer service charges. As a result, if the sewer service charges are a “fee” or “charge” under Article XIID, any increase would require a public hearing, preceded by mailed notices, and would be subject to a majority written protest. The City currently provides written notices to all property owners and rate-payers receiving service in connection with proposed increases in sewer service charges and holds public hearings with respect to such increases.

Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.”

No assurance can be given that the voters of the City will not, in the future, approve an initiative, which reduces or repeals local taxes, assessments, fees or charges, including a reduction of all or any portion of the sewer service charge. The use of the initiative power is arguably limited in the case of levies directly pledged to bonded indebtedness, such as the sewer service charge. However, there is no assurance that the voters of the City will not approve an initiative that attempts to reduce the sewer service charge. The interpretation and application of Proposition 218 will likely be subject to further judicial determinations, and it is not possible at this time to predict with certainty the outcome of such determinations.

#### Contract Agencies

The Sewer Enterprise Fund entered into universal terms agreements with 20 contract agencies for which the Sewer Enterprise Fund provides wastewater treatment services. The contract agencies are billed based on the City’s budgeted costs and agencies’ projected wastewater flow and strength. According to the agreement, the annual billings are reconciled to the City’s actual costs and agencies’ actual flow and strength after the close of the fiscal year. In general only one fiscal year is being reconciled. The reconciliation process for fiscal year 2011 is still in progress and adjustments to the amounts billed are not determinable at this time.

The City of Burbank disagreed with the wastewater flow used in the City’s billings. As a result, the billings to the City of Burbank have been on hold. Depending on the outcome of the study to be performed by the Sewer Enterprise Fund and City of Burbank, the existing and possibly past billings to the City of Burbank will be recalculated and adjusted. A discrepancy was discovered between two gauging devices that monitor its wastewater flow into the City of Santa Monica. Correction of the discrepancy could potentially reduce wastewater revenues from the City of Santa Monica in fiscal year 2012. The amount cannot be reasonably estimated at June 30, 2011.

#### Air Treatment Facilities (ATFs)

The Collection System Settlement Agreement (CSSA) requires the construction of seven ATFs as a means of controlling odors that were expected to develop due to the East Central Interceptor Sewer coming on-line. Two of the facilities have been constructed and the City has installed and is operating temporary odor scrubbers that are currently providing adequate treatment in the remaining five locations. The City conducted a study to determine the necessity of constructing the remaining five ATFs. The study indicates that four of the ATFs are not required for odor treatment. The City has requested a release from the requirement to construct the four ATFs from the court and plaintiffs. If not granted, the additional construction cost to the program is estimated at \$60.0 million.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

**Fire and Police Pension System Donations**

The Pensions has been a recipient of donations in the form of non-voting common stocks of certain non-public corporations (donors). Under the terms of the agreements, the Pensions acknowledged that: (a) the non-voting common stocks have not been registered under the Federal Securities Act of 1933 or qualified under the California Corporate Securities Law of 1968, (b) no public market exists for the non-voting common stocks, and (c) the non-voting common stock are subject to a right of first refusal prohibiting Pensions from selling or otherwise disposing of the stocks without first offering to sell them to the donors. Pensions records the donated stocks at zero cost and zero market value. Donated income is recorded when cash dividends and sales proceeds are received. Through June 30, 2009, the Pensions has received \$28.8 million of such donated income. No income from these donations was received in fiscal year 2011.

**Community Redevelopment Agency**

Transfer of Properties

On March 8, 2011, the City Council approved the transfer of certain commercial properties costing \$3.7 million from CRA to the City in repayment of CDBG no-terms loans in the amount of \$50.7 million per the Los Angeles City Council File (CF) 11-0354. These properties, which generate ground lease revenues of \$3.3 million annually, cost \$3.7 million. The \$3.7 million property transfer is the repayment for the \$50.7 million non-interest bearing loan to the City, and resulted in a loss on loan settlement of \$47.0 million. On March 22, 2011, the City Council authorized the transfer of an additional 74 properties in connection with the implementation of a Cooperation Agreement (CF 11-0086-S1). To date, 52 grant deeds, including 106 parcels, with historical cost of \$93.4 million have been transferred to the City. Please see Note 5F on page 203.

Cooperation Agreement with the City and Various Departments

On March 10, 2011, the City and CRA executed a Cooperation Agreement (Agreement) for the City's assistance in the implementation of specified capital and public improvement and affordable housing projects (Projects), including program delivery costs in certain designated redevelopment project areas. The Agreement provides for payments by CRA of up to \$930.0 million in pledged funds for the City's incurred costs. The Agreement was executed in order to establish a funding mechanism to permit the City to assist and cooperate with CRA to carryout adopted redevelopment plans and to complete priority projects. The City determines which Projects will be completed under the Agreement. Please see Note 5F on page 203.

CRA entered into memoranda of understanding and cooperation agreement with various City departments for design and construction of streets, sidewalk, street lights, and other general construction services in support of redevelopment activities. As of June 30, 2011, CRA has paid \$9.3 million to the City under these agreements.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### Transferrable Floor Area Development Rights (TFAR or TDR)

As of June 30, 2011, CRA owns and/or controls approximately 1,000,000 square feet of unused transferrable floor area development rights (TFAR or TDR) in the downtown redevelopment project areas. The TFAR in the CRA's inventory resulted either from properties acquired by CRA for development, in which only a portion of the development rights were used onsite or properties assisted by CRA/LA under development agreements in which, as part of the agreement, CRA reserved for itself unused development capacity. CRA then had the ability to transfer such TFAR for use elsewhere in the downtown where much higher density development was appropriate, such as at Metro Rail station intersections. At various times the transfer mechanism was controlled by provisions of the relevant redevelopment plan, community plan, and/or city ordinance. Currently, transfers of density are managed under the terms of the City's Transfer of Floor Area Rights Ordinance (Ordinance 178,592), which amended and replaced the text of Article 4.5 of Chapter 1 of the Los Angeles Municipal Code.

Pursuant to the above-cited ordinance, TFAR transactions require the preparation and approval of a transfer plan, which is ultimately approved by the City Council, acting on recommendations of the CRA Board of Commissioners and the City Planning Commission. The ordinance sets forth, among other terms, the method of valuation of TFAR, based on a formula that starts with an on-site appraisal and establishes that up to 50 percent of the amount determined by that formula can be provided through the direct development of projects that meet one or more of the qualifying uses of the proceeds (affordable housing, public open space, historic preservation, recreational, cultural, community and public facilities, job training and outreach programs, affordable child care, streetscape improvements, public arts programs, homeless services programs or public transportation improvements). The remaining 50 percent is deposited in cash into a public benefit trust fund administered by the City, the disposition of which is subject to a city committee composed of representatives of the Mayor, City Council, CRA, and others as specified in the ordinance. When the TFAR is purchased from the City or CRA, an additional payment (the greater of 10 percent of the Public Benefit Payment calculated above or \$5 per square foot of TFAR) is also deposited into the Fund.

##### Recent Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills 1X 26 and 1X 27 as part of the State's budget package. AB1X 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. AB1X 27 provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program (VARP).

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of its cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn AB1X 26 and AB1X 27 on the grounds that these bills violated the California Constitution. On August 1, 2011, the California Supreme Court issued a stay of all of AB1X 27 and most of AB1X 26. On December 29, 2011, the California Supreme Court upheld AB1X 26 and invalidated AB1X 27. As a result, the CRA was dissolved on February 1, 2012 and will not have the option to continue under the VARP. Please see Note 5F on page 203.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

AB1X 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies after January 1, 2011. If the public body that has received such transfers is not contractually committed to a third-party for the expenditure of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB1X 26.

As a result of AB1X 26, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible, resulting in a loss recognized by such funds. The City may additionally be impacted if reimbursement previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

#### F. Subsequent Events

##### Indebtedness

Subsequent to June 30, 2011, the City issued the following indebtedness:

Issue Date	Bond Description	Amount (in millions)	Interest Rate
July 12, 2011	2011 Tax and Revenue Anticipation Notes	\$ 1,204.7	2.500%
July 28, 2011	General Obligation Bonds Series 2011-A	117.0	1.500 - 5.000%
July 28, 2011	General Obligation Refunding Bonds Series 2011-B	259.7	2.000 - 5.000%
August 24, 2011	Water System Revenue Bonds 2011 Series A	307.1	3.000 - 5.000%
July 7, 2011	Harbor Refunding Revenue Bonds 2011 Series A	58.9	3.000 - 5.000%
July 7, 2011	Harbor Refunding Revenue Bonds 2011 Series B	32.8	4.000 - 5.000%
October 26, 2011	MICLA Qualified Energy Conservation Bonds Series 2011-A	11.9	4.257%

##### Airports Enterprise Fund

On November 29, 2011, AMR Corporation, the parent company of American Airlines (AA), filed for Chapter 11 bankruptcy protection. As of February 17, 2012, Airports' receivable from AA was \$12.7 million. Airports cannot predict the outcome of the bankruptcy filing. Subsequent to June 30, 2011, Airports renewed and issued commercial paper notes (CPs) bringing the total outstanding CPs as of February 17, 2012 to \$162.2 million.

##### Harbor Enterprise Fund

In July 2011, Harbor refunded \$36.2 million in 2001 Series A Bonds and \$64.9 million of Series B Bonds outstanding on their ten-year call date through the issuance of a 2011A Bonds for \$58.9 million and 2011B Bonds for \$32.8 million, total of \$91.7 million via a negotiated sale. Harbor extended a \$25.0 million line of credit to CRA in September 2007. CRA has not made any drawdown on this line of credit.

##### Power Enterprise Fund

In January 2012, the Power System entered into new standby agreements which will expire in January 2015 for the \$580.5 million variable rate debt.



**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended June 30, 2011**

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

**Water Enterprise Fund**

In August 2011, the Water System issued \$307.1 million of Water System Revenue Bonds, Series 2011A. The net proceeds of \$330.3 million were used to refund all of the \$284.0 million outstanding Water System Revenue Bonds, Series 2001A and a portion of the Water System Revenue Bonds, Series 2004C amounting to \$40.6 million. In February 2012, the Water System entered into a new standby agreement which will expire in February 2015 for the \$225.0 variable rate debt.

**Sewer Enterprise Fund**

The Los Angeles City Council approved a ten-year series of sewer service charges rate increases in a first hearing held on October 19, 2011. If the City Council approves the increases in the final hearing, and the Mayor subsequently conveys, a 4.5% increase will be effective approximately on March 2012, and 4.5% effective July 1 in each of fiscal years 2012-2013 and 2013-2014, and a 6.5% effective July 1 in each of fiscal years 2014-2015 through 2020-2021. It is estimated that this will result in approximately \$3 million additional revenue for fiscal year 2012.

**Fire and Police Pension System**

Freeze in Medical Subsidies

Subsequent to June 30, 2011, the City adopted an ordinance to freeze the maximum monthly medical plan premium subsidies and medical plan premium reimbursements at the effective rate as of July 1, 2011 for Plan members who retire on or after July 15, 2011, or who enter the DROP on or after July 15, 2011. An active member may opt to make voluntary additional contributions by salary deduction at the rate of 2% of regular biweekly base salary for the vesting of retiree health benefit increases. The right to make the opt-in election shall be limited to 45 days.

Three-Year Phase-in of Actuarial Experience Study

On July 7, 2011, the Pensions Board adopted the actuarial experience study for the period July 1, 2007 through June 30, 2010. These adopted actuarial assumptions are used to determine the City's contribution rates for fiscal year 2013. On September 1, 2011, the Pensions Board elected to phase in the impact of the new actuarial assumptions on the City's contribution rates over a three-year period beginning fiscal year 2013. The before and after phase-in fiscal year 2013 contribution rates (assuming payment at the beginning of the year) are summarized below:

	Before Three-year Phase-in	After Three-year Phase-in
Pension Plan	31.33%	29.37%
Health Subsidy Plan	10.93%	10.38%
	42.26%	39.75%

The Pensions' actuary estimates that the reduction in the funded ratios at the end of the three-year phase-in period to be approximately 0.24% and 0.53% for the Pension Plan and Health Subsidy Plan, respectively.

## CITY OF LOS ANGELES

### NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2011

#### NOTE 5 – OTHER INFORMATION (Continued)

##### Community Redevelopment Agency

- Recent Legislation Affecting California Redevelopment Agencies – On December 29, 2011, the California Supreme Court upheld Assembly Bill (AB) 1X26, the redevelopment elimination bill, and struck down AB 1X27, the bill that would have allowed redevelopment agencies to remain in operation. Due to the ruling, the CRA was dissolved as of February 1, 2012. As of February 1, 2012, CRA functions were limited to close-out activities to be performed by a successor agency under the direction of an Oversight Board and the State Department of Finance (DOF). The successor agency will be responsible for winding down the obligations of CRA and assisting in liquidating the assets of CRA. No economic development functions will be conducted by the successor agency.
- Successor Agency – On January 12, 2012, the City Council adopted a resolution and filed it with the County Auditor-Controller opting-out of becoming the Successor Agency to the CRA (Prior Agency).
- Adoption of Final Enforceable Obligation Payment Schedule (EOPS) by Board of Commissioners - In connection with the January 24, 2012 adoption of the final EOPS by the Prior Agency, AB 1X26 mandated that payments associated with obligations to the City that created the redevelopment agency be excluded from the final EOPS schedule. To comply with AB 1X26, all contracts, agreements and other arrangements between the Prior Agency and City departments were removed from the EOPS.
- Appointment of Designated Local Authority (DLA) – Following the *City's* action on January 12, 2012, and as no eligible local governmental agency elected to serve as the Successor to the Prior Agency, the Governor on February 1, 2012 appointed three residents of Los Angeles County to constitute a DLA to serve as the Successor Agency. The three members are Nelson Rising, Mee Semcken and Timothy McOsker.
- At the first meeting on February 3, 2012, and among other formation actions, the DLA authorized the incorporation of "CRA/LA, a Designated Local Authority", as Successor to the Prior Agency.
- Return of CRA/LA Assets Transferred to the City – AB 1X26 requires the State Controller to review any asset transfers occurring after January 1, 2011 between the Prior Agency and the City. If the State Controller determines that an asset transfer did occur and if the City is not contractually committed to a third party for the expenditure or encumbrance of those assets, then to the extent not prohibited by state and federal law, the State Controller is to order the return of such assets to the DLA/Successor Agency. The Prior Agency transferred certain properties to the City in March 2011. Please see Note 5E on page 199. In addition, the Prior Agency transferred funds to the City for payment of services to be rendered through June 2012. To date, no properties or financial assets have been returned by the City to the CRA/LA.
- Housing Assets – The City elected on January 25, 2012 to retain the housing assets and functions previously performed by the Prior Agency, excluding any amounts on deposit in the Low and Moderate Income Housing Fund.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Pending Litigation vs. CRA and the City

Three Los Angeles-based advocacy groups for the disabled are suing the CRA and the City, alleging both discriminated against people with disabilities. The lawsuit alleges that the City and CRA violated the Americans with Disabilities Act by failing to ensure that apartment complexes built with federal and community development funds were accessible to people with disabilities. The lawsuit was filed in federal court on January 13, 2012. With CRA ending operations on February 1, 2012, it is unclear what entity will be responsible for claims brought against the CRA.

**G. Other Matters Affecting the City's Future Operations**

The City's fiscal year 2012 General Fund adopted budget reflected balanced revenues to appropriations but not to the levels of prior years. No deficit in Citywide revenue is currently projected, however, there are potential drawbacks to the economy-sensitive revenues, such as sales, business and utility users tax revenues associated with the latest economic indicators. Reduced employment levels and furloughs resulting from the effect of the implementation of employee layoffs, mandatory furloughs and Early Retirement Incentive Program (ERIP), may adversely affect related cost reimbursements for departments.

The City Administrative Officer (CAO) reports to the Mayor and City Council on the status of the budget. In the first Financial Status Report (FSR), dated September 29, 2011, the CAO reported that the estimated sworn and civilian salary shortfall is \$10.3 million to \$13.3 million. This shortfall is anticipated to occur due to newly approved agreements with certain employee bargaining units. These new agreements include reduced furloughs, new and deferred bargaining unit payouts, salary bonuses and sworn overtime.

To reduce the deficit, the Mayor and City Council approved budgetary adjustments by appropriating savings from certain approved agreements to salary accounts. These savings resulted from increased employee contributions towards retiree health benefits that allowed the City to reduce its contribution towards the sworn and civilian retirement systems, changes in negotiated health benefits, delayed salary step increases, reduced sick leave payouts and reduced overtime cash payouts.

In the second FSR, dated December 2, 2011, the CAO reported that a Citywide deficit of \$72.0 million is projected, consisting of previously identified sworn and civilian salary deficits, new expense deficits and reevaluated sworn and civilian retirement contributions. The salary shortfalls for fiscal year 2012 had increased to \$17.5 million. New expenditure deficits totaling \$26.8 million have also been identified for petroleum expenses due to rising fuel costs, bank fees from increased credit card usage, and workers' compensation expenditures mainly due to increased permanent disability settlements, medical costs, and sworn medical liens. Finally, retiree contributions for the sworn and civilian retirement systems have increased to \$27.7 million.

**CITY OF LOS ANGELES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2011**

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

Approximately \$50.6 million in surplus funds, revenue solutions and departmental budget reductions may be used to partially address this \$72.0 million deficit. Additionally, departments will be instructed to absorb approximately \$20.8 million in General Funds budgeted for ERIP retiree payouts. Departments have submitted operational plans which could further reduce the budget deficit including: moving detailed Fire sworn special duty personnel to the field and reallocating Fire Inspectors to platoon duty firefighting positions, which will reduce overtime costs and eliminate the need to hire new recruits; reduction of 447 under-utilized vehicles from the City inventory; continued managed hiring and furloughs.

In the third FSR dated February 9, 2012, the CAO reported that the projected Citywide deficit has been eliminated. The re-balancing of the current fiscal year budget is mainly due to departmental savings efforts, controlling of salary costs as a result of managed hiring, and identification of additional savings primarily within the tax revenue and anticipation notes (TRAN).

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**Required  
Supplementary Information**

**CITY OF LOS ANGELES**

**REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2011  
(Unaudited)**

**Benefit Pension Plans  
Schedule of Funding Progress  
(amounts expressed in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded AAL	Funded Ratio	Covered Payroll	Underfunded AAL as a Percentage of Covered Payroll
<b>Fire and Police Pension Plan</b>						
6/30/09	\$ 14,256,611	\$ 14,817,146	\$ 560,535	96.2%	\$ 1,357,249	41.3%
6/30/10	14,219,581	15,520,625	1,301,044	91.6%	1,356,986	95.9%
6/30/11	14,337,669	16,616,476	2,278,807	86.3%	1,343,963	169.6%
<b>Los Angeles City Employees' Retirement Plan</b>						
6/30/09	* \$ 9,577,747	\$ 12,041,984	\$ 2,464,237	79.5%	\$ 1,816,171	135.7%
6/30/10	9,554,027	12,595,025	3,040,998	75.9%	1,817,662	167.3%
6/30/11	9,691,011	13,391,704	3,700,693	72.4%	1,833,392	201.9%
<b>Water and Power Employees' Retirement and Death Benefit Insurance Plan</b>						
7/1/09	\$ 7,248,721	\$ 8,057,061	\$ 808,340	90.0%	\$ 805,138	100.4%
7/1/10	7,244,430	8,893,618	1,649,188	81.5%	856,090	192.6%
7/1/11	7,465,184	9,297,204	1,832,020	80.3%	870,203	210.5%

\* Based on revised June 30, 2009 actuarial valuation.

**Other Postemployment Benefits Healthcare Plans  
Schedule of Funding Progress  
(amounts expressed in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded AAL	Funded Ratio	Covered Payroll	Underfunded AAL as a Percentage of Covered Payroll
<b>Fire and Police Health Subsidy Plan</b>						
6/30/09	\$ 809,677	\$ 2,038,659	\$ 1,228,982	39.7%	\$ 1,357,249	90.5%
6/30/10	817,276	2,537,825	1,720,549	32.2%	1,356,986	126.8%
6/30/11	882,890	2,557,607	1,674,717	34.5%	1,343,963	124.6%
<b>Los Angeles City Employees' Postemployment Healthcare Plan</b>						
6/30/09	* \$ 1,342,497	\$ 2,058,177	\$ 715,680	65.2%	\$ 1,816,171	39.4%
6/30/10	1,425,726	2,233,874	808,148	63.8%	1,817,662	44.5%
6/30/11	1,546,884	1,968,708	421,824	78.6%	1,833,392	23.0%
<b>Water and Power Employees' Retiree Health Benefits Plan</b>						
7/1/09	\$ 849,955	\$ 1,390,811	\$ 540,855	61.1%	\$ 805,138	67.2%
7/1/10	987,476	1,631,916	644,440	60.5%	856,090	75.3%
7/1/11	1,132,929	1,550,896	417,967	73.0%	870,203	48.0%

\* Based on revised June 30, 2009 actuarial valuation.

**CITY OF LOS ANGELES**

**REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2011  
(Unaudited)**

**Community Redevelopment Agency**

Employee Retirement System  
Schedule of Funding Progress  
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded AAL	Funded Ratio	Covered Payroll	Underfunded AAL as a Percentage of Covered Payroll
6/30/08	\$ 143,042	\$ 158,915	\$ 15,873	90.0%	\$ 22,920	69.3%
6/30/09	150,431	173,875	23,444	86.5%	25,337	92.5%
6/30/10	158,726	184,648	25,922	86.0%	26,228	98.8%

Other Postemployment Benefits  
Schedule of Funding Progress  
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded AAL	Funded Ratio	Covered Payroll	Underfunded AAL as a Percentage of Covered Payroll
1/1/08	\$ --	\$ 37,572	\$ 37,572	0.0%	\$ 21,835	172.1%
7/1/10 *	--	55,374	55,374	0.0%	26,640	207.9%

\* Effective July 1, 2009, CRA changed its actuarial valuation date from January 1 to July 1 to coincide with its fiscal year end.



**CITY OF LOS ANGELES**

**REQUIRED SUPPLEMENTARY INFORMATION  
Fiscal Year Ended June 30, 2011  
(Unaudited)**

**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	--	--	--
<b>Total</b>	<b>508</b>	<b>226</b>	<b>143</b>	<b>108</b>	<b>31</b>	<b>--</b>
<b>Percentage</b>	<b>100%</b>	<b>45%</b>	<b>28%</b>	<b>21%</b>	<b>6%</b>	<b>0%</b>

Note: Based on revised/amended November 2010 condition assessment. The next condition assessment will be completed in fiscal year 2013.

**Condition Rating for City Bridges  
As of July 1, 2007**

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	425	214	73	117	21	--
Pedestrian	66	16	48	2	--	--
Tunnel	14	7	5	2	--	--
Bikeway	2	1	1	--	--	--
<b>Total</b>	<b>507</b>	<b>238</b>	<b>127</b>	<b>121</b>	<b>21</b>	<b>--</b>
<b>Percentage</b>	<b>100%</b>	<b>47%</b>	<b>25%</b>	<b>24%</b>	<b>4%</b>	<b>0%</b>

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

	Fiscal Year Ended June 30				
	2007	2008	2009	2010	2011
Needed	\$ 21,331	\$ 35,080	\$ 29,434	\$ 73,772	\$ 98,794
Actual	18,411	35,789	51,101	39,818	41,003

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 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<sub>1</sub>=55%), Serviceability and Functional Obsolescence (S<sub>2</sub>=30%), Essentiality for Public Use (S<sub>3</sub>=15%), and Special Reductions (S<sub>4</sub>=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<sub>1</sub>+ S<sub>2</sub>+ S<sub>3</sub> -S<sub>4</sub>). 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." As of June 30, 2010, the overall ratings of the City's bridges meet these standards. The latest condition assessments, that are determined every three years, were completed in November 2010. The initial November 2010 condition assessment report shows three bridges with ratings of "F" or below 50% rating. However, the original assessment report was revised and showed corrected ratings of "D" or 50%-69% for the three bridges. The next condition assessment will be completed in fiscal year 2013.

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**Combining and Individual  
Fund Financial Statements  
and Schedules**

## CITY OF LOS ANGELES

### **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 basic financial statements (pages 35-38 and pages 40-41, respectively). 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, 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 Employee Benefits Trust Funds, and Agency Funds to provide the detail for the combined amounts presented in the basic financial statements (pages on 58 and 59).

CITY OF LOS ANGELES

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2011

(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,186,432	\$ 234,679	\$ 735,761	\$ 2,156,872
Other Investments	--	14,342	--	14,342
Taxes Receivable (Net of Allowance for Uncollectibles of \$6,397)	6,477	26,846	--	33,323
Accounts Receivable (Net of Allowance for Uncollectibles of \$35,161)	20,608	--	2,997	23,605
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$3,170)	17,446	--	2,478	19,924
Investment Income Receivable	3,244	496	2,249	5,989
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$314)	109,210	--	1,404	110,614
Loans Receivable (Net of Allowance for Uncollectibles of \$723,337)	259,103	--	--	259,103
Due from Other Funds	64,759	--	270	65,029
Loans Receivable from Component Unit	782	--	--	782
Prepaid Items and Other Assets	7,481	--	--	7,481
Advances to Other Funds	80,624	--	--	80,624
Restricted Assets	3,480	--	--	3,480
<b>TOTAL ASSETS</b>	<u>\$ 1,759,646</u>	<u>\$ 276,363</u>	<u>\$ 745,159</u>	<u>\$ 2,781,168</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 75,618	\$ --	\$ 9,708	\$ 85,326
Obligations Under Securities Lending Transactions	91,494	16,890	66,158	174,542
Accrued Salaries and Overtime Payable	1,627	--	--	1,627
Accrued Compensated Absences Payable	55	--	--	55
Intergovernmental Payable	4,839	--	--	4,839
Due to Other Funds	82,340	--	4,142	86,482
Due to Component Unit	1,034	--	--	1,034
Deferred Revenue and Other Credits	81,417	19,764	2,330	103,511
Deposits and Advances	18,169	--	--	18,169
Matured Bonds and Interest Payable	--	321	--	321
Advances from Other Funds	114,234	--	8,847	123,081
Other Liabilities	17,013	--	--	17,013
<b>TOTAL LIABILITIES FORWARDED</b>	<u>487,840</u>	<u>36,975</u>	<u>91,185</u>	<u>616,000</u>

Continued....

CITY OF LOS ANGELES

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2011

(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
<b>TOTAL LIABILITIES FORWARDED</b>	\$ 487,840	\$ 36,975	\$ 91,185	\$ 616,000
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Prepaid Items and Other Assets	7,481	--	--	7,481
Advances to Other Funds	80,624	--	--	80,624
<b>Restricted for:</b>				
Animal Shelter Facilities	--	--	32,350	32,350
Community Development	269,323	--	--	269,323
Construction and Engineering				
Regulation Enforcement	3,324	--	--	3,324
Cultural Activities	12,076	--	2,030	14,106
Debt Service	3,553	239,388	603	243,544
General Government	1,733	--	--	1,733
Health, Environment and Sanitation Programs	92,655	--	--	92,655
Landfill Closure and Postclosure Maintenance	38	--	--	38
Law Enforcement	53,781	--	--	53,781
Library	6,771	--	2,051	8,822
Other Capital Projects	16,146	--	--	16,146
Other Purposes	1,996	--	--	1,996
Police, Fire and 911 Facilities	--	--	226,507	226,507
Recreation and Parks	1,204	--	193,636	194,840
Seismic Improvement	34,279	--	3,989	38,268
Social Services	3,903	--	--	3,903
Solid Waste	13,336	--	--	13,336
Stormwater Cleanup Capital Projects	7,190	--	187,616	194,806
Street Lighting	5,039	--	--	5,039
Street Services	144,674	--	--	144,674
Transportation	246,948	--	5,192	252,140
<b>Assigned to:</b>				
Community Development	83,351	--	--	83,351
Construction and Engineering				
Regulation Enforcement	35,047	--	--	35,047
Cultural Activities	4,596	--	--	4,596
Fire Prevention and Emergency Preparedness	12,027	--	--	12,027
General Government	41,400	--	--	41,400
Health, Environment and Sanitation Programs	7,583	--	--	7,583
Landfill Closure and Postclosure Maintenance	11,962	--	--	11,962
Law Enforcement	2,960	--	--	2,960
Library	4,451	--	--	4,451
Other Capital Projects	2,823	--	--	2,823
Other Purposes	23,209	--	--	23,209
Recreation and Parks	2,467	--	--	2,467
Social Services	319	--	--	319
Street Services	6,344	--	--	6,344
Transportation	28,492	--	--	28,492
<b>Unassigned</b>	(1,299)	--	--	(1,299)
<b>TOTAL FUND BALANCES</b>	1,271,806	239,388	653,974	2,165,168
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 1,759,646	\$ 276,363	\$ 745,159	\$ 2,781,168

CITY OF LOS ANGELES

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Other Governmental Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 45,318	\$ 161,671	\$ --	\$ 206,989
Sales Taxes	37,736	--	--	37,736
Other Taxes	50,482	--	1,022	51,504
Licenses and Permits	30,023	--	24	30,047
Intergovernmental	702,719	--	22,276	724,995
Charges for Services	294,663	2,564	1,190	298,417
Services to Enterprise Funds	1,140	--	--	1,140
Fines	12,881	--	--	12,881
Special Assessments	78,976	--	25,206	104,182
Investment Earnings	16,377	4,275	13,986	34,638
Program Income	15,929	--	--	15,929
Other	29,723	--	5,996	35,719
<b>TOTAL REVENUES</b>	<u>1,315,967</u>	<u>168,510</u>	<u>69,700</u>	<u>1,554,177</u>
<b>EXPENDITURES</b>				
Current:				
General Government	39,571	--	--	39,571
Protection of Persons and Property	295,532	--	--	295,532
Public Works	189,435	--	--	189,435
Health and Sanitation	73,838	--	--	73,838
Transportation	125,791	--	--	125,791
Cultural and Recreational Services	125,562	--	--	125,562
Community Development	355,391	--	--	355,391
Capital Outlay	108,884	--	109,533	218,417
Debt Service:				
Principal	5,883	181,375	--	187,258
Interest	3,006	113,760	--	116,766
Cost of Issuance	7	--	--	7
<b>TOTAL EXPENDITURES</b>	<u>1,322,900</u>	<u>295,135</u>	<u>109,533</u>	<u>1,727,568</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(6,933)</u>	<u>(126,625)</u>	<u>(39,833)</u>	<u>(173,391)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	220,617	116,188	891	337,696
Transfers Out	(151,878)	(804)	(3,582)	(156,264)
Loans from HUD	7,388	--	--	7,388
Proceeds of Refunding Loan	1,983	--	--	1,983
Payment for Refunding of Loan	(1,983)	--	--	(1,983)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>76,127</u>	<u>115,384</u>	<u>(2,691)</u>	<u>188,820</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>69,194</u>	<u>(11,241)</u>	<u>(42,524)</u>	<u>15,429</u>
FUND BALANCES, JULY 1	<u>1,202,612</u>	<u>250,629</u>	<u>696,498</u>	<u>2,149,739</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 1,271,806</u>	<u>\$ 239,388</u>	<u>\$ 653,974</u>	<u>\$ 2,165,168</u>

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, 2011

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>							
City Administrative Officer	\$ 11,087	\$ 853	\$ 11,940	\$ 10,782	\$ 478	\$ 11,260	\$ 680
City Attorney	85,897	21,029	106,926	99,075	7,794	106,869	57
City Clerk	23,886	351	24,237	18,389	4,045	22,434	1,803
Controller	13,822	2,871	16,693	14,364	1,306	15,670	1,023
Council	20,830	14,209	35,039	24,484	1,160	25,644	9,395
Employee Relations Board	373	--	373	323	47	370	3
Ethics Commission	2,160	(48)	2,112	1,896	130	2,026	86
Finance	25,183	454	25,637	24,033	1,235	25,268	369
General Services	219,276	72,301	291,577	239,089	25,277	264,366	27,211
Information Technology Agency	80,169	8,796	88,965	71,684	16,125	87,809	1,156
Mayor	24,155	10,288	34,443	25,397	7,110	32,507	1,936
Neighborhood Empowerment	301	1,330	1,631	1,530	79	1,609	22
Personnel	41,012	1,222	42,234	35,150	3,421	38,571	3,663
Treasurer	8,543	5,947	14,490	11,687	2,481	14,168	322
Non-Departmental							
Capital Finance Administration	52,268	(38)	52,230	51,625	605	52,230	--
General City Purposes	84,016	(10,858)	73,158	37,745	28,758	66,503	6,655
Human Resources Benefits	545,731	(3,845)	541,886	532,977	8,549	541,526	360
Liability Claims	48,850	(128)	48,722	45,016	1,777	46,793	1,929
Unappropriated Balance	99,079	(12,396)	86,683	--	--	--	86,683
Water and Electricity	26,217	129	26,346	8,089	18,257	26,346	--
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,412,855</b>	<b>112,467</b>	<b>1,525,322</b>	<b>1,253,335</b>	<b>128,634</b>	<b>1,381,969</b>	<b>143,353</b>
<b>PROTECTION OF PERSONS AND PROPERTY</b>							
Animal Services	20,351	149	20,500	19,232	866	20,098	402
Building and Safety	62,217	7,162	69,379	65,960	2,496	68,456	923
Emergency Management	1,578	919	2,497	2,315	104	2,419	78
Fire	495,009	11,223	506,232	479,721	19,324	499,045	7,187
Police	1,177,483	31,232	1,208,715	1,151,948	48,825	1,200,773	7,942
<b>TOTAL PROTECTION OF PERSONS AND PROPERTY</b>	<b>1,756,638</b>	<b>50,685</b>	<b>1,807,323</b>	<b>1,719,176</b>	<b>71,615</b>	<b>1,790,791</b>	<b>16,532</b>
<b>PUBLIC WORKS</b>							
Public Works Bureaus							
Board of Public Works	16,147	5,188	21,335	18,353	2,366	20,719	616
Bureau of Contract Administration	29,379	5,037	34,416	26,938	988	27,926	6,490
Engineering	71,142	5,817	76,959	67,005	2,788	69,793	7,166
Street Lighting	22,592	3,447	26,039	20,940	1,538	22,478	3,561
Street Services	144,528	23,455	167,983	132,563	15,918	148,481	19,502
Non-Departmental							
Water and Electricity	3,865	--	3,865	2,137	1,487	3,624	241
<b>TOTAL PUBLIC WORKS</b>	<b>287,653</b>	<b>42,944</b>	<b>330,597</b>	<b>267,936</b>	<b>25,085</b>	<b>293,021</b>	<b>37,576</b>
<b>HEALTH AND SANITATION</b>							
Public Works- Bureau of Sanitation	213,415	1,869	215,284	192,056	8,813	200,869	14,415
Non-Departmental							
Water and Electricity	912	--	912	214	697	911	1
<b>TOTAL HEALTH AND SANITATION</b>	<b>214,327</b>	<b>1,869</b>	<b>216,196</b>	<b>192,270</b>	<b>9,510</b>	<b>201,780</b>	<b>14,416</b>

Continued...



## **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 Other. Expenditures are expended for functions 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) - (Continued)  
General Fund  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>TRANSPORTATION</b>	\$ 126,929	\$ 13,513	\$ 140,442	\$ 119,975	\$ 6,462	\$ 126,437	\$ 14,005
<b>CULTURAL AND RECREATIONAL SERVICES</b>							
Convention Center	20,451	2,470	22,921	21,185	1,061	22,246	675
Cultural Affairs	7,709	1,174	8,883	6,674	1,955	8,629	254
El Pueblo De Los Angeles Historical Monument Authority	1,535	103	1,638	1,528	89	1,617	21
Zoo	17,483	(4)	17,479	15,414	857	16,271	1,208
Non-Departmental Water and Electricity	19,435	(15,912)	3,523	955	2,568	3,523	--
<b>TOTAL CULTURAL AND RECREATIONAL SERVICES</b>	<b>66,613</b>	<b>(12,169)</b>	<b>54,444</b>	<b>45,756</b>	<b>6,530</b>	<b>52,286</b>	<b>2,158</b>
<b>COMMUNITY DEVELOPMENT</b>							
Aging	3,729	705	4,434	3,299	152	3,451	983
Community Development	25,103	10,373	35,476	28,052	1,582	29,634	5,842
Disability	1,599	4	1,603	1,458	139	1,597	6
Los Angeles Housing Planning	51,448	5,478	56,926	48,139	2,888	51,027	5,899
	26,432	993	27,425	21,786	2,103	23,889	3,536
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>108,311</b>	<b>17,553</b>	<b>125,864</b>	<b>102,734</b>	<b>6,864</b>	<b>109,598</b>	<b>16,266</b>
<b>PENSION AND RETIREMENT CONTRIBUTIONS</b>							
Non-Departmental General City Purposes	7,764	(3,463)	4,301	3,888	354	4,242	59
<b>CAPITAL OUTLAY</b>							
Non-Departmental Capital Improvement Projects	6,347	15,851	22,198	3,184	7,342	10,526	11,672
<b>TRANSFERS TO OTHER FUNDS</b>							
Non-Departmental Capital Finance Administration	166,933	4,391	171,324	161,303	26	161,329	9,995
General	1,005,420	9,586	1,015,006	1,006,487	--	1,006,487	8,519
<b>TOTAL TRANSFERS TO OTHER FUNDS</b>	<b>1,172,353</b>	<b>13,977</b>	<b>1,186,330</b>	<b>1,167,790</b>	<b>26</b>	<b>1,167,816</b>	<b>18,514</b>
<b>GRAND TOTAL</b>	<b>\$ 5,159,790</b>	<b>\$ 253,227</b>	<b>\$ 5,413,017</b>	<b>\$ 4,876,044</b>	<b>\$ 262,422</b>	<b>\$ 5,138,466</b>	<b>\$ 274,551</b>

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, 2011

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>							
<b>CITY ADMINISTRATIVE OFFICER</b>							
Salaries	\$ 10,318	\$ 412	\$ 10,730	\$ 10,195	\$ 365	\$ 10,560	\$ 170
Expenses	769	441	1,210	587	113	700	510
Subtotal	11,087	853	11,940	10,782	478	11,260	680
<b>CITY ATTORNEY</b>							
Salaries	79,481	13,475	92,956	89,790	3,110	92,900	56
Expenses	6,416	2,323	8,739	8,093	645	8,738	1
Special	--	5,231	5,231	1,192	4,039	5,231	--
Subtotal	85,897	21,029	106,926	99,075	7,794	106,869	57
<b>CITY CLERK</b>							
Salaries	16,715	(1,207)	15,508	13,495	317	13,812	1,696
Expenses	7,171	1,558	8,729	4,894	3,728	8,622	107
Subtotal	23,886	351	24,237	18,389	4,045	22,434	1,803
<b>CONTROLLER</b>							
Salaries	12,677	2,629	15,306	14,086	517	14,603	703
Expenses	1,115	242	1,357	278	759	1,037	320
Equipment	30	--	30	--	30	30	--
Subtotal	13,822	2,871	16,693	14,364	1,306	15,670	1,023
<b>COUNCIL</b>							
Salaries	19,620	13,137	32,757	23,136	734	23,870	8,887
Expenses	1,210	1,072	2,282	1,348	426	1,774	508
Subtotal	20,830	14,209	35,039	24,484	1,160	25,644	9,395
<b>EMPLOYEE RELATIONS BOARD</b>							
Salaries	282	15	297	287	7	294	3
Expenses	91	(15)	76	36	40	76	--
Subtotal	373	--	373	323	47	370	3
<b>ETHICS COMMISSION</b>							
Salaries	1,829	140	1,969	1,837	61	1,898	71
Expenses	331	(188)	143	59	69	128	15
Subtotal	2,160	(48)	2,112	1,896	130	2,026	86
<b>FINANCE</b>							
Salaries	23,046	604	23,650	22,622	839	23,461	189
Expenses	2,137	(150)	1,987	1,411	396	1,807	180
Subtotal	25,183	454	25,637	24,033	1,235	25,268	369
<b>GENERAL SERVICES</b>							
Salaries	105,598	45,975	151,573	129,635	4,266	133,901	17,672
Expenses	108,410	26,323	134,733	105,954	19,689	125,643	9,090
Equipment	1,423	160	1,583	51	1,083	1,134	449
Special	3,845	(157)	3,688	3,449	239	3,688	--
Subtotal	219,276	72,301	291,577	239,089	25,277	264,366	27,211

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, 2011

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>INFORMATION</b>							
<b>TECHNOLOGY AGENCY</b>							
Salaries	\$ 42,670	\$ 9,514	\$ 52,184	\$ 49,959	\$ 1,743	\$ 51,702	\$ 482
Expenses	18,574	1,726	20,300	11,696	8,067	19,763	537
Equipment	143	--	143	71	50	121	22
Special	18,782	(2,444)	16,338	9,958	6,265	16,223	115
Subtotal	80,169	8,796	88,965	71,684	16,125	87,809	1,156
<b>MAYOR</b>							
Salaries	7,744	6,567	14,311	12,538	410	12,948	1,363
Expenses	16,411	3,721	20,132	12,859	6,700	19,559	573
Subtotal	24,155	10,288	34,443	25,397	7,110	32,507	1,936
<b>NEIGHBORHOOD EMPOWERMENT</b>							
Salaries	301	1,212	1,513	1,448	47	1,495	18
Expenses	--	115	115	82	32	114	1
Special	--	3	3	--	--	--	3
Subtotal	301	1,330	1,631	1,530	79	1,609	22
<b>PERSONNEL</b>							
Salaries	31,322	700	32,022	30,043	1,061	31,104	918
Expenses	7,259	582	7,841	3,597	2,133	5,730	2,111
Special	2,431	(60)	2,371	1,510	227	1,737	634
Subtotal	41,012	1,222	42,234	35,150	3,421	38,571	3,663
<b>TREASURER</b>							
Salaries	2,939	(167)	2,772	2,513	126	2,639	133
Expenses	5,604	6,114	11,718	9,174	2,355	11,529	189
Subtotal	8,543	5,947	14,490	11,687	2,481	14,168	322
<b>NON-DEPARTMENTAL</b>							
Capital Finance							
Administration	52,268	(38)	52,230	51,625	605	52,230	--
General City Purposes	84,016	(10,858)	73,158	37,745	28,758	66,503	6,655
Human Resources Benefits	545,731	(3,845)	541,886	532,977	8,549	541,526	360
Liability Claims	48,850	(128)	48,722	45,016	1,777	46,793	1,929
Unappropriated Balance	99,079	(12,396)	86,683	--	--	--	86,683
Water and Electricity	26,217	129	26,346	8,089	18,257	26,346	--
Subtotal	856,161	(27,136)	829,025	675,452	57,946	733,398	95,627
<b>TOTAL GENERAL GOVERNMENT</b>							
	1,412,855	112,467	1,525,322	1,253,335	128,634	1,381,969	143,353
<b>PROTECTION OF PERSONS AND PROPERTY</b>							
<b>ANIMAL SERVICES</b>							
Salaries	18,427	527	18,954	18,017	616	18,633	321
Expenses	1,924	(378)	1,546	1,215	250	1,465	81
Subtotal	20,351	149	20,500	19,232	866	20,098	402

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, 2011

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>BUILDING AND SAFETY</b>							
Salaries	\$ 60,249	\$ 6,918	\$ 67,167	\$ 64,330	\$ 2,202	\$ 66,532	\$ 635
Expenses	1,968	244	2,212	1,630	294	1,924	288
Subtotal	62,217	7,162	69,379	65,960	2,496	68,456	923
<b>EMERGENCY MANAGEMENT</b>							
Salaries	1,507	919	2,426	2,272	91	2,363	63
Expenses	71	--	71	43	13	56	15
Subtotal	1,578	919	2,497	2,315	104	2,419	78
<b>FIRE</b>							
Salaries	472,737	11,191	483,928	462,257	15,699	477,956	5,972
Expenses	22,272	32	22,304	17,464	3,625	21,089	1,215
Subtotal	495,009	11,223	506,232	479,721	19,324	499,045	7,187
<b>POLICE</b>							
Salaries	1,135,166	26,353	1,161,519	1,118,226	37,634	1,155,860	5,659
Expenses	42,317	4,863	47,180	33,715	11,191	44,906	2,274
Equipment	--	16	16	7	--	7	9
Subtotal	1,177,483	31,232	1,208,715	1,151,948	48,825	1,200,773	7,942
<b>TOTAL PROTECTION OF PERSONS AND PROPERTY</b>							
	1,756,638	50,685	1,807,323	1,719,176	71,615	1,790,791	16,532
<b>PUBLIC WORKS</b>							
<b>BOARD OF PUBLIC WORKS</b>							
Salaries	7,410	831	8,241	7,481	260	7,741	500
Expenses	8,682	4,357	13,039	10,820	2,106	12,926	113
Special	55	--	55	52	--	52	3
Subtotal	16,147	5,188	21,335	18,353	2,366	20,719	616
<b>BUREAU OF CONTRACT ADMINISTRATION</b>							
Salaries	27,649	4,908	32,557	25,562	878	26,440	6,117
Expenses	1,730	129	1,859	1,376	110	1,486	373
Subtotal	29,379	5,037	34,416	26,938	988	27,926	6,490
<b>BUREAU OF ENGINEERING</b>							
Salaries	67,974	5,077	73,051	65,618	2,389	68,007	5,044
Expenses	3,168	740	3,908	1,387	399	1,786	2,122
Subtotal	71,142	5,817	76,959	67,005	2,788	69,793	7,166
<b>BUREAU OF STREET LIGHTING</b>							
Salaries	18,106	1,735	19,841	17,237	592	17,829	2,012
Expenses	1,318	856	2,174	766	243	1,009	1,165
Equipment	--	60	60	26	27	53	7
Special	3,168	796	3,964	2,911	676	3,587	377
Subtotal	22,592	3,447	26,039	20,940	1,538	22,478	3,561

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, 2011  
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>BUREAU OF STREET SERVICES</b>							
Salaries	\$ 70,702	\$ 5,959	\$ 76,661	\$ 69,987	\$ 2,803	\$ 72,790	\$ 3,871
Expenses	73,826	17,496	91,322	62,576	13,115	75,691	15,631
Subtotal	144,528	23,455	167,983	132,563	15,918	148,481	19,502
<b>NON-DEPARTMENTAL</b>							
Water and Electricity	3,865	--	3,865	2,137	1,487	3,624	241
<b>TOTAL PUBLIC WORKS</b>	<b>287,653</b>	<b>42,944</b>	<b>330,597</b>	<b>267,936</b>	<b>25,085</b>	<b>293,021</b>	<b>37,576</b>
<b>HEALTH AND SANITATION</b>							
<b>PUBLIC WORKS - BUREAU OF SANITATION</b>							
Salaries	205,309	1,129	206,438	187,450	6,401	193,851	12,587
Expenses	8,106	740	8,846	4,606	2,412	7,018	1,828
Subtotal	213,415	1,869	215,284	192,056	8,813	200,869	14,415
<b>NON-DEPARTMENTAL</b>							
Water and Electricity	912	--	912	214	697	911	1
<b>TOTAL HEALTH AND SANITATION</b>	<b>214,327</b>	<b>1,869</b>	<b>216,196</b>	<b>192,270</b>	<b>9,510</b>	<b>201,780</b>	<b>14,416</b>
<b>TRANSPORTATION</b>							
Salaries	103,614	15,081	118,695	106,439	3,620	110,059	8,636
Expenses	23,315	(1,568)	21,747	13,536	2,842	16,378	5,369
<b>TOTAL TRANSPORTATION</b>	<b>126,929</b>	<b>13,513</b>	<b>140,442</b>	<b>119,975</b>	<b>6,462</b>	<b>126,437</b>	<b>14,005</b>
<b>CULTURAL AND RECREATIONAL SERVICES</b>							
<b>CONVENTION CENTER</b>							
Salaries	13,228	1,485	14,713	13,992	392	14,384	329
Expenses	6,857	766	7,623	6,938	548	7,486	137
Special	366	219	585	255	121	376	209
Subtotal	20,451	2,470	22,921	21,185	1,061	22,246	675
<b>CULTURAL AFFAIRS</b>							
Salaries	3,350	894	4,244	4,101	131	4,232	12
Expenses	423	141	564	470	94	564	--
Special	3,936	139	4,075	2,103	1,730	3,833	242
Subtotal	7,709	1,174	8,883	6,674	1,955	8,629	254
<b>EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT AUTHORITY</b>							
Salaries	1,181	51	1,232	1,179	42	1,221	11
Expenses	354	52	406	349	47	396	10
Subtotal	1,535	103	1,638	1,528	89	1,617	21
<b>ZOO</b>							
Salaries	14,355	(4)	14,351	12,932	459	13,391	960
Expenses	3,128	--	3,128	2,482	398	2,880	248
Subtotal	17,483	(4)	17,479	15,414	857	16,271	1,208

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, 2011  
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>NON-DEPARTMENTAL</b>							
Water and Electricity	\$ 19,435	\$ (15,912)	\$ 3,523	\$ 955	\$ 2,568	\$ 3,523	\$ --
<b>TOTAL CULTURAL AND RECREATIONAL SERVICES</b>	66,613	(12,169)	54,444	45,756	6,530	52,286	2,158
<b>COMMUNITY DEVELOPMENT</b>							
<b>AGING</b>							
Salaries	3,596	434	4,030	3,192	114	3,306	724
Expenses	133	240	373	107	38	145	228
Equipment	--	31	31	--	--	--	31
Subtotal	3,729	705	4,434	3,299	152	3,451	983
<b>COMMUNITY DEVELOPMENT</b>							
Salaries	23,047	3,931	26,978	22,968	790	23,758	3,220
Expenses	2,050	6,382	8,432	5,080	792	5,872	2,560
Equipment	--	66	66	4	--	4	62
Special	6	(6)	--	--	--	--	--
Subtotal	25,103	10,373	35,476	28,052	1,582	29,634	5,842
<b>DISABILITY</b>							
Salaries	1,183	29	1,212	1,171	41	1,212	--
Expenses	311	31	342	249	90	339	3
Special	105	(56)	49	38	8	46	3
Subtotal	1,599	4	1,603	1,458	139	1,597	6
<b>LOS ANGELES HOUSING</b>							
Salaries	43,761	3,482	47,243	41,338	1,532	42,870	4,373
Expenses	7,187	1,746	8,933	6,325	1,356	7,681	1,252
Special	500	250	750	476	--	476	274
Subtotal	51,448	5,478	56,926	48,139	2,888	51,027	5,899
<b>PLANNING</b>							
Salaries	22,185	740	22,925	19,922	702	20,624	2,301
Expenses	4,097	253	4,350	1,734	1,401	3,135	1,215
Equipment	150	--	150	130	--	130	20
Subtotal	26,432	993	27,425	21,786	2,103	23,889	3,536
<b>TOTAL COMMUNITY DEVELOPMENT</b>	108,311	17,553	125,864	102,734	6,864	109,598	16,266
<b>PENSION AND RETIREMENT CONTRIBUTION</b>							
Non-Departmental	7,764	(3,463)	4,301	3,888	354	4,242	59
<b>CAPITAL OUTLAY</b>							
Non-Departmental	6,347	15,851	22,198	3,184	7,342	10,526	11,672
<b>TRANSFERS TO OTHER FUNDS</b>							
Non-Departmental	1,172,353	13,977	1,186,330	1,167,790	26	1,167,816	18,514
<b>GRAND TOTAL</b>	\$ 5,159,790	\$ 253,227	\$ 5,413,017	\$ 4,876,044	\$ 262,422	\$ 5,138,466	\$ 274,551

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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.

## CITY OF LOS ANGELES

### 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. Five funds are reported as major funds and are presented in the basic financial statements. Fourteen funds are separately identified in the Nonmajor Special Revenue Funds combining schedules and they account for 47.9% 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 & Safety Permit fund** - Accounts for the fees collected for plan check, permitting, and inspection of new construction in the City; testing of construction materials and methods; and examining the licensing of welders, equipment operators, and registered deputy building inspector.

**Citywide Recycling Fund** – Accounts for compliance fees collected from private solid waste haulers. Monies deposited in the Fund are used to pay for industrial, commercial, and multi-family recycling programs that include program administration, public education, technical assistance to private businesses, research, market development, development of material recovery/diversion facilities, and other programs designed to increase solid waste diversion rates.

**Proposition C Anti-Gridlock Transit Improvement Fund** – Accounts for the City's 20% 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.

**Special Police Communications/911 System Tax Fund** – Accounts for the special tax imposed on each parcel, improvement to property, and use of property to finance improvements to the police communications system that includes the 911 system for the fire and police emergency calls.

**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.

CITY OF LOS ANGELES

**SPECIAL REVENUE FUNDS – (Continued)**

**Disaster Assistance Fund** – Accounts for grants received for emergency and disaster recovery costs and similar grant programs.

**Economic Development Section 108 Loan Guarantee Program Fund** – Accounts for loan guarantee funds from HUD for housing, commercial and industrial development projects.

**Home Investment Partnership Program Fund** – Accounts for the grants received from HUD to expand the supply of decent, safe, sanitary and affordable housing with the primary focus on rental housing, and to strengthen the abilities of state and local governments to provide housing to persons principally of low and very low income.

**Seismic Bond Reimbursement Fund** – Accounts for the funds received from the Federal government and other sources to reimburse the City for its seismic bond program.

**Special Gas Tax Street Improvement Fund** – Accounts for the revenues received from the State for the City's share of the gasoline tax and Traffic Congestion Relief Fund to be used for preservation, maintenance, and rehabilitation of local streets and road system. The fund also accounts for federal grants from the Surface Transportation Program to finance the upgrade of the most heavily traveled highways.

**Transportation Fund** – Accounts for grant funds from the Metropolitan Transit Authority (MTA) to implement the Transportation Improvement Program Call for Projects (TIP).

**Workforce Investment Act Fund** – Accounts for the grants received from the United States Department of Labor for the purpose of providing employment and training opportunities for the disadvantaged residents and dislocated workers of the City.

**Nonmajor Other Grant Funds** – Account for various grants received from the Federal and State governments used for a specific purpose, activity or facility. This group represents 20.2% of the combined revenues of the Nonmajor Special Revenue Funds. Included in this group are seven annually budgeted funds: Community Services Block Grant, 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 26.6% of the combined revenues of the Nonmajor Special Revenue Funds. Included in this group are 21 annually budgeted funds: Arts and Cultural Facilities and Services, Arts Development Fee, City Employees Ridesharing, City Ethics Commission, City of Los Angeles Affordable Housing, Department of Neighborhood Empowerment, El Pueblo de Los Angeles Historical Monument, Landfill Maintenance, Local Public Safety, Los Angeles Convention and Visitors Bureau, Major Projects Review, Measure R Traffic Relief and Rail Expansion Funds, Multi-Family Bulky Item Fee, Municipal Housing Finance, Planning Case Processing Special Fund, Rent Stabilization, Street Damage Restoration Fee, Systematic Code Enforcement Fee, Telecommunications Liquidated Damages and Lost Franchise Fees, Traffic Safety, and Zoo.

CITY OF LOS ANGELES

**SPECIAL REVENUE FUNDS – (Continued)**

**Allocations From Other Governmental Agencies** – Account for funds received by the City from various sources used for engineering design, fire protection, acquiring rights if any, construction and for various other programs. This group represents 4.7% of the combined revenues of the Nonmajor Special Revenue Funds. Included in this group are 23 partially budgeted funds: ARRA Workforce Investment, ARRA Community Service, ARRA Community Development Block Grant, ARRA COPS Hiring Recovery Program, Bus Bench Advertising, Business Improvement Trust, City Planning Long Range Planning, City Planning Systems Development, Coastal Transportation Corridor Trust, Council District 15 Real Property Trust, Federal Emergency Shelter Grant, Fire Hydrant Installation and Main Replacement, General Services Trust, Industrial Development Authority, Integrated Solid Waste Management, Pershing Square Project, Los Angeles Regional Agency Trust, Off-Site Sign Periodic Inspection, Proposition 1B Infrastructure, Used Oil Collection, Ventura/Cahuenga Boulevard Corridor Specific Plan Revenue, Warner Center Transportation Trust, and West LA Transportation Improvement and Mitigation Special Revenue Funds.

CITY OF LOS ANGELES

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	<u>Building and Safety Permit</u>	<u>Citywide Recycling</u>	<u>Proposition C Anti-Gridlock Transit Improvement</u>	<u>Special Parking Revenue</u>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 23,515	\$ 50,696	\$ 23,513	\$ 31,451
Taxes Receivable	--	5,471	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$35,161)	2,559	--	--	183
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$3,170)	11	--	--	--
Investment Income Receivable	85	159	76	106
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$279)	--	--	8,073	--
Loans Receivable (Net of Allowance for Uncollectibles of \$723,337)	--	--	--	--
Due from Other Funds	1,964	326	36,910	380
Loans Receivable from Component Unit	--	--	--	782
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	78,589	--
Restricted Assets	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 28,134</u>	<u>\$ 56,652</u>	<u>\$ 147,161</u>	<u>\$ 32,902</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ 1,173	\$ 1,051	\$ 554	\$ 2,277
Obligations Under Securities				
Lending Transactions	2,137	4,607	2,126	2,858
Accrued Salaries and Overtime Payable	--	--	--	--
Accrued Compensated Absences Payable	--	--	--	--
Intergovernmental Payable	--	--	--	--
Due to Other Funds	344	--	11,341	718
Due to Component Unit	--	--	--	--
Deferred Revenue and Other Credits	857	1,856	202	27
Deposits and Advances	50	--	--	61
Advances from Other Funds	--	--	--	--
Other Liabilities	--	--	--	--
<b>TOTAL LIABILITIES FORWARDED</b>	<u>4,561</u>	<u>7,514</u>	<u>14,223</u>	<u>5,941</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Building and Safety Permit	Citywide Recycling	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
<b>TOTAL LIABILITIES FORWARDED</b>	\$ 4,561	\$ 7,514	\$ 14,223	\$ 5,941
<b>FUND BALANCES (DEFICIT)</b>				
<b>Nonspendable:</b>				
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	78,589	--
<b>Restricted for:</b>				
Community Development	--	--	--	--
Construction and Engineering				
Regulation Enforcement	--	--	--	--
Cultural Activities	--	--	--	--
Debt Service	--	--	--	--
General Government	--	--	--	--
Health, Environment and Sanitation Programs	--	49,138	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--
Law Enforcement	--	--	--	--
Library	--	--	--	--
Other Capital Projects	--	--	--	--
Other Purposes	--	--	--	--
Recreation and Parks	--	--	--	--
Seismic Improvement	--	--	--	--
Social Services	--	--	--	--
Solid Waste	--	--	--	--
Stormwater Cleanup Capital Projects	--	--	--	--
Street Lighting	--	--	--	--
Street Services	--	--	--	--
Transportation	--	--	54,349	--
<b>Assigned to:</b>				
Community Development	--	--	--	--
Construction and Engineering				
Regulation Enforcement	23,573	--	--	--
Cultural Activities	--	--	--	--
Fire Prevention and Emergency Preparedness	--	--	--	--
General Government	--	--	--	--
Health, Environment and Sanitation Programs	--	--	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--
Law Enforcement	--	--	--	--
Library	--	--	--	--
Other Capital Projects	--	--	--	--
Other Purposes	--	--	--	--
Recreation and Parks	--	--	--	--
Social Services	--	--	--	--
Street Services	--	--	--	--
Transportation	--	--	--	26,961
<b>Unassigned</b>	--	--	--	--
<b>TOTAL FUND BALANCES (DEFICIT)</b>	23,573	49,138	132,938	26,961
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 28,134	\$ 56,652	\$ 147,161	\$ 32,902

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	<u>Special Police Communi- cations/911 System Tax</u>	<u>Stormwater Pollution Abatement</u>	<u>Street Lighting Maintenance Assessment</u>	<u>Grant Fund Disaster Assistance</u>
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,094	\$ 6,087	\$ 23,002	\$ 11,015
Taxes Receivable	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$35,161)	--	--	1,017	--
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$3,170)	2,063	3,028	8,017	--
Investment Income Receivable	50	37	--	33
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$279)	--	--	146	7,280
Loans Receivable (Net of Allowance for Uncollectibles of \$723,337)	--	--	--	--
Due from Other Funds	41	613	2,474	--
Loans Receivable from Component Unit	--	--	--	--
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	844
Restricted Assets	--	--	--	--
<b>TOTAL ASSETS</b>	<u>\$ 3,248</u>	<u>\$ 9,765</u>	<u>\$ 34,656</u>	<u>\$ 19,172</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts, Contracts and Retainage Payable	\$ --	\$ 213	\$ 3,863	\$ --
Obligations Under Securities Lending Transactions	99	553	--	1,001
Accrued Salaries and Overtime Payable	--	--	--	--
Accrued Compensated Absences Payable	--	--	--	--
Intergovernmental Payable	--	--	2,690	520
Due to Other Funds	--	109	--	8,823
Due to Component Unit	--	--	--	--
Deferred Revenue and Other Credits	1,158	1,700	6,337	9,382
Deposits and Advances	--	--	31	23
Advances from Other Funds	--	--	96	--
Other Liabilities	--	--	16,600	--
<b>TOTAL LIABILITIES FORWARDED</b>	<u>1,257</u>	<u>2,575</u>	<u>29,617</u>	<u>19,749</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Special Police Communi- cations/911 System Tax	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Grant Fund Disaster Assistance
<b>TOTAL LIABILITIES FORWARDED</b>	\$ 1,257	\$ 2,575	\$ 29,617	\$ 19,749
<b>FUND BALANCES (DEFICIT)</b>				
<b>Nonspendable:</b>				
Prepaid Items and Other Assets	--	--	--	--
Advances to Other Funds	--	--	--	844
<b>Restricted for:</b>				
Community Development	--	--	--	--
Construction and Engineering				
Regulation Enforcement	--	--	--	--
Cultural Activities	--	--	--	--
Debt Service	1,991	--	--	--
General Government	--	--	--	--
Health, Environment and Sanitation Programs	--	--	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--
Law Enforcement	--	--	--	--
Library	--	--	--	--
Other Capital Projects	--	--	--	--
Other Purposes	--	--	--	--
Recreation and Parks	--	--	--	--
Seismic Improvement	--	--	--	--
Social Services	--	--	--	--
Solid Waste	--	--	--	--
Stormwater Cleanup Capital Projects	--	7,190	--	--
Street Lighting	--	--	5,039	--
Street Services	--	--	--	--
Transportation	--	--	--	--
<b>Assigned to:</b>				
Community Development	--	--	--	--
Construction and Engineering				
Regulation Enforcement	--	--	--	--
Cultural Activities	--	--	--	--
Fire Prevention and Emergency Preparedness	--	--	--	--
General Government	--	--	--	--
Health, Environment and Sanitation Programs	--	--	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--
Law Enforcement	--	--	--	--
Library	--	--	--	--
Other Capital Projects	--	--	--	--
Other Purposes	--	--	--	--
Recreation and Parks	--	--	--	--
Social Services	--	--	--	--
Street Services	--	--	--	--
Transportation	--	--	--	--
<b>Unassigned</b>	--	--	--	(1,421)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	1,991	7,190	5,039	(577)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 3,248	\$ 9,765	\$ 34,656	\$ 19,172

Continued...



CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Grant Funds				
	Economic Development Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Special Gas Tax Street Improvement	Transportation
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 22,105	\$ 3,372	\$ 38,779	\$ 47,626	\$ 216,275
Taxes Receivable	--	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$35,161)	--	--	14	--	--
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$3,170)	--	--	--	--	--
Investment Income Receivable	2	7	126	107	659
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$279)	--	--	8,462	11,617	24,384
Loans Receivable (Net of Allowance for Uncollectibles of \$723,337)	117,838	71,479	--	--	--
Due from Other Funds	--	19	--	24	1
Loans Receivable from Component Unit	--	--	--	--	--
Prepaid Items and Other Assets	--	4,620	--	--	--
Advances to Other Funds	--	--	--	--	--
Restricted Assets	--	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 139,945</b>	<b>\$ 79,497</b>	<b>\$ 47,381</b>	<b>\$ 59,374</b>	<b>\$ 241,319</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 8,006	\$ 6,185	\$ 961	\$ 311	\$ 2,821
Obligations Under Securities					
Lending Transactions	47	305	3,524	4,328	19,653
Accrued Salaries and Overtime Payable	--	--	--	--	--
Accrued Compensated Absences Payable	--	--	--	--	--
Intergovernmental Payable	--	--	--	--	--
Due to Other Funds	126	72	847	6	48,664
Due to Component Unit	753	--	--	--	--
Deferred Revenue and Other Credits	--	2	7,770	28	19,805
Deposits and Advances	1,192	277	--	--	--
Advances from Other Funds	--	--	--	1,187	78,889
Other Liabilities	--	--	--	--	--
<b>TOTAL LIABILITIES FORWARDED</b>	<b>10,124</b>	<b>6,841</b>	<b>13,102</b>	<b>5,860</b>	<b>169,832</b>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Grant Funds				
	Economic Development Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Special Gas Tax Street Improvement	Transportation
<b>TOTAL LIABILITIES FORWARDED</b>	\$ 10,124	\$ 6,841	\$ 13,102	\$ 5,860	\$ 169,832
<b>FUND BALANCES (DEFICIT)</b>					
<b>Nonspendable:</b>					
Prepaid Items and Other Assets	--	4,620	--	--	--
Advances to Other Funds	--	--	--	--	--
<b>Restricted for:</b>					
Community Development	128,734	68,036	--	--	--
Construction and Engineering Regulation Enforcement	--	--	--	--	--
Cultural Activities	--	--	--	--	--
Debt Service	--	--	--	--	--
General Government	--	--	--	--	--
Health, Environment and Sanitation Programs	--	--	--	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--	--
Law Enforcement	--	--	--	--	--
Library	--	--	--	--	--
Other Capital Projects	--	--	--	--	--
Other Purposes	--	--	--	--	--
Recreation and Parks	--	--	--	--	--
Seismic Improvement	--	--	34,279	--	--
Social Services	--	--	--	--	--
Solid Waste	--	--	--	--	--
Stormwater Cleanup Capital Projects	--	--	--	--	--
Street Lighting	--	--	--	--	--
Street Services	--	--	--	53,514	--
Transportation	--	--	--	--	71,487
<b>Assigned to:</b>					
Community Development	1,087	--	--	--	--
Construction and Engineering Regulation Enforcement	--	--	--	--	--
Cultural Activities	--	--	--	--	--
Fire Prevention and Emergency Preparedness	--	--	--	--	--
General Government	--	--	--	--	--
Health, Environment and Sanitation Programs	--	--	--	--	--
Landfill Closure and Postclosure Maintenance	--	--	--	--	--
Law Enforcement	--	--	--	--	--
Library	--	--	--	--	--
Other Capital Projects	--	--	--	--	--
Other Purposes	--	--	--	--	--
Recreation and Parks	--	--	--	--	--
Social Services	--	--	--	--	--
Street Services	--	--	--	--	--
Transportation	--	--	--	--	--
<b>Unassigned</b>	--	--	--	--	--
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>129,821</u>	<u>72,656</u>	<u>34,279</u>	<u>53,514</u>	<u>71,487</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 139,945</u>	<u>\$ 79,497</u>	<u>\$ 47,381</u>	<u>\$ 59,374</u>	<u>\$ 241,319</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Investment Act	Nonmajor Other Grant Funds			
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 61	\$ 173,600	\$ 341,167	\$ 173,074	\$ 1,186,432
Taxes Receivable	--	--	1,006	--	6,477
Accounts Receivable (Net of Allowance for Uncollectibles of \$35,161)	--	967	15,868	--	20,608
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$3,170)	--	--	4,089	238	17,446
Investment Income Receivable	6	372	819	600	3,244
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$279)	9,305	16,156	15,987	7,800	109,210
Loans Receivable (Net of Allowance for Uncollectibles of \$723,337)	--	42,890	26,896	--	259,103
Due from Other Funds	7	1,125	19,776	1,099	64,759
Loans Receivable from Component Unit	--	--	--	--	782
Prepaid Items and Other Assets	252	905	1,704	--	7,481
Advances to Other Funds	--	--	1,191	--	80,624
Restricted Assets	--	--	3,480	--	3,480
<b>TOTAL ASSETS</b>	<b>\$ 9,631</b>	<b>\$ 236,015</b>	<b>\$ 431,983</b>	<b>\$ 182,811</b>	<b>\$ 1,759,646</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 8,198	\$ 19,849	\$ 10,061	\$ 10,095	\$ 75,618
Obligations Under Securities					
Lending Transactions	6	10,677	24,070	15,503	91,494
Accrued Salaries and Overtime Payable	--	--	1,627	--	1,627
Accrued Compensated Absences Payable	--	--	55	--	55
Intergovernmental Payable	339	1,009	281	--	4,839
Due to Other Funds	18	8,189	1,721	1,362	82,340
Due to Component Unit	--	281	--	--	1,034
Deferred Revenue and Other Credits	771	8,963	21,949	610	81,417
Deposits and Advances	--	2,363	14,007	165	18,169
Advances from Other Funds	--	22,000	12,062	--	114,234
Other Liabilities	--	24	389	--	17,013
<b>TOTAL LIABILITIES FORWARDED</b>	<b>9,332</b>	<b>73,355</b>	<b>86,222</b>	<b>27,735</b>	<b>487,840</b>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Investment Act	Nonmajor Other Grant Funds			
<b>TOTAL LIABILITIES FORWARDED</b>	\$ 9,332	\$ 73,355	\$ 86,222	\$ 27,735	\$ 487,840
<b>FUND BALANCES (DEFICIT)</b>					
<b>Nonspendable:</b>					
Prepaid Items and Other Assets	252	905	1,704	--	7,481
Advances to Other Funds	--	--	1,191	--	80,624
<b>Restricted for:</b>					
Community Development	47	51,118	14,076	7,312	269,323
Construction and Engineering Regulation Enforcement	--	--	3,324	--	3,324
Cultural Activities	--	248	11,828	--	12,076
Debt Service	--	--	221	1,341	3,553
General Government	--	1,733	--	--	1,733
Health, Environment and Sanitation Programs	--	24,441	19,076	--	92,655
Landfill Closure and Postclosure Maintenance	--	38	--	--	38
Law Enforcement	--	44,363	8,566	852	53,781
Library	--	5,049	1,722	--	6,771
Other Capital Projects	--	15,610	536	--	16,146
Other Purposes	--	673	1,323	--	1,996
Recreation and Parks	--	93	1,111	--	1,204
Seismic Improvement	--	--	--	--	34,279
Social Services	--	3,867	36	--	3,903
Solid Waste	--	--	4,460	8,876	13,336
Stormwater Cleanup Capital Projects	--	--	--	--	7,190
Street Lighting	--	--	--	--	5,039
Street Services	--	--	2,137	89,023	144,674
Transportation	--	14,310	73,275	33,527	246,948
<b>Assigned to:</b>					
Community Development	--	--	80,749	1,515	83,351
Construction and Engineering Regulation Enforcement	--	--	11,474	--	35,047
Cultural Activities	--	--	4,596	--	4,596
Fire Prevention and Emergency Preparedness	--	--	3,400	8,627	12,027
General Government	--	157	41,243	--	41,400
Health, Environment and Sanitation Programs	--	--	5,016	2,567	7,583
Landfill Closure and Postclosure Maintenance	--	--	11,962	--	11,962
Law Enforcement	--	--	2,960	--	2,960
Library	--	--	4,451	--	4,451
Other Capital Projects	--	--	2,823	--	2,823
Other Purposes	--	--	21,773	1,436	23,209
Recreation and Parks	--	--	2,467	--	2,467
Social Services	--	--	319	--	319
Street Services	--	--	6,344	--	6,344
Transportation	--	--	1,531	--	28,492
<b>Unassigned</b>	--	55	67	--	(1,299)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	299	162,660	345,761	155,076	1,271,806
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 9,631	\$ 236,015	\$ 431,983	\$ 182,811	\$ 1,759,646

CITY OF LOS ANGELES

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	<u>Building and Safety Permit</u>	<u>Citywide Recycling</u>	<u>Proposition C Anti-Gridlock Transit Improvement</u>	<u>Special Parking Revenue</u>
<b>REVENUES</b>				
Property Taxes	\$ --	\$ --	\$ --	\$ --
Sales Taxes	--	--	--	--
Other Taxes	--	20,741	--	--
Licenses and Permits	26,305	--	--	--
Intergovernmental	--	--	48,639	--
Charges for Services	69,295	--	--	54,667
Services to Enterprise Funds	1,140	--	--	--
Fines	--	--	--	--
Special Assessments	2	--	--	--
Investment Earnings	456	780	367	602
Program Income	--	--	--	--
Other	103	357	2,021	746
<b>TOTAL REVENUES</b>	<u>97,301</u>	<u>21,878</u>	<u>51,027</u>	<u>56,015</u>
<b>EXPENDITURES</b>				
Current:				
General Government	--	--	--	--
Protection of Persons and Property	92,722	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	27,287	--	--
Transportation	--	--	40,864	29,040
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	104	--	2,492	8,491
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Cost of Issuance	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>92,826</u>	<u>27,287</u>	<u>43,356</u>	<u>37,531</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,475</u>	<u>(5,409)</u>	<u>7,671</u>	<u>18,484</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	--	--	45,277	--
Transfers Out	--	--	(13,559)	(25,938)
Loans from HUD	--	--	--	--
Proceeds of Refunding Loan	--	--	--	--
Payment for Refunding of Loan	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>--</u>	<u>31,718</u>	<u>(25,938)</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,475	(5,409)	39,389	(7,454)
FUND BALANCES (DEFICIT), JULY 1	<u>19,098</u>	<u>54,547</u>	<u>93,549</u>	<u>34,415</u>
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ 23,573</u>	<u>\$ 49,138</u>	<u>\$ 132,938</u>	<u>\$ 26,961</u>

Continued...

CITY OF LOS ANGELES

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit) - (Continued)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Special Police Communi- cations/911 System Tax	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Grant Fund Disaster Assistance
<b>REVENUES</b>				
Property Taxes	\$ 21,019	\$ --	\$ --	\$ --
Sales Taxes	--	--	--	--
Other Taxes	--	--	--	--
Licenses and Permits	--	--	597	--
Intergovernmental	--	1,444	1,402	15,979
Charges for Services	--	29,170	2,830	--
Services to Enterprise Funds	--	--	--	--
Fines	--	16	--	--
Special Assessments	153	112	44,097	--
Investment Earnings	142	167	--	147
Program Income	--	--	--	--
Other	--	19	1,906	--
<b>TOTAL REVENUES</b>	<u>21,314</u>	<u>30,928</u>	<u>50,832</u>	<u>16,126</u>
<b>EXPENDITURES</b>				
Current:				
General Government	--	--	--	--
Protection of Persons and Property	935	--	--	17,491
Public Works	--	--	42,030	--
Health and Sanitation	--	28,372	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	1,693	14,691	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Cost of Issuance	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<u>935</u>	<u>30,065</u>	<u>56,721</u>	<u>17,491</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>20,379</u>	<u>863</u>	<u>(5,889)</u>	<u>(1,365)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	--	--	--	--
Transfers Out	(20,969)	--	--	--
Loans from HUD	--	--	--	--
Proceeds of Refunding Loan	--	--	--	--
Payment for Refunding of Loan	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(20,969)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	(590)	863	(5,889)	(1,365)
FUND BALANCES (DEFICIT), JULY 1	<u>2,581</u>	<u>6,327</u>	<u>10,928</u>	<u>788</u>
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ 1,991</u>	<u>\$ 7,190</u>	<u>\$ 5,039</u>	<u>\$ (577)</u>

Continued...

CITY OF LOS ANGELES

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit) - (Continued)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Grant Funds				
	Economic Development Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Special Gas Tax Street Improvement	Transportation
<b>REVENUES</b>					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Sales Taxes	--	--	--	--	--
Other Taxes	--	--	--	--	--
Licenses and Permits	--	--	--	--	--
Intergovernmental	--	63,997	7,559	114,298	41,146
Charges for Services	--	--	--	--	--
Services to Enterprise Funds	--	--	--	--	--
Fines	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	12	19	556	737	3,235
Program Income	6,336	5,542	--	--	--
Other	--	--	--	32	--
<b>TOTAL REVENUES</b>	<b>6,348</b>	<b>69,558</b>	<b>8,115</b>	<b>115,067</b>	<b>44,381</b>
<b>EXPENDITURES</b>					
Current:					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	--	--	--
Public Works	--	--	6,133	85,007	--
Health and Sanitation	--	--	--	--	--
Transportation	--	--	--	--	6,918
Cultural and Recreational Services	--	--	--	--	--
Community Development	1,563	62,786	--	--	--
Capital Outlay	--	--	7,553	1,533	35,053
Debt Service:					
Principal	4,535	--	--	--	--
Interest	2,557	--	--	--	--
Cost of Issuance	2	--	--	--	--
<b>TOTAL EXPENDITURES</b>	<b>8,657</b>	<b>62,786</b>	<b>13,686</b>	<b>86,540</b>	<b>41,971</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,309)</b>	<b>6,772</b>	<b>(5,571)</b>	<b>28,527</b>	<b>2,410</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	3,078	179	--	--	29,001
Transfers Out	(2,503)	--	(73)	(134)	(58,252)
Loans from HUD	7,388	--	--	--	--
Proceeds of Refunding Loan	615	--	--	--	--
Payment for Refunding of Loan	(615)	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>7,963</b>	<b>179</b>	<b>(73)</b>	<b>(134)</b>	<b>(29,251)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,654</b>	<b>6,951</b>	<b>(5,644)</b>	<b>28,393</b>	<b>(26,841)</b>
FUND BALANCES (DEFICIT), JULY 1	124,167	65,705	39,923	25,121	98,328
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<b>\$ 129,821</b>	<b>\$ 72,656</b>	<b>\$ 34,279</b>	<b>\$ 53,514</b>	<b>\$ 71,487</b>

Continued...

CITY OF LOS ANGELES

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit) - (Continued)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Investment Act	Nonmajor Other Grant Funds			
<b>REVENUES</b>					
Property Taxes	\$ --	\$ --	\$ 23,651	\$ 648	\$ 45,318
Sales Taxes	--	--	37,736	--	37,736
Other Taxes	--	--	26,420	3,321	50,482
Licenses and Permits	--	--	3,121	--	30,023
Intergovernmental	41,657	263,603	55,274	47,721	702,719
Charges for Services	--	4,568	128,005	6,128	294,663
Services to Enterprise Funds	--	--	--	--	1,140
Fines	--	--	12,865	--	12,881
Special Assessments	--	--	33,582	1,030	78,976
Investment Earnings	--	2,053	4,404	2,700	16,377
Program Income	--	1,817	2,234	--	15,929
Other	32	1,999	22,166	342	29,723
<b>TOTAL REVENUES</b>	<b>41,689</b>	<b>274,040</b>	<b>349,458</b>	<b>61,890</b>	<b>1,315,967</b>
<b>EXPENDITURES</b>					
Current:					
General Government	--	22,340	17,074	157	39,571
Protection of Persons and Property	--	100,415	78,353	5,616	295,532
Public Works	--	7,575	23,669	25,021	189,435
Health and Sanitation	--	7,438	8,405	2,336	73,838
Transportation	--	16,920	29,364	2,685	125,791
Cultural and Recreational Services	--	833	124,729	--	125,562
Community Development	40,714	96,983	108,686	44,659	355,391
Capital Outlay	--	26,946	10,323	5	108,884
Debt Service:					
Principal	--	1,348	--	--	5,883
Interest	--	449	--	--	3,006
Cost of Issuance	--	5	--	--	7
<b>TOTAL EXPENDITURES</b>	<b>40,714</b>	<b>281,252</b>	<b>400,603</b>	<b>80,479</b>	<b>1,322,900</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>975</b>	<b>(7,212)</b>	<b>(51,145)</b>	<b>(18,589)</b>	<b>(6,933)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	7,965	134,267	850	220,617
Transfers Out	--	(4,150)	(24,816)	(1,484)	(151,878)
Loans from HUD	--	--	--	--	7,388
Proceeds of Refunding Loan	--	1,368	--	--	1,983
Payment for Refunding of Loan	--	(1,368)	--	--	(1,983)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>--</b>	<b>3,815</b>	<b>109,451</b>	<b>(634)</b>	<b>76,127</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>975</b>	<b>(3,397)</b>	<b>58,306</b>	<b>(19,223)</b>	<b>69,194</b>
FUND BALANCES (DEFICIT), JULY 1	(676)	166,057	287,455	174,299	1,202,612
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<b>\$ 299</b>	<b>\$ 162,660</b>	<b>\$ 345,761</b>	<b>\$ 155,076</b>	<b>\$ 1,271,806</b>



CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Building and Safety Permit			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	26,309	26,309
Intergovernmental	--	--	--	--
Charges for Services	89,059	89,059	68,999	(20,060)
Special Assessments	--	--	--	--
Interest	859	859	1,140	281
Program Income	--	--	440	440
Other	--	90	103	13
Total Revenues	89,918	90,008	96,991	6,983
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	89,918	90,008	96,991	6,983
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	37,812	132,240	32,715	99,525
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	2,473	2,473	2,473	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	40,285	134,713	35,188	99,525
Other Financing Uses				
Transfers to Other Funds	58,162	65,044	60,669	4,375
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	58,162	65,044	60,669	4,375
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	98,447	199,757	95,857	103,900
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(8,529)	(109,749)	1,134	110,883
FUND BALANCES (DEFICITS), JULY 1, RESTATED	8,529	8,529	15,734	7,205
Appropriation of Fund Balances and Carryforward				
Appropriations	--	101,220	--	(101,220)
Encumbrances Lapsed	--	--	314	314
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 17,182	\$ 17,182

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Citywide Recycling			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 22,865	\$ 22,865	\$ 21,336	\$ (1,529)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	398	398
Special Assessments	--	--	--	--
Interest	937	937	949	12
Program Income	--	--	--	--
Other	--	--	1	1
Total Revenues	23,802	23,802	22,684	(1,118)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>23,802</b>	<b>23,802</b>	<b>22,684</b>	<b>(1,118)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	60,404	72,459	24,742	47,717
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	60,404	72,459	24,742	47,717
Other Financing Uses				
Transfers to Other Funds	5,874	5,994	5,428	566
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	5,874	5,994	5,428	566
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>66,278</b>	<b>78,453</b>	<b>30,170</b>	<b>48,283</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(42,476)</b>	<b>(54,651)</b>	<b>(7,486)</b>	<b>47,165</b>
FUND BALANCES (DEFICITS), JULY 1, RESTATED	42,476	42,476	45,416	2,940
Appropriation of Fund Balances and Carryforward				
Appropriations	--	12,175	--	(12,175)
Encumbrances Lapsed	--	--	742	742
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 38,672</b>	<b>\$ 38,672</b>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Proposition C Anti-Gridlock Transit Improvement			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	62,050	64,834	48,147	(16,687)
Charges for Services	--	--	2,203	2,203
Special Assessments	--	--	--	--
Interest	544	544	509	(35)
Program Income	--	--	--	--
Other	250	250	14	(236)
Total Revenues	62,844	65,628	50,873	(14,755)
Other Financing Sources				
Transfers from Other Funds	4,400	4,400	8,472	4,072
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	4,400	4,400	8,472	4,072
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	67,244	70,028	59,345	(10,683)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	28,104	64,189	31,696	32,493
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	695	1,866	389	1,477
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	28,799	66,055	32,085	33,970
Other Financing Uses				
Transfers to Other Funds	39,599	56,148	33,293	22,855
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	39,599	56,148	33,293	22,855
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	68,398	122,203	65,378	56,825
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,154)	(52,175)	(6,033)	46,142
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,154	1,154	93,168	92,014
Appropriation of Fund Balances and Carryforward				
Appropriations	--	51,021	--	(51,021)
Encumbrances Lapsed	--	--	172	172
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 87,307	\$ 87,307

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Special Parking Revenue			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	50,710	50,710	54,613	3,903
Special Assessments	--	--	--	--
Interest	1,100	1,100	805	(295)
Program Income	--	--	--	--
Other	--	--	748	748
Total Revenues	51,810	51,810	56,166	4,356
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	51,810	51,810	56,166	4,356
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	34,397	40,571	27,549	13,022
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	1,000	10,427	6,868	3,559
Debt Service				
Principal	5,395	5,755	5,125	630
Interest	3,212	3,408	3,210	198
Total Expenditures	44,004	60,161	42,752	17,409
Other Financing Uses				
Transfers to Other Funds	11,379	26,077	20,799	5,278
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	11,379	26,077	20,799	5,278
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	55,383	86,238	63,551	22,687
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(3,573)	(34,428)	(7,385)	27,043
FUND BALANCES (DEFICITS), JULY 1, RESTATED	3,573	3,573	29,605	26,032
Appropriation of Fund Balances and Carryforward				
Appropriations	--	30,855	--	(30,855)
Encumbrances Lapsed	--	--	738	738
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 22,958	\$ 22,958

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Special Police Communications/911 System Tax			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 21,039	\$ 21,039	\$ 21,019	\$ (20)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	200	200	158	(42)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	21,239	21,239	21,177	(62)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	21,239	21,239	21,177	(62)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	1,124	1,066	550	516
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,124	1,066	550	516
Other Financing Uses				
Transfers to Other Funds	21,299	21,357	21,353	4
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	21,299	21,357	21,353	4
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	22,423	22,423	21,903	520
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,184)	(1,184)	(726)	458
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,184	1,184	1,708	524
Appropriation of Fund Balances and Carryforward				
Appropriations	--	--	--	--
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 982	\$ 982

CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	Stormwater Pollution Abatement			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	21	21
Intergovernmental	1,269	1,269	1,444	175
Charges for Services	28,600	28,600	29,165	565
Special Assessments	--	--	--	--
Interest	137	137	166	29
Program Income	--	--	--	--
Other	--	--	19	19
Total Revenues	30,006	30,006	30,815	809
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	30,006	30,006	30,815	809
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	8,832	14,111	11,180	2,931
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	1,350	1,560	405	1,155
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	10,182	15,671	11,585	4,086
Other Financing Uses				
Transfers to Other Funds	20,885	20,661	18,736	1,925
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	20,885	20,661	18,736	1,925
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	31,067	36,332	30,321	6,011
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,061)	(6,326)	494	6,820
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,061	1,061	3,987	2,926
Appropriation of Fund Balances and Carryforward				
Appropriations	--	5,265	--	(5,265)
Encumbrances Lapsed	--	--	80	80
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 4,561	\$ 4,561

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Street Lighting Maintenance Assessment			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	1,100	1,100	597	(503)
Intergovernmental	959	1,479	1,402	(77)
Charges for Services	--	--	2,770	2,770
Special Assessments	42,459	43,959	43,108	(851)
Interest	--	--	--	--
Program Income	--	--	--	--
Other	2,784	2,784	833	(1,951)
Total Revenues	47,302	49,322	48,710	(612)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	14,979	14,979	13,120	(1,859)
Total Other Financing Sources	14,979	14,979	13,120	(1,859)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	62,281	64,301	61,830	(2,471)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	35,437	47,816	38,155	9,661
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	3,166	7,897	1,836	6,061
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	38,603	55,713	39,991	15,722
Other Financing Uses				
Transfers to Other Funds	23,644	31,260	21,638	9,622
Payment of Loans to Other Funds	7,044	4,714	2,443	2,271
Total Other Financing Uses	30,688	35,974	24,081	11,893
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	69,291	91,687	64,072	27,615
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(7,010)	(27,386)	(2,242)	25,144
FUND BALANCES (DEFICITS), JULY 1, RESTATED	7,010	7,010	11,665	4,655
Appropriation of Fund Balances and Carryforward				
Appropriations	--	20,376	--	(20,376)
Encumbrances Lapsed	--	--	13	13
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 9,436	\$ 9,436

CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Disaster Assistance</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	17,300	9,310	5,446	(3,864)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	235	235
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>17,300</u>	<u>9,310</u>	<u>5,681</u>	<u>(3,629)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>17,300</u>	<u>9,310</u>	<u>5,681</u>	<u>(3,629)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	24,888	9,110	9,110	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>24,888</u>	<u>9,110</u>	<u>9,110</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	200	5,861	245	5,616
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>200</u>	<u>5,861</u>	<u>245</u>	<u>5,616</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>25,088</u>	<u>14,971</u>	<u>9,355</u>	<u>5,616</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(7,788)	(5,661)	(3,674)	1,987
FUND BALANCES (DEFICITS), JULY 1, RESTATED	7,788	7,788	14,645	6,857
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(2,127)	--	2,127
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,971</u>	<u>\$ 10,971</u>



CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Home Investment Partnership Program</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	52	52
Intergovernmental	6,095	6,095	63,957	57,862
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	13	13
Program Income	--	--	4,829	4,829
Other	--	--	10	10
<b>Total Revenues</b>	<b>6,095</b>	<b>6,095</b>	<b>68,861</b>	<b>62,766</b>
Other Financing Sources				
Transfers from Other Funds	--	--	179	179
Loans from Other Funds	--	--	--	--
<b>Total Other Financing Sources</b>	<b>--</b>	<b>--</b>	<b>179</b>	<b>179</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>6,095</b>	<b>6,095</b>	<b>69,040</b>	<b>62,945</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	1,220	118,358	79,569	38,789
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
<b>Total Expenditures</b>	<b>1,220</b>	<b>118,358</b>	<b>79,569</b>	<b>38,789</b>
Other Financing Uses				
Transfers to Other Funds	4,875	5,229	3,510	1,719
Payment of Loans to Other Funds	--	--	--	--
<b>Total Other Financing Uses</b>	<b>4,875</b>	<b>5,229</b>	<b>3,510</b>	<b>1,719</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>6,095</b>	<b>123,587</b>	<b>83,079</b>	<b>40,508</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>(117,492)</b>	<b>(14,039)</b>	<b>103,453</b>
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(27,843)	(27,843)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	117,492	--	(117,492)
Encumbrances Lapsed	--	--	8,881	8,881
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ (33,001)</b>	<b>\$ (33,001)</b>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Special Gas Tax Street Improvement			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	103,730	103,730	105,453	1,723
Special Assessments	--	--	--	--
Interest	160	160	503	343
Program Income	--	--	--	--
Other	31	31	32	1
Total Revenues	103,921	103,921	105,988	2,067
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	103,921	103,921	105,988	2,067
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	15,600	25,381	25,381	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	20,509	28,889	2,456	26,433
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	36,109	54,270	27,837	26,433
Other Financing Uses				
Transfers to Other Funds	71,800	66,709	57,752	8,957
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	71,800	66,709	57,752	8,957
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	107,909	120,979	85,589	35,390
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(3,988)	(17,058)	20,399	37,457
FUND BALANCES (DEFICITS), JULY 1, RESTATED	3,988	3,988	17,291	13,303
Appropriation of Fund Balances and Carryforward				
Appropriations	--	13,070	--	(13,070)
Encumbrances Lapsed	--	--	245	245
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 37,935	\$ 37,935

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Workforce Investment Act			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	14,118	41,077	34,837	(6,240)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	37	37
Program Income	--	--	--	--
Other	--	--	32	32
Total Revenues	14,118	41,077	34,906	(6,171)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>14,118</b>	<b>41,077</b>	<b>34,906</b>	<b>(6,171)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	4,953	82,511	33,994	48,517
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	4,953	82,511	33,994	48,517
Other Financing Uses				
Transfers to Other Funds	9,165	31,936	7,643	24,293
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	9,165	31,936	7,643	24,293
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>14,118</b>	<b>114,447</b>	<b>41,637</b>	<b>72,810</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(73,370)	(6,731)	66,639
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(6,730)	(6,730)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	73,370	--	(73,370)
Encumbrances Lapsed	--	--	656	656
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ (12,805)</b>	<b>\$ (12,805)</b>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	1,950	12,178	9,958	(2,220)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	11	11
Program Income	--	--	--	--
Other	--	--	5	5
Total Revenues	1,950	12,178	9,974	(2,204)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	1,950	12,178	9,974	(2,204)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	742	11,683	6,958	4,725
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	742	11,683	6,958	4,725
Other Financing Uses				
Transfers to Other Funds	1,208	2,729	1,611	1,118
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	1,208	2,729	1,611	1,118
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	1,950	14,412	8,569	5,843
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(2,234)	1,405	3,639
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(950)	(950)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	2,234	--	(2,234)
Encumbrances Lapsed	--	--	524	524
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 979	\$ 979

CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Nonmajor Other Grant Fund - Forfeited Assets Trust of Police Department</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	6,155	6,155
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	415	415
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	6,570	6,570
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	--	--	6,570	6,570
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	6,587	16,880	4,255	12,625
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	6,587	16,880	4,255	12,625
Other Financing Uses				
Transfers to Other Funds	199	930	460	470
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	199	930	460	470
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	6,786	17,810	4,715	13,095
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(6,786)	(17,810)	1,855	19,665
FUND BALANCES (DEFICITS), JULY 1, RESTATED	6,786	6,786	18,945	12,159
Appropriation of Fund Balances and Carryforward				
Appropriations	--	11,024	--	(11,024)
Encumbrances Lapsed	--	--	282	282
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 21,082	\$ 21,082

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	2,000	2,000	2,132	132
Charges for Services	--	--	65	65
Special Assessments	--	--	--	--
Interest	7	7	11	4
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	2,007	2,007	2,208	201
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	2,007	2,007	2,208	201
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	542	717	717	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	542	717	717	--
Other Financing Uses				
Transfers to Other Funds	1,852	1,867	1,061	806
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	1,852	1,867	1,061	806
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	2,394	2,584	1,778	806
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(387)	(577)	430	1,007
FUND BALANCES (DEFICITS), JULY 1, RESTATED	387	387	809	422
Appropriation of Fund Balances and Carryforward				
Appropriations	--	190	--	(190)
Encumbrances Lapsed	--	--	103	103
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 1,342	\$ 1,342

CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Nonmajor Other Grant Fund - Housing Opportunities for Persons with AIDS</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	323	12,515	10,835	(1,680)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	70	70
Other	--	--	--	--
Total Revenues	<u>323</u>	<u>12,515</u>	<u>10,905</u>	<u>(1,610)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>323</u>	<u>12,515</u>	<u>10,905</u>	<u>(1,610)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	93	27,741	14,104	13,637
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>93</u>	<u>27,741</u>	<u>14,104</u>	<u>13,637</u>
Other Financing Uses				
Transfers to Other Funds	230	290	238	52
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>230</u>	<u>290</u>	<u>238</u>	<u>52</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>323</u>	<u>28,031</u>	<u>14,342</u>	<u>13,689</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(15,516)	(3,437)	12,079
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(1,797)	(1,797)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	15,516	--	(15,516)
Encumbrances Lapsed	--	--	484	484
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (4,750)</u>	<u>\$ (4,750)</u>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	4,626	4,626	4,750	124
Charges for Services	18	18	15	(3)
Special Assessments	--	--	--	--
Interest	81	81	98	17
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	4,725	4,725	4,863	138
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	4,725	4,725	4,863	138
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	3,142	3,156	2,954	202
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,142	3,156	2,954	202
Other Financing Uses				
Transfers to Other Funds	2,649	2,652	2,448	204
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,649	2,652	2,448	204
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	5,791	5,808	5,402	406
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,066)	(1,083)	(539)	544
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,066	1,066	4,021	2,955
Appropriation of Fund Balances and Carryforward				
Appropriations	--	17	--	(17)
Encumbrances Lapsed	--	--	72	72
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 3,554	\$ 3,554



CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	2,268	19,288	17,549	(1,739)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	2,268	19,288	17,549	(1,739)
Other Financing Sources				
Transfers from Other Funds	--	1,940	1,975	35
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	1,940	1,975	35
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	2,268	21,228	19,524	(1,704)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	25,526	16,782	8,744
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	25,526	16,782	8,744
Other Financing Uses				
Transfers to Other Funds	2,268	5,374	2,207	3,167
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,268	5,374	2,207	3,167
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	2,268	30,900	18,989	11,911
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(9,672)	535	10,207
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	283	283
Appropriation of Fund Balances and Carryforward				
Appropriations	--	9,672	--	(9,672)
Encumbrances Lapsed	--	--	589	589
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 1,407	\$ 1,407

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	100	2,330	3,826	1,496
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	32	32
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	100	2,330	3,858	1,528
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	100	2,330	3,858	1,528
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	66	--	66
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	66	--	66
Other Financing Uses				
Transfers to Other Funds	100	9,910	1,679	8,231
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	100	9,910	1,679	8,231
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	100	9,976	1,679	8,297
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(7,646)	2,179	9,825
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(1,483)	(1,483)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	7,646	--	(7,646)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 696	\$ 696

CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Nonmajor Other Special Revenue Fund - Arts and Cultural Facilities and Services</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	127	489	372	(117)
Special Assessments	--	--	--	--
Interest	20	20	21	1
Program Income	--	--	--	--
Other	--	--	--	--
<b>Total Revenues</b>	<b>147</b>	<b>509</b>	<b>393</b>	<b>(116)</b>
Other Financing Sources				
Transfers from Other Funds	9,438	9,438	9,438	--
Loans from Other Funds	--	--	--	--
<b>Total Other Financing Sources</b>	<b>9,438</b>	<b>9,438</b>	<b>9,438</b>	<b>--</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>9,585</b>	<b>9,947</b>	<b>9,831</b>	<b>(116)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	2,378	2,905	2,189	716
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
<b>Total Expenditures</b>	<b>2,378</b>	<b>2,905</b>	<b>2,189</b>	<b>716</b>
Other Financing Uses				
Transfers to Other Funds	7,888	9,061	8,408	653
Payment of Loans to Other Funds	--	--	--	--
<b>Total Other Financing Uses</b>	<b>7,888</b>	<b>9,061</b>	<b>8,408</b>	<b>653</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>10,266</b>	<b>11,966</b>	<b>10,597</b>	<b>1,369</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(681)</b>	<b>(2,019)</b>	<b>(766)</b>	<b>1,253</b>
FUND BALANCES (DEFICITS), JULY 1, RESTATED	681	681	1,614	933
Appropriation of Fund Balances and Carryforward				
Appropriations	--	1,338	--	(1,338)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 848</b>	<b>\$ 848</b>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	950	1,189	1,418	229
Special Assessments	--	--	--	--
Interest	90	90	113	23
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	1,040	1,279	1,531	252
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	1,040	1,279	1,531	252
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	2,015	7,551	303	7,248
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,015	7,551	303	7,248
Other Financing Uses				
Transfers to Other Funds	--	47	46	1
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	--	47	46	1
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	2,015	7,598	349	7,249
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(975)	(6,319)	1,182	7,501
FUND BALANCES (DEFICITS), JULY 1, RESTATED	975	975	5,566	4,591
Appropriation of Fund Balances and Carryforward				
Appropriations	--	5,344	--	(5,344)
Encumbrances Lapsed	--	--	3	3
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 6,751	\$ 6,751

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	3,367	3,123	2,140	(983)
Special Assessments	--	--	--	--
Interest	27	27	11	(16)
Program Income	--	--	--	--
Other	--	--	959	959
Total Revenues	3,394	3,150	3,110	(40)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	3,394	3,150	3,110	(40)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	301	--	301
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	--	301	--	301
Other Financing Uses				
Transfers to Other Funds	3,475	3,232	3,224	8
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,475	3,232	3,224	8
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	3,475	3,533	3,224	309
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(81)	(383)	(114)	269
FUND BALANCES (DEFICITS), JULY 1, RESTATED	81	81	302	221
Appropriation of Fund Balances and Carryforward				
Appropriations	--	302	--	(302)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 188	\$ 188

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - City Ethics Commission			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	--	--
Other Financing Sources				
Transfers from Other Funds	2,109	2,109	2,109	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	2,109	2,109	2,109	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>2,109</b>	<b>2,109</b>	<b>2,109</b>	<b>--</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	165	1,370	--	1,370
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	165	1,370	--	1,370
Other Financing Uses				
Transfers to Other Funds	2,160	7,447	2,073	5,374
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	2,160	7,447	2,073	5,374
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>2,325</b>	<b>8,817</b>	<b>2,073</b>	<b>6,744</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(216)</b>	<b>(6,708)</b>	<b>36</b>	<b>6,744</b>
FUND BALANCES (DEFICITS), JULY 1, RESTATED	216	216	313	97
Appropriation of Fund Balances and Carryforward				
Appropriations	--	6,492	--	(6,492)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 349</b>	<b>\$ 349</b>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	57	57
Intergovernmental	--	--	271	271
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	200	200	127	(73)
Program Income	--	--	2,172	2,172
Other	--	5,378	12,892	7,514
Total Revenues	200	5,578	15,519	9,941
Other Financing Sources				
Transfers from Other Funds	1,000	11,695	10,695	(1,000)
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	1,000	11,695	10,695	(1,000)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	1,200	17,273	26,214	8,941
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	1,789	63,382	31,052	32,330
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,789	63,382	31,052	32,330
Other Financing Uses				
Transfers to Other Funds	911	1,344	744	600
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	911	1,344	744	600
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	2,700	64,726	31,796	32,930
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,500)	(47,453)	(5,582)	41,871
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,500	1,500	(3,065)	(4,565)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	45,953	--	(45,953)
Encumbrances Lapsed	--	--	140	140
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ (8,507)	\$ (8,507)

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Department of Neighborhood Empowerment			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	25	33	8
Total Revenues	--	25	33	8
Other Financing Sources				
Transfers from Other Funds	4,242	4,386	4,380	(6)
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	4,242	4,386	4,380	(6)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>4,242</b>	<b>4,411</b>	<b>4,413</b>	<b>2</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	4,190	6,489	4,703	1,786
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	4,190	6,489	4,703	1,786
Other Financing Uses				
Transfers to Other Funds	1,649	1,772	1,510	262
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	1,649	1,772	1,510	262
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>5,839</b>	<b>8,261</b>	<b>6,213</b>	<b>2,048</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(1,597)</b>	<b>(3,850)</b>	<b>(1,800)</b>	<b>2,050</b>
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,597	1,597	2,198	601
Appropriation of Fund Balances and Carryforward				
Appropriations	--	2,253	--	(2,253)
Encumbrances Lapsed	--	--	58	58
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 456</b>	<b>\$ 456</b>



CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	4,829	4,829	2,298	(2,531)
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	1,780	1,780
Total Revenues	4,829	4,829	4,078	(751)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	4,829	4,829	4,078	(751)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	1,104	509	447	62
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,104	509	447	62
Other Financing Uses				
Transfers to Other Funds	3,769	3,853	3,779	74
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,769	3,853	3,779	74
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	4,873	4,362	4,226	136
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(44)	467	(148)	(615)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	44	44	420	376
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(511)	--	511
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 272	\$ 272

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Landfill Maintenance			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	4,400	4,400	5,442	1,042
Special Assessments	--	--	--	--
Interest	25	25	38	13
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	4,425	4,425	5,480	1,055
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	4,425	4,425	5,480	1,055
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	986	1,156	917	239
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	986	1,156	917	239
Other Financing Uses				
Transfers to Other Funds	4,884	5,783	4,079	1,704
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	4,884	5,783	4,079	1,704
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	5,870	6,939	4,996	1,943
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,445)	(2,514)	484	2,998
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,445	1,445	2,358	913
Appropriation of Fund Balances and Carryforward				
Appropriations	--	1,069	--	(1,069)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 2,842	\$ 2,842

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	29,000	29,000	31,823	2,823
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	29,000	29,000	31,823	2,823
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	29,000	29,000	31,823	2,823
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
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	29,000	48,237	29,000	19,237
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	29,000	48,237	29,000	19,237
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	29,000	48,237	29,000	19,237
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(19,237)	2,823	22,060
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	1	1
Appropriation of Fund Balances and Carryforward				
Appropriations	--	19,237	--	(19,237)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 2,824	\$ 2,824

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 9,438	\$ 9,438	\$ 10,370	\$ 932
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	9,438	9,438	10,370	932
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>9,438</b>	<b>9,438</b>	<b>10,370</b>	<b>932</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	10,749	14,097	8,886	5,211
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	10,749	14,097	8,886	5,211
Other Financing Uses				
Transfers to Other Funds	91	91	91	--
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	91	91	91	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>10,840</b>	<b>14,188</b>	<b>8,977</b>	<b>5,211</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(1,402)</b>	<b>(4,750)</b>	<b>1,393</b>	<b>6,143</b>
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,402	1,402	1,358	(44)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,348	--	(3,348)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,751</b>	<b>\$ 2,751</b>

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Major Projects Review			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	--	--
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	--	--	--	--
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	1,761	1,634	--	1,634
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,761	1,634	--	1,634
Other Financing Uses				
Transfers to Other Funds	--	1,627	1,627	--
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,761</b>	<b>3,261</b>	<b>1,627</b>	<b>1,634</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>	(1,761)	(3,261)	(1,627)	1,634
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,761	1,761	1,627	(134)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	1,500	--	(1,500)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Measure R Traffic Relief and Rail Expansion Funds			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 35,062	\$ 35,062	\$ 37,407	\$ 2,345
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	322	322	643	321
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	35,384	35,384	38,050	2,666
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>35,384</b>	<b>35,384</b>	<b>38,050</b>	<b>2,666</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	48,460	67,416	18,278	49,138
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	48,460	67,416	18,278	49,138
Other Financing Uses				
Transfers to Other Funds	3,496	5,309	3,801	1,508
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,496	5,309	3,801	1,508
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>51,956</b>	<b>72,725</b>	<b>22,079</b>	<b>50,646</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(16,572)</b>	<b>(37,341)</b>	<b>15,971</b>	<b>53,312</b>
FUND BALANCES (DEFICITS), JULY 1, RESTATED	16,572	16,572	26,233	9,661
Appropriation of Fund Balances and Carryforward				
Appropriations	--	20,769	--	(20,769)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 42,204</b>	<b>\$ 42,204</b>

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	7,212	7,212	7,560	348
Special Assessments	--	--	--	--
Interest	40	40	84	44
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	7,252	7,252	7,644	392
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>7,252</b>	<b>7,252</b>	<b>7,644</b>	<b>392</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	6,251	6,605	3,658	2,947
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	6,251	6,605	3,658	2,947
Other Financing Uses				
Transfers to Other Funds	3,296	3,647	2,935	712
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	3,296	3,647	2,935	712
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>9,547</b>	<b>10,252</b>	<b>6,593</b>	<b>3,659</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(2,295)	(3,000)	1,051	4,051
FUND BALANCES (DEFICITS), JULY 1, RESTATED	2,295	2,295	3,049	754
Appropriation of Fund Balances and Carryforward				
Appropriations	--	705	--	(705)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 4,100</b>	<b>\$ 4,100</b>

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Municipal Housing Finance			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	1,201	1,201	1,943	742
Special Assessments	--	--	--	--
Interest	120	120	85	(35)
Program Income	--	--	41	41
Other	--	--	596	596
Total Revenues	1,321	1,321	2,665	1,344
Other Financing Sources				
Transfers from Other Funds	--	--	10	10
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	10	10
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	1,321	1,321	2,675	1,354
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	2,326	1,708	1,377	331
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,326	1,708	1,377	331
Other Financing Uses				
Transfers to Other Funds	1,519	2,143	1,227	916
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	1,519	2,143	1,227	916
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	3,845	3,851	2,604	1,247
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(2,524)	(2,530)	71	2,601
FUND BALANCES (DEFICITS), JULY 1, RESTATED	2,524	2,524	2,115	(409)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	6	--	(6)
Encumbrances Lapsed	--	--	269	269
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 2,455	\$ 2,455

Continued...



CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	415	415
Charges for Services	15,108	15,108	11,068	(4,040)
Special Assessments	--	--	--	--
Interest	80	80	140	60
Program Income	--	--	--	--
Other	--	--	109	109
Total Revenues	15,188	15,188	11,732	(3,456)
Other Financing Sources				
Transfers from Other Funds	1,761	1,761	2,551	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	1,761	1,761	2,551	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>16,949</b>	<b>16,949</b>	<b>14,283</b>	<b>(3,456)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	5,296	9,364	2,261	7,103
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	5,296	9,364	2,261	7,103
Other Financing Uses				
Transfers to Other Funds	11,653	20,688	9,035	11,653
Payment of Loans to Other Funds	877	877	862	15
Total Other Financing Uses	12,530	21,565	9,897	11,668
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>17,826</b>	<b>30,929</b>	<b>12,158</b>	<b>18,771</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(877)	(13,980)	2,125	16,105
FUND BALANCES (DEFICITS), JULY 1, RESTATED	877	877	--	(877)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	13,103	--	(13,103)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,125</b>	<b>\$ 2,125</b>

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	10,415	10,568	12,058	1,490
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	25	25
Total Revenues	10,415	10,568	12,083	1,515
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	10,415	10,568	12,083	1,515
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	7,511	19,686	3,765	15,921
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	7,511	19,686	3,765	15,921
Other Financing Uses				
Transfers to Other Funds	9,387	10,073	8,843	1,230
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	9,387	10,073	8,843	1,230
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	16,898	29,759	12,608	17,151
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(6,483)	(19,191)	(525)	18,666
FUND BALANCES (DEFICITS), JULY 1, RESTATED	6,483	6,483	6,428	(55)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	12,708	--	(12,708)
Encumbrances Lapsed	--	--	2	2
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 5,905	\$ 5,905

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	7,250	7,250	6,358	(892)
Special Assessments	--	--	--	--
Interest	123	123	96	(27)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	7,373	7,373	6,454	(919)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	7,373	7,373	6,454	(919)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	3,859	4,440	3,859	581
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,859	4,440	3,859	581
Other Financing Uses				
Transfers to Other Funds	6,907	6,959	6,907	52
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	6,907	6,959	6,907	52
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	10,766	11,399	10,766	633
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(3,393)	(4,026)	(4,312)	(286)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	3,393	3,393	5,862	2,469
Appropriation of Fund Balances and Carryforward				
Appropriations	--	633	--	(633)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 1,550	\$ 1,550

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Systematic Code Enforcement Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	89	89
Intergovernmental	--	--	--	--
Charges for Services	26,753	26,753	36,723	9,970
Special Assessments	--	--	--	--
Interest	394	394	388	(6)
Program Income	--	--	--	--
Other	2,448	2,448	381	(2,067)
Total Revenues	29,595	29,595	37,581	7,986
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	29,595	29,595	37,581	7,986
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	14,544	41,400	8,989	32,411
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	14,544	41,400	8,989	32,411
Other Financing Uses				
Transfers to Other Funds	26,785	30,250	25,132	5,118
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	26,785	30,250	25,132	5,118
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	41,329	71,650	34,121	37,529
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(11,734)	(42,055)	3,460	45,515
FUND BALANCES (DEFICITS), JULY 1, RESTATED	11,734	11,734	13,196	1,462
Appropriation of Fund Balances and Carryforward				
Appropriations	--	30,321	--	(30,321)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 16,656	\$ 16,656

Continued...

CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Nonmajor Other Special Revenue Fund - Telecommunications Liquidated Damages and Lost Franchise Fees</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 10,880	\$ 16,700	\$ 20,337	\$ 3,637
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	5,440	5,615	255	(5,360)
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	150	150	15	(135)
Total Revenues	<u>16,470</u>	<u>22,465</u>	<u>20,607</u>	<u>(1,858)</u>
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>16,470</u>	<u>22,465</u>	<u>20,607</u>	<u>(1,858)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	7,161	11,764	2,259	9,505
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>7,161</u>	<u>11,764</u>	<u>2,259</u>	<u>9,505</u>
Other Financing Uses				
Transfers to Other Funds	9,843	10,454	7,885	2,569
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	<u>9,843</u>	<u>10,454</u>	<u>7,885</u>	<u>2,569</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>17,004</u>	<u>22,218</u>	<u>10,144</u>	<u>12,074</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>				
	(534)	247	10,463	10,216
FUND BALANCES (DEFICITS), JULY 1, RESTATED	534	534	7,171	6,637
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(781)	--	781
Encumbrances Lapsed	--	--	41	41
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,675</u>	<u>\$ 17,675</u>

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(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		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	13,200	13,200	12,702	(498)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	13,200	13,200	12,702	(498)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	13,200	13,200	12,702	(498)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	758	470	249	221
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	758	470	249	221
Other Financing Uses				
Transfers to Other Funds	12,442	12,442	11,428	1,014
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	12,442	12,442	11,428	1,014
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	13,200	12,912	11,677	1,235
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>	--	288	1,025	737
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	--	--
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(288)	--	288
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 1,025	\$ 1,025

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Zoo			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	8	8
Intergovernmental	--	1,291	307	(984)
Charges for Services	11,285	11,491	11,890	399
Special Assessments	--	--	--	--
Interest	100	100	41	(59)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	11,385	12,882	12,246	(636)
Other Financing Sources				
Transfers from Other Funds	6,020	5,949	5,949	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	6,020	5,949	5,949	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	17,405	18,831	18,195	(636)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	2,610	1,791	819
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	2,610	1,791	819
Other Financing Uses				
Transfers to Other Funds	17,483	19,389	16,253	3,136
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	17,483	19,389	16,253	3,136
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	17,483	21,999	18,044	3,955
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(78)	(3,168)	151	3,319
FUND BALANCES (DEFICITS), JULY 1, RESTATED	78	78	3,264	3,186
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,090	--	(3,090)
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 3,415	\$ 3,415

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Allocations from Other Governmental Agencies			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 1,079	\$ 1,079	\$ 1,149	\$ 70
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	7,786	14,264	14,293	29
Charges for Services	7,174	7,174	5,883	(1,291)
Special Assessments	--	--	90	90
Interest	1,877	1,877	3,000	1,123
Program Income	351	351	91	(260)
Other	657	663	163	(500)
Total Revenues	18,924	25,408	24,669	(739)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	-	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	18,924	25,408	24,669	(739)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	289	289	172	117
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	2,923	4,284	3,120	1,164
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,212	4,573	3,292	1,281
Other Financing Uses				
Transfers to Other Funds	40,733	45,856	40,335	5,521
Payment of Loans to Other Funds	--	--	--	--
Total Other Financing Uses	40,733	45,856	40,335	5,521
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	43,945	50,429	43,627	6,802
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>	(25,021)	(25,021)	(18,958)	6,063
FUND BALANCES (DEFICITS), JULY 1, RESTATED	25,021	25,021	111,311	86,290
Appropriation of Fund Balances and Carryforward				
Appropriations	--	--	--	--
Encumbrances Lapsed	--	--	--	--
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	\$ --	\$ --	\$ 92,353	\$ 92,353

Continued...



CITY OF LOS ANGELES

**Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Special Revenue Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)**

	<b>Total Annually Budgeted Nonmajor Special Revenue Funds</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 100,363	\$ 106,183	\$ 111,618	\$ 5,435
Licenses, Permits and Fines	14,300	14,300	39,835	25,535
Intergovernmental	149,844	221,556	257,547	35,991
Charges for Services	377,628	378,519	369,089	(9,430)
Special Assessments	42,459	43,959	43,198	(761)
Interest	7,443	7,443	9,869	2,426
Program Income	351	351	7,643	7,292
Other	6,320	11,819	18,750	6,931
<b>Total Revenues</b>	<b>698,708</b>	<b>784,130</b>	<b>857,549</b>	<b>73,419</b>
Other Financing Sources				
Transfers from Other Funds	28,970	41,678	45,758	4,080
Loans from Other Funds	14,979	14,979	13,120	(1,859)
<b>Total Other Financing Sources</b>	<b>43,949</b>	<b>56,657</b>	<b>58,878</b>	<b>2,221</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>742,657</b>	<b>840,787</b>	<b>916,427</b>	<b>75,640</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	4,355	8,160	4,703	3,457
Protection of Persons and Property	92,405	212,815	58,050	154,765
Public Works	54,896	77,637	67,395	10,242
Health and Sanitation	80,157	98,204	44,168	54,036
Transportation	111,719	172,646	77,772	94,874
Cultural and Recreational Services	16,246	27,672	13,616	14,056
Community Development	28,614	365,877	192,982	172,895
Capital Outlay	29,193	53,112	14,427	38,685
Debt Service				
Principal	5,395	5,755	5,125	630
Interest	3,212	3,408	3,210	198
<b>Total Expenditures</b>	<b>426,192</b>	<b>1,025,286</b>	<b>481,448</b>	<b>543,838</b>
Other Financing Uses				
Transfers to Other Funds	472,759	609,732	449,132	160,600
Payment of Loans to Other Funds	7,921	5,591	3,305	2,286
<b>Total Other Financing Uses</b>	<b>480,680</b>	<b>615,323</b>	<b>452,437</b>	<b>162,886</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>906,872</b>	<b>1,640,609</b>	<b>933,885</b>	<b>706,724</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER</b>				
<b>FINANCING SOURCES OVER EXPENDITURES AND</b>				
<b>OTHER FINANCING USES</b>	(164,215)	(799,822)	(17,458)	782,364
FUND BALANCES (DEFICITS), JULY 1, RESTATED	164,215	164,215	409,795	245,580
Appropriation of Fund Balances and Carryforward				
Appropriations	--	635,607	--	(635,607)
Encumbrances Lapsed	--	--	14,408	14,408
<b>FUND BALANCES (DEFICITS), JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 406,745</b>	<b>\$ 406,745</b>

**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, 2011  
(amounts expressed in thousands)**

**Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses- Budgetary** \$ (17,458)

**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. 58,185

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). 6,382

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 94,092  
     Prior year encumbrances expended in current year (52,747)

**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. (19,260)

**Net Change in Fund Balances- Nonmajor Special Revenue Funds** \$ 69,194

**DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES**

Fund Balances, July 1, as previously reported	\$ 299,375
Adjustment for fund not budgeted in current year	
Efficiency Projects and Police Hiring	(10)
Adjustment for fund not budgeted in current year included in the Allocations from other Governmental Agencies:	
AB 2800 Senior Services Grant	(92)
Adjustment for fund budgeted in current year included in the Allocations from other Governmental Agencies:	
Proposition 1B Infrastructure	<u>110,522</u>
Fund Balances, July 1, as restated	<u><u>\$ 409,795</u></u>

**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, 2011  
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b><u>MAJOR FUNDS</u></b>							
<b>COMMUNITY DEVELOPMENT</b>							
Current - Special Purpose	\$ 12,139	\$ 146,180	\$ 158,319	\$ 52,532	\$ 9,011	\$ 61,543	\$ 96,776
Transfers to Other Funds	23,981	14,731	38,712	32,186	--	32,186	6,526
<b>TOTAL</b>	<b>36,120</b>	<b>160,911</b>	<b>197,031</b>	<b>84,718</b>	<b>9,011</b>	<b>93,729</b>	<b>103,302</b>
<b>PROPOSITION A LOCAL TRANSIT ASSISTANCE</b>							
Current - Special Purpose	104,138	104,116	208,254	69,112	17,171	86,283	121,971
Transfers to Other Funds	24,804	(8,018)	16,786	10,193	--	10,193	6,593
<b>TOTAL</b>	<b>128,942</b>	<b>96,098</b>	<b>225,040</b>	<b>79,305</b>	<b>17,171</b>	<b>96,476</b>	<b>128,564</b>
<b>SOLID WASTE RESOURCES</b>							
Current - Special Purpose	146,749	(3,000)	143,749	119,679	10,294	129,973	13,776
Debt Service							
Principal	24,975	--	24,975	24,975	--	24,975	--
Interest	15,088	1,748	16,836	15,088	--	15,088	1,748
Capital Outlay	22,073	(19,507)	2,566	67	205	272	2,294
Transfers to Other Funds	106,587	14,037	120,624	99,290	--	99,290	21,334
<b>TOTAL</b>	<b>315,472</b>	<b>(6,722)</b>	<b>308,750</b>	<b>259,099</b>	<b>10,499</b>	<b>269,598</b>	<b>39,152</b>
<b><u>NONMAJOR FUNDS</u></b>							
<b>BUILDING AND SAFETY PERMIT</b>							
Current - Special Purpose	37,812	94,428	132,240	28,723	3,992	32,715	99,525
Capital Outlay	2,473	--	2,473	2,473	--	2,473	--
Transfers to Other Funds	58,162	6,882	65,044	60,669	--	60,669	4,375
<b>TOTAL</b>	<b>98,447</b>	<b>101,310</b>	<b>199,757</b>	<b>91,865</b>	<b>3,992</b>	<b>95,857</b>	<b>103,900</b>
<b>CITYWIDE RECYCLING</b>							
Current - Special Purpose	60,404	12,055	72,459	19,089	5,653	24,742	47,717
Transfers to Other Funds	5,874	120	5,994	5,428	--	5,428	566
<b>TOTAL</b>	<b>66,278</b>	<b>12,175</b>	<b>78,453</b>	<b>24,517</b>	<b>5,653</b>	<b>30,170</b>	<b>48,283</b>
<b>PROPOSITION C ANTI-GRIDLOCK TRANSIT IMPROVEMENT</b>							
Current - Special Purpose	28,104	36,085	64,189	31,246	450	31,696	32,493
Capital Outlay	695	1,171	1,866	28	361	389	1,477
Transfers to Other Funds	39,599	16,549	56,148	33,293	--	33,293	22,855
<b>TOTAL</b>	<b>68,398</b>	<b>53,805</b>	<b>122,203</b>	<b>64,567</b>	<b>811</b>	<b>65,378</b>	<b>56,825</b>

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, 2011  
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>SPECIAL PARKING REVENUE</b>							
Current - Special Purpose	\$ 34,397	\$ 6,174	\$ 40,571	\$ 22,733	\$ 4,816	\$ 27,549	\$ 13,022
Capital Outlay	1,000	9,427	10,427	6,868	--	6,868	3,559
Debt Service							
Principal	5,395	360	5,755	5,125	--	5,125	630
Interest	3,212	196	3,408	3,210	--	3,210	198
Transfers to Other Funds	11,379	14,698	26,077	20,799	--	20,799	5,278
<b>TOTAL</b>	<b>55,383</b>	<b>30,855</b>	<b>86,238</b>	<b>58,735</b>	<b>4,816</b>	<b>63,551</b>	<b>22,687</b>
<b>SPECIAL POLICE COMMUNICATIONS/ 911 SYSTEM TAX</b>							
Current - Special Purpose	1,124	(58)	1,066	550	--	550	516
Transfers to Other Funds	21,299	58	21,357	21,353	--	21,353	4
<b>TOTAL</b>	<b>22,423</b>	<b>--</b>	<b>22,423</b>	<b>21,903</b>	<b>--</b>	<b>21,903</b>	<b>520</b>
<b>STORMWATER POLLUTION ABATEMENT</b>							
Current - Special Purpose	8,832	5,279	14,111	10,877	303	11,180	2,931
Capital Outlay	1,350	210	1,560	346	59	405	1,155
Transfers to Other Funds	20,885	(224)	20,661	18,736	--	18,736	1,925
<b>TOTAL</b>	<b>31,067</b>	<b>5,265</b>	<b>36,332</b>	<b>29,959</b>	<b>362</b>	<b>30,321</b>	<b>6,011</b>
<b>STREET LIGHTING MAINTENANCE ASSESSMENT</b>							
Current - Special Purpose	35,437	12,379	47,816	27,569	10,586	38,155	9,661
Capital Outlay	3,166	4,731	7,897	519	1,317	1,836	6,061
Payment of Loans	7,044	(2,330)	4,714	2,344	99	2,443	2,271
Transfers to Other Funds	23,644	7,616	31,260	21,638	--	21,638	9,622
<b>TOTAL</b>	<b>69,291</b>	<b>22,396</b>	<b>91,687</b>	<b>52,070</b>	<b>12,002</b>	<b>64,072</b>	<b>27,615</b>
<b>DISASTER ASSISTANCE</b>							
Current - Special Purpose	24,888	(15,778)	9,110	9,110	--	9,110	--
Transfers to Other Funds	200	5,661	5,861	245	--	245	5,616
<b>TOTAL</b>	<b>25,088</b>	<b>(10,117)</b>	<b>14,971</b>	<b>9,355</b>	<b>--</b>	<b>9,355</b>	<b>5,616</b>
<b>HOME INVESTMENT PARTNERSHIP PROGRAM</b>							
Current - Special Purpose	1,220	117,138	118,358	47,141	32,428	79,569	38,789
Transfers to Other Funds	4,875	354	5,229	3,510	--	3,510	1,719
<b>TOTAL</b>	<b>6,095</b>	<b>117,492</b>	<b>123,587</b>	<b>50,651</b>	<b>32,428</b>	<b>83,079</b>	<b>40,508</b>

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, 2011  
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>SPECIAL GAS TAX STREET IMPROVEMENT</b>							
Current - Special Purpose	\$ 15,600	\$ 9,781	\$ 25,381	\$ 25,381	\$ --	\$ 25,381	\$ --
Capital Outlay	20,509	8,380	28,889	1,168	1,288	2,456	26,433
Transfers to Other Funds	71,800	(5,091)	66,709	57,752	--	57,752	8,957
<b>TOTAL</b>	<b>107,909</b>	<b>13,070</b>	<b>120,979</b>	<b>84,301</b>	<b>1,288</b>	<b>85,589</b>	<b>35,390</b>
<b>WORKFORCE INVESTMENT ACT</b>							
Current - Special Purpose	4,953	77,558	82,511	24,659	9,335	33,994	48,517
Transfers to Other Funds	9,165	22,771	31,936	7,643	--	7,643	24,293
<b>TOTAL</b>	<b>14,118</b>	<b>100,329</b>	<b>114,447</b>	<b>32,302</b>	<b>9,335</b>	<b>41,637</b>	<b>72,810</b>
<b>COMMUNITY SERVICES BLOCK GRANT</b>							
Current - Special Purpose	742	10,941	11,683	6,855	103	6,958	4,725
Transfers to Other Funds	1,208	1,521	2,729	1,611	--	1,611	1,118
<b>TOTAL</b>	<b>1,950</b>	<b>12,462</b>	<b>14,412</b>	<b>8,466</b>	<b>103</b>	<b>8,569</b>	<b>5,843</b>
<b>FORFEITED ASSETS TRUST OF POLICE DEPARTMENT</b>							
Current - Special Purpose	6,587	10,293	16,880	2,772	1,483	4,255	12,625
Transfers to Other Funds	199	731	930	460	--	460	470
<b>TOTAL</b>	<b>6,786</b>	<b>11,024</b>	<b>17,810</b>	<b>3,232</b>	<b>1,483</b>	<b>4,715</b>	<b>13,095</b>
<b>HOUSEHOLD HAZARDOUS WASTE</b>							
Current - Special Purpose	542	175	717	717	--	717	--
Transfers to Other Funds	1,852	15	1,867	1,061	--	1,061	806
<b>TOTAL</b>	<b>2,394</b>	<b>190</b>	<b>2,584</b>	<b>1,778</b>	<b>--</b>	<b>1,778</b>	<b>806</b>
<b>HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS</b>							
Current - Special Purpose	93	27,648	27,741	9,818	4,286	14,104	13,637
Transfers to Other Funds	230	60	290	238	--	238	52
<b>TOTAL</b>	<b>323</b>	<b>27,708</b>	<b>28,031</b>	<b>10,056</b>	<b>4,286</b>	<b>14,342</b>	<b>13,689</b>
<b>MOBILE SOURCE AIR POLLUTION REDUCTION</b>							
Current - Special Purpose	3,142	14	3,156	2,954	--	2,954	202
Transfers to Other Funds	2,649	3	2,652	2,448	--	2,448	204
<b>TOTAL</b>	<b>5,791</b>	<b>17</b>	<b>5,808</b>	<b>5,402</b>	<b>--</b>	<b>5,402</b>	<b>406</b>
<b>OLDER AMERICANS ACT</b>							
Current - Special Purpose	--	25,526	25,526	14,510	2,272	16,782	8,744
Transfers to Other Funds	2,268	3,106	5,374	2,207	--	2,207	3,167
<b>TOTAL</b>	<b>2,268</b>	<b>28,632</b>	<b>30,900</b>	<b>16,717</b>	<b>2,272</b>	<b>18,989</b>	<b>11,911</b>

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, 2011  
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>SUPPLEMENTAL LAW</b>							
<b>ENFORCEMENT SERVICES</b>							
Current - Special Purpose	\$ --	\$ 66	\$ 66	\$ --	\$ --	\$ --	\$ 66
Transfers to Other Funds	100	9,810	9,910	1,679	--	1,679	8,231
<b>TOTAL</b>	<b>100</b>	<b>9,876</b>	<b>9,976</b>	<b>1,679</b>	<b>--</b>	<b>1,679</b>	<b>8,297</b>
<b>ARTS AND CULTURAL</b>							
<b>FACILITIES AND SERVICES</b>							
Current - Special Purpose	2,378	527	2,905	2,171	18	2,189	716
Transfers to Other Funds	7,888	1,173	9,061	8,408	--	8,408	653
<b>TOTAL</b>	<b>10,266</b>	<b>1,700</b>	<b>11,966</b>	<b>10,579</b>	<b>18</b>	<b>10,597</b>	<b>1,369</b>
<b>ARTS DEVELOPMENT FEE</b>							
Current - Special Purpose	2,015	5,536	7,551	203	100	303	7,248
Transfers to Other Funds	--	47	47	46	--	46	1
<b>TOTAL</b>	<b>2,015</b>	<b>5,583</b>	<b>7,598</b>	<b>249</b>	<b>100</b>	<b>349</b>	<b>7,249</b>
<b>CITY EMPLOYEES</b>							
<b>RIDESHARING</b>							
Current - Special Purpose	--	301	301	--	--	--	301
Transfers to Other Funds	3,475	(243)	3,232	3,224	--	3,224	8
<b>TOTAL</b>	<b>3,475</b>	<b>58</b>	<b>3,533</b>	<b>3,224</b>	<b>--</b>	<b>3,224</b>	<b>309</b>
<b>CITY ETHICS COMMISSION</b>							
Current - Special Purpose	165	1,205	1,370	--	--	--	1,370
Transfers to Other Funds	2,160	5,287	7,447	2,073	--	2,073	5,374
<b>TOTAL</b>	<b>2,325</b>	<b>6,492</b>	<b>8,817</b>	<b>2,073</b>	<b>--</b>	<b>2,073</b>	<b>6,744</b>
<b>CITY OF LOS ANGELES</b>							
<b>AFFORDABLE HOUSING</b>							
Current - Special Purpose	1,789	61,593	63,382	19,050	12,002	31,052	32,330
Transfers to Other Funds	911	433	1,344	744	--	744	600
<b>TOTAL</b>	<b>2,700</b>	<b>62,026</b>	<b>64,726</b>	<b>19,794</b>	<b>12,002</b>	<b>31,796</b>	<b>32,930</b>
<b>DEPARTMENT OF</b>							
<b>NEIGHBORHOOD</b>							
<b>EMPOWERMENT</b>							
Current - Special Purpose	4,190	2,299	6,489	3,228	1,475	4,703	1,786
Transfers to Other Funds	1,649	123	1,772	1,510	--	1,510	262
<b>TOTAL</b>	<b>5,839</b>	<b>2,422</b>	<b>8,261</b>	<b>4,738</b>	<b>1,475</b>	<b>6,213</b>	<b>2,048</b>
<b>EL PUEBLO DE LOS ANGELES</b>							
<b>HISTORICAL MONUMENT</b>							
Current - Special Purpose	1,104	(595)	509	447	--	447	62
Transfers to Other Funds	3,769	84	3,853	3,779	--	3,779	74
<b>TOTAL</b>	<b>4,873</b>	<b>(511)</b>	<b>4,362</b>	<b>4,226</b>	<b>--</b>	<b>4,226</b>	<b>136</b>

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, 2011  
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>LANDFILL MAINTENANCE</b>							
Current - Special Purpose	\$ 986	\$ 170	\$ 1,156	\$ 917	\$ --	\$ 917	\$ 239
Transfers to Other Funds	4,884	899	5,783	4,079	--	4,079	1,704
<b>TOTAL</b>	<b>5,870</b>	<b>1,069</b>	<b>6,939</b>	<b>4,996</b>	<b>--</b>	<b>4,996</b>	<b>1,943</b>
<b>LOCAL PUBLIC SAFETY</b>							
Transfers to Other Funds	29,000	19,237	48,237	29,000	--	29,000	19,237
<b>LOS ANGELES CONVENTION AND VISITORS BUREAU</b>							
Current - Special Purpose	10,749	3,348	14,097	8,886	--	8,886	5,211
Transfers to Other Funds	91	--	91	91	--	91	--
<b>TOTAL</b>	<b>10,840</b>	<b>3,348</b>	<b>14,188</b>	<b>8,977</b>	<b>--</b>	<b>8,977</b>	<b>5,211</b>
<b>MAJOR PROJECTS REVIEW</b>							
Current - Special Purpose	1,761	(127)	1,634	--	--	--	1,634
Transfers to Other Funds	--	1,627	1,627	1,627	--	1,627	--
<b>TOTAL</b>	<b>1,761</b>	<b>1,500</b>	<b>3,261</b>	<b>1,627</b>	<b>--</b>	<b>1,627</b>	<b>1,634</b>
<b>MEASURE R TRAFFIC RELIEF AND RAIL EXPANSION FUNDS</b>							
Current - Special Purpose	48,460	18,956	67,416	18,153	125	18,278	49,138
Transfers to Other Funds	3,496	1,813	5,309	3,801	--	3,801	1,508
<b>TOTAL</b>	<b>51,956</b>	<b>20,769</b>	<b>72,725</b>	<b>21,954</b>	<b>125</b>	<b>22,079</b>	<b>50,646</b>
<b>MULTI-FAMILY BULKY ITEM FEE</b>							
Current - Special Purpose	6,251	354	6,605	3,658	--	3,658	2,947
Transfers to Other Funds	3,296	351	3,647	2,935	--	2,935	712
<b>TOTAL</b>	<b>9,547</b>	<b>705</b>	<b>10,252</b>	<b>6,593</b>	<b>--</b>	<b>6,593</b>	<b>3,659</b>
<b>MUNICIPAL HOUSING FINANCE</b>							
Current - Special Purpose	2,326	(618)	1,708	666	711	1,377	331
Transfers to Other Funds	1,519	624	2,143	1,227	--	1,227	916
<b>TOTAL</b>	<b>3,845</b>	<b>6</b>	<b>3,851</b>	<b>1,893</b>	<b>711</b>	<b>2,604</b>	<b>1,247</b>
<b>PLANNING CASE PROCESSING SPECIAL FUND</b>							
Current - Special Purpose	5,296	4,068	9,364	2,026	235	2,261	7,103
Transfers to Other Funds	11,653	9,035	20,688	9,035	--	9,035	11,653
Payment of Loans	877	--	877	862	--	862	15
<b>TOTAL</b>	<b>17,826</b>	<b>13,103</b>	<b>30,929</b>	<b>11,923</b>	<b>235</b>	<b>12,158</b>	<b>18,771</b>
<b>RENT STABILIZATION</b>							
Current - Special Purpose	7,511	12,175	19,686	3,591	174	3,765	15,921
Transfers to Other Funds	9,387	686	10,073	8,843	--	8,843	1,230
<b>TOTAL</b>	<b>16,898</b>	<b>12,861</b>	<b>29,759</b>	<b>12,434</b>	<b>174</b>	<b>12,608</b>	<b>17,151</b>

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, 2011  
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>STREET DAMAGE RESTORATION</b>							
Current - Special Purpose	3,859	581	4,440	3,859	--	3,859	581
Transfers to Other Funds	6,907	52	6,959	6,907	--	6,907	52
<b>TOTAL</b>	<b>10,766</b>	<b>633</b>	<b>11,399</b>	<b>10,766</b>	<b>--</b>	<b>10,766</b>	<b>633</b>
<b>SYSTEMATIC CODE ENFORCEMENT FEE</b>							
Current - Special Purpose	14,544	26,856	41,400	8,901	88	8,989	32,411
Transfers to Other Funds	26,785	3,465	30,250	25,132	--	25,132	5,118
<b>TOTAL</b>	<b>41,329</b>	<b>30,321</b>	<b>71,650</b>	<b>34,033</b>	<b>88</b>	<b>34,121</b>	<b>37,529</b>
<b>TELECOMMUNICATIONS LIQUIDATED DAMAGES AND LOST FRANCHISE FEES</b>							
Current - Special Purpose	\$ 7,161	\$ 4,603	\$ 11,764	\$ 1,952	\$ 307	\$ 2,259	\$ 9,505
Transfers to Other Funds	9,843	611	10,454	7,885	--	7,885	2,569
<b>TOTAL</b>	<b>17,004</b>	<b>5,214</b>	<b>22,218</b>	<b>9,837</b>	<b>307</b>	<b>10,144</b>	<b>12,074</b>
<b>TRAFFIC SAFETY</b>							
Current - Special Purpose	758	(288)	470	249	--	249	221
Transfers to Other Funds	12,442	--	12,442	11,428	--	11,428	1,014
<b>TOTAL</b>	<b>13,200</b>	<b>(288)</b>	<b>12,912</b>	<b>11,677</b>	<b>--</b>	<b>11,677</b>	<b>1,235</b>
<b>ZOO</b>							
Current - Special Purpose	--	2,610	2,610	1,766	25	1,791	819
Transfers to Other Funds	17,483	1,906	19,389	16,253	--	16,253	3,136
<b>TOTAL</b>	<b>17,483</b>	<b>4,516</b>	<b>21,999</b>	<b>18,019</b>	<b>25</b>	<b>18,044</b>	<b>3,955</b>
<b>ALLOCATIONS FROM OTHER GOVERNMENTAL AGENCIES</b>							
Current - Special Purpose	3,212	1,361	4,573	3,292	--	3,292	1,281
Transfers to Other Funds	40,733	5,123	45,856	40,335	--	40,335	5,521
<b>TOTAL</b>	<b>43,945</b>	<b>6,484</b>	<b>50,429</b>	<b>43,627</b>	<b>--</b>	<b>43,627</b>	<b>6,802</b>
<b>TOTAL BUDGETED SPECIAL REVENUE FUNDS</b>	<b>\$ 1,387,406</b>	<b>\$ 984,024</b>	<b>\$ 2,371,430</b>	<b>\$ 1,262,916</b>	<b>\$ 130,772</b>	<b>\$ 1,393,688</b>	<b>\$ 977,742</b>
<b>ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS</b>							
Current - Special Purpose	\$ 651,418	\$ 821,915	\$ 1,473,333	\$ 609,042	\$ 127,443	\$ 736,485	\$ 736,848
Capital Outlay	51,266	4,412	55,678	11,469	3,230	14,699	40,979
Payment of Loans	7,921	(2,330)	5,591	3,206	99	3,305	2,286
Debt Service							
Principal	30,370	360	30,730	30,100	--	30,100	630
Interest	18,300	1,944	20,244	18,298	--	18,298	1,946
Transfers to Other Funds	628,131	157,723	785,854	590,801	--	590,801	195,053
<b>TOTAL</b>	<b>\$ 1,387,406</b>	<b>\$ 984,024</b>	<b>\$ 2,371,430</b>	<b>\$ 1,262,916</b>	<b>\$ 130,772</b>	<b>\$ 1,393,688</b>	<b>\$ 977,742</b>



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## **Debt Service Funds**

Debt Service Funds are used to account for the payment of maturing principal and interest on the City's and component units' general obligation and revenue bonds, and certificates of participation.

CITY OF LOS ANGELES

Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 June 30, 2011  
 (amounts expressed in thousands)

General Obligation Bonds

	General Obligation Bonds				
	Series 2002-A	Series 2003-A	Refunding Series 2003-B	Series 2004-A	Series 2008-A
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 22,345	\$ 20,362	\$ 2,132	\$ 31,713	\$ 9,343
Other Investments	--	--	--	--	--
Taxes Receivable (Net of Allowance for Uncollectibles of \$6,397)	2,659	2,185	1,571	5,574	1,674
Investment Income Receivable	65	59	6	93	27
<b>TOTAL ASSETS</b>	<u>\$ 25,069</u>	<u>\$ 22,606</u>	<u>\$ 3,709</u>	<u>\$ 37,380</u>	<u>\$ 11,044</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Obligations Under Securities					
Lending Transactions	\$ 2,030	\$ 1,850	\$ 194	\$ 2,882	\$ 849
Deferred Revenue and Other Credits	1,963	1,615	1,150	4,102	1,232
Matured Bonds and Interest Payable	--	--	--	--	--
<b>TOTAL LIABILITIES</b>	3,993	3,465	1,344	6,984	2,081
<b>FUND BALANCES</b>					
Restricted for:					
Debt Service	21,076	19,141	2,365	30,396	8,963
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 25,069</u>	<u>\$ 22,606</u>	<u>\$ 3,709</u>	<u>\$ 37,380</u>	<u>\$ 11,044</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Debt Service Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	<u>General Obligation Bonds</u>		<u>Solid Waste Resources</u>	<u>Other Nonmajor Debt Service Funds</u>	<u>Total</u>
	<u>Series 2009-A</u>	<u>Convention Center</u>			
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 16,841	\$ 888	\$ 36,937	\$ 94,118	\$ 234,679
Other Investments	--	14,342	--	--	14,342
Taxes Receivable (Net of Allowance for Uncollectibles of \$6,397)	2,812	--	--	10,371	26,846
Investment Income Receivable	49	4	--	193	496
<b>TOTAL ASSETS</b>	<u>\$ 19,702</u>	<u>\$ 15,234</u>	<u>\$ 36,937</u>	<u>\$ 104,682</u>	<u>\$ 276,363</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Obligations Under Securities					
Lending Transactions	\$ 1,530	\$ 81	\$ --	\$ 7,474	\$ 16,890
Deferred Revenue and Other Credits	2,070	1	--	7,631	19,764
Matured Bonds and Interest Payable	--	--	--	321	321
<b>TOTAL LIABILITIES</b>	3,600	82	--	15,426	36,975
<b>FUND BALANCES</b>					
Restricted for:					
Debt Service	16,102	15,152	36,937	89,256	239,388
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 19,702</u>	<u>\$ 15,234</u>	<u>\$ 36,937</u>	<u>\$ 104,682</u>	<u>\$ 276,363</u>

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, 2011  
(amounts expressed in thousands)

General Obligation Bonds

	Refunding				
	Series 2002-A	Series 2003-A	Series 2003-B	Series 2004-A	Series 2008-A
<b>REVENUES</b>					
Property Taxes	\$ 20,199	\$ 18,551	\$ 1,898	\$ 29,608	\$ 9,059
Charges for Services	--	--	--	--	--
Investment Earnings	210	191	--	298	89
<b>TOTAL REVENUES</b>	<b>20,409</b>	<b>18,742</b>	<b>1,898</b>	<b>29,906</b>	<b>9,148</b>
<b>EXPENDITURES</b>					
Debt Service:					
Principal	13,110	11,665	3,280	18,025	5,050
Interest	8,046	7,819	673	12,439	4,116
<b>TOTAL EXPENDITURES</b>	<b>21,156</b>	<b>19,484</b>	<b>3,953</b>	<b>30,464</b>	<b>9,166</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(747)</b>	<b>(742)</b>	<b>(2,055)</b>	<b>(558)</b>	<b>(18)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	--	--	--	--
Transfers Out	--	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(747)</b>	<b>(742)</b>	<b>(2,055)</b>	<b>(558)</b>	<b>(18)</b>
FUND BALANCES, JULY 1	21,823	19,883	4,420	30,954	8,981
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 21,076</b>	<b>\$ 19,141</b>	<b>\$ 2,365</b>	<b>\$ 30,396</b>	<b>\$ 8,963</b>

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, 2011  
(amounts expressed in thousands)

	General Obligation Bonds		Solid Waste Resources	Other Nonmajor Debt Service Funds	Total
	Series 2009-A	Convention Center			
<b>REVENUES</b>					
Property Taxes	\$ 11,787	\$ --	\$ --	\$ 70,569	\$ 161,671
Charges for Services	--	2,564	--	--	2,564
Investment Earnings	1,190	367	806	1,124	4,275
<b>TOTAL REVENUES</b>	<u>12,977</u>	<u>2,931</u>	<u>806</u>	<u>71,693</u>	<u>168,510</u>
<b>EXPENDITURES</b>					
Debt Service:					
Principal	8,825	29,905	24,975	66,540	181,375
Interest	6,923	22,038	15,088	36,618	113,760
<b>TOTAL EXPENDITURES</b>	<u>15,748</u>	<u>51,943</u>	<u>40,063</u>	<u>103,158</u>	<u>295,135</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,771)</u>	<u>(49,012)</u>	<u>(39,257)</u>	<u>(31,465)</u>	<u>(126,625)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	47,564	39,389	29,235	116,188
Transfers Out	--	--	--	(804)	(804)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>47,564</u>	<u>39,389</u>	<u>28,431</u>	<u>115,384</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,771)</u>	<u>(1,448)</u>	<u>132</u>	<u>(3,034)</u>	<u>(11,241)</u>
FUND BALANCES, JULY 1	<u>18,873</u>	<u>16,600</u>	<u>36,805</u>	<u>92,290</u>	<u>250,629</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 16,102</u>	<u>\$ 15,152</u>	<u>\$ 36,937</u>	<u>\$ 89,256</u>	<u>\$ 239,388</u>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	General Obligation Bonds Series 2002-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 21,156	\$ 21,156	\$ 20,460	\$ (696)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	254	254
Total Revenue	21,156	21,156	20,714	(442)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>21,156</b>	<b>21,156</b>	<b>20,714</b>	<b>(442)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	13,110	13,110	13,110	--
Interest	8,046	8,046	8,046	--
Total Expenditures	21,156	21,156	21,156	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>21,156</b>	<b>21,156</b>	<b>21,156</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(442)	(442)
FUND BALANCES, JULY 1, RESTATED	--	--	20,468	20,468
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 20,026</b>	<b>\$ 20,026</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	General Obligation Bonds Series 2003-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 19,484	\$ 19,484	\$ 18,863	\$ (621)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	232	232
Total Revenue	19,484	19,484	19,095	(389)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	19,484	19,484	19,095	(389)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	11,665	11,665	11,665	--
Interest	7,819	7,819	7,819	--
Total Expenditures	19,484	19,484	19,484	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	19,484	19,484	19,484	--
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(389)	(389)
FUND BALANCES, JULY 1, RESTATED	--	--	18,637	18,637
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	\$ --	\$ --	\$ 18,248	\$ 18,248

Continued..



CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	General Obligation Bonds Refunding Series 2003-B			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 3,948	\$ 3,948	\$ 1,549	\$ (2,399)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	43	43
Total Revenue	3,948	3,948	1,592	(2,356)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>3,948</b>	<b>3,948</b>	<b>1,592</b>	<b>(2,356)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,280	3,280	3,280	--
Interest	668	668	668	--
Total Expenditures	3,948	3,948	3,948	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>3,948</b>	<b>3,948</b>	<b>3,948</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(2,356)	(2,356)
FUND BALANCES, JULY 1, RESTATED	--	--	4,267	4,267
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 1,911</b>	<b>\$ 1,911</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	General Obligation Bonds Series 2004-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 30,464	\$ 30,464	\$ 29,516	\$ (948)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	361	361
Total Revenue	30,464	30,464	29,877	(587)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>30,464</b>	<b>30,464</b>	<b>29,877</b>	<b>(587)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	18,025	18,025	18,025	--
Interest	12,439	12,439	12,439	--
Total Expenditures	30,464	30,464	30,464	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>30,464</b>	<b>30,464</b>	<b>30,464</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(587)	(587)
FUND BALANCES, JULY 1, RESTATED	--	--	29,008	29,008
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 28,421</b>	<b>\$ 28,421</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	General Obligation Bonds Series 2008-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 9,393	\$ 9,393	\$ 9,040	\$ (353)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	105	105
Total Revenue	9,393	9,393	9,145	(248)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>9,393</b>	<b>9,393</b>	<b>9,145</b>	<b>(248)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,050	5,050	5,050	--
Interest	4,343	4,343	4,116	227
Total Expenditures	9,393	9,393	9,166	227
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>9,393</b>	<b>9,393</b>	<b>9,166</b>	<b>227</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(21)	(21)
FUND BALANCES, JULY 1, RESTATED	--	--	8,394	8,394
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 8,373</b>	<b>\$ 8,373</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Convention Center - Staples Arena Account			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	3,000	3,000	2,565	(435)
Interest	150	150	29	(121)
Total Revenue	3,150	3,150	2,594	(556)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>3,150</b>	<b>3,150</b>	<b>2,594</b>	<b>(556)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	992	20,220	--	20,220
Debt Service				
Principal	1,420	1,420	1,420	--
Interest	2,438	4,280	2,438	1,842
Total Expenditures	4,850	25,920	3,858	22,062
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>4,850</b>	<b>25,920</b>	<b>3,858</b>	<b>22,062</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(1,700)</b>	<b>(22,770)</b>	<b>(1,264)</b>	<b>21,506</b>
FUND BALANCES, JULY 1, RESTATED	1,700	1,700	2,060	360
Appropriation of Fund Balance and Carryforward Appropriations	--	21,070	--	(21,070)
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 796</b>	<b>\$ 796</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series Refunding Series 1998-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 16,122	\$ 16,122	\$ 15,272	\$ (850)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	207	207
Total Revenue	16,122	16,122	15,479	(643)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>16,122</b>	<b>16,122</b>	<b>15,479</b>	<b>(643)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	12,765	12,765	12,765	--
Interest	3,357	3,357	3,357	--
Total Expenditures	16,122	16,122	16,122	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>16,122</b>	<b>16,122</b>	<b>16,122</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(643)	(643)
FUND BALANCES, JULY 1, RESTATED	--	--	17,084	17,084
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 16,441</b>	<b>\$ 16,441</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series 1999-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 6,613	\$ 6,613	\$ 6,366	\$ (247)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	85	85
Total Revenue	6,613	6,613	6,451	(162)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	6,613	6,613	6,451	(162)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	5,530	5,530	5,530	--
Interest	1,083	1,083	1,083	--
Total Expenditures	6,613	6,613	6,613	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	6,613	6,613	6,613	--
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(162)	(162)
FUND BALANCES, JULY 1, RESTATED	--	--	7,025	7,025
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	\$ --	\$ --	\$ 6,863	\$ 6,863

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2000-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 4,766	\$ 4,766	\$ --	\$ (4,766)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	--	--
Total Revenue	4,766	4,766	--	(4,766)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>4,766</b>	<b>4,766</b>	<b>--</b>	<b>(4,766)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	4,650	4,650	4,650	--
Interest	116	116	116	--
Total Expenditures	4,766	4,766	4,766	--
Other Financing Uses				
Transfers to Other Funds	--	--	739	(739)
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>4,766</b>	<b>4,766</b>	<b>5,505</b>	<b>(739)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>--</b>	<b>--</b>	<b>(5,505)</b>	<b>(5,505)</b>
FUND BALANCES, JULY 1, RESTATED	--	--	5,505	5,505
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2001-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 13,185	\$ 13,185	\$ 12,691	\$ (494)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	167	167
Total Revenue	13,185	13,185	12,858	(327)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>13,185</b>	<b>13,185</b>	<b>12,858</b>	<b>(327)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	10,065	10,065	10,065	--
Interest	3,120	3,120	3,120	--
Total Expenditures	13,185	13,185	13,185	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>13,185</b>	<b>13,185</b>	<b>13,185</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(327)	(327)
FUND BALANCES, JULY 1, RESTATED	--	--	13,735	13,735
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 13,408</b>	<b>\$ 13,408</b>

Continued..



CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series 2002-B			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 13,315	\$ 13,315	\$ 17,031	\$ 3,716
Licenses, Permits and Fines	--	--	17	17
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	191	191
Total Revenue	13,315	13,315	17,239	3,924
Other Financing Sources				
Transfers from Other Funds	--	--	739	739
<b>TOTAL REVENUES</b>	<b>13,315</b>	<b>13,315</b>	<b>17,978</b>	<b>4,663</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	10,705	10,705	10,705	--
Interest	2,610	2,610	2,610	--
Total Expenditures	13,315	13,315	13,315	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>13,315</b>	<b>13,315</b>	<b>13,315</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	4,663	4,663
FUND BALANCES, JULY 1, RESTATED	--	--	14,265	14,265
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 18,928</b>	<b>\$ 18,928</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2005-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 10,825	\$ 10,825	\$ 10,501	\$ (324)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	128	128
Total Revenue	10,825	10,825	10,629	(196)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	10,825	10,825	10,629	(196)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	6,340	6,340	6,340	--
Interest	4,485	4,485	4,485	--
Total Expenditures	10,825	10,825	10,825	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	10,825	10,825	10,825	--
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(196)	(196)
FUND BALANCES, JULY 1, RESTATED	--	--	10,274	10,274
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	\$ --	\$ --	\$ 10,078	\$ 10,078

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series 2005-B			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 3,501	\$ 3,501	\$ 3,459	\$ (42)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	32	32
Total Revenue	3,501	3,501	3,491	(10)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>3,501</b>	<b>3,501</b>	<b>3,491</b>	<b>(10)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	100	100	100	--
Interest	3,401	3,401	3,401	--
Total Expenditures	3,501	3,501	3,501	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>3,501</b>	<b>3,501</b>	<b>3,501</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(10)	(10)
FUND BALANCES, JULY 1, RESTATED	--	--	2,315	2,315
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,305</b>	<b>\$ 2,305</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2006-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 6,024	\$ 6,024	\$ 5,836	\$ (188)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Interest	--	--	71	71
Total Revenue	6,024	6,024	5,907	(117)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	<b>6,024</b>	<b>6,024</b>	<b>5,907</b>	<b>(117)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,510	3,510	3,510	--
Interest	2,514	2,514	2,514	--
Total Expenditures	6,024	6,024	6,024	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>6,024</b>	<b>6,024</b>	<b>6,024</b>	<b>--</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(117)	(117)
FUND BALANCES, JULY 1, RESTATED	--	--	5,709	5,709
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,592</b>	<b>\$ 5,592</b>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
 (Non-GAAP Budgetary Basis)  
 Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 2009-A and B			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 15,748	\$ 15,748	\$ 11,583	\$ (4,165)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	1,033	1,033
Charges for Services	--	--	--	--
Interest	--	--	238	238
Total Revenue	15,748	15,748	12,854	(2,894)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
<b>TOTAL REVENUES</b>	15,748	15,748	12,854	(2,894)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	8,825	8,825	8,825	--
Interest	6,923	6,923	6,923	--
Total Expenditures	15,748	15,748	15,748	--
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	15,748	15,748	15,748	--
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	--	(2,894)	(2,894)
FUND BALANCES, JULY 1, RESTATED	--	--	17,987	17,987
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
<b>FUND BALANCES, JUNE 30</b>	\$ --	\$ --	\$ 15,093	\$ 15,093

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Debt Service Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Total Annually Budgeted Nonmajor Debt Service Funds			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues				
Taxes	\$ 174,544	\$ 174,544	\$ 162,167	\$ (12,377)
Licenses, Permits and Fines	--	--	17	17
Intergovernmental				
Charges for Services	3,000	3,000	2,565	(435)
Interest	150	150	2,143	1,993
Total Revenue	177,694	177,694	166,892	(10,802)
Other Financing Sources				
Transfers from Other Funds	--	--	739	739
<b>TOTAL REVENUES</b>	177,694	177,694	167,631	(10,063)
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Current				
General Government	992	20,220	--	(20,220)
Debt Service				
Principal	115,040	115,040	115,040	--
Interest	63,362	65,204	63,135	(2,069)
Total Expenditures	179,394	200,464	178,175	(22,289)
Other Financing Uses				
Transfers to Other Funds	--	--	739	739
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	179,394	200,464	178,914	(21,550)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,700)	(22,770)	(10,250)	12,520
FUND BALANCES, JULY 1, RESTATED	1,700	1,700	176,733	175,033
Appropriation of Fund Balance and Carryforward Appropriations	--	21,070	--	(21,070)
<b>FUND BALANCES, JUNE 30</b>	\$ --	\$ --	\$ 166,483	\$ 166,483

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, 2011  
(amounts expressed in thousands)

Deficiency of Revenues Over Expenditures  
and Other Financing Uses - Budgetary \$ (10,250)

**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. (932)

**Perspective Difference**

Certain Nonmajor Debt Service Funds are not included in the legally adopted budget. (59)

**Net Change in Fund Balances- Nonmajor Debt Service Funds** \$ (11,241)

**DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES**

Fund Balances, July 1, as previously reported \$ 158,746

Adjustment for funds not budgeted in prior year:  
General Obligation Bonds Series 2009-A and B 17,987

Fund Balances, July 1, as restated \$ 176,733

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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 and component units' general obligation bonds and certificates of participation issues, special assessments, certain Federal grants, and specific receipts.

CITY OF LOS ANGELES

**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. Eight funds are separately identified. These funds represent 93.0% 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, and Series 2009-A** – These funds account for the proceeds from the sales of bonds authorized by the voters in November 1998, November 2000, March 2002, and November 2004 for the acquisition, improvement, and construction of certain police and fire safety facilities and equipment, animal shelter, zoo facilities, and stormwater infrastructure assets.

**Recreation and Parks Grant Fund** – Accounts for grants received for major capital improvements undertaken by the City's Department of Recreation and Parks.

**Parks Assessment Fund** – Accounts for assessments levied pursuant to Proposition K– Los Angeles Kids program approved by City voters on November 5, 1996. The assessments from the City of Los Angeles Landscaping and Lighting District 96-1 will be used for the acquisition of land, construction of capital improvements and maintenance of facilities. The fund also accounts for the proceeds from the sale of special assessment bonds.

**Other Nonmajor Capital Projects Funds** - Account for the activities of smaller Capital Project Funds and represent 7.0% 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, 2011  
 (amounts expressed in thousands)

	General Obligation Bond:				
	Series 2003-A	Series 2004-A	Series 2005-A	Series 2006-A	Series 2008-A
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 53,942	\$ 91,623	\$ 35,133	\$ 61,196	\$ 36,677
Accounts Receivable	--	--	--	--	--
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	169	282	107	185	115
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$35)	--	--	--	--	--
Due from Other Funds	--	--	--	--	--
<b>TOTAL ASSETS</b>	<b>\$ 54,111</b>	<b>\$ 91,905</b>	<b>\$ 35,240</b>	<b>\$ 61,381</b>	<b>\$ 36,792</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 626	\$ 90	\$ 55	\$ 169	\$ 624
Obligations Under Securities Lending Transactions	4,902	8,325	3,192	5,559	3,333
Due to Other Funds	204	882	126	5	68
Deferred Revenue and Other Credits	46	79	30	52	31
Advances from Other Funds	--	--	--	--	--
<b>TOTAL LIABILITIES</b>	<b>5,778</b>	<b>9,376</b>	<b>3,403</b>	<b>5,785</b>	<b>4,056</b>
<b>FUND BALANCES</b>					
Restricted for:					
Animal Shelter Facilities	14,579	--	--	16,348	--
Cultural Activities	--	--	--	--	--
Debt Service	39	48	24	19	48
Library	--	--	--	--	--
Police, Fire and 911 Facilities	33,715	82,481	30,732	38,217	--
Recreation and Parks	--	--	--	--	--
Seismic Improvement	--	--	--	--	--
Stormwater Cleanup Capital Projects	--	--	1,081	1,012	32,688
Transportation	--	--	--	--	--
<b>TOTAL FUND BALANCES</b>	<b>48,333</b>	<b>82,529</b>	<b>31,837</b>	<b>55,596</b>	<b>32,736</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 54,111</b>	<b>\$ 91,905</b>	<b>\$ 35,240</b>	<b>\$ 61,381</b>	<b>\$ 36,792</b>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	General Obligation Bonds Series 2009-A	Recreation and Parks Grant	Parks Assessment	Other Nonmajor Capital Projects Funds	Total
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 170,160	\$ 70,547	\$ 119,474	\$ 97,009	\$ 735,761
Accounts Receivable	--	2,997	--	--	2,997
Special Assessments Receivable	--	--	2,478	--	2,478
Investment Income Receivable	538	209	368	276	2,249
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$35)	--	1,404	--	--	1,404
Due from Other Funds	--	270	--	--	270
<b>TOTAL ASSETS</b>	<u>\$ 170,698</u>	<u>\$ 75,427</u>	<u>\$ 122,320</u>	<u>\$ 97,285</u>	<u>\$ 745,159</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts, Contracts and Retainage Payable	\$ 2,012	\$ 666	\$ 3,324	\$ 2,142	\$ 9,708
Obligations Under Securities Lending Transactions	15,462	6,412	10,856	8,117	66,158
Due to Other Funds	242	224	899	1,492	4,142
Deferred Revenue and Other Credits	147	332	1,536	77	2,330
Advances from Other Funds	--	8,847	--	--	8,847
<b>TOTAL LIABILITIES</b>	<u>17,863</u>	<u>16,481</u>	<u>16,615</u>	<u>11,828</u>	<u>91,185</u>
<b>FUND BALANCES</b>					
Restricted for:					
Animal Shelter Facilities	--	--	--	1,423	32,350
Cultural Activities	--	--	--	2,030	2,030
Debt Service	--	--	--	425	603
Library	--	--	--	2,051	2,051
Police, Fire and 911 Facilities	--	--	--	41,362	226,507
Recreation and Parks	--	58,946	105,705	28,985	193,636
Seismic Improvement	--	--	--	3,989	3,989
Stormwater Cleanup Capital Projects	152,835	--	--	--	187,616
Transportation	--	--	--	5,192	5,192
<b>TOTAL FUND BALANCES</b>	<u>152,835</u>	<u>58,946</u>	<u>105,705</u>	<u>85,457</u>	<u>653,974</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 170,698</u>	<u>\$ 75,427</u>	<u>\$ 122,320</u>	<u>\$ 97,285</u>	<u>\$ 745,159</u>

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, 2011  
(amounts expressed in thousands)

	<b>General Obligation Bonds</b>				
	<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>
<b>REVENUES</b>					
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--
Intergovernmental	--	--	--	--	--
Charges for Services	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	823	1,400	492	921	546
Other	--	--	--	--	--
<b>TOTAL REVENUES</b>	<u>823</u>	<u>1,400</u>	<u>492</u>	<u>921</u>	<u>546</u>
<b>EXPENDITURES</b>					
Capital Outlay	<u>6,041</u>	<u>3,450</u>	<u>5,618</u>	<u>1,611</u>	<u>3,236</u>
<b>TOTAL EXPENDITURES</b>	<u>6,041</u>	<u>3,450</u>	<u>5,618</u>	<u>1,611</u>	<u>3,236</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(5,218)</u>	<u>(2,050)</u>	<u>(5,126)</u>	<u>(690)</u>	<u>(2,690)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	--	--	--	--
Transfers Out	--	--	--	--	--
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5,218)	(2,050)	(5,126)	(690)	(2,690)
FUND BALANCES, JULY 1	<u>53,551</u>	<u>84,579</u>	<u>36,963</u>	<u>56,286</u>	<u>35,426</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 48,333</u>	<u>\$ 82,529</u>	<u>\$ 31,837</u>	<u>\$ 55,596</u>	<u>\$ 32,736</u>

Continued...

CITY OF LOS ANGELES

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - (Continued)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	General Obligation Bonds Series 2009-A	Recreation and Parks Grant	Parks Assessment	Other Nonmajor Capital Projects Funds	Total
<b>REVENUES</b>					
Other Taxes	\$ --	\$ --	\$ --	\$ 1,022	\$ 1,022
Licenses and Permits	--	--	--	24	24
Intergovernmental	--	19,706	--	2,570	22,276
Charges for Services	--	1,190	--	--	1,190
Special Assessments	--	--	25,206	--	25,206
Investment Earnings	2,557	1,038	4,922	1,287	13,986
Other	--	5,996	--	--	5,996
<b>TOTAL REVENUES</b>	<u>2,557</u>	<u>27,930</u>	<u>30,128</u>	<u>4,903</u>	<u>69,700</u>
<b>EXPENDITURES</b>					
Capital Outlay	<u>24,422</u>	<u>24,360</u>	<u>21,621</u>	<u>19,174</u>	<u>109,533</u>
<b>TOTAL EXPENDITURES</b>	<u>24,422</u>	<u>24,360</u>	<u>21,621</u>	<u>19,174</u>	<u>109,533</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(21,865)</u>	<u>3,570</u>	<u>8,507</u>	<u>(14,271)</u>	<u>(39,833)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	--	891	--	--	891
Transfers Out	--	--	(3,582)	--	(3,582)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>891</u>	<u>(3,582)</u>	<u>--</u>	<u>(2,691)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(21,865)	4,461	4,925	(14,271)	(42,524)
FUND BALANCES, JULY 1,	<u>174,700</u>	<u>54,485</u>	<u>100,780</u>	<u>99,728</u>	<u>696,498</u>
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 152,835</u>	<u>\$ 58,946</u>	<u>\$ 105,705</u>	<u>\$ 85,457</u>	<u>\$ 653,974</u>

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Local Transportation			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	2,570	5,140	2,570	(2,570)
Interest	240	240	88	(152)
Total Revenues	2,810	5,380	2,658	(2,722)
Other Financing Sources				
Loans from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>2,810</b>	<b>5,380</b>	<b>2,658</b>	<b>(2,722)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Capital Outlay	6,957	18,715	1,759	16,956
Other Financing Uses				
Transfers to Other Funds	--	2,721	850	1,871
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>6,957</b>	<b>21,436</b>	<b>2,609</b>	<b>18,827</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(4,147)</b>	<b>(16,056)</b>	<b>49</b>	<b>16,105</b>
FUND BALANCES, JULY 1	4,147	4,147	3,920	(227)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	11,909	--	(11,909)
Encumbrances Lapsed	--	--	394	394
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 4,363</b>	<b>\$ 4,363</b>

Continued...

CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Capital Projects Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Park and Recreational Sites and Facilities			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 1,000	\$ 1,000	\$ 1,022	\$ 22
Intergovernmental	--	1,677	--	(1,677)
Interest	--	--	--	--
Total Revenues	1,000	2,677	1,022	(1,655)
Other Financing Sources				
Loans from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>1,000</b>	<b>2,677</b>	<b>1,022</b>	<b>(1,655)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Capital Outlay	1,000	6,791	814	5,977
Other Financing Uses				
Transfers to Other Funds	--	334	--	334
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,000</b>	<b>7,125</b>	<b>814</b>	<b>6,311</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	--	(4,448)	208	4,656
FUND BALANCES, JULY 1	--	--	6,246	6,246
Appropriation of Fund Balances and Carryforward				
Appropriations	--	4,448		(4,448)
Encumbrances Lapsed	--	--	38	38
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 6,492</b>	<b>\$ 6,492</b>

Continued...



CITY OF LOS ANGELES

Budgetary Comparison Schedule  
(Non-GAAP Budgetary Basis)  
Annually Budgeted Nonmajor Capital Projects Funds - (Continued)  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	<u>Total Annually Budgeted Nonmajor Capital Projects Funds</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues				
Taxes	\$ 1,000	\$ 1,000	\$ 1,022	\$ 22
Intergovernmental	2,570	6,817	2,570	(4,247)
Interest	240	240	88	(152)
Total Revenues	3,810	8,057	3,680	(4,377)
Other Financing Sources				
Loans from Other Funds	--	--	--	--
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>3,810</b>	<b>8,057</b>	<b>3,680</b>	<b>(4,377)</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures				
Capital Outlay	7,957	25,506	2,573	22,933
Other Financing Uses				
Transfers to Other Funds	--	3,055	850	2,205
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>7,957</b>	<b>28,561</b>	<b>3,423</b>	<b>25,138</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(4,147)</b>	<b>(20,504)</b>	<b>257</b>	<b>20,761</b>
FUND BALANCES, JULY 1	4,147	4,147	10,166	6,019
Appropriation of Fund Balances and Carryforward				
Appropriations	--	16,357	--	(16,357)
Encumbrances Lapsed	--	--	432	432
<b>FUND BALANCES, JUNE 30</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 10,855</b>	<b>\$ 10,855</b>

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, 2011  
(amounts expressed in thousands)

<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary</b>	\$ 257
<b>Basis Difference</b>	
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.	(97)
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	941
Prior year encumbrances expended in current year	(446)
<b>Perspective Difference</b>	
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.	(43,179)
<b>Net Change in Fund Balances- Nonmajor Capital Projects Funds</b>	<u>\$ (42,524)</u>

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, 2011  
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2011	Total Actual	Variance With Final Budget Positive (Negative)
<b>LOCAL TRANSPORTATION</b>							
Capital Outlay	\$ 6,957	\$ 11,758	\$ 18,715	\$ 1,168	\$ 591	\$ 1,759	\$ 16,956
Transfers to Other Funds	--	2,721	2,721	850	--	850	1,871
<b>TOTAL</b>	<u>6,957</u>	<u>14,479</u>	<u>21,436</u>	<u>2,018</u>	<u>591</u>	<u>2,609</u>	<u>18,827</u>
<b>PARK AND RECREATION SITES AND FACILITIES</b>							
Capital Outlay	1,000	5,791	6,791	464	350	814	5,977
Transfers to Other Funds	--	334	334	--	--	--	334
<b>TOTAL</b>	<u>1,000</u>	<u>6,125</u>	<u>7,125</u>	<u>464</u>	<u>350</u>	<u>814</u>	<u>6,311</u>
<b>TOTAL BUDGETED CAPITAL PROJECTS FUNDS</b>	<u>\$ 7,957</u>	<u>\$ 20,604</u>	<u>\$ 28,561</u>	<u>\$ 2,482</u>	<u>\$ 941</u>	<u>\$ 3,423</u>	<u>\$ 25,138</u>
<b>ALL ANNUALLY BUDGETED CAPITAL PROJECTS FUNDS</b>							
Capital Outlay	\$ 7,957	\$ 17,549	\$ 25,506	\$ 1,632	\$ 941	\$ 2,573	\$ 22,933
Transfers to Other Funds	--	3,055	3,055	850	--	850	2,205
<b>TOTAL</b>	<u>\$ 7,957</u>	<u>\$ 20,604</u>	<u>\$ 28,561</u>	<u>\$ 2,482</u>	<u>\$ 941</u>	<u>\$ 3,423</u>	<u>\$ 25,138</u>

## **Fiduciary Funds**

Pension and Other Employee Benefits Trust Funds are used to account for the activities of the City's defined contribution pension plans and other postemployment benefit plans. Agency Funds are used to account for assets held by the City as an agent for others.

## CITY OF LOS ANGELES

### 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 Employee Benefits Trust Funds, and Agency Funds.

**Pension Trust Funds** – These funds are used to report resources that are held in trust for the members and beneficiaries of the City's defined benefit and 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 Employee Benefits Trust Funds** – These funds are used to report resources that are held in trust for the members of the City's postemployment healthcare plans namely: Fire and Police Health Subsidy Plan, Los Angeles City Employees' Postemployment Healthcare 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 Assets  
Pension and Other Employee Benefits Trust Funds  
June 30, 2011  
(amounts expressed in thousands)**

	<b>Pension Trust Funds</b>	<b>Other Employee Benefits Trust Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 16,808	\$ 976	\$ 17,784
Receivables:			
Contributions	62,741	37	62,778
Accrued Investment Income	99,903	12,117	112,020
Contingent Disability Benefit Advance	3,310	--	3,310
Other Receivables	8,204	968	9,172
Due from Brokers	487,296	87,850	575,146
Other Investments:			
Temporary	1,534,821	216,566	1,751,387
U. S. Government Agencies Securities	3,702,742	475,808	4,178,550
Medium Term Notes	186	37	223
Domestic Corporate Bonds	2,474,211	305,918	2,780,129
International Bonds	236,365	33,915	270,280
Opportunistic Debt	126,827	20,155	146,982
Domestic Stocks	11,863,573	1,335,113	13,198,686
International Stocks	5,639,646	637,809	6,277,455
Mortgage-backed Securities	775,552	129,574	905,126
Derivative Instruments	432	69	501
Real Estate	1,681,438	149,088	1,830,526
Venture Capital and Alternative Investments	2,925,979	324,555	3,250,534
Security Lending Collateral	1,852,121	291,058	2,143,179
Capital Assets			
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$713)	216	34	250
<b>TOTAL ASSETS</b>	<b>33,492,371</b>	<b>4,021,647</b>	<b>37,514,018</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	141,122	20,636	161,758
Benefits in Process of Payment	16,173	266	16,439
Due to Brokers	1,027,889	172,774	1,200,663
Obligations Under Securities			
Lending Transactions	1,852,121	291,058	2,143,179
Mortgage Loan Payable - Current	1,538	100	1,638
Mortgage Loan Payable - Noncurrent	222,282	14,478	236,760
<b>TOTAL LIABILITIES</b>	<b>3,261,125</b>	<b>499,312</b>	<b>3,760,437</b>
<b>NET ASSETS</b>			
Held in Trust for Pension and Other Employee Benefits			
Benefit Pension Plans	30,161,744	--	30,161,744
Disability Plan	47,060	--	47,060
Death Benefit Plan	22,442	--	22,442
Postemployment Healthcare Plans	--	3,522,335	3,522,335
<b>TOTAL NET ASSETS</b>	<b>\$ 30,231,246</b>	<b>\$ 3,522,335</b>	<b>\$ 33,753,581</b>

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Net Assets  
Pension and Other Employee Benefits Trust Funds  
For the Fiscal Year Ended June 30, 2011  
(amounts expressed in thousands)

	Pension Trust Funds	Other Employee Benefits Trust Funds	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 895,296	\$ 359,823	\$ 1,255,119
Plan Member	287,025	--	287,025
Other	2,124	131	2,255
Total Contributions	<u>1,184,445</u>	<u>359,954</u>	<u>1,544,399</u>
Investment Income			
Net Appreciation in Fair Value of Investments	4,735,971	548,275	5,284,246
Interest Income	302,170	51,692	353,862
Dividend Income	336,288	24,600	360,888
Securities Lending Income	9,024	1,110	10,134
Other Investment Income	46,951	4,942	51,893
Real Estate Operating Income, Net	51,704	3,604	55,308
Investment Income	<u>5,482,108</u>	<u>634,223</u>	<u>6,116,331</u>
Investment Expense	(95,750)	(9,999)	(105,749)
Securities Lending Expense	(1,073)	(138)	(1,211)
Net Investment Income	<u>5,385,285</u>	<u>624,086</u>	<u>6,009,371</u>
<b>TOTAL ADDITIONS</b>	<u>6,569,730</u>	<u>984,040</u>	<u>7,553,770</u>
<b>DEDUCTIONS</b>			
Benefit Payments	1,860,013	252,559	2,112,572
Refunds of Member Contributions	23,742	--	23,742
Administrative Expenses	31,655	3,986	35,641
<b>TOTAL DEDUCTIONS</b>	<u>1,915,410</u>	<u>256,545</u>	<u>2,171,955</u>
<b>CHANGE IN NET ASSETS</b>			
Benefit Pension Plans	4,654,761	--	4,654,761
Disability Plan	(975)	--	(975)
Death Benefit Plan	534	--	534
Postemployment Healthcare Plans	--	727,495	727,495
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>4,654,320</u>	<u>727,495</u>	<u>5,381,815</u>
Net Assets Held in Trust for Pension and Other Employee Benefits, July 1			
Benefit Pension Plans	25,506,984	--	25,506,984
Disability Plan	48,034	--	48,034
Death Benefit Plan	21,908	--	21,908
Postemployment Healthcare Plans	--	2,794,840	2,794,840
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30</b>	<u>\$ 30,231,246</u>	<u>\$ 3,522,335</u>	<u>\$ 33,753,581</u>

CITY OF LOS ANGELES

Combining Statement of Fiduciary Net Assets  
Pension Trust Funds  
June 30, 2011  
(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
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 5,045	\$ 874	\$ 10,889	\$ 16,808
Receivables:				
Contributions	4,197	--	58,544	62,741
Accrued Investment Income	45,318	29,667	24,918	99,903
Contingent Disability Benefit Advance	--	--	3,310	3,310
Other Receivables	--	6,091	2,113	8,204
Due from Brokers	21,604	28,399	437,293	487,296
Other Investments:				
Temporary	591,938	525,389	417,494	1,534,821
U. S. Government Agencies Securities	1,729,430	549,926	1,423,386	3,702,742
Medium Term Notes	--	--	186	186
Domestic Corporate Bonds	1,118,181	801,669	554,361	2,474,211
International Bonds	17,727	206,151	12,487	236,365
Opportunistic Debt	--	126,827	--	126,827
Domestic Stocks	5,624,750	3,548,577	2,690,246	11,863,573
International Stocks	2,283,652	1,823,312	1,532,682	5,639,646
Mortgage-backed Securities	--	453,929	321,623	775,552
Derivative Instruments	--	432	--	432
Real Estate	1,054,002	499,776	127,660	1,681,438
Venture Capital and Alternative Investments	1,560,454	932,191	433,334	2,925,979
Security Lending Collateral	--	1,060,970	791,151	1,852,121
Capital Assets				
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$615 )	--	216	--	216
<b>TOTAL ASSETS</b>	<b>14,056,298</b>	<b>10,594,396</b>	<b>8,841,677</b>	<b>33,492,371</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	8,853	114,285	17,984	141,122
Benefits in Process of Payment	13,126	--	3,047	16,173
Due to Brokers	286,311	191,922	549,656	1,027,889
Obligations Under Securities				
Lending Transactions	--	1,060,970	791,151	1,852,121
Mortgage Loan Payable - Current	1,538	--	--	1,538
Mortgage Loan Payable - Noncurrent	222,282	--	--	222,282
<b>TOTAL LIABILITIES</b>	<b>532,110</b>	<b>1,367,177</b>	<b>1,361,838</b>	<b>3,261,125</b>
<b>NET ASSETS</b>				
Held in Trust for Pension and Other Employee Benefits				
Benefit Pension Plans	13,524,188	9,227,219	7,410,337	30,161,744
Disability Plan	--	--	47,060	47,060
Death Benefit Plan	--	--	22,442	22,442
<b>TOTAL NET ASSETS</b>	<b>\$ 13,524,188</b>	<b>\$ 9,227,219</b>	<b>\$ 7,479,839</b>	<b>\$ 30,231,246</b>



CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Net Assets  
Pension Trust Funds  
For the Fiscal Year Ended June 30, 2011  
(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
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 277,092	\$ 306,737	\$ 311,467	\$ 895,296
Plan Member	105,535	114,731	66,759	287,025
Other	2,124	--	--	2,124
Total Contributions	<u>384,751</u>	<u>421,468</u>	<u>378,226</u>	<u>1,184,445</u>
Investment Income				
Net Appreciation in Fair Value of Investments	2,267,009	1,458,050	1,010,912	4,735,971
Interest Income	76,977	100,795	124,398	302,170
Dividend Income	185,389	81,372	69,527	336,288
Securities Lending Income	2,368	4,077	2,579	9,024
Other Investment Income	22,107	23,976	868	46,951
Real Estate Operating Income, Net	36,921	9,156	5,627	51,704
Investment Income	<u>2,590,771</u>	<u>1,677,426</u>	<u>1,213,911</u>	<u>5,482,108</u>
Investment Expense	(52,357)	(22,065)	(21,328)	(95,750)
Securities Lending Expense	(259)	(537)	(277)	(1,073)
Net Investment Income	<u>2,538,155</u>	<u>1,654,824</u>	<u>1,192,306</u>	<u>5,385,285</u>
<b>TOTAL ADDITIONS</b>	<u>2,922,906</u>	<u>2,076,292</u>	<u>1,570,532</u>	<u>6,569,730</u>
<b>DEDUCTIONS</b>				
Benefit Payments	786,861	654,384	418,768	1,860,013
Refunds of Member Contributions	3,145	18,215	2,382	23,742
Administrative Expenses	12,662	13,232	5,761	31,655
<b>TOTAL DEDUCTIONS</b>	<u>802,668</u>	<u>685,831</u>	<u>426,911</u>	<u>1,915,410</u>
<b>CHANGE IN NET ASSETS</b>				
Benefit Pension Plans	2,120,238	1,390,461	1,144,062	4,654,761
Disability Plan	--	--	(975)	(975)
Death Benefit Plan	--	--	534	534
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>2,120,238</u>	<u>1,390,461</u>	<u>1,143,621</u>	<u>4,654,320</u>
Net Assets Held in Trust for Pension and Other Employee Benefits, July 1				
Benefit Pension Plans	11,403,950	7,836,758	6,266,276	25,506,984
Disability Plan	--	--	48,034	48,034
Death Benefit Plan	--	--	21,908	21,908
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS, JUNE 30</b>	<u>\$ 13,524,188</u>	<u>\$ 9,227,219</u>	<u>\$ 7,479,839</u>	<u>\$ 30,231,246</u>

CITY OF LOS ANGELES

Combining Statement of Fiduciary Net Assets  
Other Employee Benefits Trust Funds  
June 30, 2011  
(amounts expressed in thousands)

	Fire and Police Health Subsidy Plan	Los Angeles City Employees' Postemployment Healthcare Plan	Water and Power Employees' Retiree Health Benefits Plan	Total
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 328	\$ 139	\$ 509	\$ 976
Receivables:				
Contributions	--	--	37	37
Accrued Investment Income	2,954	4,715	4,448	12,117
Other Receivables	--	968	--	968
Due from Brokers	1,407	4,513	81,930	87,850
Other Investments:				
Temporary	38,554	83,495	94,517	216,566
U. S. Government Agencies Securities	112,640	87,394	275,774	475,808
Medium Term Notes	--	--	37	37
Domestic Corporate Bonds	72,829	127,401	105,688	305,918
International Bonds	1,154	32,761	--	33,915
Opportunistic Debt	--	20,155	--	20,155
Domestic Stocks	366,348	563,938	404,827	1,335,113
International Stocks	148,737	289,760	199,312	637,809
Mortgage-backed Securities	--	72,138	57,436	129,574
Derivative Instruments	--	69	--	69
Real Estate	68,649	79,424	1,015	149,088
Venture Capital and Alternative Investments	101,635	148,143	74,777	324,555
Security Lending Collateral	--	168,609	122,449	291,058
Capital Assets				
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$98)	--	34	--	34
<b>TOTAL ASSETS</b>	<u>915,235</u>	<u>1,683,656</u>	<u>1,422,756</u>	<u>4,021,647</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	539	18,162	1,935	20,636
Benefits in Process of Payment	266	--	--	266
Due to Brokers	18,648	30,500	123,626	172,774
Obligations Under Securities Lending Transactions	--	168,609	122,449	291,058
Mortgage Loan Payable - Current	100	--	--	100
Mortgage Loan Payable - Noncurrent	14,478	--	--	14,478
<b>TOTAL LIABILITIES</b>	<u>34,031</u>	<u>217,271</u>	<u>248,010</u>	<u>499,312</u>
<b>NET ASSETS</b>				
Held in Trust for Postemployment Healthcare Benefits	<u>\$ 881,204</u>	<u>\$ 1,466,385</u>	<u>\$ 1,174,746</u>	<u>\$ 3,522,335</u>

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Net Assets  
 Other Employee Benefits Trust Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Fire and Police Health Subsidy Plan	Los Angeles City Employees' Postemployment Healthcare Plan	Water and Power Employees' Retiree Health Benefits Plan	Total
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 111,681	\$ 107,396	\$ 140,746	\$ 359,823
Other	131	--	--	131
Total Contributions	<u>111,812</u>	<u>107,396</u>	<u>140,746</u>	<u>359,954</u>
Investment Income				
Net Appreciation in Fair Value of Investments	139,747	264,395	144,133	548,275
Interest Income	4,745	16,317	30,630	51,692
Dividend Income	11,428	13,172	--	24,600
Securities Lending Income	146	660	304	1,110
Other Investment Income	1,363	3,551	28	4,942
Real Estate Operating Income, Net	2,276	1,328	--	3,604
Investment Income	<u>159,705</u>	<u>299,423</u>	<u>175,095</u>	<u>634,223</u>
Investment Expense	(3,227)	(4,002)	(2,770)	(9,999)
Securities Lending Expense	(16)	(97)	(25)	(138)
Net Investment Income	<u>156,462</u>	<u>295,324</u>	<u>172,300</u>	<u>624,086</u>
<b>TOTAL ADDITIONS</b>	<u>268,274</u>	<u>402,720</u>	<u>313,046</u>	<u>984,040</u>
<b>DEDUCTIONS</b>				
Benefit Payments	89,271	98,156	65,132	252,559
Administrative Expenses	781	2,786	419	3,986
<b>TOTAL DEDUCTIONS</b>	<u>90,052</u>	<u>100,942</u>	<u>65,551</u>	<u>256,545</u>
<b>CHANGE IN NET ASSETS</b>	178,222	301,778	247,495	727,495
Net Assets Held in Trust for Postemployment Healthcare Benefits, July 1	<u>702,982</u>	<u>1,164,607</u>	<u>927,251</u>	<u>2,794,840</u>
<b>NET ASSETS HELD IN TRUST FOR POSTEMPLOYMENT HEALTHCARE BENEFITS, JUNE 30</b>	<u>\$ 881,204</u>	<u>\$ 1,466,385</u>	<u>\$ 1,174,746</u>	<u>\$ 3,522,335</u>

CITY OF LOS ANGELES

Combining Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2011  
 (amounts expressed in thousands)

	Building and Safety	Internal Revenue Code Section 501 (c) Employee Benefits	Public Works	Other Agency Funds	Total
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 18,868	\$ 34,203	\$ 41,265	\$ 185,279	\$ 279,615
Other Investments	--	--	--	918	918
Special Assessments Receivable	--	--	--	2,188	2,188
Investment Income Receivable	--	109	--	35	144
Advances to Other Funds	--	--	31,608	--	31,608
<b>TOTAL ASSETS</b>	<u>\$ 18,868</u>	<u>\$ 34,312</u>	<u>\$ 72,873</u>	<u>\$ 188,420</u>	<u>\$ 314,473</u>
<b>LIABILITIES</b>					
Fiduciary Liabilities	\$ --	\$ 34,312	\$ --	\$ 166,528	\$ 200,840
Deposits and Advances	18,868	--	72,873	21,892	113,633
<b>TOTAL LIABILITIES</b>	<u>\$ 18,868</u>	<u>\$ 34,312</u>	<u>\$ 72,873</u>	<u>\$ 188,420</u>	<u>\$ 314,473</u>

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b><u>BUILDING AND SAFETY</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 12,949	\$ 37,087	\$ 31,168	\$ 18,868
<b>LIABILITIES</b>				
Deposits and Advances	\$ 12,949	\$ 37,087	\$ 31,168	\$ 18,868
<b><u>INTERNAL REVENUE CODE SECTION 501(c)</u></b>				
<b><u>EMPLOYEE BENEFITS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 21,115	\$ 71,958	\$ 58,870	\$ 34,203
Investment Income Receivable	88	21	--	109
<b>TOTAL ASSETS</b>	<b>\$ 21,203</b>	<b>\$ 71,979</b>	<b>\$ 58,870</b>	<b>\$ 34,312</b>
<b>LIABILITIES</b>				
Fiduciary Liabilities	\$ 21,203	\$ 71,979	\$ 58,870	\$ 34,312
<b><u>PUBLIC WORKS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 36,264	\$ 17,166	\$ 12,165	\$ 41,265
Advances to Other Funds	31,667	85	144	31,608
<b>TOTAL ASSETS</b>	<b>\$ 67,931</b>	<b>\$ 17,251</b>	<b>\$ 12,309</b>	<b>\$ 72,873</b>
<b>LIABILITIES</b>				
Deposits and Advances	\$ 67,931	\$ 17,251	\$ 12,309	\$ 72,873
<b><u>OTHER AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 254,020	\$ 20,832,933	\$ 20,901,674	\$ 185,279
Other Investments	918	--	--	918
Special Assessments Receivable	3,060	2,188	3,060	2,188
Investment Income Receivable	40	35	40	35
<b>TOTAL ASSETS</b>	<b>\$ 258,038</b>	<b>\$ 20,835,156</b>	<b>\$ 20,904,774</b>	<b>\$ 188,420</b>
<b>LIABILITIES</b>				
Fiduciary Liabilities	\$ 241,534	\$ 20,818,143	\$ 20,893,149	\$ 166,528
Deposits and Advances	16,504	17,013	11,625	21,892
<b>TOTAL LIABILITIES</b>	<b>\$ 258,038</b>	<b>\$ 20,835,156</b>	<b>\$ 20,904,774</b>	<b>\$ 188,420</b>

Continued...

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds - (Continued)  
 For the Fiscal Year Ended June 30, 2011  
 (amounts expressed in thousands)

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 324,348	\$ 20,959,144	\$ 21,003,877	\$ 279,615
Other Investments	918	--	--	918
Special Assessments Receivable	3,060	2,188	3,060	2,188
Investment Income Receivable	128	56	40	144
Advances to Other Funds	31,667	85	144	31,608
<b>TOTAL ASSETS</b>	<b>\$ 360,121</b>	<b>\$ 20,961,473</b>	<b>\$ 21,007,121</b>	<b>\$ 314,473</b>
<b>LIABILITIES</b>				
Fiduciary Liabilities	\$ 262,737	\$ 20,890,122	\$ 20,952,019	\$ 200,840
Deposits and Advances	97,384	71,351	55,102	113,633
<b>TOTAL LIABILITIES</b>	<b>\$ 360,121</b>	<b>\$ 20,961,473</b>	<b>\$ 21,007,121</b>	<b>\$ 314,473</b>

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**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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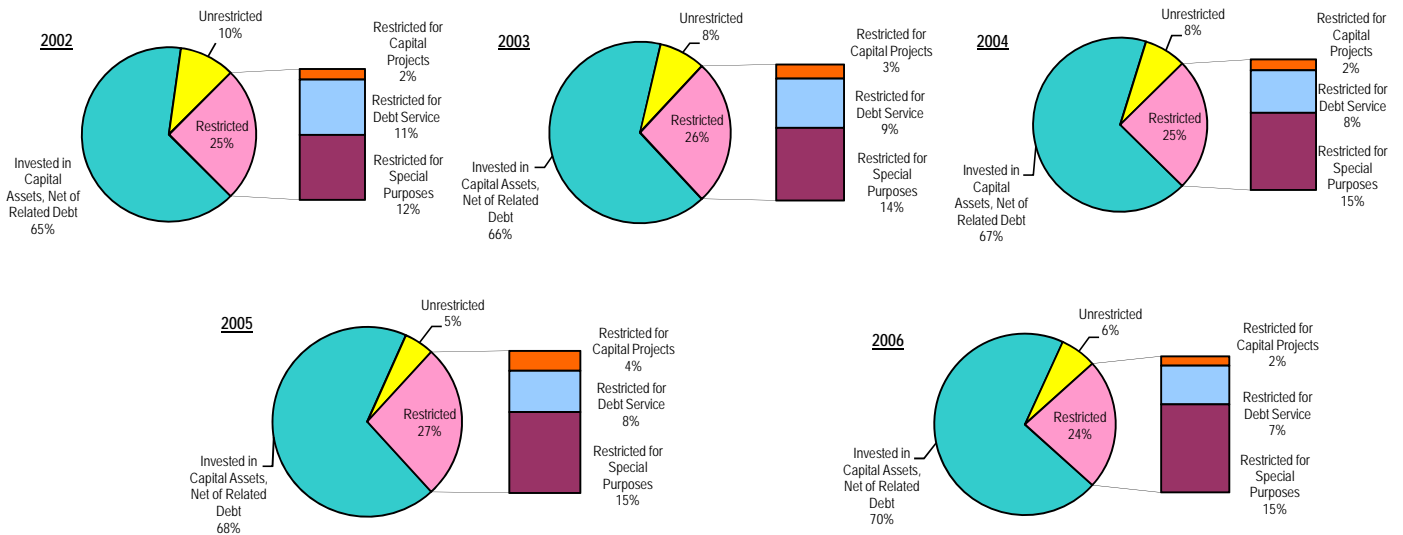
CITY OF LOS ANGELES

**Net Assets by Category**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 622,648	\$ 730,518	\$ 1,111,107	\$ 1,562,198	\$ 2,946,666
Restricted for:					
Capital Projects	160,466	178,644	152,433	94,725	104,715
Debt Service	112,385	155,079	176,584	195,334	231,421
Special Purposes	1,252,914	1,213,893	1,229,977	1,270,095	1,419,754
Unrestricted (Deficit)	(781,035)	(663,132)	(1,061,469)	(1,192,219)	(1,019,029)
<b>Subtotal Governmental Activities Net Assets</b>	<b>1,367,378</b>	<b>1,615,002</b>	<b>1,608,632</b>	<b>1,930,133</b>	<b>3,683,527</b>
<b>Business-type Activities</b>					
Invested in Capital Assets, Net of Related Debt	7,655,053	7,996,013	8,317,620	8,405,535	8,777,029
Restricted for:					
Capital Projects	99,178	182,333	135,418	449,970	163,951
Debt Service	1,239,689	1,107,830	952,828	917,973	875,761
Special Purposes	337,632	643,609	815,979	915,466	1,102,949
Unrestricted	2,099,497	1,764,334	2,153,319	1,936,039	2,103,362
<b>Subtotal Business-type Activities Net Assets</b>	<b>11,431,049</b>	<b>11,694,119</b>	<b>12,375,164</b>	<b>12,624,983</b>	<b>13,023,052</b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	8,277,701	8,726,531	9,428,727	9,967,733	11,723,695
Restricted for:					
Capital Projects	259,644	360,977	287,851	544,695	268,666
Debt Service	1,352,074	1,262,909	1,129,412	1,113,307	1,107,182
Special Purposes	1,590,546	1,857,502	2,045,956	2,185,561	2,522,703
Unrestricted	1,318,462	1,101,202	1,091,850	743,820	1,084,333
<b>Total Primary Government Net Assets</b>	<b>\$12,798,427</b>	<b>\$13,309,121</b>	<b>\$13,983,796</b>	<b>\$14,555,116</b>	<b>\$16,706,579</b>

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**Primary Government- Net Assets by Category**

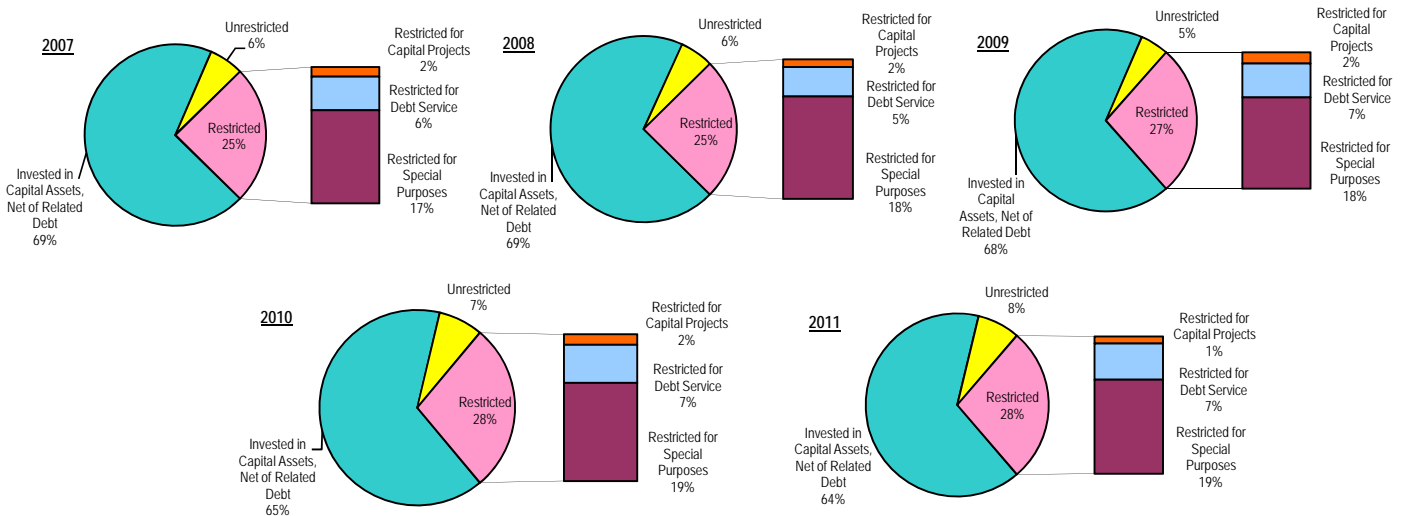


CITY OF LOS ANGELES

**Net Assets by Category**  
**Accrual Basis of Accounting (Continued)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 3,189,365	\$ 3,415,049	\$ 3,633,548	\$ 3,798,442	\$ 4,140,258
Restricted for:					
Capital Projects	123,082	132,583	138,237	158,878	61,090
Debt Service	237,597	209,072	216,751	228,515	215,496
Special Purposes	1,582,551	1,736,490	1,639,594	1,679,989	1,753,510
Unrestricted (Deficit)	<u>(1,223,123)</u>	<u>(1,455,537)</u>	<u>(1,707,447)</u>	<u>(1,564,473)</u>	<u>(1,794,315)</u>
<b>Subtotal Governmental Activities Net Assets</b>	<u>3,909,472</u>	<u>4,037,657</u>	<u>3,920,683</u>	<u>4,301,351</u>	<u>4,376,039</u>
<b>Business-type Activities</b>					
Invested in Capital Assets, Net of Related Debt	8,974,991	9,372,493	9,148,381	9,135,266	9,186,620
Restricted for:					
Capital Projects	178,955	115,428	274,711	238,467	237,019
Debt Service	837,414	758,318	1,044,956	1,214,521	1,262,623
Special Purposes	1,375,876	1,606,749	1,750,093	2,026,244	2,086,775
Unrestricted	<u>2,311,450</u>	<u>2,527,916</u>	<u>2,657,431</u>	<u>3,038,407</u>	<u>3,336,976</u>
<b>Subtotal Business-type Activities Net Assets</b>	<u>13,678,686</u>	<u>14,380,904</u>	<u>14,875,572</u>	<u>15,652,905</u>	<u>16,110,013</u>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	12,164,356	12,787,542	12,781,929	12,933,708	13,326,878
Restricted for:					
Capital Projects	302,037	248,011	412,948	397,345	298,109
Debt Service	1,075,011	967,390	1,261,707	1,443,036	1,478,119
Special Purposes	2,958,427	3,343,239	3,389,687	3,706,233	3,840,285
Unrestricted	<u>1,088,327</u>	<u>1,072,379</u>	<u>949,984</u>	<u>1,473,934</u>	<u>1,542,661</u>
<b>Total Primary Government Net Assets</b>	<u>\$17,588,158</u>	<u>\$18,418,561</u>	<u>\$18,796,255</u>	<u>\$19,954,256</u>	<u>\$20,486,052</u>

**Primary Government- Net Assets by Category**



CITY OF LOS ANGELES

Changes in Net Assets  
Accrual Basis of Accounting  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
Governmental Activities					
General Government	\$ 895,429	\$ 1,055,535	\$ 1,362,157	\$ 1,220,826	\$ 921,672
Protection of Persons and Property	1,965,190	1,761,748	1,965,205	2,156,914	2,117,147
Public Works	314,299	320,230	224,080	337,627	374,293
Health and Sanitation	316,980	293,573	334,229	298,777	357,574
Transportation	237,882	294,116	253,560	202,952	286,741
Cultural and Recreational Services	339,181	320,123	338,860	413,344	336,264
Community Development	501,467	336,611	404,800	318,119	297,308
Interest on Long-term Debt	128,043	142,946	142,758	181,113	173,930
Subtotal Governmental Activities Expenses	<u>4,698,471</u>	<u>4,524,882</u>	<u>5,025,649</u>	<u>5,129,672</u>	<u>4,864,929</u>
Business-type Activities					
Airports	485,848	508,649	564,131	599,483	657,358
Harbor	208,811	291,451	272,273	284,567	340,656
Power	2,038,255	2,068,098	2,178,837	2,233,084	2,458,667
Water	502,956	553,916	575,941	525,152	543,574
Sewer	432,123	477,630	444,973	480,392	497,699
Other- Convention Center	36,519	35,823	36,031	34,371	34,939
Subtotal Business-type Activities Expenses	<u>3,704,512</u>	<u>3,935,567</u>	<u>4,072,186</u>	<u>4,157,049</u>	<u>4,532,893</u>
<b>Total Primary Government Expenses</b>	<u>8,402,983</u>	<u>8,460,449</u>	<u>9,097,835</u>	<u>9,286,721</u>	<u>9,397,822</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for Services					
General Government	176,802	269,016	244,329	254,101	250,111
Protection of Persons and Property	254,436	263,394	226,009	281,451	260,457
Public Works	136,696	124,291	146,771	144,037	138,345
Health and Sanitation	182,446	190,243	211,981	242,681	250,527
Transportation	63,737	66,639	71,028	65,729	76,785
Cultural and Recreational Services	85,076	90,695	93,965	98,808	133,073
Community Development	42,315	46,257	74,237	64,435	71,884
Operating Grants and Contributions	821,688	744,819	677,536	710,146	644,539
Capital Grants and Contributions	86,989	91,041	56,657	81,402	65,850
Subtotal Governmental Activities Program Revenues	<u>1,850,185</u>	<u>1,886,395</u>	<u>1,802,513</u>	<u>1,942,790</u>	<u>1,891,571</u>
Business-type Activities					
Charges for Services					
Airports	566,969	622,877	679,063	736,535	767,660
Harbor	306,024	359,103	354,754	379,637	433,223
Power	2,416,840	2,295,357	2,401,011	2,378,108	2,636,517
Water	562,267	571,893	601,504	579,134	614,620
Sewer	402,779	425,951	430,263	437,996	492,403
Other- Convention Center	22,832	22,224	19,885	20,409	24,261
Operating Grants and Contributions	17,685	25,512	18,931	11,971	17,281
Capital Grants and Contributions	193,780	87,656	92,640	53,276	130,885
Subtotal Business-type Activities Program Revenues	<u>4,489,176</u>	<u>4,410,573</u>	<u>4,598,051</u>	<u>4,597,066</u>	<u>5,116,850</u>
<b>Total Primary Government Program Revenues</b>	<u>6,339,361</u>	<u>6,296,968</u>	<u>6,400,564</u>	<u>6,539,856</u>	<u>7,008,421</u>

Continued...

CITY OF LOS ANGELES

Changes in Net Assets  
 Accrual Basis of Accounting - (Continued)  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Expenses</b>					
Governmental Activities					
General Government	\$ 1,429,922	\$ 1,570,377	\$ 1,507,318	\$ 1,279,697	\$ 1,462,581
Protection of Persons and Property	2,414,058	2,741,492	2,552,413	2,618,138	2,641,343
Public Works	300,817	261,917	451,141	392,874	342,722
Health and Sanitation	402,730	381,406	416,247	382,127	393,827
Transportation	367,198	392,748	406,464	368,000	338,755
Cultural and Recreational Services	382,523	446,051	413,119	415,344	446,805
Community Development	308,700	405,859	373,244	349,203	429,695
Interest on Long-term Debt	195,925	217,073	189,966	186,711	190,424
Subtotal Governmental Activities Expenses	<u>5,801,873</u>	<u>6,416,923</u>	<u>6,309,912</u>	<u>5,992,094</u>	<u>6,246,152</u>
Business-type Activities					
Airports	684,839	755,391	779,886	765,513	834,071
Harbor	326,368	342,148	382,168	336,104	310,534
Power	2,462,202	2,658,634	2,544,032	2,843,642	2,964,399
Water	605,181	704,529	762,802	787,836	791,049
Sewer	513,377	554,447	553,251	552,006	557,269
Other- Convention Center	35,741	38,753	38,718	32,842	40,400
Subtotal Business-type Activities Expenses	<u>4,627,708</u>	<u>5,053,902</u>	<u>5,060,857</u>	<u>5,317,943</u>	<u>5,497,722</u>
<b>Total Primary Government Expenses</b>	<u>10,429,581</u>	<u>11,470,825</u>	<u>11,370,769</u>	<u>11,310,037</u>	<u>11,743,874</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for Services					
General Government	256,524	260,540	278,800	204,372	241,681
Protection of Persons and Property	323,736	357,038	281,388	333,778	317,283
Public Works	160,213	173,774	166,387	170,997	162,551
Health and Sanitation	285,705	379,300	445,108	454,586	467,614
Transportation	79,961	90,588	94,832	92,390	99,797
Cultural and Recreational Services	130,399	116,853	119,180	108,822	128,170
Community Development	86,800	91,347	74,988	73,344	63,903
Operating Grants and Contributions	820,809	979,238	854,128	900,569	924,031
Capital Grants and Contributions	94,607	100,994	79,981	86,275	75,744
Subtotal Governmental Activities Program Revenues	<u>2,238,754</u>	<u>2,549,672</u>	<u>2,394,792</u>	<u>2,425,133</u>	<u>2,480,774</u>
Business-type Activities					
Charges for Services					
Airports	846,295	983,195	958,311	968,022	1,052,790
Harbor	458,785	467,161	424,036	424,321	406,606
Power	2,773,547	2,962,693	2,899,485	3,372,648	3,252,872
Water	698,773	777,110	798,664	831,039	783,056
Sewer	521,393	543,417	547,666	545,874	517,212
Other- Convention Center	26,449	26,162	26,798	22,501	26,535
Operating Grants and Contributions	11,776	10,490	--	--	--
Capital Grants and Contributions	150,991	201,299	153,142	151,346	174,574
Subtotal Business-type Activities Program Revenues	<u>5,488,009</u>	<u>5,971,527</u>	<u>5,808,102</u>	<u>6,315,751</u>	<u>6,213,645</u>
<b>Total Primary Government Program Revenues</b>	<u>7,726,763</u>	<u>8,521,199</u>	<u>8,202,894</u>	<u>8,740,884</u>	<u>8,694,419</u>

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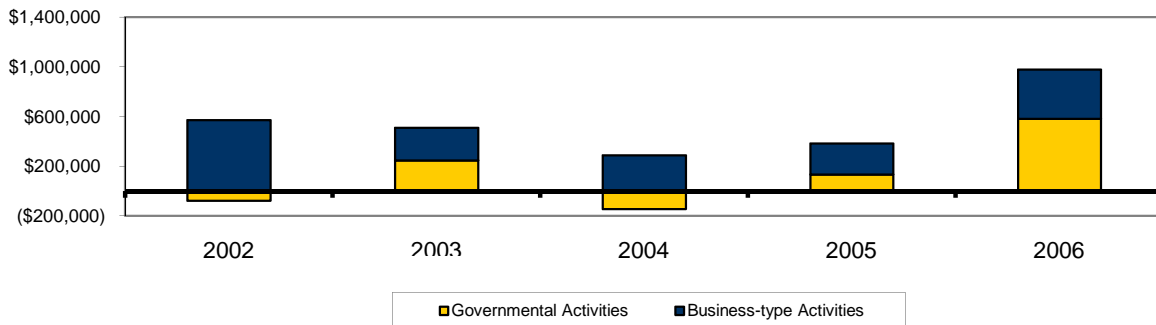
CITY OF LOS ANGELES

Changes in Net Assets  
Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005 <sup>(a)</sup>	2006
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (2,848,286)	\$ (2,638,487)	\$ (3,223,136)	\$ (3,186,882)	\$ (2,973,358)
Business-type Activities	784,664	475,006	525,865	440,017	583,957
<b>Total Primary Government Net Expense</b>	<u>(2,063,622)</u>	<u>(2,163,481)</u>	<u>(2,697,271)</u>	<u>(2,746,865)</u>	<u>(2,389,401)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities					
Taxes					
Property Taxes	742,602	787,048	884,665	1,236,559	1,377,063
Utility Users Taxes	476,416	521,148	572,018	578,542	606,617
Business Taxes	338,865	356,937	372,376	396,316	436,621
Other Taxes	306,798	335,779	417,714	447,397	521,451
Unrestricted Grants and Contributions					
Sales Taxes	343,953	367,112	381,090	303,954	329,169
Motor Vehicle In-lieu Taxes	212,413	219,694	176,853	90,944	24,120
Other Grants and Contributions	65,539	3,849	--	16,059	14,297
Unrestricted Investment Earnings	40,396	49,173	667	29,828	21,555
Other General Revenues	29,276	33,435	34,790	30,687	38,795
Transfers	213,152	211,936	238,237	190,198	185,888
Special Items					
Gain (Loss) on Loan Settlement	--	--	--	--	--
Transfer of Properties	--	--	--	--	--
Subtotal Governmental Activities	2,769,410	2,886,111	3,078,410	3,320,484	3,555,576
Business-type Activities					
Transfers	(213,152)	(211,936)	(238,237)	(190,198)	(185,888)
<b>Total Primary Government General Revenues and Other Changes in Net Assets</b>	<u>2,556,258</u>	<u>2,674,175</u>	<u>2,840,173</u>	<u>3,130,286</u>	<u>3,369,688</u>
<b>Changes in Net Assets</b>					
Governmental Activities	(78,876)	247,624	(144,726)	133,602	582,218
Business-type Activities	571,512	263,070	287,628	249,819	398,069
<b>Total Primary Government Changes in Net Assets</b>	<u>\$ 492,636</u>	<u>\$ 510,694</u>	<u>\$ 142,902</u>	<u>\$ 383,421</u>	<u>\$ 980,287</u>

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Changes in Net Assets



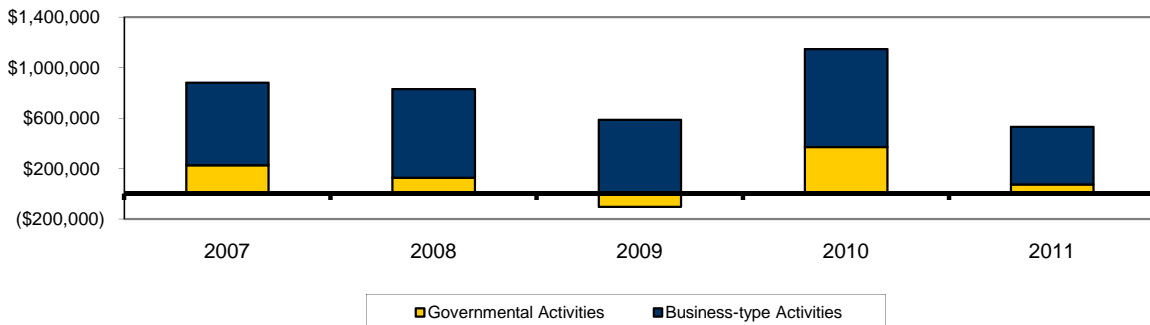
CITY OF LOS ANGELES

Changes in Net Assets  
Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (3,563,119)	\$ (3,867,251)	\$ (3,915,120)	\$ (3,566,961)	\$ (3,765,378)
Business-type Activities	860,301	917,625	747,245	997,808	715,923
<b>Total Primary Government Net Expense</b>	<u>(2,702,818)</u>	<u>(2,949,626)</u>	<u>(3,167,875)</u>	<u>(2,569,153)</u>	<u>(3,049,455)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities					
Taxes					
Property Taxes	1,501,605	1,602,386	1,714,892	1,641,155	1,618,444
Utility Users Taxes	606,624	631,716	646,165	658,110	628,028
Business Taxes	465,353	534,272	450,848	510,269	410,888
Other Taxes	512,410	497,455	399,851	457,473	392,405
Unrestricted Grants and Contributions					
Sales Taxes	333,386	337,313	300,585	314,354	337,727
Motor Vehicle In-lieu Taxes	24,568	--	13,764	11,496	7,631
Other Grants and Contributions	33,525	32,064	19,703	44,552	45,073
Unrestricted Investment Earnings	72,559	80,538	46,772	27,372	18,814
Other General Revenues	34,367	64,285	60,879	54,005	75,838
Transfers	204,667	215,407	159,150	220,475	258,815
Special Items					
Gain (Loss) on Loan Settlement	--	--	--	--	(47,007)
Transfer of Properties	--	--	--	--	93,410
Subtotal Governmental Activities	<u>3,789,064</u>	<u>3,995,436</u>	<u>3,812,609</u>	<u>3,939,261</u>	<u>3,840,066</u>
Business-type Activities					
Transfers	<u>(204,667)</u>	<u>(215,407)</u>	<u>(159,150)</u>	<u>(220,475)</u>	<u>(258,815)</u>
<b>Total Primary Government General Revenues and Other Changes in Net Assets</b>	<u>3,584,397</u>	<u>3,780,029</u>	<u>3,653,459</u>	<u>3,718,786</u>	<u>3,581,251</u>
<b>Changes in Net Assets</b>					
Governmental Activities	225,945	128,185	(102,511)	372,300	74,688
Business-type Activities	655,634	702,218	588,095	777,333	457,108
<b>Total Primary Government Changes in Net Assets</b>	<u>\$ 881,579</u>	<u>\$ 830,403</u>	<u>\$ 485,584</u>	<u>\$ 1,149,633</u>	<u>\$ 531,796</u>

(a) Certain actions by the State affected the Governmental Activities revenues from property, sales and motor vehicle in-lieu taxes. In March 2004, California voters approved the State's Economic Recovery Bond measure. Repayment of the bonds is from increasing the State's share of the sales tax by 0.25% and reducing the local government's share by the same rate. The sales tax reduction is offset by increased property tax allocation. The property tax for sales tax swap will remain in effect until the Economic Recovery Bonds are fully redeemed. In addition, the State effected changes in the vehicle license fee (VLF) distribution to local governments such that the State general fund component of the VLF is shifted to the State and is replaced by equivalent property tax.

**Changes in Net Assets**



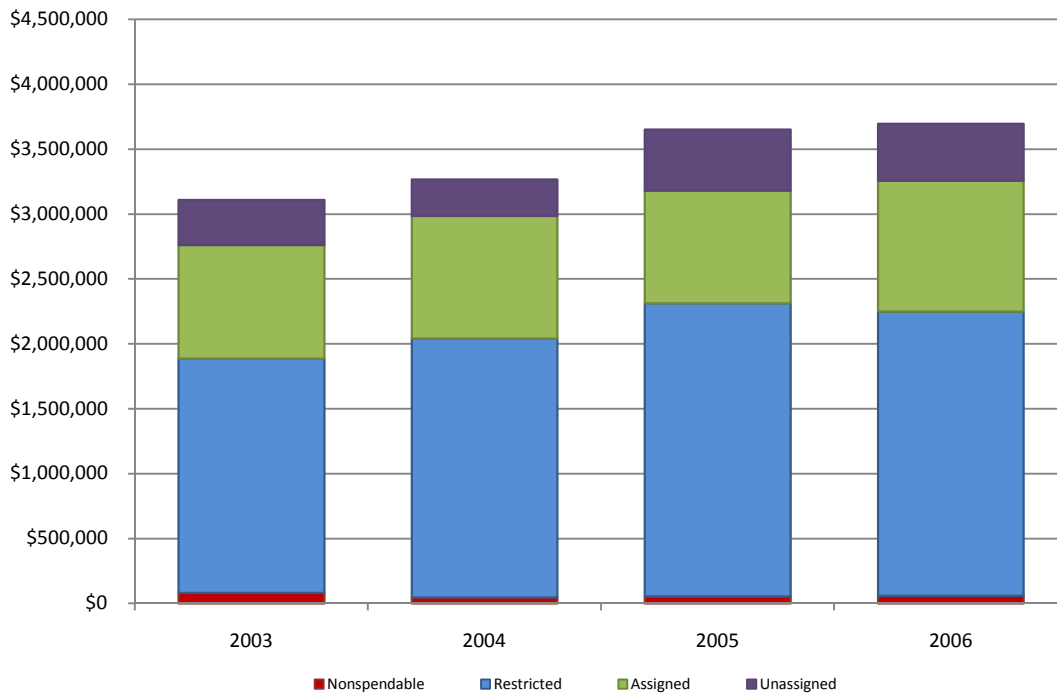
**CITY OF LOS ANGELES**

**Fund Balances - Governmental Funds  
Modified Accrual Basis of Accounting  
Last Nine Fiscal Years  
(amounts expressed in thousands)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Fund</b>				
Nonspendable	\$ 40,795	\$ 36,410	\$ 43,665	\$ 41,449
Assigned	287,553	301,587	284,058	296,999
Unassigned	<u>353,523</u>	<u>291,608</u>	<u>481,868</u>	<u>446,942</u>
<b>Subtotal General Fund</b>	<u>681,871</u>	<u>629,605</u>	<u>809,591</u>	<u>785,390</u>
<b>All Other Governmental Funds</b>				
Nonspendable	42,674	10,675	10,772	18,073
Restricted	1,803,368	1,994,829	2,258,928	2,190,243
Assigned	588,834	643,707	584,112	711,750
Unassigned	<u>(6,792)</u>	<u>(11,145)</u>	<u>(9,763)</u>	<u>(8,874)</u>
<b>Subtotal All Other Governmental Funds</b>	<u>2,428,084</u>	<u>2,638,066</u>	<u>2,844,049</u>	<u>2,911,192</u>
<b>All Governmental Funds</b>				
Nonspendable	83,469	47,085	54,437	59,522
Restricted	1,803,368	1,994,829	2,258,928	2,190,243
Assigned	876,387	945,294	868,170	1,008,749
Unassigned	<u>346,731</u>	<u>280,463</u>	<u>472,105</u>	<u>438,068</u>
<b>Total All Governmental Funds</b>	<u><u>\$3,109,955</u></u>	<u><u>\$3,267,671</u></u>	<u><u>\$3,653,640</u></u>	<u><u>\$3,696,582</u></u>

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**Fund Balances - Governmental Funds**





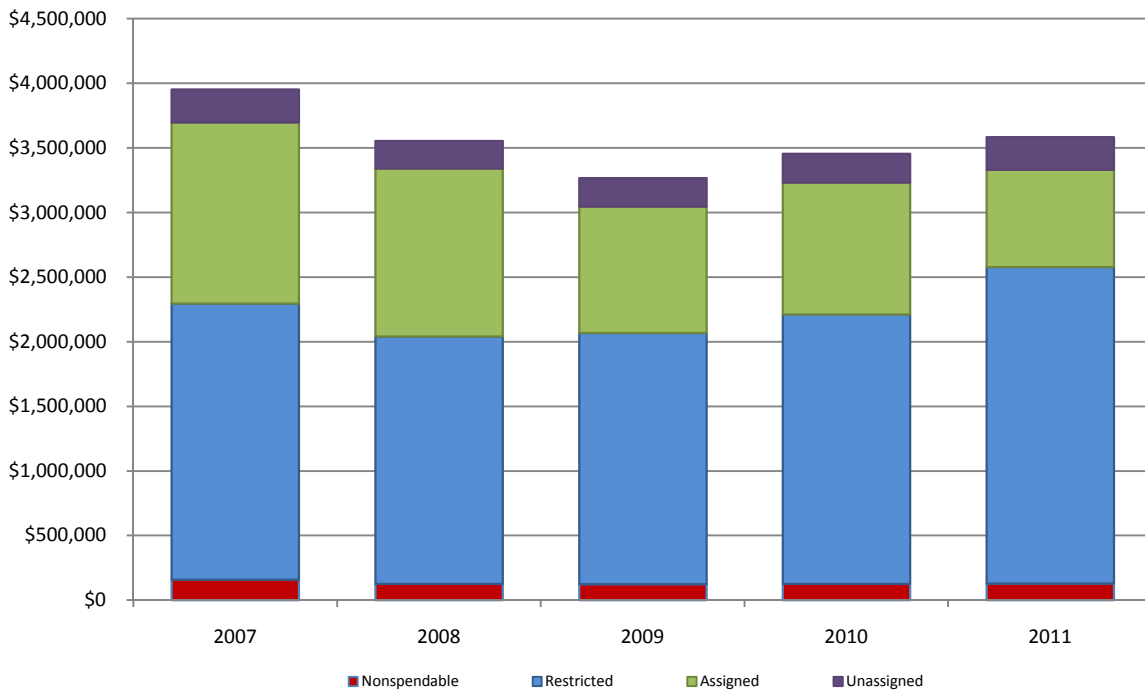
**CITY OF LOS ANGELES**

**Fund Balances - Governmental Funds  
Modified Accrual Basis of Accounting - (Continued)  
Last Nine Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>General Fund</b>					
Nonspendable	\$ 59,638	\$ 30,304	\$ 27,879	\$ 29,771	\$ 26,299
Assigned	391,023	352,416	233,761	182,835	239,877
Unassigned	257,249	215,227	221,811	224,574	253,882
<b>Subtotal General Fund</b>	<u>707,910</u>	<u>597,947</u>	<u>483,451</u>	<u>437,180</u>	<u>520,058</u>
<b>All Other Governmental Funds</b>					
Nonspendable	98,568	97,966	98,048	97,785	104,175
Restricted	2,138,184	1,912,230	1,942,596	2,084,310	2,447,798
Assigned	1,011,697	948,735	743,720	838,014	512,650
Unassigned	(1,990)	(2,473)	712	(789)	(1,299)
<b>Subtotal All Other Governmental Funds</b>	<u>3,246,459</u>	<u>2,956,458</u>	<u>2,785,076</u>	<u>3,019,320</u>	<u>3,063,324</u>
 <b>All Governmental Funds</b>					
Nonspendable	158,206	128,270	125,927	127,556	130,474
Restricted	2,138,184	1,912,230	1,942,596	2,084,310	2,447,798
Assigned	1,402,720	1,301,151	977,481	1,020,849	752,527
Unassigned	255,259	212,754	222,523	223,785	252,583
<b>Total All Governmental Funds</b>	<u><u>\$3,954,369</u></u>	<u><u>\$3,554,405</u></u>	<u><u>\$ 3,268,527</u></u>	<u><u>\$3,456,500</u></u>	<u><u>\$3,583,382</u></u>

Note: In fiscal year 2011, the City implemented GASB Statement No. 54. Fund balances starting from fiscal year 2003 were restated to conform to the requirements of this Statement. Data prior to fiscal year 2003 are not available.

**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				
	2002	2003	2004	2005	2006
<b>Revenues</b>					
Taxes	\$ 2,226,701	\$ 2,373,673	\$ 2,625,489	\$ 2,960,621	\$ 3,259,718
Licenses and Permits	38,779	40,969	39,627	46,979	55,260
Intergovernmental	997,165	935,583	884,704	773,137	649,969
Charges for Services	786,129	825,400	892,501	966,187	1,031,895
Fines	114,078	131,760	123,226	136,761	132,574
Special Assessments	93,156	92,568	97,429	95,293	97,193
Investment Earnings	114,342	159,059	13,504	102,198	71,714
Other	52,200	67,306	91,689	73,136	81,227
<b>Total Revenues</b>	<b>4,422,550</b>	<b>4,626,318</b>	<b>4,768,169</b>	<b>5,154,312</b>	<b>5,379,550</b>
<b>Expenditures</b>					
General Government	694,363	966,212	985,796	1,033,826	1,102,270
Protection of Persons and Property	1,711,968	1,710,438	1,851,489	1,944,897	2,089,451
Public Works	370,208	334,346	308,973	334,381	357,695
Health and Sanitation	297,771	285,370	328,407	321,322	348,258
Transportation	232,925	243,193	259,665	268,801	276,616
Cultural and Recreational Services	265,641	276,949	294,594	294,423	334,671
Community Development	528,504	373,147	430,768	345,368	322,683
Capital Outlay	403,703	558,493	522,256	472,648	547,787
Debt Service:					
Principal	193,886	190,716	186,024	219,144	241,142
Interest	125,352	143,784	136,651	166,367	177,756
Cost of Issuance	5,353	14,387	5,057	2,744	2,053
Advance Refunding Loan Escrow	--	23,076	3,253	--	1,878
<b>Total Expenditures</b>	<b>4,829,674</b>	<b>5,120,111</b>	<b>5,312,933</b>	<b>5,403,921</b>	<b>5,802,260</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(407,124)</b>	<b>(493,793)</b>	<b>(544,764)</b>	<b>(249,609)</b>	<b>(422,710)</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of Long-term Debt	484,370	518,615	468,135	377,140	268,750
Discount on Issuance of Long-term Debt	--	--	--	--	--
Premium on Issuance of Long-term Debt	15,679	23,867	25,522	15,944	9,740
Issuance of Refunding Bonds	54,280	583,950	77,345	49,395	73,080
Premium on Issuance of Refunding Bonds	2,823	13,031	4,736	1,497	4,786
Payment to Refunded Bond Escrow Agent	--	--	--	--	--
Proceeds of Refunding Loan	--	--	--	--	--
Payment for Current Refunding of Loan	--	--	--	--	--
Loans from HUD	5,990	2,095	23,895	14,400	1
Transfers In	717,817	711,012	745,533	775,697	828,604
Transfers Out	(504,665)	(499,076)	(547,296)	(545,499)	(642,716)
<b>Total Other Financing Sources (Uses)</b>	<b>776,294</b>	<b>1,353,494</b>	<b>797,870</b>	<b>688,574</b>	<b>542,245</b>
Special Item - Loss on Loan Settlement	--	--	--	--	--
<b>Net Change in Fund Balances</b>	<b>\$ 369,170</b>	<b>\$ 859,701</b>	<b>\$ 253,106</b>	<b>\$ 438,965</b>	<b>\$ 119,535</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.2%</b>	<b>8.0%</b>	<b>7.0%</b>	<b>7.8%</b>	<b>8.1%</b>

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				
	2007	2008	2009	2010	2011
<b>Revenues</b>					
Taxes	\$ 3,407,996	\$ 3,480,296	\$ 3,506,089	\$ 3,397,650	\$ 3,435,063
Licenses and Permits	59,443	61,047	51,084	48,186	51,691
Intergovernmental	775,771	852,376	838,722	876,470	920,809
Charges for Services	1,134,205	1,254,704	1,375,875	1,419,145	1,436,977
Fines	150,059	154,600	156,211	153,707	158,612
Special Assessments	100,872	103,782	104,149	105,998	106,514
Investment Earnings	231,677	255,254	134,830	104,365	65,978
Other	101,009	134,564	114,336	96,255	142,968
<b>Total Revenues</b>	<u>5,961,032</u>	<u>6,296,623</u>	<u>6,281,296</u>	<u>6,201,776</u>	<u>6,318,612</u>
<b>Expenditures</b>					
General Government	1,243,090	1,268,572	1,339,379	1,357,239	1,269,321
Protection of Persons and Property	2,366,956	2,573,006	2,599,294	2,551,225	2,477,648
Public Works	373,107	379,026	422,994	354,567	347,485
Health and Sanitation	373,644	398,152	467,392	449,083	459,785
Transportation	306,853	357,301	361,371	327,328	321,797
Cultural and Recreational Services	351,536	387,727	376,869	389,371	389,165
Community Development	347,319	435,768	402,152	383,256	463,920
Capital Outlay	730,117	934,999	641,363	491,187	362,867
Debt Service:					
Principal	340,091	391,585	495,258	366,663	367,206
Interest	181,677	206,675	188,552	181,495	189,902
Cost of Issuance	5,745	2,604	6,285	4,954	2,439
Advance Refunding Loan Escrow	--	41,311	--	--	--
<b>Total Expenditures</b>	<u>6,620,135</u>	<u>7,376,726</u>	<u>7,300,909</u>	<u>6,856,368</u>	<u>6,651,535</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<u>(659,103)</u>	<u>(1,080,103)</u>	<u>(1,019,613)</u>	<u>(654,592)</u>	<u>(332,923)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of Long-term Debt	695,488	461,035	530,225	545,155	219,186
Discount on Issuance of Long-term Debt	--	--	(1,168)	(370)	--
Premium on Issuance of Long-term Debt	15,138	3,596	6,517	15,479	2,216
Issuance of Refunding Bonds	--	--	253,060	49,485	18,705
Premium on Issuance of Refunding Bonds	--	--	221	3,824	1,198
Payment to Refunded Bond Escrow Agent	--	--	(239,201)	(54,463)	--
Proceeds of Refunding Loan	--	24,110	--	--	1,983
Payment for Current Refunding of Loan	--	(24,110)	--	--	(1,983)
Loans from HUD	--	--	25,408	63,904	7,388
Transfers In	1,058,449	1,021,078	1,088,358	1,041,071	1,086,218
Transfers Out	(853,782)	(805,671)	(929,208)	(820,596)	(827,403)
<b>Total Other Financing Sources (Uses)</b>	<u>915,293</u>	<u>680,038</u>	<u>734,212</u>	<u>843,489</u>	<u>507,508</u>
Special Item - Loss on Loan Settlement	--	--	--	--	(47,007)
<b>Net Change in Fund Balances</b>	<u>\$ 256,190</u>	<u>\$ (400,065)</u>	<u>\$ (285,401)</u>	<u>\$ 188,897</u>	<u>\$ 127,578</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<u>8.9%</u>	<u>9.9%</u>	<u>10.3%</u>	<u>8.6%</u>	<u>9.0%</u>

Notes: Certain prior years' data were reclassified to conform to the fiscal year 2011 presentation. Beginning fiscal year 2001, GASB Statement Nos. 33 and 36 were implemented and beginning fiscal year 2002, GASB Statement Nos. 34 and 37 were implemented. Prior year amounts were not restated to conform to the new reporting requirements.

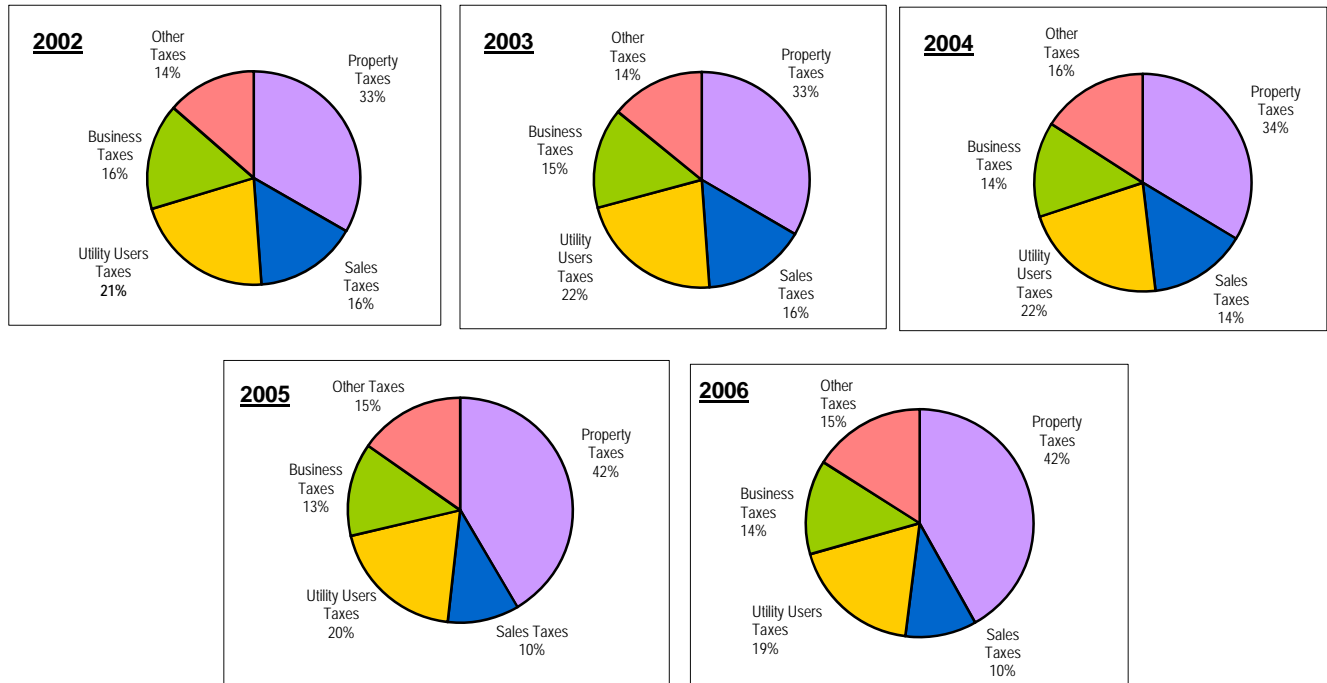
**CITY OF LOS ANGELES**

**Tax Revenues by Source - Governmental Funds  
Modified Accrual Basis of Accounting  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	<b>Fiscal Year</b>				
	<b>2002<sup>(a)</sup></b>	<b>2003</b>	<b>2004</b>	<b>2005<sup>(b)</sup></b>	<b>2006</b>
Property Taxes	\$ 741,040	\$ 792,839	\$ 882,531	\$ 1,229,381	\$ 1,365,860
Sales Taxes	346,302	367,112	381,090	303,954	329,169
Utility Users Taxes	478,343	521,148	572,018	578,542	606,617
Business Taxes	358,865	356,937	372,376	396,316	436,621
Other Taxes	302,151	335,637	417,474	452,428	521,451
<b>Total Revenues</b>	<b>\$2,226,701</b>	<b>\$2,373,673</b>	<b>\$2,625,489</b>	<b>\$2,960,621</b>	<b>\$3,259,718</b>

Continued...

**Tax Revenue By Source - Governmental Funds**



**CITY OF LOS ANGELES**

**Tax Revenues by Source - Governmental Funds  
Modified Accrual Basis of Accounting - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year					Change 2002 - 2011
	2007	2008	2009	2010	2011	
Property Taxes	\$1,490,223	\$1,585,229	\$1,702,884	\$1,648,490	\$1,643,696	122%
Sales Taxes	333,386	337,313	300,585	311,520	337,360	-3%
Utility Users Taxes	606,624	617,199	646,256	628,484	618,307	29%
Business Taxes	465,353	465,124	461,374	412,287	424,762	18%
Other Taxes	512,410	475,431	394,990	396,869	410,938	36%
<b>Total Revenues</b>	<b>\$3,407,996</b>	<b>\$3,480,296</b>	<b>\$3,506,089</b>	<b>\$3,397,650</b>	<b>\$3,435,063</b>	<b>54%</b>

(a) Beginning fiscal year 2001, GASB Statement Nos. 33 and 36 were implemented and beginning fiscal year 2002, GASB Statement Nos. 34 and 37 were implemented. Prior year amounts were not restated to conform to the new reporting requirements.

(b) Certain actions by the State affected the City's General Fund revenues from property taxes and sales taxes. In March 2004, California voters approved the State's Economic Recovery Bond measure. Repayment of the bonds is from increasing the State's share of the sales tax by 0.25% and reducing the local government's share by the same rate. The sales tax reduction is offset by increased property tax allocation. The property tax for sales tax swap will remain in effect until the Economic Recovery Bonds are fully redeemed.

**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

Year of Levy	Assessed and Estimated Actual Value <sup>(1)</sup>			Average Annual Growth	Total Direct Tax Rate <sup>(3)</sup> (per \$1,000 of assessed value)	Assessed Value Per Capita
	Real Property <sup>(2)</sup> (\$ 000's)	Personal Property (\$ 000's)	Total (\$ 000's)			
2002	\$ 212,651,362	\$ 17,490,449	\$ 230,141,811	7.12%	1.040051	62
2003	227,593,072	16,806,678	244,399,750	6.20%	1.042312	65
2004	246,906,688	16,640,805	263,547,493	7.83%	1.050574	70
2005	268,163,573	16,304,721	284,468,294	7.94%	1.055733	75
2006	296,325,286	16,343,009	312,668,295	9.91%	1.051289	83
2007	331,032,179	15,950,614	346,982,793	10.97%	1.045354	92
2008	363,755,025	17,398,206	381,153,231	9.85%	1.038051	101
2009	392,197,205	18,938,019	411,135,224	7.87%	1.038541	109
2010	391,747,407	19,008,923	410,756,330	-0.09%	1.041220	108
2011	384,126,153	17,147,802	401,273,955	-2.31%	1.038895	105

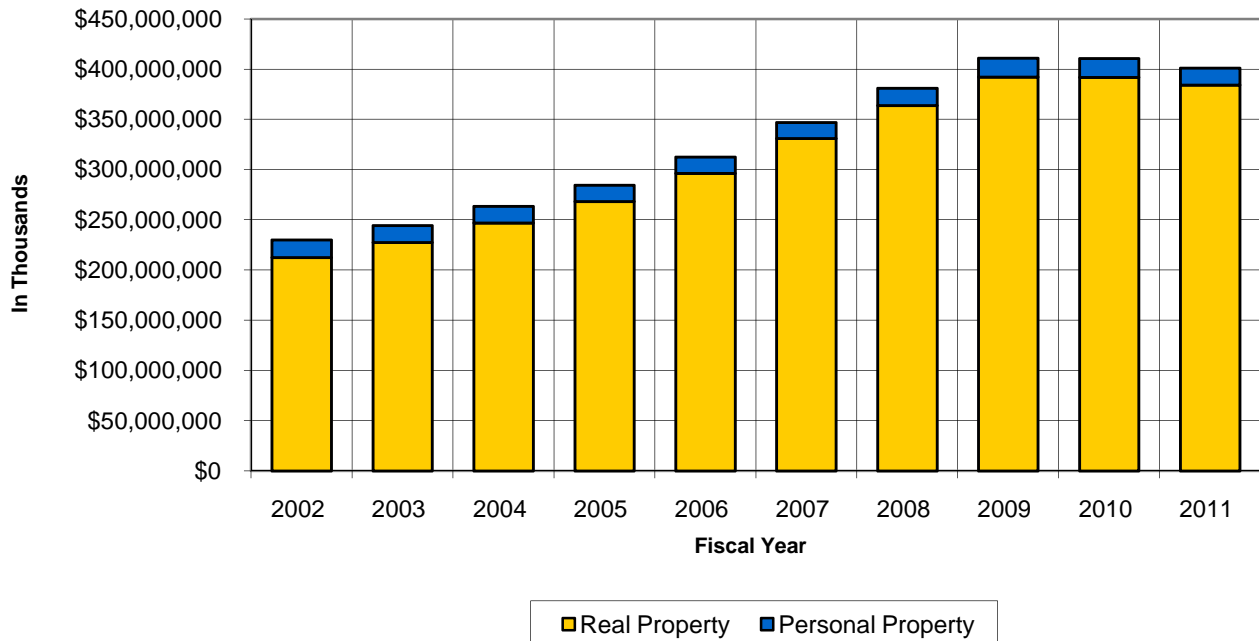
Source: Taxpayer's Guide - Auditor Controller, County of Los Angeles.

<sup>(1)</sup> Net of Homeowners' Exemption.

<sup>(2)</sup> Assessed at 100% of estimated actual value.

<sup>(3)</sup> 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**

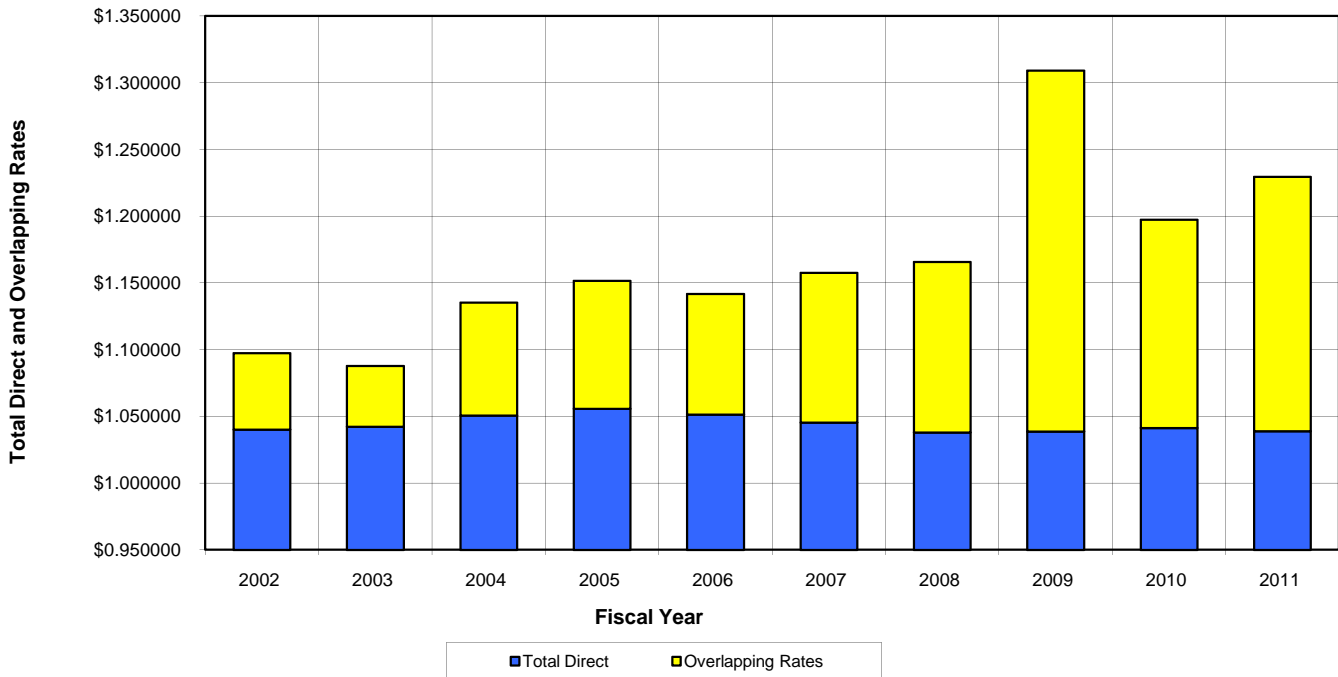
**Direct and Overlapping Property Tax Rates  
Tax Rate Area No. 4 <sup>(a)</sup>  
Last Ten Fiscal Years**

Fiscal Year	City Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Basic Rate	General		Los Angeles County	L.A. Unified	L.A. Unified	Metropolitan Water District	
		Obligation Debt Service	Total Direct		School District	Flood Control District		
2001-02	1.000000	0.040051	1.040051	0.001128	0.048129	0.000473	0.007700	1.097481
2002-03	1.000000	0.042312	1.042312	0.001033	0.036973	0.000881	0.006700	1.087899
2003-04	1.000000	0.050574	1.050574	0.000992	0.077145	0.000462	0.006100	1.135273
2004-05	1.000000	0.055733	1.055733	0.000923	0.088839	0.000245	0.005800	1.151540
2005-06	1.000000	0.051289	1.051289	0.000795	0.084346	0.000049	0.005200	1.141679
2006-07	1.000000	0.045354	1.045354	0.000663	0.106735	0.000052	0.004700	1.157504
2007-08	1.000000	0.038051	1.038051	0.000000	0.123302	0.000000	0.004500	1.165853
2008-09	1.000000	0.038541	1.038541	0.141730	0.124724	0.000000	0.004300	1.309295
2009-10	1.000000	0.041220	1.041220	0.000000	0.151809	0.000000	0.004300	1.197329
2010-11	1.000000	0.038895	1.038895	0.000000	0.186954	0.000000	0.003700	1.229549

Source: Tax Rates, Los Angeles County Tax Collector.

<sup>a)</sup> 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	2011			2002		
	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	\$ 2,313,743,520	1	0.60 %	\$ 930,455,634	1	0.44 %
Anheuser Busch Inc	815,694,562	2	0.21	722,280,696	4	0.34
One Hundred Towers LLC	579,803,019	3	0.15	559,596,155	7	0.26
Donald T. Sterling	526,938,329	4	0.14	--	--	--
Tishman Speyer Archstone Smith	517,308,119	5	0.13	--	--	--
Paramount Pictures Corp	460,510,322	6	0.12	--	--	--
Century City Mall LLC	456,150,450	7	0.12	--	--	--
Taubman-Beverly Center	456,059,070	8	0.12	--	--	--
Duesenberg Investment Company	431,949,723	9	0.12	--	--	--
Trizec 333 LA LLC	383,700,000	10	0.12	--	--	--
Ultramar Inc.	--	--	--	787,740,115	2	0.37
Tosco Corporation	--	--	--	725,948,262	3	0.34
Arden Realty Finance Partnership	--	--	--	704,690,632	5	0.33
Equilon Enterprises LLC	--	--	--	677,410,459	6	0.32
Maguire Partners Crocker	--	--	--	429,172,867	8	0.20
MCA Inc	--	--	--	401,306,686	9	0.19
Shuwa Investments Corp	--	--	--	401,306,686	10	0.19
Total	<u>\$ 6,941,857,114</u>		<u>1.81 %</u>	<u>\$ 6,339,908,192</u>		<u>2.99 %</u>
Total City Secured Assessed Valuation	<u>\$ 384,084,803,969</u>			<u>\$ 212,488,326,604</u>		

Source: California Municipal Statistics Inc  
Taxpayers' Guides, 2010-2011 and 2001-2002

**CITY OF LOS ANGELES**

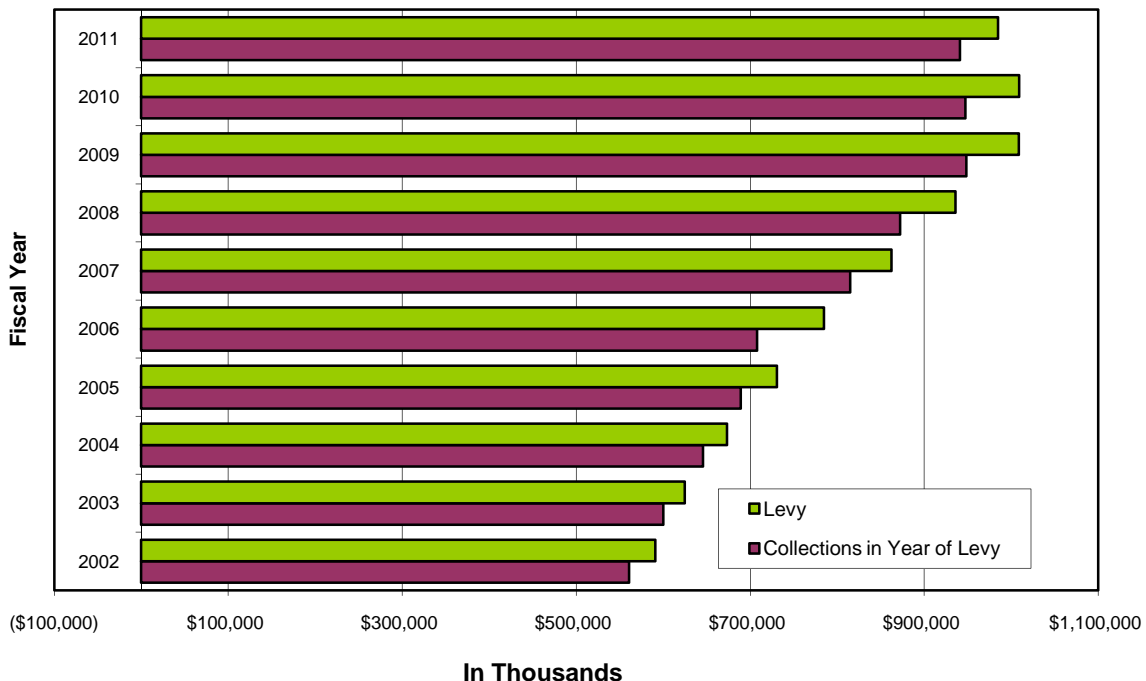
**Property Tax Levies and Collections  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

Fiscal Year	Total Tax Levy <sup>(a)</sup> for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years <sup>(b)</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2001-02	\$ 591,029	\$ 560,750	94.88%	\$ 27,199	\$ 587,949	99.48%
2002-03	624,633	599,921	96.04%	28,939	628,860	100.68%
2003-04	673,417	645,697	95.88%	27,328	673,025	99.94%
2004-05	730,495	688,993	94.32%	30,932	719,925	98.55%
2005-06	784,864	708,009	90.21%	45,693	753,702	96.03%
2006-07	862,415	814,880	94.49%	80,748	895,628	103.85%
2007-08	935,881	872,254	93.20%	64,845	937,099	100.13%
2008-09	1,008,578	948,294	94.02%	110,519	1,058,813	104.98%
2009-10	1,009,256	947,165	93.85%	86,089	1,033,254	102.38%
2010-11	984,897	941,070	95.55%	73,905	1,014,975	103.05%

<sup>(a)</sup> One percent basic levy only, which is a General Fund revenue; excludes City levy for debt service.

<sup>(b)</sup> Includes collections on adjustments for undetermined prior fiscal year(s).

**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**

<b>Fiscal Year</b>	<b>Sales of Energy (in thousands of megawatt hours)</b>				<b>Direct Rate per Kilowatt Hour</b>	
	<b>Commercial and</b>			<b>Total</b>	<b>Residential</b>	<b>Commercial and Industrial</b>
	<b>Residential</b>	<b>Industrial</b>	<b>All Other</b>			
2002	6,485	15,242	376	22,103	0.10	0.09
2003	6,554	15,350	1,831	23,735	0.10	0.09
2004	7,266	15,895	473	23,634	0.10	0.09
2005	7,063	15,705	2,675	25,443	0.10	0.09
2006	7,252	16,085	2,726	26,063	0.10	0.09
2007	7,641	16,291	2,556	26,488	0.11	0.10
2008	7,664	16,482	2,206	26,352	0.11	0.10
2009	7,641	16,250	1,982	25,873	0.12	0.11
2010	7,434	15,485	3,396	26,315	0.14	0.13
2011	7,230	15,541	2,060	24,831	0.13	0.13

**CITY OF LOS ANGELES**

**Average Number of Customers for Energy Sales  
Power Enterprise Fund  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Average Number of Customers (in thousands)</b>			
	<b>Commercial and</b>			<b>Total</b>
	<b>Residential</b>	<b>Industrial</b>	<b>All Other</b>	
2002	1,218	194	2	1,414
2003	1,224	195	2	1,421
2004	1,230	196	2	1,428
2005	1,237	197	3	1,437
2006	1,242	200	3	1,445
2007	1,247	199	2	1,448
2008	1,252	192	2	1,446
2009	1,257	193	2	1,452
2010	1,252	193	2	1,447
2011	1,263	196	2	1,461

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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 Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable	HUD Loan
2002	\$ 765,535	\$ 74,770	\$ 905,905	\$ 21,400	\$ 738,095	\$ 92	\$ 105,223
2003	978,120	41,450	981,330	38,380	825,379	--	104,501
2004	1,140,850	34,795	965,625	35,650	931,886	36,373	126,079
2005	1,418,980	28,140	850,730	34,160	920,543	52,973	135,903
2006	1,445,250	21,485	736,705	32,595	951,910	148,000	132,953
2007	1,411,898	15,340	1,090,485	31,025	969,890	176,000	129,657
2008	1,303,035	9,195	1,309,510	29,390	926,560	200,000	76,055
2009	1,298,085	25,895	1,475,735	27,685	898,490	107,735	98,035
2010	1,369,450	71,065	1,489,645	25,910	907,555	152,630	156,276
2011	1,255,830	64,005	1,494,045	24,095	848,675	206,173	157,781

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**

<b>Fiscal Year Ended June 30</b>	<b>Revenue Bonds</b>	<b>Commercial Paper</b>	<b>Notes Payable</b>	<b>Loans Payable</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2002	\$ 7,364,691	\$ 475,000	\$ 4,462	\$ 18,657	\$ 124,554	\$ 10,598,384	3.40%	\$ 2,833
2003	8,049,178	407,302	9,887	13,252	55,446	11,504,225	3.57%	3,059
2004	8,075,776	266,095	9,715	146,215	54,648	11,823,707	3.50%	3,133
2005	8,342,058	366,561	4,495	166,684	53,793	12,375,020	3.46%	3,283
2006	9,591,763	313,561	4,105	159,659	52,881	13,590,867	3.52%	3,606
2007	9,642,881	498,745	3,697	242,122	51,855	14,263,595	3.56%	3,789
2008	9,931,564	810,328	3,271	266,441	50,715	14,916,064	3.61%	3,952
2009	11,557,118	446,989	2,826	255,723	49,518	16,243,834	4.04%	4,295
2010	14,102,701	647,116	2,361	288,273	-	19,212,982	N/A	5,066
2011	16,549,219	415,012	1,874	274,869	-	21,291,578	N/A	5,588

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements beginning on page 120.

<sup>1</sup>Personal income data can be found in the Statistical Section, Demographic and Economic Information.

<sup>2</sup>Population data updated based on current estimates. See Statistical Section, Demographic and Economic Information.

N/A - Data not available

**CITY OF LOS ANGELES**

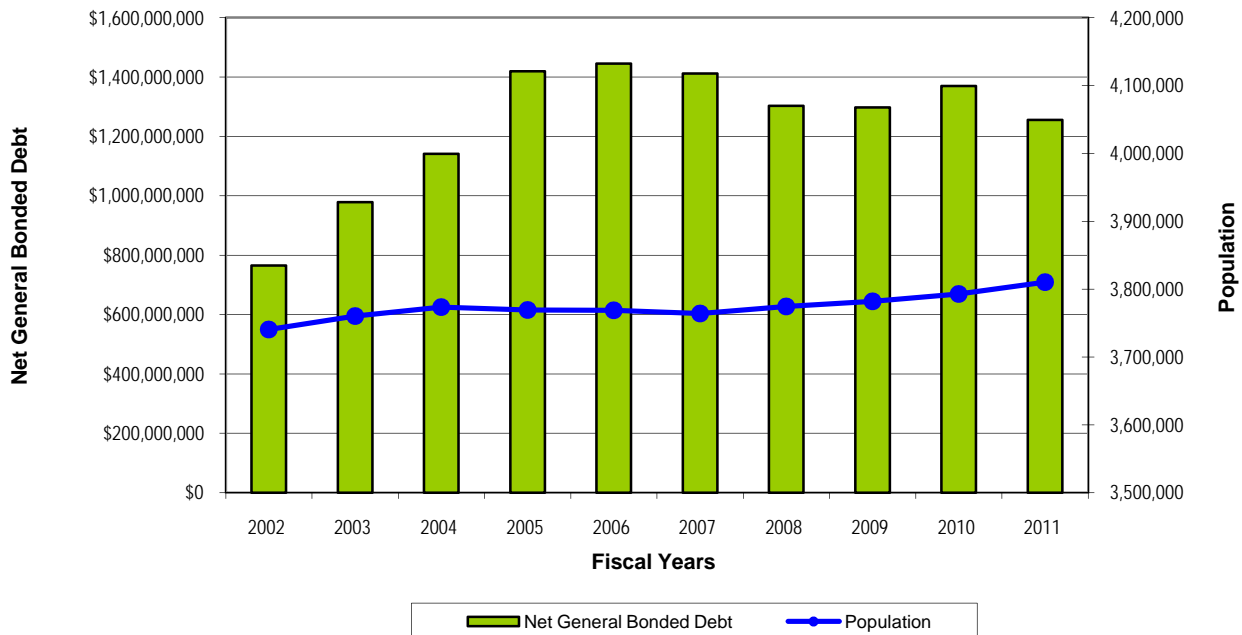
**Ratios of Net General Bonded Debt  
to Assessed Value and Per Capita  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Net General Bonded Debt</b>	<b>Assessed Value<sup>(1)</sup></b>	<b>Net General Bonded Debt Ratio to Assessed Value</b>	<b>Population<sup>(2)</sup></b>	<b>Net General Bonded Debt Per Capita<sup>(2)</sup></b>
2002	765,535,000	230,141,811,081	0.33%	3,740,481	205
2003	978,120,000	244,399,750,197	0.40%	3,760,410	260
2004	1,140,850,000	263,547,493,340	0.43%	3,773,549	302
2005	1,418,980,000	284,468,294,432	0.50%	3,769,130	376
2006	1,445,250,000	312,668,294,401	0.46%	3,768,645	383
2007	1,411,898,000	346,982,792,759	0.41%	3,764,062	375
2008	1,303,035,000	381,153,231,570	0.34%	3,774,497	345
2009	1,298,085,000	411,135,224,351	0.32%	3,781,951	343
2010	1,369,450,000	410,756,330,048	0.33%	3,792,621	361
2011	1,255,830,000	401,273,954,269	0.31%	3,810,129	330

<sup>(1)</sup> Net of homeowners exemptions.

<sup>(2)</sup> 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, 2011**

	<b>Debt Outstanding June 30, 2011</b>	<b>Estimated Percentage Applicable <sup>(1)</sup></b>	<b>Estimated Share of Overlapping Debt June 30, 2011</b>
<b>Debt repaid with property taxes</b>			
Los Angeles Flood Control District	\$ 53,795,000	41.300 %	\$ 22,217,335
Metropolitan Water District of Southern California	227,670,000	20.782	47,314,379
Los Angeles Community College District	3,536,745,000	71.651	2,534,113,160
Beverly Hills Unified School District	185,926,849	0.172	319,794
Inglewood Unified School District	112,555,000	1.297	1,459,838
Las Virgenes Joint Unified School District	175,961,908	0.962	1,692,754
Los Angeles Unified School District	11,596,250,000	87.877	10,190,436,613
Other School Districts	286,385,041	various	189,475
City of Los Angeles Community Facilities District No. 3 (Estimate)	5,290,000	100.000	5,290,000
City of Los Angeles Community Facilities District No. 4	126,685,000	100.000	126,685,000
City of Los Angeles Community Facilities District No. 8	6,000,000	100.000	6,000,000
City of Los Angeles Assessment District No. 1	4,533,791	100.000	4,533,791
City of Los Angeles Landscaping and Lighting Benefit Assessment District	24,095,000	100.000	24,095,000
Mountains Recreation and Conservation Authority Assessment Districts	23,285,000	99.976 - 99.998	23,281,825
Los Angeles County Regional Park and Open Space Assessment District	197,285,000	40.55	79,999,068
<b>Other overlapping debt</b>			
Los Angeles County General Fund Obligations	1,496,977,755	40.55	607,024,480
Los Angeles County Superintendent of Schools Certificates of Participation	12,204,890	40.55	4,949,083
Los Angeles County Sanitation District Nos. 1, 3, 4, 5, 8 and 16 Authorities	112,726,038	0.001 - 13.757	8,106,355
Pasadena Area Community College District Certificates of Participation	1,800,000	0.001	18
Inglewood Unified School District Certificates of Participation	1,740,000	1.297	22,568
Las Virgenes Joint Unified School District Certificates of Participation	12,240,000	0.962	117,749
Los Angeles Unified School District Certificates of Participation	492,042,567	87.877	432,392,247
Less: Los Angeles County General Fund Obligations (supported by landfill revenues)			(7,220,099)
Less: Los Angeles Unified School District QZAB Bonds (supported by periodic payments to investment accounts)			<u>(30,495,119)</u>
<b>Subtotal- overlapping debt</b>			<u><b>14,082,525,314</b></u>
<b>City of Los Angeles direct debt</b>			
General Obligation Bonds			1,255,830,000
Special Assessment Bonds			24,095,000
Special Tax Obligation Bonds			63,185,000
Lease Obligation Bonds			1,881,825,000
Judgment Obligation Bonds			<u>64,005,000</u>
<b>Subtotal- City of Los Angeles direct debt</b>			<u><b>3,288,940,000</b></u>
<b>Total direct and overlapping debt <sup>(2)</sup></b>			<u><u><b>\$ 17,371,465,314</b></u></u>

<sup>(1)</sup> Percentage of overlapping agency's assessed valuation located within boundaries of the City.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, commercial paper notes, revenue bonds, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations.

Source: Kelling, Northcross & Nobriga 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				
	2002	2003	2004	2005	2006
Assessed Valuation Net of Homeowners' Exemptions	\$ 230,141,811	\$ 244,399,750	\$ 263,547,493	\$ 284,468,294	\$ 312,668,295
Add: Homeowners' Exemptions	<u>2,645,302</u>	<u>2,625,257</u>	<u>2,598,874</u>	<u>2,641,639</u>	<u>2,642,161</u>
Gross Assessed Valuation	<u><u>\$ 232,787,113</u></u>	<u><u>\$ 247,025,007</u></u>	<u><u>\$ 266,146,367</u></u>	<u><u>\$ 287,109,933</u></u>	<u><u>\$ 315,310,456</u></u>
Legal Debt Limit <sup>(a)</sup> (15% of assessed value)	\$ 34,918,067	\$ 37,053,751	\$ 39,921,955	\$ 43,066,490	\$ 47,296,568
Less: General Obligation Bonds Outstanding	<u>765,535</u>	<u>978,120</u>	<u>1,140,850</u>	<u>1,418,980</u>	<u>1,445,250</u>
Legal Debt Margin	<u><u>\$ 34,152,532</u></u>	<u><u>\$ 36,075,631</u></u>	<u><u>\$ 38,781,105</u></u>	<u><u>\$ 41,647,510</u></u>	<u><u>\$ 45,851,318</u></u>
Legal Debt Margin as a Percentage of the Debt Limit	97.81%	97.36%	97.14%	96.71%	96.94%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.33%	0.40%	0.43%	0.49%	0.46%
Population <sup>(b)</sup>	3,740,481	3,760,410	3,773,549	3,769,130	3,768,645
General Obligation Bonds Outstanding Per Capita	\$205	\$260	\$302	\$376	\$383

Continued...

**CITY OF LOS ANGELES**

**Ratios of General Bonded Debt Outstanding and Legal Debt Margin - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2007	2008	2009	2010	2011
Assessed Valuation Net of Homeowners' Exemptions	\$ 346,982,793	\$ 381,153,232	\$ 411,135,224	\$ 410,756,330	\$ 401,273,954
Add: Homeowners' Exemptions	<u>2,637,783</u>	<u>2,664,276</u>	<u>2,688,218</u>	<u>2,707,745</u>	<u>2,696,221</u>
Gross Assessed Valuation	<u>\$ 349,620,576</u>	<u>\$ 383,817,508</u>	<u>\$ 413,823,442</u>	<u>\$ 413,464,075</u>	<u>\$ 403,970,175</u>
Legal Debt Limit <sup>(a)</sup> (15% of assessed value)	\$ 52,443,086	\$ 57,572,626	\$ 62,073,516	\$ 62,019,611	\$ 60,595,526
Less: General Obligation Bonds Outstanding	<u>1,411,898</u>	<u>1,303,035</u>	<u>1,298,085</u>	<u>1,369,450</u>	<u>1,255,830</u>
Legal Debt Margin	<u>\$ 51,031,188</u>	<u>\$ 56,269,591</u>	<u>\$ 60,775,431</u>	<u>\$ 60,650,161</u>	<u>\$ 1,255,830</u>
Legal Debt Margin as a Percentage of the Debt Limit	97.31%	97.74%	97.91%	97.79%	2.07%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.40%	0.34%	0.31%	0.33%	0.31%
Population <sup>(b)</sup>	3,764,062	3,774,497	3,781,951	3,792,621	3,810,129
General Obligation Bonds Outstanding Per Capita	\$375	\$345	\$343	\$361	\$330

<sup>(a)</sup> Debt limit provided in Section 43605 of the State of California Government Code.

<sup>(b)</sup> Population data updated based on current estimates.

CITY OF LOS ANGELES

**Pledged Revenue Coverage  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Operating Revenues <sup>(1)</sup></u>	<u>Less: Operating Expenses <sup>(2)</sup></u>	<u>Net Available Revenue</u>	<u>Debt Service <sup>(3)</sup></u>	<u>Net Available Revenue Coverage</u>	<u>Net Operating Cash Flow</u>	<u>Net Operating Cash Flow Coverage <sup>(4)</sup></u>
<u>Airports Enterprise Fund Revenue Bonds and Notes</u>							
2002	\$ 491,226	\$ 362,540	\$ 128,686	\$ 44,723	2.9	\$ 105,275	2.4
2003	517,583	400,944	116,639	42,758	2.7	134,554	3.1
2004	558,602	437,127	121,475	44,987	2.7	33,285	0.7
2005	585,065	476,349	108,716	43,254	2.5	119,760	2.8
2006	630,036	520,170	109,866	41,797	2.6	73,404	1.8
2007	664,304	548,167	116,137	30,648	3.8	136,180	4.4
2008	757,015	595,408	161,607	38,375	4.2	196,534	5.1
2009	771,364	590,960	180,404	41,181	4.4	58,666	1.4
2010	758,594	596,802	161,792	99,261	1.6	122,946	1.2
2011	887,762	601,964	285,798	126,750	2.3	263,611	2.1
<u>Harbor Enterprise Fund Revenue Bonds and Notes</u>							
2002	\$ 288,677	\$ 99,277	\$ 189,400	\$ 54,310	3.5	\$ 176,083	3.2
2003	323,276	148,415	174,861	55,085	3.2	215,117	3.9
2004	332,254	130,174	202,080	59,023	3.4	208,762	3.5
2005	355,629	170,891	184,738	60,536	3.1	226,037	3.7
2006	392,159	184,132	208,027	62,104	3.3	201,575	3.2
2007	417,161	163,775	253,386	71,909	3.5	246,665	3.4
2008	426,345	221,752	204,593	61,321	3.3	252,898	4.1
2009	402,224	254,143	148,081	61,928	2.4	151,264	2.4
2010	424,306	210,235	214,071	66,851	3.2	185,416	2.8
2011	406,606	209,695	196,911	72,736	2.7	158,228	2.2
<u>Power Enterprise Fund Revenue Bonds and Notes</u>							
2002	\$ 2,457,375	\$ 1,568,032	\$ 889,343	\$ 189,338	4.7	\$ 784,933	4.1
2003	2,318,167	1,655,240	662,927	168,119	3.9	792,585	4.7
2004	2,437,461	1,771,230	666,231	170,466	3.9	505,187	3.0
2005	2,401,458	1,835,594	565,864	189,105	3.0	611,579	3.2
2006	2,665,535	2,016,080	649,455	223,678	2.9	559,157	2.5
2007	2,799,140	1,996,649	802,491	267,144	3.0	507,934	1.9
2008	2,989,725	2,176,056	813,669	250,484	3.2	469,188	1.9
2009	2,924,155	2,043,192	880,963	270,357	3.3	427,647	1.6
2010	3,387,361	2,287,434	1,099,927	309,349	3.6	741,881	2.4
2011	3,288,476	2,308,188	980,288	400,846	2.4	666,711	1.7

Continued...

**CITY OF LOS ANGELES**

**Pledged Revenue Coverage - (Continued)  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Operating Revenues <sup>(1)</sup></b>	<b>Less: Operating Expenses <sup>(2)</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service <sup>(3)</sup></b>	<b>Net Available Revenue Coverage</b>	<b>Net Operating Cash Flow</b>	<b>Net Operating Cash Flow Coverage <sup>(4)</sup></b>
<u>Water Enterprise Fund Revenue Bonds and Notes</u>							
2002	\$ 585,815	\$ 358,390	\$ 227,425	\$ 48,756	4.7	\$ 242,541	5.0
2003	584,306	410,899	173,407	46,684	3.7	112,840	2.4
2004	618,589	421,634	196,955	64,135	3.1	282,914	4.4
2005	590,751	387,264	203,487	71,851	2.8	210,129	2.9
2006	625,995	394,543	231,452	95,681	2.4	251,198	2.6
2007	717,145	442,962	274,183	122,928	2.2	231,297	1.9
2008	799,706	523,657	276,049	133,354	2.1	132,714	1.0
2009	825,168	581,587	243,581	116,026	2.1	189,718	1.6
2010	858,201	584,382	273,819	134,106	2.0	152,044	1.1
2011	831,771	540,041	291,730	167,371	1.7	290,206	1.7
<u>Sewer Enterprise Fund Revenue Bonds and Notes</u>							
2002	\$ 406,773	\$ 172,878	\$ 233,895	\$ 131,149	1.8	\$ 228,662	1.7
2003	422,951	197,516	225,435	122,680	1.8	195,596	1.6
2004	428,271	202,279	225,992	118,588	1.9	218,364	1.8
2005	437,411	212,051	225,360	125,309	1.8	200,550	1.6
2006	492,711	232,971	259,740	143,974	1.8	206,380	1.4
2007	518,393	240,840	277,553	160,005	1.7	262,994	1.6
2008	543,417	276,508	266,909	170,140	1.6	248,030	1.5
2009	543,318	287,135	256,183	151,996	1.7	237,586	1.6
2010	543,258	264,072	279,186	170,413	1.6	265,541	1.6
2011	510,214	256,664	253,550	174,804	1.5	214,662	1.2

- (1) For Airports, operating revenues include pledged pooled investment interest income. For Power and Water, operating revenues include capital contributions, net nonoperating revenues and allowance for funds used during construction. For Sewer, operating revenues include interest income from pooled investments other than interest income from construction funds.
- (2) For Airports, Harbor and Sewer, operating expenses do not include interest, depreciation and amortization expenses. For Power and Water, operating expenses do not include depreciation and amortization expenses.
- (3) Debt service includes principal and interest payments on bonds and commercial paper notes, and State loan for Sewer.
- (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**

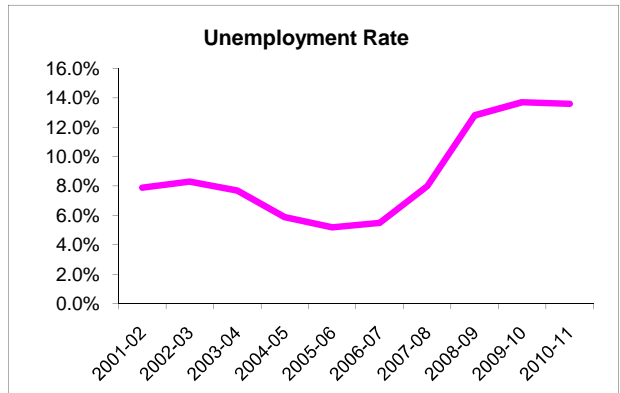
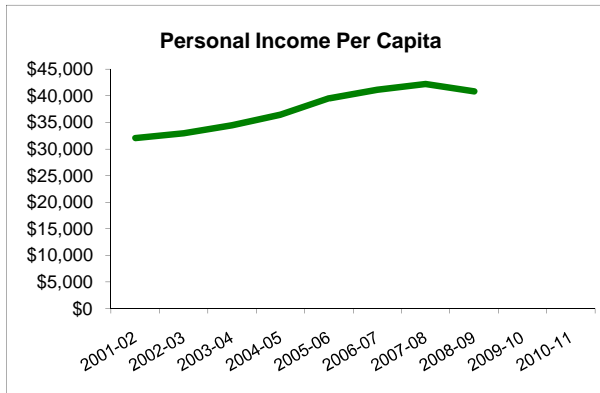
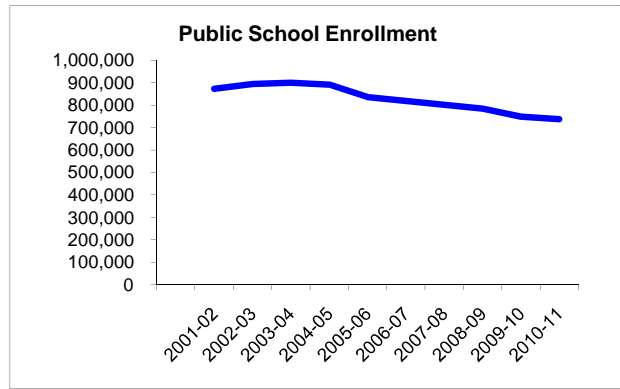
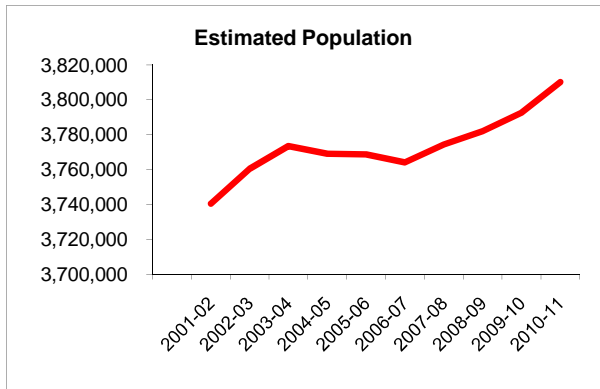
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

CITY OF LOS ANGELES

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Estimated Population <sup>(1)</sup>	Personal Income (in thousands) <sup>(2)</sup>	Personal Income Per Capita <sup>(2)</sup>	Median Age <sup>(3)</sup>	Public School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2001-02	3,740,481	\$ 311,361,182	\$ 32,040	32.5	873,560	7.9%
2002-03	3,760,410	322,267,247	32,961	33.0	894,183	8.3%
2003-04	3,773,549	338,203,048	34,481	33.4	900,436	7.7%
2004-05	3,769,130	357,186,377	36,433	34.0	891,252	5.9%
2005-06	3,768,645	385,724,212	39,519	33.4	836,301	5.2%
2006-07	3,764,062	400,366,343	41,128	34.5	819,268	5.5%
2007-08	3,774,497	412,638,667	42,195	33.9	801,838	8.0%
2008-09	3,781,951	402,459,119	40,867	33.3	784,457	12.8%
2009-10	3,792,621	n/a	n/a	n/a	748,273	13.7%
2010-11	3,810,129	n/a	n/a	n/a	738,113	13.6%

- (1) Data based on California Department of Finance revised population estimates from 2002 to 2009, 2011, while 2010 is actual decennial census counts.
  - (2) U.S. Department of Commerce, Bureau of Economic Analysis - revised estimates of personal income for Los Angeles County updated on April 21, 2011. The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of "net earnings", rental income, dividend income, interest income, and transfer receipts. " Net earnings" is defined as wage and salary, supplements to wages and salaries, and proprietors' income, less contributions for government social insurance, before deduction of personal income and other taxes. Separate information for the City of Los Angeles are not available.
  - (3) US Census Bureau for California population. No information available 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. Beginning of Fiscal Year 2003-04 enrollment data do not include fiscally independent charter schools.
  - (5) Data based on California Employment Development Department for City of Los Angeles, not seasonally adjusted.
- n/a Not Available



**CITY OF LOS ANGELES**

**Principal Employers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2011</b>			<b>2002</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment <sup>(1)</sup></b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment <sup>(2)</sup></b>
City of Los Angeles	45,366	1	11.96%	46,707	1	10.81%
Los Angeles Unified School District	35,192	2	9.27%	39,960	2	9.25%
County of Los Angeles	32,533	3	8.57%	30,750	3	7.12%
University of Southern California	16,180	5	4.26%	11,564	6	2.68%
Kaiser Foundation Hospitals	13,775	4	3.63%	14,296	4	3.31%
Cedars-Sinai Medical Center	15,000	6	3.95%	5,500	9	1.27%
University of California Los Angeles	13,000	7	3.43%	7,450	8	1.72%
Farmers Insurance Group	9,167	8	2.42%	8,200	7	1.90%
Fox Entertainment Group	4,010	9	1.06%	--	--	--
Lockheed Martin Corporation	3,000	10	0.79%	--	--	--
Metropolitan Transit Authority	--	--	--	14,200	5	3.29%
United States Postal Service	--	--	--	5,500	10	1.27%
	<u>187,223</u>		<u>49.34%</u>	<u>184,127</u>		<u>42.63%</u>

<sup>(1)</sup> Based on a total city employment of 379,434

<sup>(2)</sup> Based on a total city employment of 431,901

Sources: City of Los Angeles Detail of Department Programs and various City Departments  
D&B Regional Business Directories Los Angeles County Area, 2011 and 2002  
Los Angeles Unified School District Human Resources Department (Certificated Employees)  
University of Southern California, Office of Budget and Planning  
Cedar-Sinai Human Resource Department (2011)

Note: From the Sources, employers located outside the City of Los Angeles were excluded.

## **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				
	2002	2003	2004	2005	2006
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government					
City Administrative Officer	123	122	129	125	126
City Attorney	839	839	820	808	963
City Clerk <sup>(1)</sup>	133	140	139	137	130
City Ethics Commission	29	29	31	30	26
Commission on the Status of Women <sup>(6)</sup>	13	15	15	12	12
Controller	183	183	183	180	167
Council	108	108	108	108	336
Employee Relations Board	8	8	8	8	3
General Services	1,857	1,861	1,871	1,923	2,236
Human Relations Commission <sup>(6)</sup>	26	26	24	21	16
Human Services	--	--	--	--	--
Information Technology Agency	774	825	764	748	739
Mayor	74	74	74	66	132
Neighborhood Empowerment <sup>(2)</sup>	40	52	68	62	40
Office of Finance <sup>(1)</sup>	361	360	343	350	351
Personnel	405	405	394	440	478
Treasurer <sup>(3)</sup>	--	--	39	39	34
Protection of Persons and Property					
Animal Services	313	309	304	296	311
Building & Safety	863	859	858	835	864
Emergency Preparedness/Management <sup>(4)</sup>	17	14	14	14	17
Fire-Civilian	319	320	321	322	333
Fire-Sworn	3,389	3,460	3,530	3,423	3,572
Police- Civilian	3,562	3,609	3,595	3,592	3,166
Police- Sworn	10,196	10,190	10,212	10,213	9,310
Public Works					
Public Works- Accounting <sup>(5)</sup>	--	--	--	--	--
Public Works- Board of Commissioners <sup>(5)</sup>	59	59	59	153	160
Public Works- Contract Administration	353	356	347	335	328
Public Works- Engineering	981	972	969	950	1,000
Public Works- Management-Employee Services <sup>(5)</sup>	111	107	109	--	--
Public Works- Street Lighting	214	218	224	231	227
Public Works- Street Services	1,304	1,318	1,318	1,285	1,363
Health and Sanitation					
Environmental Affairs <sup>(1)</sup>	43	43	43	43	34
Public Works- Sanitation	2,582	2,652	2,695	2,762	2,632
Transportation	1,477	1,527	1,524	1,521	1,559

Continued...

**CITY OF LOS ANGELES**

**Number of City Government Employees by Function/Program  
Full-Time Equivalent - (Continued)  
Last Ten Fiscal Years**

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government					
City Administrative Officer	122	128	128	107	103
City Attorney	984	978	986	885	870
City Clerk <sup>(1)</sup>	135	146	140	99	96
City Ethics Commission	28	26	26	22	18
Commission on the Status of Women <sup>(6)</sup>	12	9	2	-	-
Controller	173	185	184	156	157
Council	367	355	350	338	321
Employee Relations Board	3	3	4	3	3
General Services	2,337	2,302	2,273	1,881	1,707
Human Relations Commission <sup>(6)</sup>	16	15	10	-	-
Human Services <sup>(6)</sup>	--	--	--	1	-
Information Technology Agency	734	728	714	582	522
Mayor	154	163	189	195	171
Neighborhood Empowerment <sup>(2)</sup>	47	42	42	19	18
Office of Finance <sup>(1)</sup>	358	353	372	324	326
Personnel	492	495	477	384	371
Treasurer <sup>(3)</sup>	38	38	39	34	30
Protection of Persons and Property					
Animal Services	352	379	366	343	319
Building & Safety	944	992	958	782	719
Emergency Preparedness/Management <sup>(4)</sup>	17	23	27	21	24
Fire-Civilian	365	366	362	298	296
Fire-Sworn	3,673	3,730	3,708	3,562	3,459
Police- Civilian	3,337	3,278	3,256	2,877	2,824
Police- Sworn	9,509	9,704	9,973	9,878	9,810
Public Works					
Public Works- Accounting <sup>(5)</sup>	--	--	--	--	--
Public Works- Board of Commissioners <sup>(5)</sup>	161	155	131	94	93
Public Works- Contract Administration	363	371	358	306	293
Public Works- Engineering	998	971	932	738	737
Public Works- Management-Employee Services <sup>(5)</sup>	--	--	--	--	--
Public Works- Street Lighting	223	210	215	198	200
Public Works- Street Services	1,390	1,350	1,327	1,073	1,011
Health and Sanitation					
Environmental Affairs <sup>(1)</sup>	31	31	28	18	--
Public Works- Sanitation	2,691	2,684	2,701	2,427	2,430
Transportation	1,637	1,572	1,597	1,414	1,355

Continued...

**CITY OF LOS ANGELES**

**Number of City Government Employees by Function/Program  
Full-Time Equivalent - (Continued)  
Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>GOVERNMENTAL ACTIVITIES (Continued)</b>					
Cultural and Recreational Services					
Cultural Affairs	98	97	94	74	60
El Pueblo de los Angeles Historical Monument	59	53	58	25	20
Library	1,154	1,184	1,194	1,138	781
Recreation and Parks	1,980	2,037	2,053	1,905	1,929
Zoo	236	241	272	256	223
Community Development					
Aging	48	48	48	42	51
Commission for Children, Youth and Their Families <sup>(6)</sup>	42	42	37	24	60
Community Development Department	282	281	274	273	291
Disability	28	26	26	23	22
Los Angeles Housing	379	379	408	403	464
Planning	320	323	323	304	280
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>35,382</b>	<b>35,771</b>	<b>35,919</b>	<b>35,499</b>	<b>34,846</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Airports	2,665	2,824	3,116	3,343	3,081
Harbor	557	594	634	659	717
Los Angeles Convention Center	208	208	197	163	154
Water and Power	7,731	8,108	8,101	8,029	8,119
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>11,161</b>	<b>11,734</b>	<b>12,048</b>	<b>12,194</b>	<b>12,071</b>
<b>PENSION SYSTEMS</b>					
City Employees Retirement System	98	103	109	110	113
Fire and Police Pension System	66	78	84	86	88
<b>TOTAL PENSION FUNDS</b>	<b>164</b>	<b>181</b>	<b>193</b>	<b>196</b>	<b>201</b>
<b>GRAND TOTAL</b>	<b>46,707</b>	<b>47,686</b>	<b>48,160</b>	<b>47,889</b>	<b>47,118</b>

Continued...



**CITY OF LOS ANGELES**

**Number of City Government Employees by Function/Program  
Full-Time Equivalent - (Continued)  
Last Ten Fiscal Years**

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>GOVERNMENTAL ACTIVITIES (Continued)</b>					
Cultural and Recreational Services					
Cultural Affairs	66	67	57	45	39
El Pueblo de los Angeles Historical	17	19	18	15	11
Library	819	828	833	699	664
Recreation and Parks	2,070	1,980	1,904	1,587	1,478
Zoo	237	220	211	186	201
Community Development					
Aging	50	49	45	42	41
Commission for Children, Youth and Their Families <sup>(6)</sup>	53	53	53	--	--
Community Development Department	265	254	236	270	266
Disability	22	20	19	16	14
Los Angeles Housing	528	528	526	528	544
Planning	283	300	297	242	237
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>36,101</u>	<u>36,100</u>	<u>36,074</u>	<u>32,689</u>	<u>31,778</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Airports	3,288	3,428	3,435	3,208	3,235
Harbor	806	935	971	948	947
Los Angeles Convention Center	155	156	150	111	112
Water and Power	8,241	8,592	9,210	9,200	9,065
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>12,490</u>	<u>13,111</u>	<u>13,766</u>	<u>13,467</u>	<u>13,359</u>
<b>PENSION SYSTEMS</b>					
City Employees Retirement System	125	131	134	126	124
Fire and Police Pension System	97	103	105	98	105
<b>TOTAL PENSION FUNDS</b>	<u>222</u>	<u>234</u>	<u>239</u>	<u>224</u>	<u>229</u>
<b>GRAND TOTAL</b>	<u><u>48,813</u></u>	<u><u>49,445</u></u>	<u><u>50,079</u></u>	<u><u>46,380</u></u>	<u><u>45,366</u></u>

Notes:

- (1) 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.
- (2) The Department of Neighborhood Empowerment was created by Ordinance in fiscal year 2000 .
- (3) The Treasurer's Office was span-off from the Office of Finance in fiscal year 2004.
- (4) Emergency Preparedness was created as a separate department in fiscal year 2001. In November 2007, name changed to Emergency Management Department.
- (5) In fiscal year 2002, Public Works- Accounting and Management Employee Services were consolidated. In fiscal year 2005, their resources and functions were transferred to the Board of Public Works Commissioners.
- (6) In fiscal year 2009, Commission on the Status of Women, Commission for Children, Youth and Families and Human Relations Commission were consolidated.

Sources: Prior to FY 2006: City of Los Angeles Detail of Department Programs and data from the Fire, Airports, Harbor, Water and Power, Fire and Police Pension, and City Employees Retirement System.  
FY 2006 through 2010: Data restated to conform with Office for the Controller Full-Time Active Employee Count as of the last pay period of the fiscal year, except those of Harbor and Water and Power.

**CITY OF LOS ANGELES**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>General Government</b>					
City Attorney					
Criminal Prosecution Program					
Combined criminal jury and court trials	850	716	584	549	575
Consumer cases concluded <sup>(3)</sup>	185	198	707	--	--
Consumer protection-cases reviewed <sup>(3)</sup>	--	--	--	194	200
Consumer protection-consumer complaints <sup>(3)</sup>	--	--	--	302	500
Environmental cases concluded	125	60	30	250	375
Housing/rent control cases concluded	220	193	221	320	400
City Ethics Commission					
Whistle-blower complaints and investigations processed					
	380	400	410	490	400
Investigations resolved within 2 years (%)	--	--	--	--	--
Information Technology Agency					
3-1-1 Call Center Operations <sup>(4)</sup>					
Number of calls received	--	356,079	403,386	611,982	890,233
Number of wireless calls	--	--	39,424	60,191	178,964
Average wait time per caller (in sec)	--	--	--	--	--
Office of Finance					
Total tax accounts audited					
	2,746	3,549	4,322	4,187	5,545
Revenue enhancement unit investigations <sup>(5)</sup>					
	21,668	14,901	19,840	24,463	27,738
Refund claims processed					
	4,480	14,100	13,804	13,555	14,240
Collections from Citywide Collection Unit (\$ in 000's)					
	--	--	--	--	--
Annual Business Tax renewal e-filings					
	--	--	--	--	--
General Services					
Building Services Program					
Recycling Operations					
Tonnage Collected	1,865	1,503	1,650	1,637	1,600
Special Events					
Filmings coordinated	--	56	75	75	101
Filmings and Special Events coordinated	--	--	--	--	--
Building Maintenance and Repair					
Square feet of buildings	15,146,677	15,146,677	15,626,000	16,228,700	16,370,578
Preventative maintenance orders completed (%)	--	--	--	--	--
Neighborhood Empowerment					
Neighborhood councils certified <sup>(6)</sup>	37	33	15	1	2
<b>Protection of Persons and Property</b>					
Animal Services					
Animal Shelter Operations Program					
Animals impounded <sup>(7)</sup>	67,528	62,704	59,065	57,923	55,652
Animals adopted	17,880	18,708	18,741	18,879	19,592
Animals euthanized	39,077	34,002	29,554	25,029	22,333
Animals which die while in City's care (%)	--	--	--	--	--
Animal Licensing and Permitting Operations					
Dog licenses issued	128,805	147,144	133,202	131,022	126,337
Building and Safety					
Building Permits Issued					
	121,562	140,120	144,000	141,000	141,403
Response to inspection requests within 24 hrs (%)	--	--	--	--	--
Fire					
Fire Suppression Program					
Actual Fires					
Structure fires	2,800	2,436	2,431	3,222	3,406
Non structure fires	10,000	8,866	8,362	6,303	9,358
Response within 5 mins of notification (%)	--	--	85	87	86

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011 <sup>(1)</sup>
<b>General Government</b>					
City Attorney					
Criminal Prosecution Program					
Combined criminal jury and court trials	699	769	845	632	477
Consumer cases concluded <sup>(3)</sup>	--	--	--	--	--
Consumer protection-cases reviewed <sup>(3)</sup>	230	265	300	170	160
Consumer protection-consumer complaints <sup>(3)</sup>	500	550	575	400	400
Environmental cases concluded	450	542	600	350	312
Housing/rent control cases concluded	176	300	250	395	402
City Ethics Commission					
Whistle-blower complaints and investigations processed					
Investigations resolved within 2 years (%)	--	85	92	63	93
Information Technology Agency					
3-1-1 Call Center Operations <sup>(4)</sup>					
Number of calls received	998,218	1,257,629	1,402,658	1,417,801	1,341,000
Number of wireless calls	286,772	335,979	393,626	525,000	561,000
Average wait time per caller (in sec)	--	53	40	140	180
Office of Finance					
Total tax accounts audited					
Revenue enhancement unit investigations <sup>(5)</sup>	52,441	71,234	83,611	93,072	133,009
Refund claims processed	19,374	26,125	27,934	15,591	16,969
Collections from Citywide Collection Unit (\$ in 000's)	--	25,700	30,184	28,332	27,281
Annual Business Tax renewal e-filings	--	70,000	80,000	146,713	182,801
General Services					
Building Services Program					
Recycling Operations					
Tonnage Collected	1,700	1,700	1,700	--	--
Special Events					
Filmings coordinated	82	83	83	--	--
Filmings and Special Events coordinated	--	--	3,399	2,579	1,907
Building Maintenance and Repair					
Square feet of buildings	16,867,229	17,775,611	19,067,108	19,606,408	19,691,358
Preventative maintenance orders completed (%)	--	--	73	78	77
Neighborhood Empowerment					
Neighborhood councils certified <sup>(6)</sup>	2	4	1	--	4
<b>Protection of Persons and Property</b>					
Animal Services					
Animal Shelter Operations Program					
Animals impounded <sup>(7)</sup>	55,183	57,804	65,445	64,333	64,417
Animals adopted	21,017	23,608	28,154	26,952	27,183
Animals euthanized	20,085	19,942	24,742	25,298	24,632
Animals which die while in City's care (%)	--	--	1.50	1.40	1.40
Animal Licensing and Permitting Operations					
Dog licenses issued	121,277	114,531	121,138	116,500	121,874
Building and Safety					
Building Permits Issued					
Response to inspection requests within 24 hrs (%)	--	100	99	100	98
Fire					
Fire Suppression Program					
Actual Fires					
Structure fires	3,327	3,800	4,026	3,734	4,172
Non structure fires	10,060	7,400	12,173	11,640	10,686
Response within 5 mins of notification (%)	94	94	95	93	94

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Protection of Persons and Property - (Continued)</b>					
Fire - (Continued)					
Emergency responses					
Fires (includes automatic alarms)	120,500	114,346	118,394	131,293	137,687
Hazardous conditions	5,000	4,766	4,932	5,464	5,730
Rescues and others	34,100	25,057	25,934	28,808	30,211
Helicopter flight hours for brush and structure fires	450	526	560	490	652
Arson Investigation and Counter-Terrorism					
Closure rate in criminal fires investigation (%)	--	--	--	--	--
Emergency Ambulance Services					
Emergency medical responses by					
Paramedic ambulances	204,000	168,846	180,927	175,423	249,666
EMT ambulances	78,300	87,806	93,856	91,001	100,995
Paramedic fire resources	36,800	53,700	57,671	55,916	77,088
EMT fire resources	175,000	217,457	232,944	225,857	259,582
Response to emergencies within 5 mins (%)	--	--	70	71	66
Police					
Patrol Program					
Part I crimes reported	191,997	190,368	177,681	151,552	144,100
Selected Part II crimes reported	88,682	109,028	72,513	67,977	67,400
Total arrests	143,671	151,285	168,153	175,666	185,000
Response to emergency calls (in minutes)	--	--	--	--	--
Traffic Control Program					
Traffic collisions investigated	49,534	48,357	47,798	51,643	54,225
Fatal and injury traffic accidents	24,811	23,647	23,270	24,776	26,014
Traffic citations issued	497,742	516,814	421,582	443,990	466,190
Technical Support Program					
Complaint board calls received (911)	1,803,579	1,852,500	1,817,331	1,752,555	1,726,179
Specialized Crime Suppression & Investigation					
Number of backlogged fingerprint cases reduced	--	--	--	--	--
Number of backlogged rape kits reduced	--	--	--	--	--
<b>Public Works</b>					
Board of Commissioners					
Graffiti eradicated/square footage (per 1,000 sq. ft.) <sup>(8)</sup>	30,926	29,375	22,907	21,441	22,000
Street Services					
Weed Abatement, Brush and Debris Clearance					
Land cleared/cleaned-private (million sq ft)	13	18	10	4	7
Land cleared/cleaned-public (million sq ft)	22	18	19	18	12
Debris removed (cubic yards)	250,000	245,000	276,696	180,000	237,474
Response time to clear illegal dumping (days)	--	--	--	--	--
Street Cleaning Program					
Completion frequency-posted routes	100%	97%	100%	97%	98%
Goal-posted routes	97%	97%	97%	97%	98%
Completion frequency-nonposted routes (weeks)	4	4	4	4	4
Goal-nonposted routes (weeks)	4	4	4	4	4
Street Tree and Parkway Maintenance Program					
Trees planted - City forces	4,615	4,200	4,068	4,200	3,889
Trees trimmed - City forces (broadhead)	48,844	40,000	41,000	40,000	44,514
Trees trimmed in City's urban forest	--	--	--	--	--
Street Resurfacing and Reconstruction Program					
Streets resurfaced (miles)	274	232	123	135	234
Bus pads constructed	303	250	97	100	46
Access ramps constructed	7,260	920	1,017	1,200	893
Sidewalks repaired (miles)	87	130	63	52	59

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011 <sup>(1)</sup>
<b>Protection of Persons and Property - (Continued)</b>					
Fire - (Continued)					
Emergency responses					
Fires (includes automatic alarms)	137,309	137,687	138,200	114,121	118,986
Hazardous conditions	5,567	5,730	5,700	4,636	5,209
Rescues and others	35,773	30,211	35,500	38,247	37,834
Helicopter flight hours for brush and structure fires	575	660	726	645	609
Arson Investigation and Counter-Terrorism					
Closure rate in criminal fires investigation (%)	--	65	71	69	70
Emergency Ambulance Services					
Emergency medical responses by					
Paramedic ambulances	252,426	260,000	262,000	249,408	252,587
EMT ambulances	116,823	125,000	120,000	127,859	124,439
Paramedic fire resources	77,467	78,000	84,000	117,449	126,506
EMT fire resources	266,438	235,000	260,000	153,478	145,559
Response to emergencies within 5 mins (%)	86	87	90	88	86
Police					
Patrol Program					
Part I crimes reported	132,664	124,000	115,000	110,827	106,827
Selected Part II crimes reported	108,246	95,000	84,000	77,325	74,251
Total arrests	171,390	167,000	168,000	151,174	160,480
Response to emergency calls (in minutes)	--	--	7	7	6
Traffic Control Program					
Traffic collisions investigated	52,190	55,000	58,000	45,105	44,725
Fatal and injury traffic accidents	23,755	25,000	26,000	20,408	18,448
Traffic citations issued	501,964	527,000	553,000	594,193	564,432
Technical Support Program					
Complaint board calls received (911)	2,104,658	2,303,000	2,520,000	3,557,626	2,140,387
Specialized Crime Suppression & Investigation					
Number of backlogged fingerprint cases reduced	--	3,811	6,778	9,669	5,492
Number of backlogged rape kits reduced	--	7,240	2,740	1,332	1,097
<b>Public Works</b>					
Board of Commissioners					
Graffiti eradicated/square footage (per 1,000 sq. ft.) <sup>(8)</sup>	30,503	30,500	28,300	32,000	--
Street Services					
Weed Abatement, Brush and Debris Clearance					
Land cleared/cleaned-private (million sq ft)	7	7	7	--	7
Land cleared/cleaned-public (million sq ft)	14	12	12	--	10
Debris removed (cubic yards)	206,051	190,000	190,000	--	15,000
Response time to clear illegal dumping (days)	--	--	5	5	
Street Cleaning Program					
Completion frequency-posted routes	97%	97%	97%	--	97%
Goal-posted routes	97%	97%	97%	--	97%
Completion frequency-nonposted routes (weeks)	4	5	4	--	6
Goal-nonposted routes (weeks)	4	4	4	--	6
Street Tree and Parkway Maintenance Program					
Trees planted - City forces	5,578	4,200	8,943	5,000	1,000
Trees trimmed - City forces (broadhead)	48,555	45,000	45,000	--	7,000
Trees trimmed in City's urban forest	--	51,704	75,504	56,000	
Street Resurfacing and Reconstruction Program					
Streets resurfaced (miles)	213	187	200	110	235
Bus pads constructed	51	30	30	--	30
Curb ramps constructed	570	916	1,044	916	916
Sidewalks repaired (miles)	51	59	59	--	--

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Health and Sanitation</b>					
Sanitation					
Maintenance and Operation of Flood Control Facilities					
Catch Basin Cleaning	57,597	76,668	83,184	87,239	123,521
Watershed Protection					
Clean 90,000 catch basins annually (%)	--	--	--	--	--
Maintenance and Operation of Wastewater Facilities					
HTP Wastewater Treatment (MGD)	343	342	339	358	337
HTP Wastewater Reclaimed (MGD)	38	25	23	24	23
TITP Wastewater Treatment (MGD)	15	16	15	16	16
TITP Wastewater Reclaimed (MGD)	1	1	1	1	1
LAG Wastewater Treatment (MGD)	18	16	16	16	13
LAG Water Reclaimed (MGD)	5	3	4	3	4
DCT Wastewater Treatment (MGD)	63	61	60	57	49
DCT Water Reclaimed (MGD)	28	24	25	26	25
WCSD Sewer Cleaning-1,000 Feet	18,678	13,248	14,953	19,150	25,328
Maintain 3-yr rolling avrg of 60 miles of sewers (%)	--	--	--	--	--
Clean Water					
Clean 60,000 pipe reaches as mandated (%)	--	--	--	--	--
Solid Resources					
Implement LAUSD Blue Bin Recycling Program (%)	--	--	--	--	--
Convert refuse collection fleet to clean fuels (%)	--	--	--	--	--
Household Refuse Collection Program					
Tons Collected:					
Refuse and Yard Trimmings					
Refuse	913,867	953,266	914,139	1,009,618	955,092
Yard Trimmings	450,958	471,669	491,422	495,387	503,646
Recyclables	193,759	191,532	186,992	193,941	191,024
Bulky Items	25,594	33,267	29,740	31,150	33,038
Recycling Contamination	64,323	72,945	76,754	85,044	81,868
<b>Transportation</b>					
Transportation					
Franchise and Taxicab Regulation					
Bandit drivers arrested	354	399	339	400	211
Bandit vehicles impounded	306	337	297	390	193
Transit Capital Programming					
Increase in bicycle lane miles	--	--	--	--	--
Active traffic congestion relief projects	--	--	--	--	--
Transportation System Engineering Program					
Speed humps/tables constructed	308	433	550	282	356
Transportation System Operations					
Red curb miles reinstalled/installed	456	358	460	500	526
Thermoplastic longline striping installed/ reinstalled (previously lane miles)	839	748	760	850	883
Signs Replaced <sup>(9)</sup>	30,708	26,674	20,000	21,000	30,000
Signs Maintained/Replaced	--	--	--	--	--
Temporary Signs installed/removed	--	--	--	--	--
Parking Management and Intersection Control					
Citations written	2,949,881	3,248,081	3,152,691	3,101,079	3,205,565
Citations written per officer per eight-hour shift	37	35	36	36	37
Peak hour tows and other tows	10,038	10,549	10,000	10,000	18,359
Crossing guard assignments	403	511	518	525	501
Number of hours of intersection control	60,023	32,242	28,960	84,262	56,837
Abandoned vehicles abated	117,512	135,491	133,219	131,768	122,731
Abandoned vehicles impounded	14,276	11,719	12,036	9,516	5,577

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011 <sup>(1)</sup>
<b>Health and Sanitation</b>					
Sanitation					
Maintenance and Operation of Flood Control Facilities					
Catch Basin Cleaning	113,068	112,300	115,000	63,670	65,750
Watershed Protection					
Clean 90,000 catch basins annually (%)	--	119	113	70	76
Maintenance and Operation of Wastewater Facilities					
HTP Wastewater Treatment (MGD)	342	350	350	305	297
HTP Wastewater Reclaimed (MGD)	32	35	35	35	26
TITP Wastewater Treatment (MGD)	16	16	16	16	15
TITP Wastewater Reclaimed (MGD)	3	4	5	3	3
LAG Wastewater Treatment (MGD)	21	20	20	20	20
LAG Water Reclaimed (MGD)	4	6	6	8	8
DCT Wastewater Treatment (MGD)	54	62	65	54	52
DCT Water Reclaimed (MGD)	25	30	32	32	32
WCSD Sewer Cleaning-1,000 Feet	26,030	26,300	26,400	32,139	35,640
Maintain 3-yr rolling avrg of 60 miles of sewers (%)	--	--	129	100	100
Clean Water					
Clean 60,000 pipe reaches as mandated (%)	--	200	194	216	233
Solid Resources					
Implement LAUSD Blue Bin Recycling Program (%)	--	54	69	75	85
Convert refuse collection fleet to clean fuels (%)	--	44	61	66	66
Household Refuse Collection Program					
Tons Collected:					
Refuse and Yard Trimmings					
Refuse	932,196	1,034,429	1,034,429	882,005	954,477
Yard Trimmings	507,100	545,467	555,049	412,315	428,237
Recyclables	181,215	206,369	170,000	160,491	147,000
Bulky Items	33,047	33,146	33,146	32,479	34,000
Recycling Contamination	85,614	87,014	85,000	66,057	61,000
<b>Transportation</b>					
Transportation					
Franchise and Taxicab Regulation					
Bandit drivers arrested	1,116	1,427	1,144	1,036	1,045
Bandit vehicles impounded	388	446	1,061	812	908
Transit Capital Programming					
Increase in bicycle lane miles	--	4	7	10	17
Active traffic congestion relief projects	--	43	58	45	59
Transportation System Engineering Program					
Speed humps/tables constructed	481	382	374	--	--
Transportation System Operations					
Red curb miles reinstalled/installed	729	523	611	540	466
Thermoplastic longline striping installed/reinstalled (previously lane miles)	820	717	617	632	540
Signs Replaced <sup>(9)</sup>	--	--	--	--	--
Signs Maintained/Replaced	116,414	96,885	108,032	89,415	63,019
Temporary Signs installed/removed	360,573	383,005	365,389	347,990	414,268
Parking Management and Intersection Control					
Citations written	3,102,611	2,806,712	2,784,351	2,587,925	2,461,529
Citations written per officer per eight-hour shift	35	31	30	31	32
Peak hour tows and other tows	8,813	54,231	55,057	44,334	41,244
Crossing guard assignments	486	486	486	486	486
Number of hours of intersection control	79,415	90,478	72,618	42,842	27,622
Abandoned vehicles abated	142,041	139,325	116,967	100,589	102,911
Abandoned vehicles impounded	8,813	8,602	6,972	3,546	2,924

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
Transportation - (Continued)					
Transit Operations					
Fixed transit routes in service	64	55	57	57	55
Fixed transit route passenger trips	23,200,000	24,997,011	29,175,688	30,711,799	30,630,303
Total transit vehicle passenger trips	24,438,948	25,154,903	29,368,124	30,851,486	30,765,034
Parking Operations Support and Adjudication					
Citation reviews completed within 21 days (%)	--	--	--	--	--
Collection rate of citations issued in the year (%)	--	--	--	--	--
Traffic Control Devices					
Traffic control signals maintained (%)	--	--	--	--	--
Mass Transit Information Services					
Shuttle bus transit ridership per hour	47	45	49	48	48
<b>Cultural and Recreational Services</b>					
Cultural Affairs					
Community Arts					
Art exhibitions presented	58	66	66	70	70
Special events/festivals	104	104	104	104	104
Performing Arts					
Music/theatre programs presented	575	635	375	292	400
City Arts					
Art class enrollment	--	--	--	--	--
Theater attendance	--	--	--	--	--
El Pueblo					
Art exhibitions presented	8	8	8	10	10
Special events/festivals held	30	32	35	40	40
Children's art workshops held	101	130	100	110	110
Cultural and historical tours given	1,061	1,100	1,200	1,400	1,400
Historic sites maintained	3	4	5	7	7
History and Museums					
Tours provided to the public	--	--	--	--	--
Visitors to educational and cultural programs	--	--	--	--	--
Library					
Public Library Services Program					
Items circulated	13,090,726	14,868,262	15,333,869	15,744,303	15,639,485
Books received:					
Volumes	468,636	368,255	275,000	200,000	175,000
Books cataloged	59,875	61,625	56,294	50,915	50,000
Registered Borrowers	1,418,519	1,571,346	1,496,250	1,424,922	1,429,345
Number of people visiting library facilities	12,312,418	12,046,053	13,533,822	14,011,932	14,032,869
Number of library cardholders	--	--	--	--	--
Number of volunteers for special programs	--	--	--	--	--
Attendance level for cultural programming	--	--	--	--	--
Number of library materials checked out	--	--	--	--	--
Convention Center					
Scheduled exhibit hall events	81	75	83	126	130
Client Revenue Services					
Repeat events hosted (#)	--	--	--	--	--
Zoo					
Educational Exhibits					
Attendance	1,517,366	1,516,067	1,389,639	1,396,538	1,523,469
Admissions					
Number of group reservations processed	--	--	--	--	--
Recreation and Parks					
Educational Exhibits					
Observatory					
Attendance	1,000,000	195,000	--	--	--

Continued...



CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011 <sup>(1)</sup>
Transportation - (Continued)					
Transit Operations					
Fixed transit routes in service	55	54	56	55	45
Fixed transit route passenger trips	29,808,908	30,533,399	31,675,393	30,368,887	27,356,994
Total transit vehicle passenger trips	29,990,787	30,724,278	31,860,898	30,535,921	27,466,279
Parking Operations Support and Adjudication					
Citation reviews completed within 21 days (%)	--	58	80	80	92
Collection rate of citations issued in the year (%)	--	--	68.03	67.50	71
Traffic Control Devices					
Traffic control signals maintained (%)	--	87	90	94	--
Mass Transit Information Services					
Shuttle bus transit ridership per hour	46	46	47	46	48
<b>Cultural and Recreational Services</b>					
Cultural Affairs					
Community Arts					
Art exhibitions presented	70	70	52	46	27
Special events/festivals	104	104	33	30	18
Performing Arts					
Music/theatre programs presented	390	--	--	--	--
City Arts					
Art class enrollment	--	--	16,850	15,000	13,000
Theater attendance	--	--	120,000	121,014	115,000
El Pueblo					
Art exhibitions presented	12	9	10	8	6
Special events/festivals held	52	55	55	67	89
Children's art workshops held	110	130	130	104	109
Cultural and historical tours given	1,450	1,450	1,500	1,260	1,116
Historic sites maintained	7	--	--	--	--
History and Museums					
Tours provided to the public	--	962	1,000	967	1,042
Visitors to educational and cultural programs	--	396,210	425,000	453,576	485,340
Library					
Public Library Services Program					
Items circulated	15,800,000	15,900,000	15,925,000	16,524,292	15,144,804
Books received:					
Volumes	560,332	225,389	--	271,499	186,988
Books cataloged	50,000	--	--	38,495	48,304
Registered Borrowers	1,440,000	1,445,000	1,475,000	1,368,354	1,231,764
Number of people visiting library facilities	16,003,909	16,100,000	16,400,000	16,041,407	12,673,629
Number of library cardholders	--	1,331,240	1,350,000	1,375,000	1,300,000
Number of volunteers for special programs	--	2,373	2,600	2,800	2,964
Attendance level for cultural programming	--	279,560	282,380	283,000	301,387
Number of library materials checked out	--	17,234,888	17,250,000	17,300,000	16,000,000
Convention Center					
Scheduled exhibit hall events	175	180	161	161	149
Client Revenue Services					
Repeat events hosted (#)	279	339	274	297	304
Zoo					
Educational Exhibits					
Attendance	1,564,674	1,602,171	1,556,162	1,459,080	1,538,516
Admissions					
Number of group reservations processed	--	2,585	2,521	2,239	1,989
Recreation and Parks					
Educational Exhibits					
Observatory					
Attendance	415,000	641,000	840,151	902,489	909,668

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Cultural and Recreational Services - (Continued)</b>					
Recreational Opportunities					
Aquatics					
Pool Attendance	2,002,000	2,650,000	2,300,000	1,389,678	1,298,123
Attendance for recreational swim	--	--	--	--	--
Camps					
Camper days	52,000	48,000	48,000	52,652	48,454
Municipal Sports					
Team sports participants	67,320	71,400	72,000	73,307	76,498
Number of teams	4,950	5,200	5,200	4,864	5,099
Senior Citizens Services					
Sr. Citizens Clubs	225	180	180	155	165
Number of senior club members	--	--	--	--	--
Youth Services and Intervention Programming					
Youth (ages 5-15) in organized sports programs	--	--	--	--	--
Other Recreation					
Occupancy at child care facilities (%)	--	--	--	--	--
<b>Community Development</b>					
Aging					
Senior Social Services Program					
Prop A - One-way transportation trips	143,567	143,567	133,779	145,000	130,200
Congregate meals served	1,047,044	940,430	891,128	964,196	906,858
Homebound meals served	754,342	750,431	845,287	839,460	845,904
Meals served vs. Meals contracted (%)	--	--	--	--	--
Housing					
Housing Preservation and Production Programs					
Residential units preserved under the Housing Rehabilitation Program					
Units financed by GAP under the Homeownership Program - Low Income	49	160	250	90	125
Units financed by MRB under the Homeownership Program	108	17	90	90	120
Homeownership and Preservation					
Number of housing units made lead safe	--	--	--	--	--
Compliance Monitoring					
Affordable units monitored	15,000	9,000	15,000	15,000	17,000
Code Enforcement Program					
Periodic inspections (units)	136,178	146,985	150,000	153,000	180,000
Multi-family unit inspected every 4 years	--	--	--	--	--
Urgent repair referrals	314	550	500	600	650
Rent Program					
Rent adjustments processed	517	517	563	510	550
Rental units registered	554,000	554,000	565,000	600,000	600,000
Tenant complaints processed	5,633	6,155	8,000	8,000	8,000
Disability					
Constituents served	760	703	702	659	720
Counseling sessions	148	120	202	107	100
Crisis intervention	88	105	90	55	80
ADA Compliance					
Days to respond for interpreter services	--	--	--	--	--
AIDS Coordination					
HIV Testing and counseling	--	--	--	--	--
<b>Business Type Activities</b>					
Airports					
Aircraft movements (thousands)	1,329	1,292	1,280	1,270	1,220
Passengers (millions)	63	62	65	68	69
Air cargo (thousand tons)	2,365	2,590	2,661	2,718	2,677

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011 <sup>(1)</sup>
<b>Cultural and Recreational Services - (Continued)</b>					
Recreational Opportunities					
Aquatics					
Pool Attendance	1,292,655	1,500,000	1,208,758	1,287,602	1,230,362
Attendance for recreational swim	--	2,849,338	2,811,807	3,296,327	2,635,207
Camps					
Camper days	50,000	52,000	39,513	34,060	18,900
Municipal Sports					
Team sports participants	74,000	76,000	76,543	75,500	72,502
Number of teams	5,200	5,000	5,248	5,210	5,110
Senior Citizens Services					
Sr. Citizens Clubs	170	175	125	123	132
Number of senior club members	--	13,317	14,125	15,800	10,770
Youth Services and Intervention Programming					
Youth (ages 5-15) in organized sports programs	--	76,000	64,328	53,422	55,752
Other Recreation					
Occupancy at child care facilities (%)	--	68	69	59	95
<b>Community Development</b>					
Aging					
Senior Social Services Program					
Prop A - One-way transportation trips	133,807	142,152	134,849	135,057	134,412
Congregate meals served	859,169	835,229	840,605	845,797	844,074
Homebound meals served	816,581	817,630	791,422	809,649	781,553
Meals served vs. Meals contracted (%)	--	94	100	98	98
Housing					
Housing Preservation and Production Programs					
Residential units preserved under the Housing					
Rehabilitation Program	55	29	29	--	--
Units financed by GAP under the Homeownership					
Program - Low Income	120	133	57	--	--
Units financed by MRB under the Homeownership					
Program	95	0	0	--	--
Homeownership and Preservation					
Number of housing units made lead safe	--	135	138	80	41
Compliance Monitoring					
Affordable units monitored	17,476	18,000	18,000	15,121	20,684
Code Enforcement Program					
Periodic inspections (units)	180,000	180,000	0	--	--
Multi-family unit inspected every 4 years	--	--	183,741	183,741	180,000
Urgent repair referrals	497	564	564	--	--
Rent Program					
Rent adjustments processed	575	525	550	--	--
Rental units registered	518,658	518,000	518,000	--	--
Tenant complaints processed	7,404	8,100	8,900	5,632	6,408
Disability					
Constituents served	1,001	1,000	1,000	800	800
Counseling sessions	103	100	100	80	80
Crisis intervention	80	80	80	--	--
ADA Compliance					
Days to respond for interpreter services	--	2	2	2	--
AIDS Coordination					
HIV Testing and counseling	--	2,400	2,500	3,000	--
<b>Business Type Activities</b>					
Airports					
Aircraft movements (thousands)	1,225	1,249	1,049	1,025	989
Passengers (millions)	69	69	62	63	65
Air cargo (thousand tons)	2,631	2,519	2,018	2,242	2,296

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Business Type Activities - (Continued)</b>					
Harbor					
Miles of waterfront	43	43	43	43	43
Inbound tonnage (million tons)	87	94	104	102	113
Outbound tonnage (million tons)	37	53	58	60	69
Containerized cargo volume (in million of TEUs)	6	7	7	7	8
Vessel arrivals	2,778	2,845	2,812	2,646	2,771
Cruise passengers	1,099,552	1,057,293	803,308	1,097,204	1,205,947
Power					
Kilowatt hours sold (billions)	24	24	25	25	26
Customers-average number (thousands)	1,414	1,421	1,428	1,437	1,445
Energy production (billion kwh)	28	27	29	29	30
Net system capability (megawatts)	8	8	7	7	7
Water					
Gallons sold (billions)	198	193	203	191	194
Customers-average number (thousands)	655	659	662	664	670
Net water supply (billions of gallons)	220	217	225	266	203

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011 <sup>(1)</sup>
<b>Business Type Activities - (Continued)</b>					
Harbor					
Miles of waterfront	43	43	43	43	43
Inbound tonnage (million tons)	118	105	94	88	94
Outbound tonnage (million tons)	72	65	66	67	68
Containerized cargo volume (in million of TEUs)	9	8	7	7	8
Vessel arrivals	2,920	2,467	2,322	2,124	2,236
Cruise passengers	1,194,984	1,191,449	990,965	802,899	667,434
Power					
Kilowatt hours sold (billions)	26	26	25	26	25
Customers-average number (thousands)	1,448	1,446	1,452	1,447	1,461
Energy production (billion kwh)	28	29	29	28	27
Net system capability (megawatts)	7	7	7	7	7
Water					
Gallons sold (billions)	207	199	189	166	169
Customers-average number (thousands)	667	666	666	659	667
Net water supply (billions of gallons)	216	210	197	173	169

(1) FY 2009 figures are based on actual and estimates; FY2011 figures are based on departmental reports.

(2) FY 2010 figures are based on estimates. Data are performance metrics narrowed down to the City's core functions, namely, Public Safety, Community Environment, Transportation, Culture, Education and Recreation, Socio-Economic Development and Support Services.

(3) Beginning in FY 2005, this category was broken into: "Consumer Protection-cases reviewed" and "Consumer Protection-consumer complaints".

(4) The 3-1-1 Call Center Operations, which provides assistance on routine and non-emergency City services, began operations in November 2002.

(5) The revenue enhancement unit investigations data include the number of tax discovery cases resulting from the implementation of the new LATAX program.

(6) The Citywide system of neighborhood councils was adopted on May 25, 2001. No data available for FY 2008, 2009 and 2010.

(7) This category was formerly "Animals Rescued".

(8) The City offers free graffiti removal services through its Operation Clean Sweep Program.

(9) In FY 2006, the Dept of Transportation changed "Signs Replaced" to "Signs Maintained/Replaced" for better description of reporting.

-- Data not available or no longer reported

Sources: Except for the business-type activities data, of which were provided by the departments, all departmental workload indicators and performance metrics are from the Detail of Department Programs which is a supplemental budget document.

CITY OF LOS ANGELES

Capital Assets Information  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
General Government					
Fiber optic cabling (fiber miles) <sup>(1)</sup>	9,291	9,835	9,843	9,855	9,870
Public office buildings	16	16	16	17	17
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire stations	103	103	103	103	103
Fire trucks	346	347	360	360	360
Patrol units	1,274	1,276	1,276	1,276	1,276
Police stations	20	20	20	21	21
Police training centers	3	3	3	3	3
Public Works					
Bridges	530	533	533	533	533
Street lights	250,000	242,885	242,000	218,248	221,113
Streets (miles)	7,300	7,300	7,221	6,493	6,489
Health and Sanitation					
Refuse collection trucks	686	710	734	751	705
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	36	39	42	43	46
Bike paths	14	14	14	14	14
Commuter buses	397	449	513	516	535
Traffic signals	2,501	2,902	3,403	4,251	4,555
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land (incl. beaches)	15,451	15,535	15,553	15,704	15,822
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	249	251	251	253	253
Children's play areas	371	372	372	374	377
Dog parks	7	8	8	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	94	94	95	95	95
Lakes	9	9	9	9	9
Libraries	68	68	71	72	72
Licensed child-care centers	20	21	23	24	25
Museums	7	7	7	7	7
Park sites	392	393	394	396	397
Pools	59	59	59	59	60
Recreational centers	173	175	176	179	180
Regional parks	5	5	5	5	5
Residential camps	7	7	7	7	7
Senior citizen centers	27	27	27	30	30
Skate parks	6	6	7	7	7
Tennis courts	287	287	287	287	287
Therapeutic centers	3	3	3	3	3
Wedding sites	12	12	12	12	12

Continued...

CITY OF LOS ANGELES

Capital Assets Information - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
General Government					
Fiber optic cabling (fiber miles) <sup>(1)</sup>	9,870	9,876	3,426	150	150
Public office buildings	17	18	18	18	18
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire stations	104	105	106	106	106
Fire trucks	360	360	362	362	336
Patrol units	1,374	1,374	1,374	1,374	1,374
Police stations	21	25	26	28	29
Police training centers	3	3	3	3	3
Public Works					
Bridges	507	507	509	508	508
Street lights	231,402	206,000	207,000	204,000	204,750
Streets (miles)	6,500	6,500	6,500	6,500	6,500
Health and Sanitation					
Refuse collection trucks	725	744	744	742	732
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	41	46	48	48	48
Bike paths	12	12	12	13	13
Commuter buses	488	440	468	450	407
Traffic signals	4,506	4,515	4,530	4,589	4,607
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land (incl. beaches)	15,944	15,710	15,786	15,717	15,717
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	255	256	256	256	256
Children's play areas	377	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	9	11	11	11	11
Libraries	72	72	72	73	--
Licensed child-care centers	26	26	26	2	2
Museums	7	12	12	12	12
Park sites	398	404	417	427	427
Pools	60	60	60	61	61
Recreational centers	181	183	183	184	184
Regional parks	5	5	5	5	5
Residential camps	7	7	7	7	7
Senior citizen centers	30	31	31	31	31
Skate parks	7	9	9	9	9
Tennis courts	287	321	321	321	321
Therapeutic centers	3	3	3	3	--
Wedding sites	12	12	12	12	12

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CITY OF LOS ANGELES

Capital Assets Information - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
Airports					
Number of airports	4	4	4	4	4
Harbor					
Number of major container terminals	8	8	8	8	8
Number of cargo terminals	27	27	26	26	27
Power					
Number of generating units <sup>(2)</sup>	61	61	60	60	67
Transmission lines (miles)	3,620	3,631	3,631	3,631	3,643
Overhead distribution lines (miles)	6,161	6,223	6,949	7,268	7,268
Underground distribution lines (miles)	5,662	5,718	6,257	6,115	6,115
Water					
Aqueduct (miles)	571	571	571	571	571
Number of storage reservoirs and tanks	110	109	109	107	107
Distribution pipe (miles)	7,097	7,098	7,108	7,119	7,137
Service connections	706,490	709,112	706,789	708,167	709,988
Wastewater					
Sanitary sewers (miles)	6,500	6,500	6,500	6,500	6,500
Stormdrain pipe mainline (miles)	1,200	1,261	1,500	1,200	1,000

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CITY OF LOS ANGELES

Capital Assets Information - (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
Airports					
Number of airports <sup>(3)</sup>	4	4	4	4	4
Harbor					
Number of major container terminals	8	8	8	8	8
Number of cargo terminals	25	25	25	24	24
Power					
Number of generating units <sup>(2)</sup>	50	51	50	51	235
Transmission lines (miles)	3,643	3,643	3,631	3,631	3,626
Overhead distribution lines (miles)	6,954	6,947	8,782	10,140	10,186
Underground distribution lines (miles)	6,061	6,095	3,235	3,505	3,547
Water					
Aqueduct (miles)	340	367	367	390	472
Number of storage reservoirs and tanks	108	104	114	106	114
Distribution pipe (miles)	7,229	7,227	7,248	7,273	7,221
Service connections	712,184	715,430	716,919	718,511	719,154
Wastewater					
Sanitary sewers (miles)	6,500	6,550	6,500	6,500	6,700
Stormdrain pipe mainline (miles)	1,000	1,200	1,200	1,200	1,200

<sup>(1)</sup> In fiscal year 2010, DWP took over possession, management and control over majority of the assets.

<sup>(2)</sup> Data changed to Department-owned generating units beginning fiscal year 2007. The increase in generating units is due to renewables.

<sup>(3)</sup> The Airports operate LAX, ONT, VNY and PMD. However, PMD is not currently certificated by the FAA.

Source: Various City departments

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the 1990s, the number of people in the world who are undernourished has increased from 600 million to 800 million.

There are a number of reasons for this. One is that the population of the world has increased from 5 billion in 1985 to 6 billion in 2000, and is projected to reach 8 billion by 2025.

Another reason is that the number of people who are undernourished has increased from 1 billion in 1985 to 1.5 billion in 2000, and is projected to reach 2 billion by 2025.

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