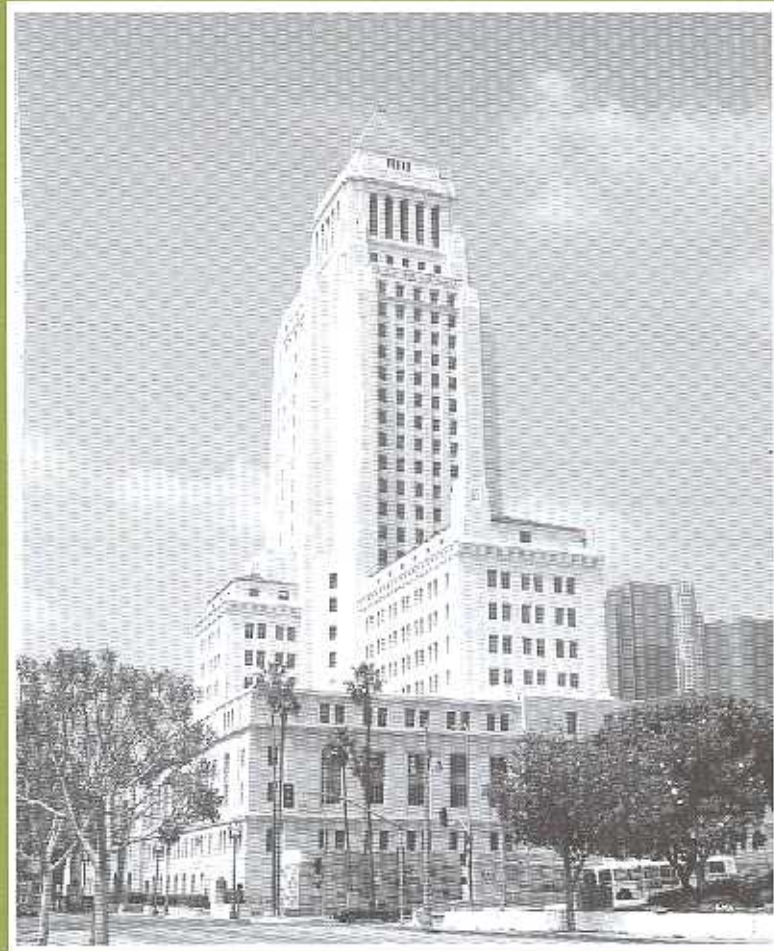




CITY OF LOS ANGELES CALIFORNIA



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**OFFICE OF THE CONTROLLER
Wendy Greuel, City Controller**

City of Los Angeles California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

**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, 2009

Prepared by the City of Los Angeles Controller's Office

William E. Lamb - Director of Financial Analysis & Reporting
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GAAP Compliance Section

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Assistance Provided by General Accounting Section

**CITY OF LOS ANGELES
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2009**

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Section



WENDY GREUEL
CONTROLLER

January 29, 2010

The Honorable Mayor and Members of the
Council of the City of Los Angeles
Los Angeles, California

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Los Angeles (the City) for the fiscal year ended June 30, 2009, 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, 2009 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 2009 population of 4,065,585. 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 57, the City's reporting entity consists of 45 departments, bureaus, commissions and offices, and three pension systems governed by the City Charter. Also included in the City's reporting entity as blended component units are: the Los Angeles Convention and Exhibition Center Authority, the Los Angeles Harbor Improvement Corporation, and the Municipal Improvement Corporation of the City 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 and appropriations are controlled at the line item level within each object by department, consistent with the level set forth in the resolution adopting the annual operating budget. The City also maintains an encumbrance accounting system that controls spending based on the expenditure budget, appropriations, allotments, or a combination of them. 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 74.

LOCAL ECONOMY

Los Angeles continues to be affected by the economic recession that has plagued the nation even with stock markets beginning to rebound globally. Sluggish economic growth accompanied by high unemployment rates indicates a long road to recovery. The City's diverse economic base, industries in tourism and hospitality, professional and business services, direct international trade, entertainment, and wholesale trade were not immune to the recession and have experienced severe cutbacks.

In manufacturing, where Los Angeles County (the County) leads the nation, job losses were widespread across sub-sectors. Fabricated metal, machinery, electrical equipment and appliances indicated weak trends due to the decline in consumer spending and problems in construction and housing. Local governments, faced with declines in revenues and reduced State transfers, are in the predicament of eradicating budget shortfalls. Economists predict that if not enough goods for export and U.S. consumption are manufactured in local factories, and the recurrent budget crises and systemic problems at the State level continue to persist, the County will face significant challenges to come out of the recession.

LONG-TERM FINANCIAL PLANNING

Fiscal year 2008-09 closed with a Reserve Fund balance of \$174.3 million.

The City faces a budget deficit as revenues are significantly lower than original projections. Closing the budget gap requires making tough decisions to ensure that expenditures are reduced and budget-saving solutions are implemented. The City has begun a review of municipal programs and services that may be eliminated, consolidated, or otherwise restructured to operate more efficiently. The severity of the deficit has compelled the City to take additional actions. Through shared responsibility and sacrifice, more budget balancing measures are being implemented and potential solutions are being identified. An ordinance was adopted on October 30, 2009 to offer an early retirement incentive program (ERIP) to eligible employees that will reduce payroll obligations by 2,400 civilian employees. The City is considering authorizing additional 363 early retirements to maximize the benefits of the ERIP. The ordinance also limits backfill of positions to 7% in fiscal year 2010 and not more than 6% in each of the fiscal years 2011 through 2024. The ERIP contains provisions for increases in employee contribution to the City's civilian retirement fund. Agreements between labor and management resulted in reduced work hours for certain civilian employees, and deferral of cost of living adjustments for certain civilian employees. Moreover, proposals are being presented to reform the sworn and civilian retirement systems as another potential solution to the structural imbalance between expenditures and projected revenues.

The City is committed to pursuing innovative ways to reduce costs through public-private partnerships by proposing leasing of the City's parking structures, as well as identifying options for future handling of other non-core City assets and services. To further enhance revenues, the City will review and update its fee schedules, such as current rental fees from spaces occupied by non-profit organizations that are below market rates, to market-based pricing as quickly as possible.

The outlook for recovery looks to be long and challenging for the City with revenue struggling to reach anticipated levels, unemployment holding steady at double-digit rates, and State budget deficit continuing. The City is continuing to explore every avenue to boost revenue and reduce expenditures, and act vigorously and with urgency to implement budget-saving measures to reduce its budget gap.

MAJOR INITIATIVES

Even faced with declines in revenue and long-term structural challenges, the City has taken urgent and prudent action to close the budget gap by cutting back on expenditures and less essential functions and redesigning its approach to minimize layoffs and keep vital services intact.

Concurrently, the City has invested in major projects that are expected to impact the convention center and travel industry and provide future employment and boost revenues from sales, business and hotel taxes, and airline fees. One such project is “LA Live” in downtown Los Angeles where two newly constructed hotels, JW Marriott and Ritz-Carlton are slated to be operational soon. Another similar project is the W Hollywood Hotel & Residences in the heart of Hollywood. Additionally, major capital improvements are being undertaken by the Airports for interior improvements at the Tom Bradley International Terminal, security program-in-line baggage screening systems, Southside Airfield intersection improvements, and noise mitigation. The modernization of the Tom Bradley International Airport, once completed, is also expected to accommodate the next generation of large commercial airliners and handle more international travelers.

In the City's commitment to support a clean air environment, the Port of Los Angeles, in its continuing effort to reduce port truck emissions is moving forward with its Clean Truck Incentive Program to put 1,000 alternative fuel trucks into service.

Through funds approved under the American Recovery and Reinvestment Act of 2009, the City will be able to continue to implement homeless prevention and rapid re-housing programs, create energy efficiency in city buildings, fund community oriented policing services and crime prevention efforts, street resurfacing, broadband technologies, and transit projects.

CASH AND INVESTMENT MANAGEMENT

The cash balances of substantially all funds on deposit in the City Treasury are pooled and invested for the purpose of maximizing interest earnings, 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 cash balance.

The City's investment policy, which is consistent with State law, includes the establishment of a defined cash flow horizon, portfolio segmentation into Core (to cover liquidity) and Reserve (for longer term growth) portfolios, and the establishment of target portfolio durations for both Core and Reserve portfolios. In addition, the City Treasurer has established more specific internal controls, processes for periodic reviews, and Investment Guidelines to implement specific provisions of the investment policy.

Standard & Poor's (S&P) rated the City's portfolio as “AAAf/S1.” The rating reflects the strong protection provided against losses in the investment pool as a result of credit defaults. This rating is also indicative of the high quality of the individual investments held in the general pool. S&P also evaluated the volatility of the pool and assigned a rating of “S1” (low sensitivity). S&P specifically noted that the pool has a low market risk profile and is based on “conservative investment policies.” It is important to note that Los Angeles is the second city-managed pool to receive the highest safety ratings from S&P.

Summary information on the City's General Pool investment portfolio is as follows (dollar amounts in thousands):

Portfolio Segmentation	Benchmark	Year Ended June 30, 2009		Year Ended June 30, 2008	
		Market Value	Rate of Return	Market Value	Rate of Return
Core		\$ 2,396,938	2.22%	\$ 2,316,349	4.31%
	91-day Treasury Bill		0.95%		3.63%
Reserve		3,403,103	5.87%	3,337,804	7.93%
	Merrill Lynch 1-5 Year Government/Corporate		4.89%		7.37%
Total		<u>\$ 5,800,041</u>		<u>\$ 5,654,153</u>	

Special pool investments and guaranteed investment contracts totaled \$550.8 million and \$809.9 million at June 30, 2009 and 2008, respectively. Due to the suspension of the City's securities lending program as discussed in the notes to the financial statements on page 83, there was no cash collateral received on loaned securities in fiscal year 2009, while \$929.5 million was received in fiscal year 2008. These amounts are not included in the portfolio shown above.

RESERVE FUND POLICY

The City's Reserve Fund policy established the following accounts within the Reserve Fund:

- *Emergency Reserve Account.* In order to use funds from this account, a finding by the Mayor, with the confirmation by the Council, of "urgent economic necessity" must be made, as well as a determination that no other viable sources of funds are available. A finding of urgent economic necessity would be based on a significant economic downturn after the budget is completed, or an earthquake or other natural disaster.
- *Contingency Reserve Account.* Funds from this account are to be used for unanticipated expenditures or revenue shortfalls impacting programs already approved in conjunction with the current year budget. It is not to be used to fund new programs or positions added outside of the current year budget.

The Reserve Fund policy remains as established in fiscal year 2008-09, emergency reserve of 2.75% of General Fund receipts, with a total overall goal of 5% of General Fund receipts. The Reserve Fund as of December 2009 is \$149.5 million, 3.4% of budgeted fiscal year 2009-10 General Fund receipts of \$4.4 billion, and is below the adopted budget year end balance of \$249.8 million.

For purposes of the budget, the Reserve Fund is separate and distinct from the General Fund; while for financial reporting purposes, the General Fund includes the Reserve Fund and other accounts/funds that have a general fund type activity.

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 cost-effective way to finance risk. Indemnity and insurance protection is also required from all City contractors, vendors and lessees, and permit holders.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

All full-time employees of the City are covered by one of three defined benefit pension plans namely: 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). Each year, independent actuaries engaged by the Plans calculate the amount of annual contribution that the City must make to the Plans to ensure that the Plans will be able to meet their obligations to plan members and beneficiaries.

The following table shows the actuarial value of benefit plan net assets, actuarial accrued liability (AAL), underfunded AAL, and funded ratios of Pensions and LACERS at June 30, 2009 and DWP Retirement at July 1, 2009 (dollar amounts in millions):

Plans	Actuarial Value of Assets	Actuarial Accrued Liability	Underfunded AAL	Funded Ratio
Pensions	\$ 14,257	\$ 14,817	\$ 560	96%
LACERS	9,578	11,742	2,164	82%
DWP Retirement	7,249	8,057	808	90%

The City also provides its employees other postemployment benefit (OPEB) healthcare plans through the aforementioned defined benefit pension 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). The following table shows postemployment healthcare benefits net assets, actuarial accrued liability (AAL), underfunded AAL and funded ratios at June 30, 2009 (dollar amounts in millions):

Plans	Actuarial Value of Assets	Actuarial Accrued Liability	Underfunded AAL	Funded Ratio
Pensions OPEB	\$ 810	\$ 2,039	\$ 1,229	40%
LACERS OPEB	1,342	2,003	661	67%
DWP OPEB	850	1,391	541	61%

No formal funding policy has been established for the future benefits to be provided under the DWP OPEB Plan. However, in fiscal year 2009, DWP transferred \$100 million into the fund and paid an additional \$59.5 million in retiree medical premiums.

Additional information on the City's pension and other postemployment benefits can be found in Note 5A of the Notes to the Basic Financial Statements (pages 145 to 156) and in the Required Supplementary Information Section (page 187).

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, 2008. This was the fourteenth 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 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.

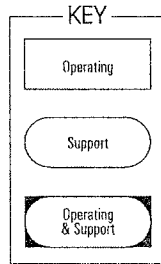
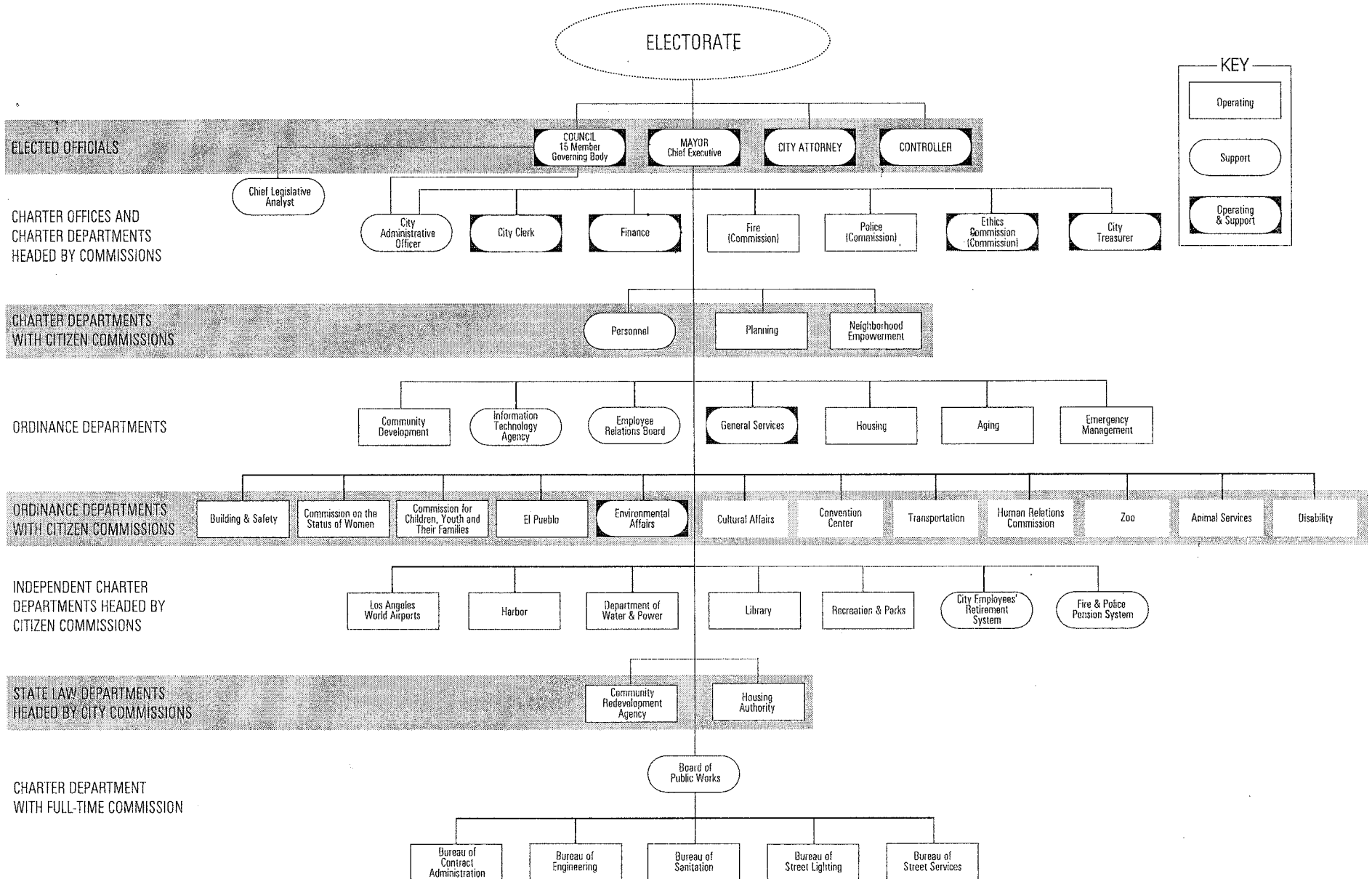
Respectfully submitted,



WENDY GREUEL
CITY CONTROLLER

ORGANIZATION OF THE CITY OF LOS ANGELES

FY 2008-09



CITY OFFICIALS

City of Los Angeles, California



Antonio Villaraigosa
Mayor

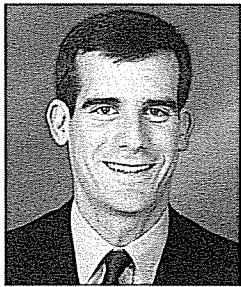


Carmen A. Trutanich
City Attorney



Wendy Greuel
City Controller

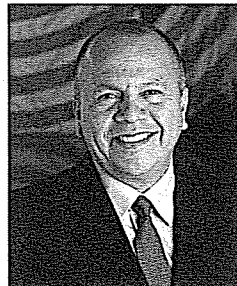
CITY COUNCIL



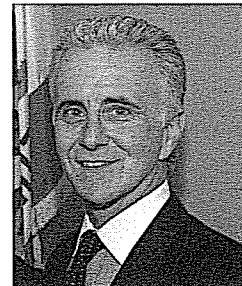
Eric Garcetti
13th District
Council President



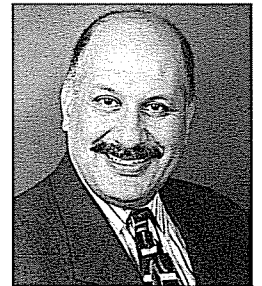
Jan Perry
9th District
President Pro-Tempore



Ed P. Reyes
1st District



Paul Krekorian
2nd District



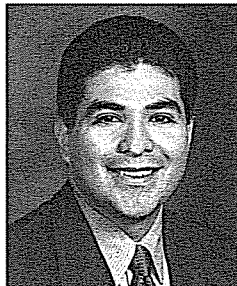
Dennis P. Zine
3rd District



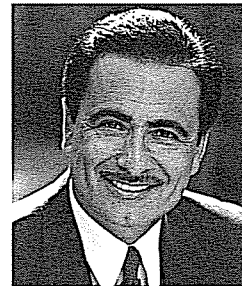
Tom LaBonge
4th District



Paul Koretz
5th District



Tony Cárdenas
6th District



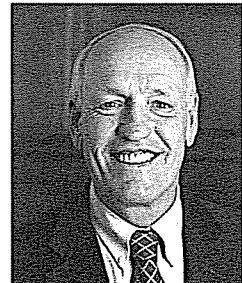
Richard Alarcón
7th District



Bernard Parks
8th District



Herb J. Wesson, Jr.
10th District



Bill Rosendahl
11th District



Greig Smith
12th District



José Huízar
14th District



Janice Hahn
15th District

NON-ELECTED FISCAL OFFICERS

Director of
Finance
Antoinette D. Christovale

City Treasurer
Joya C. De Foor

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 Multiservice and Child Development Center

EXECUTIVE STAFF

CLAIRE BARTELS Chief Deputy Controller	DANIEL TARICA Deputy Controller Government Relations	BEN GOLOMBEK Deputy Controller Communications	NANCY HERNANDEZ Deputy Controller Community Affairs	SHIRLEY TAN Principal Deputy Controller	FARID SAFFAR Director of Auditing	WILLIAM LAMB Director of Financial Analysis and Reporting
	EMY ARCENO MIN CHEN EDA DUBLIN NAM HUYNH JOVONNE LAVENDER SALLY ROCIO LYNDON SALVADOR		Payroll Financial Operations Paymaster Director of Systems Management Services Financial Analysis and Reporting FMS Project			

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, 2008

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President

Executive Director

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Section



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
CARL P. 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, 2009, 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, 2009:

Opinion Unit	Assets	Revenues/Additions
Business-type Activities	83%	89%
Each Major Enterprise Fund – Airports, Harbor, Power, and Water	100%	100%
Aggregate Remaining Fund Information	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.





As discussed in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Technical Bulletin 2008-1, *Exterminating the Annual Required Contribution Adjustment for Postemployment Benefits*, for the fiscal year ended June 30, 2009.

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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Building and Safety Permit 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.

In accordance with *Government Auditing Standards*, we also issued our report dated January 29, 2010 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 grants. 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.

The Management's Discussion and Analysis (MD&A) and Required Supplementary Information (Other Than MD&A) on pages 3 through 30 and 187 through 189, respectively, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic 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 express no opinion on them.

A handwritten signature in black ink, appearing to read 'Simpson & Simpson'. The signature is written in a cursive, flowing style.

Los Angeles, California
January 29, 2010, except for Note 5F as to which the date is February 17, 2010

Management's Discussion and Analysis

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, 2009. 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 2008-09 fiscal year by \$18.8 billion. The *net assets* of \$18.8 billion consisted of: \$12.8 billion investment in capital assets, net of related debt; \$5.0 billion (*restricted net assets*) represents resources that are subject to certain restrictions on how they may be used; \$2.7 billion (*unrestricted net assets*) may be used to meet the City's obligations for its business-type activities; and \$1.7 billion deficit of governmental activities.
- The City's financial activities during the fiscal year resulted in an increase in total net assets of \$377.7 million. Governmental activities decreased by \$117.0 million while the business-type activities increased by \$494.7 million.
- As of June 30, 2009, the aggregate ending fund balance of the City's governmental funds was \$3.3 billion, a decrease of \$285.9 million from June 30, 2008. Of the combined fund balances of \$3.3 billion, 58.6% or \$1.9 billion is available to meet the City's current and future needs (*unreserved fund balances*).
- At the end of the fiscal year, the unreserved fund balance of the General Fund (which includes the Reserve Fund and other accounts that have General Fund type activity) was \$316.5 million, or 7.4% of total expenditures.
- The City's bonded debt and long-term notes payable at June 30, 2009 totaled \$16.3 billion, a net increase of \$1.4 billion from the prior year's balance of \$14.9 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 their sole purpose is to provide services entirely to or exclusively for the City, or the City Council is their governing body.

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 77 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, Building and Safety Permit 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 four other budgeted major funds to demonstrate compliance with the annually appropriated budget. The other budgeted major funds are: Building and Safety Permit, 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.

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 \$18.8 billion at the close of fiscal year 2008-09.

Management's Discussion and Analysis (Continued)

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 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Assets:						
Current and other assets.....	\$ 4,347,358	\$ 5,103,275	\$ 7,946,811	\$ 8,130,388	\$ 12,294,169	\$ 13,233,663
Capital assets.....	6,813,836	6,422,612	21,194,043	19,890,062	28,007,879	26,312,674
Total assets.....	<u>11,161,194</u>	<u>11,525,887</u>	<u>29,140,854</u>	<u>28,020,450</u>	<u>40,302,048</u>	<u>39,546,337</u>
Liabilities:						
Current and other liabilities.....	610,521	1,069,580	1,519,982	2,313,320	2,130,503	3,382,900
Long-term liabilities.....	6,629,990	6,418,650	12,745,300	11,326,226	19,375,290	17,744,876
Total liabilities.....	<u>7,240,511</u>	<u>7,488,230</u>	<u>14,265,282</u>	<u>13,639,546</u>	<u>21,505,793</u>	<u>21,127,776</u>
Net assets:						
Invested in capital assets,						
net of related debt.....	3,633,548	3,415,049	9,148,381	9,372,493	12,781,929	12,787,542
Restricted.....	1,994,582	2,078,145	3,069,760	2,480,495	5,064,342	4,558,640
Unrestricted.....	<u>(1,707,447)</u>	<u>(1,455,537)</u>	<u>2,657,431</u>	<u>2,527,916</u>	<u>949,984</u>	<u>1,072,379</u>
Total net assets.....	<u>\$ 3,920,683</u>	<u>\$ 4,037,657</u>	<u>\$ 14,875,572</u>	<u>\$ 14,380,904</u>	<u>\$ 18,796,255</u>	<u>\$ 18,418,561</u>

Notes: Rounding off difference may occur in the discussion. Certain Fund Balance for July 1, 2008 was restated for pollution remediation obligations adjustments. See pages 32, 48-49 for details.

By far, the largest portion of the City's net assets (\$12.8 billion or 68.0%) 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 (\$5.1 billion or 26.9%) represents resources that are subject to various restrictions on how they may be used. The remaining balance of \$1.0 billion (5.1%) is the net amount of the governmental activities deficit of \$1.7 billion, and \$2.7 billion unrestricted net assets that may be used to meet the City's obligations for its business-type activities.

At the end of fiscal year 2008-09, 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 \$2.7 billion in unrestricted net assets, the governmental activities reported a deficit of \$1.7 billion. The deficit balance shown for the governmental activities unrestricted net assets reflected an increase of \$251.9 million (17.3%) from the prior year's deficit balance.

Management's Discussion and Analysis (Continued)

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). 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 \$1.7 billion or 6.4%. The net increase for governmental activities was \$391.2 million while for the business-type activities the net increase was \$1.3 billion. For the governmental activities, the increase was primarily due to various projects under construction for police, library, recreational, zoo, stormwater, streets, traffic, transportation and various other improvements to City facilities, and acquisition of fire fighting vehicles and equipments. 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 decrease of \$939.5 million or 7.1%. Governmental activities were \$755.9 million lower than the prior fiscal year, primarily due to the decrease in cash and pooled investments, and other investments of \$712.5 million resulting from the suspension of the City's general investment pool securities lending program. Likewise, the significant drop in investment values was the main reason for the decrease of \$183.6 million for business-type activities. The unprecedented and worldwide financial market turmoil and the continuous lowering of interest rates by the Federal Reserve negatively affected the City's investment earnings.

Long-term liabilities for bonded debt and notes payable increased to \$16.3 billion from \$14.9 billion in the prior year. The total issuances for the year were \$808.7 million for governmental activities and \$2.5 billion for business-type activities, while principal retirements totaled \$730.8 million for governmental activities and \$1.2 billion for business-type activities. The City's other long-term liabilities increased by \$300.7 million, while current and other liabilities decreased by \$1.3 billion. The increase in other long-term liabilities of \$300.7 million was due mainly to net increases in provisions for claims and judgments, accruals for estimated pollution remediation obligations, and increase in net other postemployment benefit liability. The decrease of \$1.3 billion in current and other liabilities was primarily due to the decrease in obligations under securities lending transactions. As discussed in Note 4A of the notes to the financial statements beginning on page 83, the City's securities lending program was temporarily suspended in November 2008.

The increase of \$505.7 million in restricted net assets was composed of \$589.3 million increase for business-type activities offset by \$83.6 million decrease in governmental activities. For governmental activities, the change was mainly due to \$162.7 million decrease in public safety, transportation, and community development and housing programs offset by \$89.8 million increase in public works and sanitation, and cultural and recreational activities. For business type activities, key changes were increase in restricted passenger facility charges of \$63.8 million, and increase in Power and Water funds' pension and other postemployment benefits of \$105.2 million. As explained in more detail in the subsequent pages, the governmental activities unrestricted net assets deficit increased by \$251.9 million, while the business-type activities unrestricted net assets increased by \$129.5 million.

Management's Discussion and Analysis (Continued)

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)

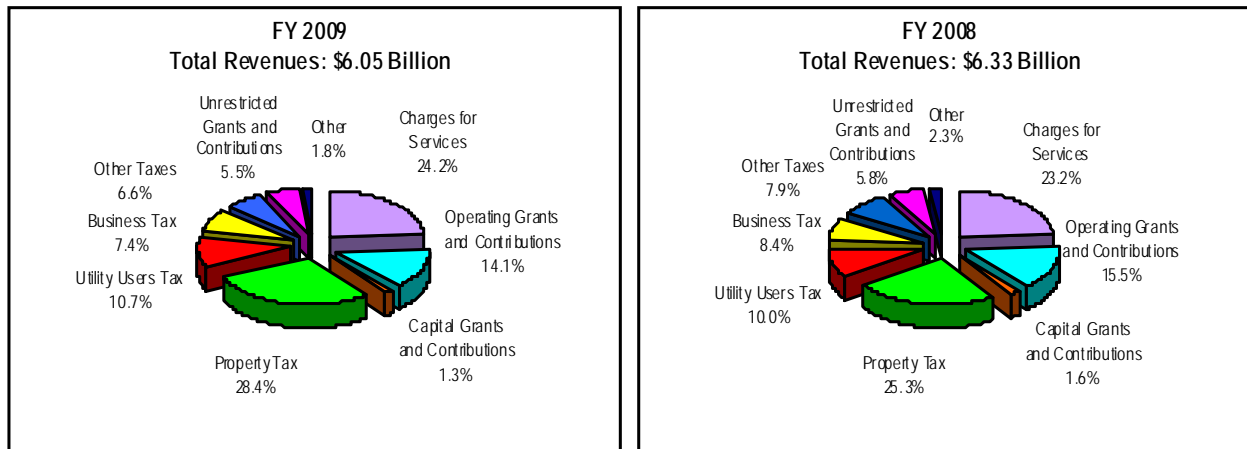
	Governmental Activities		Business-type Activities		Total	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Revenues						
Program Revenues						
Charges for Services	\$ 1,460,683	\$ 1,469,440	\$ 5,654,960	\$ 5,759,738	\$ 7,115,643	\$ 7,229,178
Operating Grants and Contributions	854,128	979,238	--	10,490	854,128	989,728
Capital Grants and Contributions	79,981	100,994	153,142	201,299	233,123	302,293
General Revenues						
Property Taxes	1,714,892	1,602,386	--	--	1,714,892	1,602,386
Utility Users Taxes	646,165	631,716	--	--	646,165	631,716
Business Taxes	450,848	534,272	--	--	450,848	534,272
Other Taxes	399,851	497,455	--	--	399,851	497,455
Unrestricted Grants and Contributions	334,052	369,377	--	--	334,052	369,377
Unrestricted Investment Earnings	46,772	80,538	--	--	46,772	80,538
Other Revenues	60,879	64,285	--	--	60,879	64,285
Total Revenues	6,048,251	6,329,701	5,808,102	5,971,527	11,856,353	12,301,228
Expenses						
General Government	1,507,318	1,570,377	--	--	1,507,318	1,570,377
Protection of Persons and Property	2,552,413	2,741,492	--	--	2,552,413	2,741,492
Public Works	451,141	261,917	--	--	451,141	261,917
Health and Sanitation	416,247	381,406	--	--	416,247	381,406
Transportation	406,464	392,748	--	--	406,464	392,748
Cultural and Recreational Services.....	413,119	446,051	--	--	413,119	446,051
Community Development	373,244	405,859	--	--	373,244	405,859
Interest on Long-term Debt	189,966	217,073	--	--	189,966	217,073
Airports	--	--	779,886	755,391	779,886	755,391
Harbor	--	--	382,168	342,148	382,168	342,148
Power	--	--	2,544,032	2,658,634	2,544,032	2,658,634
Water	--	--	762,802	704,529	762,802	704,529
Sewer	--	--	553,251	554,447	553,251	554,447
Convention Center	--	--	38,718	38,753	38,718	38,753
Total Expenses	6,309,912	6,416,923	5,060,857	5,053,902	11,370,769	11,470,825
Excess (Deficit) of Revenues Over Expenses	(261,661)	(87,222)	747,245	917,625	485,584	830,403
Transfers	159,150	215,407	(159,150)	(215,407)	--	--
Increase in Net Assets	(102,511)	128,185	588,095	702,218	485,584	830,403
Net Assets Beginning of Year	4,037,657	3,909,472	14,380,904	13,678,686	18,418,561	17,588,158
Net Adjustment for Pollution Remediation Obligations	(14,463)	--	(93,427)	--	(107,890)	--
Net Assets End of Year	\$ 3,920,683	\$ 4,037,657	\$ 14,875,572	\$ 14,380,904	\$ 18,796,255	\$ 18,418,561

Governmental Activities

For the year ended June 30, 2009, the total expenses for governmental activities of \$6.3 billion were \$107.0 million (1.7%) less than the prior year. Total revenues, which were \$261.7 million less than expenses, declined by \$281.5 million or 4.4% from \$6.3 billion in fiscal year 2008. Of the \$6.3 billion total expenses, 57.9% was funded by taxes and other general revenues, and the remaining 42.1% 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.

Management's Discussion and Analysis (Continued)

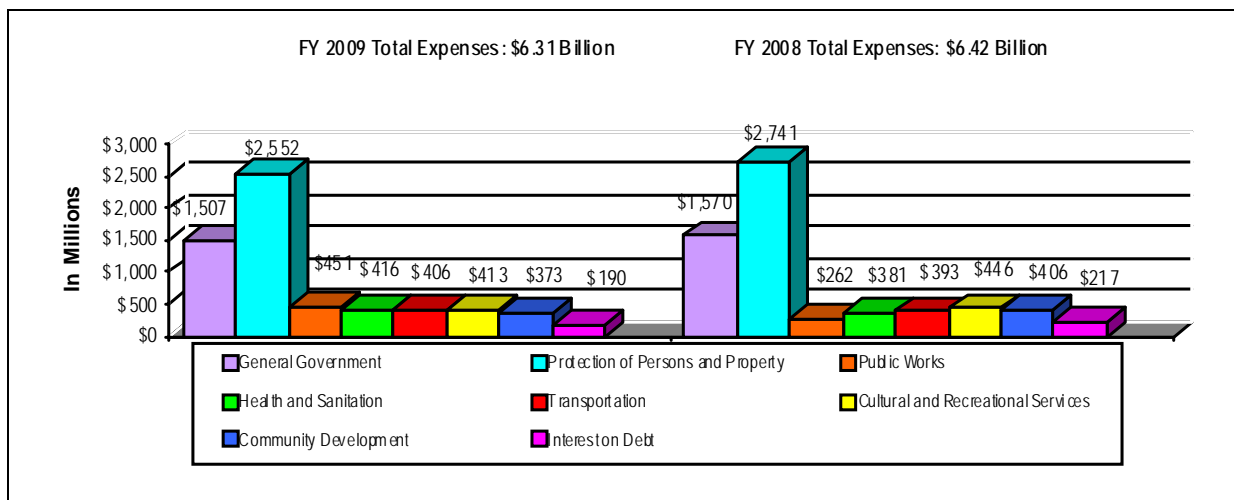
The following charts show a graphical comparison of governmental revenues by source.



Revenues from property tax, charges for services, and operating grants and contributions are the three largest revenue sources for governmental activities. Together, they account for 66.7% of the total revenues and posted a decrease of \$21.4 million as compared to fiscal year 2008. An increase in property tax revenue of \$112.5 million was a carry-over effect of the growth in property valuation in prior years. Rate increases in waste disposal fees imposed on single and multiple-family residences in the current fiscal year resulted in higher revenues from charges for services, but this was offset by decrease in reimbursements from enterprise funds. Operating grants and contributions decreased by \$125.1 million mainly due to lower grant funds received for federal homeland security initiatives, community development block grant projects, disaster assistance and low income housing projects.

Lower interest rates in fiscal year 2009 accounted for the \$33.8 million decrease in unrestricted investment income. Rates of return in the Treasury Pool reserve and core portfolios for the twelve months ended June 30, 2009 were 5.87% and 2.22% respectively, down from the prior fiscal year rates of 7.93% and 4.31% respectively.

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



Management's Discussion and Analysis (Continued)

For fiscal year 2009, overall expenses for governmental activities decreased by 1.7% or \$107.0 million as compared to fiscal year 2008. The decrease in provision for long-term claims and judgments was the primary factor for the decrease in expenses for general government of \$63.1 million. The other governmental functions posted a net decrease of \$16.8 million. The net decrease is attributed to decrease in contractual services due to completion of certain City facilities, offset by higher reimbursements of General Fund costs, and higher costs incurred for improvements of waste disposal, recycling and various other facilities. Lower interest rates on borrowings accounted for the \$27.1 million decrease in interest expenses.

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 \$5.3 billion were \$731.6 million more than the \$4.6 billion combined operating costs.

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements. In particular, the 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, 2009, the City's governmental funds reported combined fund balances of \$3.3 billion. Of the \$3.3 billion, the amount available for spending at the City's discretion (unreserved fund balance) totaled \$1.9 billion. The remaining fund balances are reserved to indicate that they are not available for new spending because they have been committed: (1) to pay debt service - \$356.5 million; (2) to reflect loans, inventories, and the amount due from other funds that are long-term in nature and thus do not represent available spendable resources - \$512.9 million; (3) to liquidate contractual commitments of the period - \$478.6 million; and (4) for certain other restricted purposes - \$6.1 million.

Overall, revenues for governmental functions totaled \$6.3 billion, while expenditures totaled \$7.3 billion. Although total revenues were \$1.0 billion 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, 2009, the unreserved fund balance of the General Fund was \$316.5 million while total fund balance was \$483.5 million. The unreserved fund balance includes \$121.0 million designated for emergencies and \$38.8 million for advances and other budget adjustments. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.4% of the total General Fund expenditures of \$4.3 billion, while total fund balance represents 11.4% of that same amount.

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 (dollar amounts expressed in thousands)

Revenues and Other Financing Sources				Expenditures and Other Financing Uses			
	FY 09	FY08	% Change		FY 09	FY08	% Change
Revenues				Expenditures			
Property Taxes	\$ 1,518,744	\$ 1,412,037	7.6 %	General Government	\$ 1,309,583	\$ 1,238,638	5.7 %
Sales Taxes	300,585	337,313	(10.9)	Protection of Persons and Property	2,308,105	2,238,683	3.1
Utility Users Taxes	646,256	617,199	4.7	Public Works	205,924	214,117	(3.8)
Business Taxes	461,374	465,124	(0.8)	Health and Sanitation	147,380	164,541	(10.4)
Other Taxes	344,147	422,303	(18.5)	Transportation	145,891	151,328	(3.6)
Licenses and Permits	23,704	25,139	(5.7)	Cultural and Recreational Services	62,952	68,394	(8.0)
Intergovernmental	25,095	23,773	5.6	Community Development	48,612	47,262	2.9
Charges for Services	496,053	417,051	18.9	Capital Outlay	20,687	34,222	(39.6)
Services to Enterprise Funds	264,602	273,933	(3.4)	Debt Service- Cost of Issuance	750	360	108.3
Fines	141,077	140,909	0.1	Total Expenditures	4,249,884	4,157,545	2.2
Special Assessments	1,967	2,713	(27.5)	Other Financing Uses			
Investment Earnings	47,468	81,731	(41.9)	Transfers Out	506,040	475,915	6.3
Other	60,477	64,413	(6.1)	Total Expenditures and Other Financing Uses	\$ 4,755,924	\$ 4,633,460	2.6 %
Total Revenues	4,331,549	4,283,638	1.1				
Other Financing Sources							
Transfers In	289,432	239,758	20.7				
Issuance of Long-term Debt..	20,600	--	100.0				
Premium on Issuance of Long-term Debt	324	--	100.0				
Total Other Financing Sources	310,356	239,758	29.4				
Total Revenues and Other Financing Sources	\$ 4,641,905	\$ 4,523,396	2.6 %				
Excess of Revenues Over Expenditures	\$ 81,665	\$ 126,093	(35.2) %				
Net Change in Fund Balance	\$ (114,019)	\$ (110,064)	3.6 %				

Property tax accounted for 35.1% of General Fund revenues. Continued benefits derived from the previous years' growth in assessed property values, and redemptions from settlement of taxes related to foreclosure-related deed transfers contributed to the \$106.7 million or 7.6% higher property tax revenues in fiscal year 2009. However, the slump in real estate sales activity and decline in hotel occupancy have negatively impacted the General Fund's revenue from documentary transfer taxes and transient occupancy taxes by \$49.0 million and \$13.0 million, respectively (components of other taxes). Business and sales tax revenues had a combined decrease of \$40.5 million or 5.0%, indicative of the tough retail environment brought about by consumers feeling less positive about the economic conditions and the job market. Utility users taxes increased by \$29.1 million or 4.7% largely due to electric rate increases and additional electric rate adjustments triggered by rising energy prices. Higher revenue due to rate increase in solid waste disposal fees was the primary reason for the \$79.0 million or 18.9% increase in charges for services.

Management's Discussion and Analysis (Continued)

Reduction in reimbursements from sewer enterprise fund was the main reasons for the \$9.3 million decrease in revenues from services to enterprise funds.

The General Fund accounts for the plurality of participating funds in the City's general investment pool. As mentioned earlier, the suspension of the City's securities lending program in November 2008, and lower rates of return of the Treasury Pool's portfolios for fiscal year 2009 as compared to fiscal year 2008, resulted in lower investment earnings.

Total General Fund expenditures for fiscal year 2009 were \$4.3 billion, an increase of \$92.3 million or 2.2%, from \$4.2 billion in fiscal year 2008. Expenditures for general government and protection of persons and property accounted for most of the increase, \$70.9 million and \$69.4 million respectively. The remaining expenditure categories had a net decrease of \$48.0 million. Increased funding was incurred for the following programs/projects: Mayor's Office for City-funded gang prevention initiatives such as creating gang reduction and youth development zone models aimed at providing secure routes or safe passages for students in high-gang violence neighborhoods; City Attorney for police-related litigation and gang prosecution program; \$20.5 million payment for settlement of lawsuits related to the Rampart case; City Clerk for the November 2008 and May 2009 presidential and City Attorney elections respectively; General Services for increased cost of petroleum products; central costs for workers' compensation, litigation and employee health and dental benefits; costs associated with refuse collection and disposal services and special events; and costs associated with the solid waste lifeline rate program where senior citizens age 62 and over and persons with disabilities that meet qualifying income levels are exempted from solid waste fees. The increase in expenditures for protection of persons and property is aligned with the City's continued focus on public safety. Additional funding was incurred for police officers recruitment, training for anti-gang police activities, modernization of crime-fighting equipments and vehicle replacement.

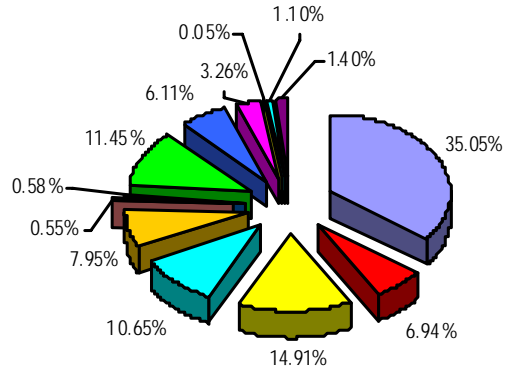
Overall, General Fund revenues exceeded expenditures by \$81.7 million, down \$44.4 million from \$126.1 million in fiscal year 2008. Transfers in from other funds amounted to \$289.4 million, while transfers out amounted to \$506.0 million. The Power Enterprise Fund transfer of \$222.5 million accounted for a majority (76.9%) of the total transfers in. Included in the \$506.0 million transfer out is \$225.1 million support for the operations of City libraries, zoo, parks and recreational facilities, and arts and cultural facilities. As discussed further in the notes to the financial statements (see pages 157-158), the Water transfer of \$63.3 million previously being held in abeyance pending judicial resolution regarding the legality of the transfer was reversed in fiscal year 2009 based on a final court decision that the Water System revenues shall only be used for water related activities. Debt service and lease payments to the City's financing authority of \$122.3 million accounted for 24.2% of the total transfers out.

The above factors resulted in a year end fund balance of \$483.5 million, a decrease of \$114.4 million from the prior year's fund balance of \$597.9 million.

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

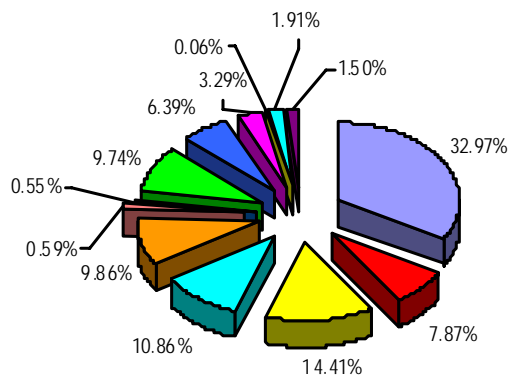
Management's Discussion and Analysis (Continued)

**General Fund Revenues by Source: \$4.33 Billion
Fiscal Year Ended June 30, 2009**



Property Taxes (35.05%)	Sales Taxes (6.94%)	Utility Users Taxes (14.91%)
Business Taxes (10.65%)	Other Taxes (7.95%)	Licenses and Permits (0.55%)
Intergovernmental (0.58%)	Charges for Services (11.45%)	Services to Enterprise Funds (6.11%)
Fines (3.26%)	Special Assessments (0.05%)	Investment Earnings (1.10%)
Other (1.40%)		

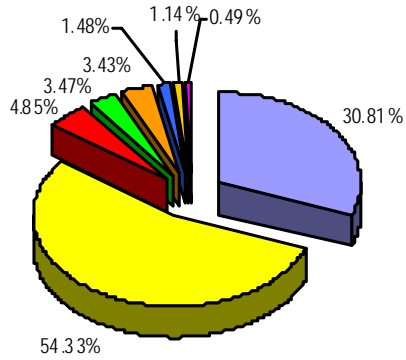
**General Fund Revenues by Source: \$4.28 Billion
Fiscal Year Ended June 30, 2008**



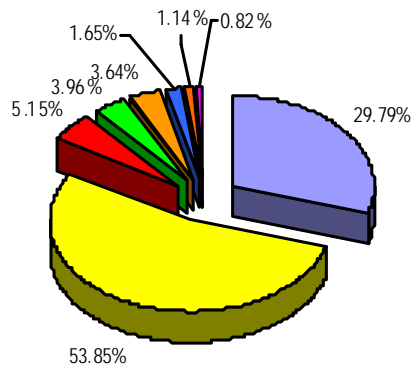
Property Taxes (32.97%)	Sales Taxes (7.87%)	Utility Users Taxes (14.41%)
Business Taxes (10.86%)	Other Taxes (9.86%)	Licenses and Permits (0.59%)
Intergovernmental (0.55%)	Charges for Services (9.74%)	Services to Enterprise Funds (6.39%)
Fines (3.29%)	Special Assessments (0.06%)	Investment Earnings (1.91%)
Other (1.50%)		

Management's Discussion and Analysis (Continued)

General Fund Expenditures by Function: \$4.25 Billion
Fiscal Year Ended June 30, 2009



General Fund Expenditures by Function: \$4.16 Billion
Fiscal Year Ended June 30, 2008



Management's Discussion and Analysis (Continued)

The **Building and Safety Permit Fund** accounts for the fees collected for plan check, permitting, and inspection of new construction in the City; testing of construction materials and methods; and examining the licensing of welders, equipment operators, and registered deputy building inspectors. At June 30, 2009, the Fund's unreserved fund balance was \$32.2 million, while the total fund balance was \$33.0 million, which reflected a decrease of \$45.1 million from the previous fiscal year. The adverse economic conditions continue to impact construction activities as reflected in the reductions in applications for new building permits.

The **Community Development Fund** accounts for federal grant funds for community and economic development within the City. At June 30, 2009, the Fund's unreserved fund balance reflected a deficit of \$4.7 million, while the total fund balance was \$196.1 million. Revenues for fiscal year 2009 amounted to \$81.4 million, while expenditures totaled \$83.7 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 revenue bonds. The Debt Service Fund's aggregate principal and interest expenditures for the year were \$401.4 million, while lease payments from the General Fund and certain Special Revenue Funds were \$142.9 million. Investment earnings, available fund balance of the MICLA Debt Service Fund and proceeds of revenue bonds issued to pay-off commercial paper notes funded the difference of \$258.5 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, 2009, the Fund's unreserved fund balance was \$113.4 million, while the total fund balance was \$127.3 million, which reflected a decrease of \$5.7 million from the previous fiscal year. The decrease was mainly due to the decline in sales tax revenues within Los Angeles County which resulted in reduced revenues for the City's share of the one-half cent sales tax.

The **Recreation and Parks Fund** accounts for the City's recreation programs and park services. At June 30, 2009, the Fund's unreserved fund balance was \$207.7 million, while the total fund balance as \$222.7 million. The Fund's total expenditures exceeded its revenues by \$125.8 million. As discussed earlier, 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, 2009, the Fund's unreserved fund balance was \$82.1 million, while the total fund balance was \$93.5 million, which reflected a decrease of \$9.5 million from the previous fiscal year. Revenues during the fiscal year were higher due to the increase in rates to \$36.32 for single family residences and \$24.33 for multi-family residences, while expenditures for the collection and disposal of household refuse and recycling of solid waste were also higher compared to the prior fiscal year. The increase in disposal fee rate was implemented for the Fund's full cost recovery program, thereby, eliminating the General Fund support to the City's solid waste collection activities.

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, 2009 (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Other- Convention Center	Total
Operating Revenues	\$ 781,590	\$ 402,224	\$ 2,755,935	\$ 783,964	\$ 531,833	\$ 26,757	\$ 5,282,303
Operating Expenses	(730,008)	(337,556)	(2,336,431)	(664,728)	(443,278)	(38,691)	(4,550,692)
Operating Income (Loss)	51,582	64,668	419,504	119,236	88,555	(11,934)	731,611
Net Nonoperating Revenues (Expenses)	126,843	(22,800)	(64,051)	(83,374)	(94,140)	14	(137,508)
Capital Contributions	90,069	4,103	16,824	30,603	11,543	--	153,142
Transfers In	--	--	--	63,356	--	--	63,356
Transfers Out	--	--	(222,506)	--	--	--	(222,506)
Change in Net Assets	<u>\$ 268,494</u>	<u>\$ 45,971</u>	<u>\$ 149,771</u>	<u>\$ 129,821</u>	<u>\$ 5,958</u>	<u>\$ (11,920)</u>	<u>\$ 588,095</u>

Business-type Activities Change in Net Assets For the Fiscal Year Ended June 30, 2008 (amounts expressed in thousands)							
	Airports	Harbor	Power	Water	Sewer	Other- Convention Center	Total
Operating Revenues	\$ 774,288	\$ 426,345	\$ 2,781,324	\$ 744,036	\$ 526,686	\$ 26,088	\$ 5,278,767
Operating Expenses	(732,835)	(300,047)	(2,457,597)	(599,986)	(433,106)	(38,724)	(4,562,295)
Operating Income (Loss)	41,453	126,298	323,727	144,050	93,580	(12,636)	716,472
Net Nonoperating Revenues (Expenses)	186,351	(1,285)	(19,668)	(71,469)	(94,120)	45	(146)
Capital Contributions	125,292	14,161	17,601	25,615	18,630	--	201,299
Transfers In	--	--	--	--	--	22	22
Transfers Out	--	--	(182,004)	(33,425)	--	--	(215,429)
Change in Net Assets	<u>\$ 353,096</u>	<u>\$ 139,174</u>	<u>\$ 139,656</u>	<u>\$ 64,771</u>	<u>\$ 18,090</u>	<u>\$ (12,569)</u>	<u>\$ 702,218</u>

Airports

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

For the fiscal year ended June 30, 2009, the Airports operating revenues slightly increased by \$7.3 million (0.9%), to \$781.6 million, mainly due to the increase in building rentals by \$38 million, offset by the decrease in concession revenue of \$16.3 million, landing fees of \$8.3 million, and other aviation revenues of \$6 million. The decrease in operating revenue is also attributed to a large decline in passenger traffic and aircraft movements.

Management's Discussion and Analysis (Continued)

Fiscal year 2009 operating expenses before depreciation and amortization decreased by \$6.0 million (0.9%) from fiscal year 2008 due to the successful implementation of cost cutting measures in response to the economic crisis. Significant variances were posted in the following categories: slight increase of \$4.2 million in salaries and benefits due to increase in cost of living adjustment, offset by decreases in the following: contractual services of \$4.5 million, other operating expense of \$4.9 million, supplies and utilities expenses of \$0.3 million and \$0.7 million respectively.

The major nonoperating activities of the Airports Enterprise Fund for fiscal year 2009 decreased by \$59.5 million. The decrease of \$59.5 million is largely due to the substantial decline in the fair value of investments of \$21.5 million resulting from the adverse effect of the financial market meltdown and \$15.3 million decrease in passenger facility charges. Nonoperating expenses increased substantially by \$28.9 million due to the following: \$16.9 million increase in reserves that include \$12.8 million for pollution remediation costs, \$10 million payout made to United Airlines for early termination of lease agreement, and \$4.1 million increase in the reserve for claims and litigation. Capital grant contributions went down by \$35.2 million (28.1%) due to decreased contributions from the Federal Aviation Administration.

As a result of the above financial changes, the Airports Enterprise Fund's change in net assets for fiscal year 2009 amounted to \$268.5 million, down \$84.6 million from fiscal year 2008.

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, 2009, operating revenues of Harbor decreased to \$402.2 million, reflecting a 5.7% decline from prior year revenues of \$426.3 million. The decline was due to the \$39.9 million decrease in wharfage revenue, accrual of \$10 million in customer discounts, and decreases of \$4.0 million and \$2.7 million in space assignment revenue and land rental income, respectively. Offsetting the decrease was \$24.8 million clean truck fees that the Harbor collected beginning February 2009.

Operating expenses before depreciation of \$254.1 million increased by \$32.3 million from \$221.8 million, a 14.6% increase over the prior fiscal year. The increase reflected the \$54 million additional expenses from subsidizing the clean truck program offset by decreases of \$8.4 million in outside and professional services, and \$6.2 million in litigation and settlement expenses.

Significant changes in the net nonoperating items were as follows: decrease of \$16.0 million in interest and investment income due to lower average yields of 3.9% in fiscal year 2009 compared to 5.1% in fiscal year 2008; decrease in other income of \$5.1 million primarily due to lower federal operating grant receipts, offset by \$5.9 million increase in other expenses from abandoned projects.

As a result of the above financial changes, the Harbor Enterprise Fund's change in net assets for fiscal year 2009 amounted to \$46.0 million, down \$93.2 million from fiscal year 2008.

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.

Management's Discussion and Analysis (Continued)

Power

During fiscal year 2009, operating revenues posted a net decrease of \$25.4 million (0.9%) from fiscal year 2008. Retail revenues increased by \$14.1 million while wholesale revenues decreased by \$39.5 million. The increase in retail revenue was due to the increase in base rates, offset by a decrease in costs recoverable through the energy cost adjustment billing factor. The decrease in wholesale revenue was due to lower energy sales caused by milder weather.

Fiscal year 2009, operating expenses decreased by \$121 million as compared to fiscal year 2008. Fuel for generation were \$198 million lower due to the decrease in the price of natural gas. Other operating costs increased by \$25 million primarily in transmission expenses and hydraulic station expenses. Maintenance expense increased by \$31 million due to the maintenance of steam, transmission and distribution plants. Other increases were \$12 million in depreciation and amortization expense and purchased power of \$10 million.

The major nonoperating activities of the Power Fund for fiscal year 2009 included the transfer of \$223 million to the City's General Fund, interest income earned on investments of \$115 million, and \$201 million debt expenses. The transfer to the General Fund was based on 8% of the previous year's operating revenues. Investment income decreased by \$44 million due to less cash available for investing and decline in interest rates in fiscal year 2009. The increase in debt expense was due to having 7 months interest expense on the 2008 Series A1 debt issued in November 2008 offset by lower interest rates on variable rate debt. The variable rate bonds' daily and weekly rate range decreased from 1.55% to 1.65% as of June 30, 2008 to 0.27% to 0.30% as of June 30, 2009.

As a result of the above financial changes, including capital contributions of \$16.8 million, the Power Enterprise Fund's increase in net assets for fiscal year 2009 amounted to \$149.8 million, up \$10.1 million from fiscal year 2008.

Water

During fiscal year 2009, operating revenues increased by \$40 million (5%) from fiscal year 2008. The increase was due to increase in qualified pass-through expenditures primarily purchased water expense of \$33.6 million. The remaining \$6.4 million increase was due to various smaller changes in the base rate revenue offset by changes in other pass through factor revenues.

The operating expenses for fiscal year 2009 were \$65 million higher as compared to the prior year. The increase was due to increased purchased water costs of \$27 million, increase in other operating costs of \$12 million, increase in depreciation charges of \$7 million, and increase in maintenance costs of \$19 million. The Water System purchased 5 billion more gallons of water during 2009 due to drier than normal weather conditions, resulting in increased demand for purchased water. These additional purchases caused purchased water costs to increase by \$27 million over fiscal year 2008. The maintenance expense increase of \$18 million was mostly related to maintenance of mains, dams and reservoirs.

The major nonoperating activities of the Water Fund for fiscal year 2009 included reversing the 2008 and 2007 transfers of \$33.4 million and \$29.9 million, respectively, to the reserve fund of the City of Los Angeles, \$92 million in debt expense, net of allowance for funds used during construction of \$2 million, and capital contributions of \$30.6 million. As discussed further in the notes to financial statements (see pages 157 to 158), the Water transfer to the City's General Fund was deemed illegal by the courts in July 2009. Debt expense decreased due to the defeasance of \$34.4 million in variable rate debt offset by new debt issuance of \$150 million. The variable rate bonds' daily and weekly range decreased from 1.60% to 2.60% as of June 30, 2008 to 0.23% to 0.30% as of June 30, 2009. Capital contributions increased by \$5 million due to donated properties.

Management's Discussion and Analysis (Continued)

As a result of the above financial changes, the Water Enterprise Fund's increase in net assets for fiscal year 2009 was \$129.8 million, up \$65.1 million from fiscal year 2008.

Sewer

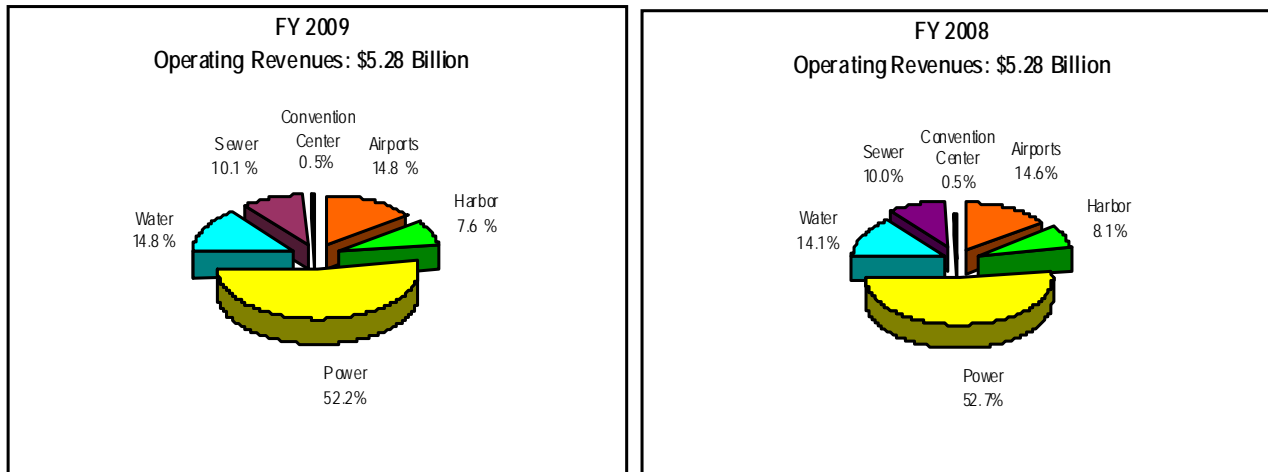
The Sewer Enterprise Fund accounts for the construction, operation and maintenance of the City's wastewater collection and treatment system.

Total operating revenues of the Sewer Fund for fiscal year 2009 amounted to \$531.8 million, a \$5.1 million (1.0%) increase from the prior year. The increase in revenues was primarily due to 7% rate increase in sewer service charges effective July 1, 2008.

Total operating expenses amounted to \$443.3 million, a 2.4% or \$10.2 million increase from the prior year's operating expenses of \$433.1 million. Expenses for operations and maintenance accounted for the increased due mainly to increase in operating expenses for wastewater system.

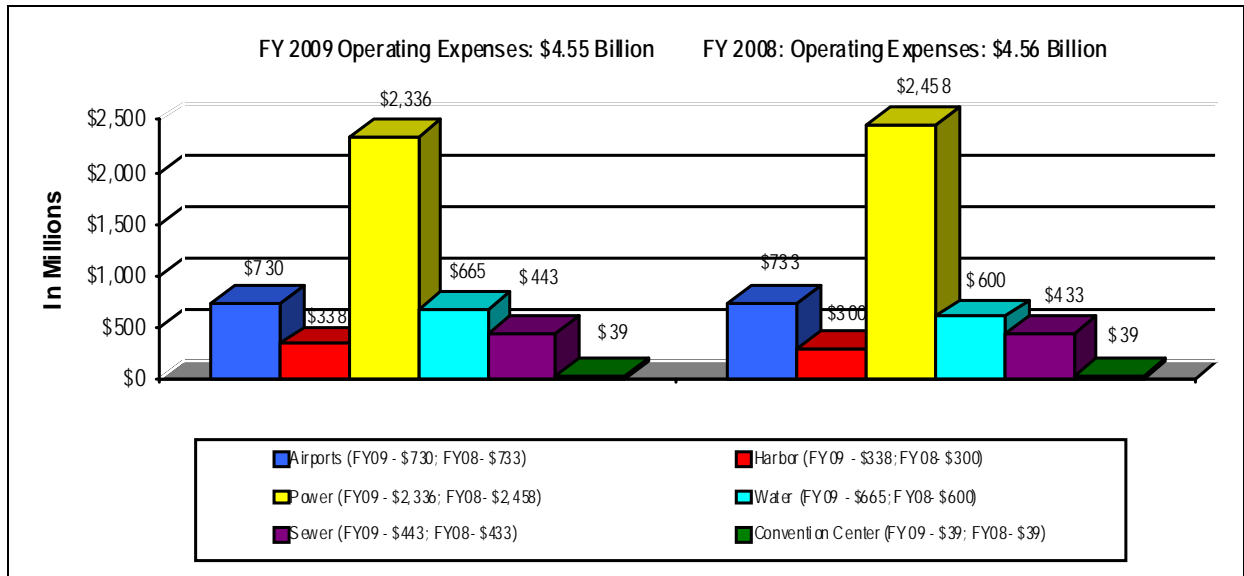
As a result of the above financial changes, including capital contributions of \$11.5 million, the Sewer Enterprise Fund's change in net assets for fiscal year 2009 was \$6.0 million, down \$12.1 million from fiscal year 2008.

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



Management's Discussion and Analysis (Continued)

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



GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2008-09, 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, 2009
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Revenues and Other Financing Sources				
Taxes	\$ 3,333,205	\$ 3,333,205	\$ 3,279,447	\$ (53,758)
Licenses, Permits, Fees and Fines	938,178	938,178	822,168	(116,010)
Intergovernmental	36,816	36,816	35,646	(1,170)
Interest	32,172	32,172	40,130	7,958
Other	12,028	12,028	13,019	991
Total Revenues	4,352,399	4,352,399	4,190,410	(161,989)
Power Transfers	197,400	197,400	222,506	25,106
Transfers from Other Funds	851,006	1,178,948	1,018,036	(160,912)
Loans from Other Funds	--	19,592	16,590	(3,002)
Total Revenues and Other Financing Sources	5,400,805	5,748,339	5,447,542	(300,797)
Expenditures and Other Financing Uses				
General Government	1,406,995	1,609,538	1,430,105	179,433
Protection of Persons and Property	1,990,908	2,014,982	1,993,037	21,945
Public Works	320,147	387,143	352,754	34,389
Health and Sanitation	272,213	268,588	259,549	9,039
Transportation	152,232	177,929	149,813	28,116
Cultural and Recreational Services	76,451	79,342	75,191	4,151
Community Development	107,099	119,965	110,220	9,745
Pension and Retirement Contributions	14,395	14,121	13,994	127
Capital Outlay	11,180	33,793	10,677	23,116
Total Expenditures	4,351,620	4,705,401	4,395,340	310,061
Transfers to Other Funds	1,049,742	1,043,445	1,038,858	4,587
Payment of Loans to Other Funds	--	50	--	50
Total Expenditures and Other Financing Uses	5,401,362	5,748,896	5,434,198	314,698
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
Fund Balance, July 1	557	557	507	(50)
Encumbrances Lapsed	--	--	19,468	19,468
Reversion to Reserve Fund	--	--	(33,319)	(33,319)
Fund Balance, June 30	\$ --	\$ --	\$ --	\$ --

The City faced enormous financial challenges due to the economic crisis in fiscal year 2009. Actual revenues and other financing sources fell below budgetary estimates by \$300.8 million or 5.2%. Reductions are reflected in the economy-sensitive revenues, including business tax, down \$20.9 million or 4.6%; transient occupancy tax, down \$19.6 million or 14.4%; documentary transfer tax, down \$36.1 million or 43%; and parking users tax, down \$10.0 million or 11.8%. Rising unemployment, reduced credit availability and a pullback on consumer spending are reflected in the \$24.2 million or 7.8% decrease in sales tax. Offsetting some of these reductions in revenues are: increases in property tax of \$47.7 million or 3.2% from a carry over of prior year's growth in property values and higher utility users tax of \$10.2 million or 1.6%.

Decreases in licenses, permits, fees and fines are largely due to reduced receipts from the sale of surplus property and reduced reimbursements from other funds for services provided by the General Fund. Delayed interest allocation to proprietary and special funds at fiscal year end accounted for the variance of \$8.0 million in interest income.

Management's Discussion and Analysis (Continued)

During fiscal year 2009, the City continued to implement a series of belt-tightening measures aimed at balancing its budget such as requiring strict adherence to the managed hiring process, suspension of non-emergency overtime, controlled contract expenditures and delays on nonessential equipment purchases. As a result, overall expenditures were \$310.1 million below budget and the fiscal year ended with a \$33.3 million reversion to the Reserve Fund.

LONG-TERM DEBT

At June 30, 2009 the City's bonded indebtedness and long-term notes payable totaled \$16.3 billion as follows:

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

	Governmental Activities		Business-type Activities		Total	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Debt backed by the City						
General Obligation Bonds	\$ 1,331,103	\$ 1,336,040	\$ --	\$ --	\$ 1,331,103	\$ 1,336,040
Judgment Obligation Bonds	26,219	9,195	--	--	26,219	9,195
Special Assessment Debt	27,685	29,390	--	--	27,685	29,390
Debt Secured by Specified Revenue Sources						
Certificates of Participation and Lease						
Revenue Bonds	1,994,427	1,840,024	--	--	1,994,427	1,840,024
Revenue Bonds and Notes Payable	511,159	626,778	12,269,383	11,010,836	12,780,542	11,637,614
Loans Payable to U.S. Department of Housing and Urban Development	98,035	76,055	--	--	98,035	76,055
Total	<u>\$ 3,988,628</u>	<u>\$ 3,917,482</u>	<u>\$ 12,269,383</u>	<u>\$ 11,010,836</u>	<u>\$ 16,258,011</u>	<u>\$ 14,928,318</u>

Significant new issuances during the year are the following:

- \$101.0 million general obligation bonds for stormwater pollution abatement projects.
- \$20.6 million judgment obligation bonds to make payments to certain persons with respect to certain cases in which the City was a defendant.
- \$258.9 million MICLA lease revenue bonds for acquisition of certain equipments, certain real property sites and improvements thereon.
- \$253.1 million Convention Center lease revenue bonds to refund certain outstanding bonds.
- \$853.3 million Airports revenue bonds for capital expenditures and to refund \$7.5 million series 1995D bonds.
- Power Fund revenue bonds issued were: \$550.0 million to be used for capital improvements, \$123.1 million to refund \$125.0 million series 2007B variable rate bonds, and \$172.1 million to refund \$180.8 million series 2001A, subseries A-1 bonds.
- \$150.0 million Water Fund revenue bonds to be used for capital improvements.
- \$454.8 million Wastewater System Revenue bonds to pay for maturing commercial paper notes of \$298.1 million and to refund \$153.5 million outstanding revenue bonds.

Management's Discussion and Analysis (Continued)

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 113.

As of June 30, 2009, there were no changes in the ratings of the outstanding bonds and the City is in compliance with its bond covenants. In November 2009, Fitch downgraded the ratings of certain outstanding bonds of the City from AA to AA- and AA- to A+. The downgraded ratings and negative outlook reflect the City's reduced general fund reserves as a result of the weakened economy and future years' sizable projected budget gaps along with substantial efforts needed to further reduce spending, enhance revenues, or a combination of both. Fitch views the meaningful and ongoing progress in achieving savings through pension reform or other means as critical to retaining the ratings at these new levels.

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.

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, 2009, the City is in compliance with the aforementioned policies.

Information related to the City's legal debt margin is found on pages 326 and 327. Pledged revenue bond coverage for the City's enterprise funds is found on pages 328 and 329.

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounted to \$28.0 billion (net of accumulated depreciation). This investment in capital assets, which accounts for 69.5% 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	
	2009	2008	2009	2008	2009	2008
Not Depreciated						
Land.....	\$ 679,978	\$ 659,732	\$ 2,241,046	\$ 2,211,756	\$ 2,921,024	\$ 2,871,488
Infrastructure.....	164,068	147,514	-	-	164,068	147,514
Construction in Progress.....	2,021,934	1,695,011	3,578,381	3,124,325	5,600,315	4,819,336
Subtotal.....	<u>2,865,980</u>	<u>2,502,257</u>	<u>5,819,427</u>	<u>5,336,081</u>	<u>8,685,407</u>	<u>7,838,338</u>
Depreciated, Net						
Buildings, Facilities and Equipment.....	2,217,204	2,180,580	15,114,095	14,292,175	17,331,299	16,472,755
Infrastructure.....	<u>1,730,652</u>	<u>1,739,775</u>	<u>-</u>	<u>-</u>	<u>1,730,652</u>	<u>1,739,775</u>
Subtotal.....	<u>3,947,856</u>	<u>3,920,355</u>	<u>15,114,095</u>	<u>14,292,175</u>	<u>19,061,951</u>	<u>18,212,530</u>
Natural Gas Field, Net.....	-	-	223,617	228,824	223,617	228,824
Nuclear Fuel at Amortized Cost....	-	-	36,904	32,982	36,904	32,982
Total.....	<u>\$ 6,813,836</u>	<u>\$ 6,422,612</u>	<u>\$ 21,194,043</u>	<u>\$ 19,890,062</u>	<u>\$ 28,007,879</u>	<u>\$ 26,312,674</u>

The modified approach is used in reporting the City's bridges infrastructure system. As of June 30, 2009, the condition of City bridges is compliant with the City's policy. Seventy two percent of all City bridges are rated B or better and no bridge is rated less than D. The planned costs for preservation and maintenance were \$29.4 million, but \$51.1 million was actually spent. See additional information on Note 1E of the Notes To Basic Financial Statements on pages 64-66. The required supplementary information for bridges is presented on pages 188 and 189.

Major capital assets activities during the year are as follows:

Governmental Activities

- Completed building construction and various improvements amounted to \$93.0 million which included \$2.0 million acquisition, construction and improvement costs for various municipal facilities and \$91.0 million for library, recreation and parks, and zoo facilities.
- Capitalized charges for various projects under construction totaled \$457.0 million. These projects are for police, library, recreational, zoo, stormwater, streets, traffic, transportation and various other City facilities and infrastructure projects.
- Capitalized expenses for infrastructure assets totaled \$85.0 million.

Management's Discussion and Analysis (Continued)

- Acquisition of machinery and equipment that were capitalized totaled \$99.0 million, while those retired, salvaged, deleted or sold amounted to \$59.7 million.

Business-type Activities

- The Airport Enterprise Fund's net capital assets increased by \$430.6 million, or 15.2%, mainly due to increase in construction work in process by \$457.7 million, and equipment by \$74.0 million. Significant capital expenditures were made for interior improvements at the Tom Bradley International Terminal, security program-in-line baggage screening systems, and noise mitigation projects.
- The Harbor Enterprise Fund capitalized \$233.6 million in fiscal year 2009, 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 and environmental enhancements.
- The Power Enterprise Fund capitalized \$974.0 million of additions, including transfers from construction in progress, to depreciable utility plant in service. Of the \$974.0 million, \$394.0 million, or 40%, related to distribution plant assets added to improve distribution system reliability in line with the Power Reliability Program. In addition, \$423.0 million or 43% is related to generation plant assets including the cost to construct the Pinetree Wind Project and capital improvements to various generating stations. Construction in progress decreased by \$280.0 million mostly due to the capitalization of the Pinetree Wind Project, Towers and Overhead Transmission, Underground Transmission and Distribution Facilities.
- The Water Enterprise Fund capitalized \$362.0 million of additions to depreciable utility plant in service. Of the \$362.0 million, \$193.0 million, or 53% related to distribution utility plant assets, and \$79.0 million was added to source of supply assets primarily due to the additions and betterments in the Owens Lake Dust Control Project and improvements to canals and conduits. The remaining \$90.0 million, or 25%, additions included assets in the pumping stations, purification stations, and general plant facilities.
- The Sewer Enterprise Fund capitalized \$116.4 million of additions, including transfers from construction in progress. Of the \$116.4 million, \$93.7 million or 80.5% related to the collection system and \$13.6 million or 11.7% related to treatment plants and equipment. Charges to construction in progress totaled \$219.0 million. These projects are driven by regulatory requirements.

Significant commitments that include construction contracts are discussed in Note 5B of the Notes to the Basic Financial Statements on page 165.

The City's policy affecting capital assets can be found in Note 1E of the Notes to the Basic Financial Statements on pages 64-66. Additional information can be found in Note 4F on pages 106-109.

Management's Discussion and Analysis (Continued)

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET

The City's fiscal year 2009-10 adopted budget is \$6.9 billion. Of this amount, \$3.5 billion, or 51%, is appropriated for departmental expenditures. The remainder of \$3.4 billion is appropriated for non-departmental expenditures. Estimated general receipts of \$4.4 billion, special receipts of \$2.1 billion, and available balances of \$0.4 billion fund the budget.

The \$4.4 billion 2009-10 budgeted receipts of the General Fund operating account project a \$15.4 million (or -0.3%) net decrease from fiscal year 2008-09 actual receipts as follows (dollar amounts in millions):

	FY 2009-10 Budget	FY 2008-09 Receipts	Increase (Decrease)	
			Amount	%
Taxes.....	\$ 3,180.8	\$ 3,279.4	\$ (98.6)	-3.0%
Licenses, permits, fees and fines.....	857.1	822.2	34.9	4.2%
Intergovernmental.....	28.0	35.6	(7.6)	-21.3%
Interest.....	22.1	40.1	(18.0)	-44.9%
Other.....	12.1	11.4	0.7	6.1%
Transfers from other funds ^(a)	299.6	226.4	73.2	32.3%
Total.....	<u>\$ 4,399.7</u>	<u>\$ 4,415.1</u>	<u>\$ (15.4)</u>	-0.3%

^(a) Other funds include Power Fund, Special Parking Fund, and Telecommunications Liquidated Damages Fund.

Receipts from all tax categories except utility users' tax and documentary transfer tax are expected to decrease compared to prior year's receipts. 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 including inflation, the real estate market, new construction activity, assessment appeals and restorations to the tax rolls. For fiscal year 2009-10, property tax receipts are projected to decrease by \$90.0 million (6%) from fiscal year 2008-09 receipts of \$1.5 billion. The projected 6% decline is the result of lower assessed valuations, lower projected collection rate, and reduced supplemental receipts. Documentary transfer tax is projected to grow by 11% to \$100.0 million. It is anticipated that the volume of real estate sales will rise due to falling prices. Business tax and sales tax is expected to decrease by 5% due to recession. The telephone and gas components of the utility users' tax are projected to decrease due to telephone rate decrease tied to Proposition S and falling natural gas prices, respectively. The electric users' tax, however, is expected to increase by 4% due to rate increase and other energy adjustment factors.

Transfers from other funds is projected to increase by \$73.0 million mainly due to the transfer from the Special Parking Revenue Fund of excess revenue (\$25.0 million), proceeds from the sale of a City asset (\$36.0 million), and higher transfer from the Power System. Licenses, permits, fees and fines are budgeted to be \$35.0 million higher in fiscal year 2009-10.

Management's Discussion and Analysis (Continued)

The State is in the midst of a serious recession with a budget gap that is difficult to close. The sluggish economy continues to have a negative impact on City's revenues. Even with implementation of budget-balancing measures to reduce the deficit, the City still faces significant financial challenges to mitigate projected short and long term deficit. A review of recent economic performance and forecasts by leading economists provides important insight into the region's economic outlook and of the City's revenue base.

- Employment in Los Angeles County has fluctuated over the last ten years with significant declines beginning 2007. From 2000 to 2003, there were slight dips in rates averaging 1% annually, followed by slow growth averaging 1% between 2004 and 2006. In 2007, the National Bureau of Economic Research indicated that the country was in recession. Employment forecasts anticipate contracted rates of 2.5%, and 3.5% in 2008. UCLA Anderson in its December 2009 report expects employment to shrink by 4.3% in 2009 and 0.7% in 2010 statewide.
- Another indicator of the local economy is the change in personal income. Personal income growth in the Los Angeles County averaged 5.6% in 2000 and 2001, followed by a slight increase of 2.6% average in 2002 and 2003. From 2004 through 2007, increases averaged 5.9%, continued with minimal growth in 2008 based on the economic forecast by the Los Angeles Economic Development Corporation (LAEDC) in July 2009. LAEDC also predicts a decline by 1.6% in 2009 and a slight growth of 1.0% in 2010.

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

- The City's fiscal year 2009-10 General Fund budget balanced revenues to appropriations but not to the on-going level of expenditures from prior years. As revenues came in significantly lower than projected, the City faces a budget shortfall. To bridge the budget gap, the City began a program of Shared Responsibility and Sacrifice through negotiations with its labor partners and in some instances with unilateral action. Actions taken include an early retirement incentive program projected to provide General Fund savings, a mandatory furlough program with civilian employees having reduced work hours of between 5 and 10 percent, deferral of salary increases for the majority of civilian employees, increased use of banked time for overtime instead of cash overtime payments, and increased contribution by civilian employees to the City's civilian retirement system.
- During the 2009-10 fiscal year, the Controller released several reports to the Mayor and City Council addressing salary savings resulting from budget balancing actions, but also indicating that the savings are not sufficient to result in a balanced salary account at fiscal year end.
- The City Administrative Officer (CAO) reports to the Mayor and City Council on the status of the budget with budget balancing recommendations. In the second Financial Status Report (FSR) dated November 25, 2009, the CAO reported that the potential deficit had been reduced to \$98.1 million of which \$75.3 million was the result of a revenue shortfall.
- In January, the CAO provided updated revenue projection and subsequently on January 21, released a letter to the Mayor and City Council indicating that revenue had deteriorated from a \$75.3 million shortfall to a \$185.9 million shortfall.
- On January 20, the Mayor, President of the City Council and other elected leaders in citing a \$200 million shortfall, requested recommendations from the CAO to balance the budget for the current fiscal year, restore the City's long term fiscal health, and strengthen the City's credit rating.

Management's Discussion and Analysis (Continued)

- On January 26, the Controller released a report to the Mayor and Council projecting a \$199.0 million deficit, combined revenue and expenditures, recommending that immediate action be taken to close the budget gap prior to June 30, 2010.
- On January 28, the CAO released a FSR to the Mayor and Council recommending actions to close a \$208.0 million dollar deficit. Actions include transferring appropriations within and between departments, building the Reserve Fund, using the majority of the Reserve Fund to balance this years budget while taking actions to bring expenditures and revenues in line in future years including expanding the retirement incentive to additional personnel, limited layoffs, sale or lease of certain City assets, and reopening negotiations with labor partners representing City employees.
- The CAO's January 29 FSR includes a multi-year budget outlook. The outlook is subject to change as relevant revenue and expenditure data become available. Absent actions by the Mayor and Council, the latest CAO report projects deficits of \$208.5 million in fiscal year 2009-10, \$483.8 million in fiscal year 2010-11, \$785.3 million in fiscal year 2011-12, \$952.1 million in fiscal year 2012-13, and \$1,070.5 billion in fiscal year 2013-14.
- The City Council began the process of considering and acting on the CAO recommendations.

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 2009	FY 2008
Current and other assets.....	\$ 911,950	\$ 882,633
Capital assets.....	96,781	98,518
Total assets.....	1,008,731	981,151
Current and other liabilities.....	79,572	78,534
Long-term liabilities.....	826,358	842,666
Total liabilities.....	905,930	921,200
Net assets:		
Invested in capital assets, net of related debt.....	53,903	56,843
Restricted.....	596,051	616,897
Deficit.....	(547,153)	(613,789)
Total net assets.....	\$ 102,801	\$ 59,951

Management's Discussion and Analysis (Continued)

At June 30, 2009, the CRA's total assets exceeded its total liabilities by \$102.8 million or an increase of \$42.8 million from the previous year's net assets of \$60.0 million. The increase is mainly due to the increase in land held for redevelopment. 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, 2009, the CRA incurred additional notes payable totaling \$1.9 million, while retirements totaled \$22.2 million. Proceeds of the debt issuances increased cash and investment, a component of current and other assets.

At June 30, 2009, the CRA's net long-term debt amounted to \$826.4 million. Of this amount, 80.8% or \$668.1 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 2009	FY 2008
Program Revenues		
Charges for Services	\$ 10,087	\$ 9,702
Capital Grants and Contributions	37,189	44,990
General Revenues		
Incremental Property Taxes	217,868	211,491
Interest Income	13,669	24,459
Other	6,219	16,452
Total Revenues	285,032	307,094
Program Expenses		
Housing	82,853	58,057
Community and Economic Development	39,682	36,141
Public Improvement	17,625	14,393
Project General	55,529	37,831
Parking facilities	5,460	5,223
Interest on Long-term Debt	41,033	37,610
Total Program Expenses	242,182	189,255
Change in Net Assets	\$ 42,850	\$ 117,839

Management's Discussion and Analysis (Continued)

For the fiscal year ended June 30, 2009, the CRA's revenues totaled \$285.0 million, a decrease of \$22.1 million (7.2%) from the prior fiscal year. The CRA benefited from the robust real estate market in the prior years that spurred the growth in assessed valuation but was also adversely affected by the financial market crisis. This is reflected in the slight growth of \$6.4 million in incremental property taxes which was offset by decreases in capital grants and interest earnings of \$7.8 million and \$10.8 million respectively. Total program expenses, other than interest on long-term debt, had a net increase of \$49.5 million or 32.6%.

As a result of the above financial changes, the CRA's increase in net assets for fiscal year 2009 was \$42.9 million, down \$75.0 million from fiscal year 2008.

At June 30, 2009, CRA had approximately \$207.9 million in outstanding commitments including \$85.1 million payment to the State's Supplemental Education Revenue Augmentation Fund (SERAF) for fiscal years 2010 and 2011 to help alleviate the State's budget deficits. In July 2009, the California State legislature passed and the Governor signed AB 26 4X requiring California redevelopment agencies to participate proportionately in a shift of a total \$2.05 billion in property tax increment revenues to the county SERAF in fiscal years 2010 and 2011. The California Redevelopment Association has filed a lawsuit challenging the constitutionality of AB 26 4X, however, until AB 26 4X has been judicially determined to be unconstitutional, it is the law, and redevelopment agencies have to comply with its terms and deadlines set for SERAF payments. Other commitments are for various work programs and executed loan agreements.

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, 2009
(amounts expressed in thousands)

	Primary Government			Component Unit- Community Redevelopment Agency
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Pooled Investments	\$ 3,035,875	\$ 1,573,776	\$ 4,609,651	\$ 93,761
Other Investments	73,732	110,470	184,202	412,286
Receivables, Net	1,108,488	2,040,471	3,148,959	101,481
Loans Receivable from Component Unit	77,937	--	77,937	--
Due From Primary Government	--	--	--	900
Inventories	18,205	187,330	205,535	138,364
Prepaid Items and Other Assets	27,156	487,604	514,760	37,190
Restricted Assets	5,965	2,751,161	2,757,126	127,968
Investment in Joint Ventures	--	11,250	11,250	--
Net Pension Assets	--	119,051	119,051	--
Net Other Postemployment Benefits Assets	--	665,698	665,698	--
Capital Assets				
Not Depreciated	2,865,980	5,819,427	8,685,407	67,508
Depreciated, Net	3,947,856	15,114,095	19,061,951	29,273
Natural Gas Field, Net	--	223,617	223,617	--
Nuclear Fuel, at Amortized Cost	--	36,904	36,904	--
TOTAL ASSETS	11,161,194	29,140,854	40,302,048	1,008,731
LIABILITIES				
Accounts Payable and Accrued Expenses	424,829	738,331	1,163,160	7,726
Obligations Under Securities Lending Transactions	--	8,591	8,591	--
Matured Bonds and Interest Payable	374	--	374	--
Accrued Interest Payable	61,699	184,810	246,509	24,999
Due to Component Unit	900	--	900	--
Internal Balances	44,846	(44,846)	--	--
Deposits and Advances	22,908	74,457	97,365	42,914
Other Liabilities	18,709	558,639	577,348	3,933
Advances from Fiduciary Funds	36,256	--	36,256	--
Non-current Liabilities				
Due Within One Year	569,319	613,623	1,182,942	27,638
Due In More Than One Year	6,060,671	12,131,677	18,192,348	720,783
Loans Payable to Primary Government (including \$457 due within one year)	--	--	--	77,937
TOTAL LIABILITIES	7,240,511	14,265,282	21,505,793	905,930
NET ASSETS				
Invested In Capital Assets, Net of Related Debt	3,633,548	9,148,381	12,781,929	53,903
Restricted for:				
Capital Projects	138,237	274,711	412,948	378,244
Debt Service	216,751	1,044,956	1,261,707	100,247
Public Safety	176,370	--	176,370	--
Public Works and Sanitation	307,060	--	307,060	--
Transportation Programs	499,687	--	499,687	--
Culture and Recreation Activities	261,332	--	261,332	--
Community Development and Housing	382,297	--	382,297	117,560
Passenger Facility Charges	--	567,791	567,791	--
Pension and Other Postemployment Benefits	--	784,749	784,749	--
Other Purposes	12,848	397,553	410,401	--
Unrestricted (Deficit)	(1,707,447)	2,657,431	949,984	(547,153)
TOTAL NET ASSETS	\$ 3,920,683	\$ 14,875,572	\$ 18,796,255	\$ 102,801

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, 2009
(amounts expressed in thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Unit - Community Redevelopment Agency
	Expenses	Program Revenues			Primary Government		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary Government								
Governmental Activities:								
General Government	\$ 1,507,318	\$ 278,800	\$ 16,159	\$ --	\$(1,212,359)	\$ --	\$(1,212,359)	\$ --
Protection of Persons and Property	2,552,413	281,388	105,926	15,647	(2,149,452)	--	(2,149,452)	--
Public Works	451,141	166,387	190,773	7,300	(86,681)	--	(86,681)	--
Health and Sanitation	416,247	445,108	24,138	4,209	57,208	--	57,208	--
Transportation	406,464	94,832	236,081	435	(75,116)	--	(75,116)	--
Cultural and Recreational Services	413,119	119,180	26,666	52,390	(214,883)	--	(214,883)	--
Community Development	373,244	74,988	254,385	--	(43,871)	--	(43,871)	--
Interest on Long-Term Debt	189,966	--	--	--	(189,966)	--	(189,966)	--
Total Governmental Activities	<u>6,309,912</u>	<u>1,460,683</u>	<u>854,128</u>	<u>79,981</u>	<u>(3,915,120)</u>	<u>--</u>	<u>(3,915,120)</u>	<u>--</u>
Business-type Activities:								
Airports	779,886	958,311	--	90,069	--	268,494	268,494	--
Harbor	382,168	424,036	--	4,103	--	45,971	45,971	--
Power	2,544,032	2,899,485	--	16,824	--	372,277	372,277	--
Water	762,802	798,664	--	30,603	--	66,465	66,465	--
Sewer	553,251	547,666	--	11,543	--	5,958	5,958	--
Other- Convention Center	38,718	26,798	--	--	--	(11,920)	(11,920)	--
Total Business-type Activities	<u>5,060,857</u>	<u>5,654,960</u>	<u>--</u>	<u>153,142</u>	<u>--</u>	<u>747,245</u>	<u>747,245</u>	<u>--</u>
Total Primary Government	<u>\$11,370,769</u>	<u>\$ 7,115,643</u>	<u>\$ 854,128</u>	<u>\$ 233,123</u>	<u>(3,915,120)</u>	<u>747,245</u>	<u>(3,167,875)</u>	<u>--</u>
Component Unit- Community Redevelopment Agency	<u>\$ 242,182</u>	<u>\$ 10,087</u>	<u>\$ --</u>	<u>\$ 37,189</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(194,906)</u>
General Revenues:								
Property Taxes					1,714,892	--	1,714,892	217,868
Utility Users Taxes					646,165	--	646,165	--
Business Taxes					450,848	--	450,848	--
Other Taxes								
Documentary Transfer					80,965	--	80,965	--
Transient Occupancy					137,110	--	137,110	--
Parking Occupancy					97,210	--	97,210	--
Franchise Income					58,177	--	58,177	--
Miscellaneous					26,389	--	26,389	--
Grants and Contributions Not Restricted to Specific Programs								
Sales Taxes					300,585	--	300,585	--
Motor Vehicle In-Lieu Taxes					13,764	--	13,764	--
Other					19,703	--	19,703	--
Unrestricted Investment Earnings					46,772	--	46,772	13,669
Other					60,879	--	60,879	6,219
Transfers					159,150	(159,150)	--	--
Total General Revenues and Other Items					<u>3,812,609</u>	<u>(159,150)</u>	<u>3,653,459</u>	<u>237,756</u>
Change In Net Assets					<u>(102,511)</u>	<u>588,095</u>	<u>485,584</u>	<u>42,850</u>
Net Assets - July 1					<u>4,037,657</u>	<u>14,380,904</u>	<u>18,418,561</u>	<u>59,951</u>
Net Adjustment for Pollution Remediation Obligations					<u>(14,463)</u>	<u>(93,427)</u>	<u>(107,890)</u>	<u>--</u>
Net Assets - June 30					<u>\$ 3,920,683</u>	<u>\$ 14,875,572</u>	<u>\$ 18,796,255</u>	<u>\$ 102,801</u>

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

CITY OF LOS ANGELES

Balance Sheet
 Governmental Funds
 June 30, 2009
 (amounts expressed in thousands)

	General	Building and Safety Permit	Community Development	Municipal Improvement Corporation	
				Special Revenue	Debt Service
ASSETS					
Cash and Pooled Investments	\$ 625,675	\$ 29,262	\$ 3,327	\$ 82,016	\$ 62,468
Other Investments	70	--	--	--	59,495
Taxes Receivable (Net of Allowance for Uncollectibles of \$557,635)	364,048	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$331,782)	194,888	1,891	--	--	--
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$2,346)	3,457	3	--	--	--
Investment Income Receivable	4,955	255	9	486	826
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$49,571)	13,814	--	10,731	--	--
Loans Receivable (Net of Allowance for Uncollectibles of \$799,461)	--	--	109,638	--	--
Due from Other Funds	36,912	4,483	2,647	--	--
Loans Receivable from Component Unit (Net of Allowance for Uncollectibles of \$500)	--	--	76,977	--	--
Inventories	18,205	--	--	--	--
Prepaid Items and Other Assets	--	--	--	2,542	314
Advances to Other Funds	9,673	--	--	--	--
Restricted Assets	--	--	--	--	--
TOTAL ASSETS	\$ 1,271,697	\$ 35,894	\$ 203,329	\$ 85,044	\$ 123,103
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 70,686	\$ 1,361	\$ 5,097	\$ 18,139	\$ --
Accrued Salaries and Overtime Payable	201,098	--	--	--	--
Accrued Compensated Absences Payable	1,415	--	--	--	--
Estimated Claims and Judgments Payable	20,918	--	--	--	--
Intergovernmental Payable	41	1	15	2,476	--
Due to Other Funds	53,002	514	1,957	2,748	--
Due to Component Unit	--	--	10	--	--
Deferred Revenue and Other Credits	377,540	945	--	--	--
Deposits and Advances	6,892	32	138	--	--
Matured Bonds and Interest Payable	--	--	--	--	--
Advances from Other Funds	38,397	--	--	--	--
Other Liabilities	18,257	--	8	--	--
TOTAL LIABILITIES	788,246	2,853	7,225	23,363	--
FUND BALANCES					
Reserved for:					
Encumbrances	138,951	824	14,174	12,862	--
Assets Not Available for Appropriation	27,878	--	186,615	2,542	--
Debt Service	--	--	--	--	123,103
Special Purposes	168	--	--	--	--
Unreserved:					
Designated for Special Purposes	159,784	--	--	--	--
Undesignated:					
General Fund	156,670	--	--	--	--
Special Revenue Funds	--	32,217	(4,685)	46,277	--
Capital Projects Funds	--	--	--	--	--
TOTAL FUND BALANCES	483,451	33,041	196,104	61,681	123,103
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,271,697	\$ 35,894	\$ 203,329	\$ 85,044	\$ 123,103

Continued...

CITY OF LOS ANGELES

Balance Sheet - (Continued)
 Governmental Funds
 June 30, 2009
 (amounts expressed in thousands)

	Proposition A Local Transit Assistance	Recreation and Parks	Solid Waste Resources	Other Governmental Funds	Total
ASSETS					
Cash and Pooled Investments	\$ 128,755	\$ 241,988	\$ 57,019	\$ 1,805,365	\$ 3,035,875
Other Investments	--	--	--	14,167	73,732
Taxes Receivable (Net of Allowance for Uncollectibles of \$557,635)	--	--	--	34,757	398,805
Accounts Receivable (Net of Allowance for Uncollectibles of \$331,782)	304	--	10,747	9,839	217,669
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$2,346)	--	--	--	18,001	21,461
Investment Income Receivable	772	1,418	677	10,446	19,844
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$49,571)	16,747	--	--	100,111	141,403
Loans Receivable (Net of Allowance for Uncollectibles of \$799,461)	--	--	--	199,668	309,306
Due from Other Funds	656	1,968	27,621	16,547	90,834
Loans Receivable from Component Unit (Net of Allowance for Uncollectibles of \$500)	--	--	--	960	77,937
Inventories	--	--	--	--	18,205
Prepaid Items and Other Assets	--	--	--	493	3,349
Advances to Other Funds	400	--	--	94,297	104,370
Restricted Assets	--	--	--	5,965	5,965
TOTAL ASSETS	\$ 147,634	\$ 245,374	\$ 96,064	\$ 2,310,616	\$ 4,518,755
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 16,347	\$ 7,750	\$ 2,499	\$ 82,871	\$ 204,750
Accrued Salaries and Overtime Payable	--	11,455	--	4,113	216,666
Accrued Compensated Absences Payable	--	157	--	2	1,574
Estimated Claims and Judgments Payable	--	--	--	--	20,918
Intergovernmental Payable	--	5	--	875	3,413
Due to Other Funds	1,262	259	46	34,805	94,593
Due to Component Unit	--	--	--	890	900
Deferred Revenue and Other Credits	2,713	117	24	102,371	483,710
Deposits and Advances	--	1,798	7	14,041	22,908
Matured Bonds and Interest Payable	--	--	--	374	374
Advances from Other Funds	--	1,122	--	142,194	181,713
Other Liabilities	--	--	--	444	18,709
TOTAL LIABILITIES	20,322	22,663	2,576	382,980	1,250,228
FUND BALANCES					
Reserved for:					
Encumbrances	13,522	15,029	11,368	271,847	478,577
Assets Not Available for Appropriation	400	--	--	295,418	512,853
Debt Service	--	--	--	233,398	356,501
Special Purposes	--	--	--	5,965	6,133
Unreserved:					
Designated for Special Purposes	--	--	--	--	159,784
Undesignated:					
General Fund	--	--	--	--	156,670
Special Revenue Funds	113,390	207,682	82,120	613,201	1,090,202
Capital Projects Funds	--	--	--	507,807	507,807
TOTAL FUND BALANCES	127,312	222,711	93,488	1,927,636	3,268,527
TOTAL LIABILITIES AND FUND BALANCES	\$ 147,634	\$ 245,374	\$ 96,064	\$ 2,310,616	\$ 4,518,755

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, 2009
(amounts expressed in thousands)

Total Fund Balances - Governmental Funds \$ 3,268,527

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. 6,813,836

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 483,710

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (6,645,390)

Net Assets of Governmental Activities \$ 3,920,683

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, 2009
(amounts expressed in thousands)

	General	Building and Safety Permit	Community Development	Municipal Improvement Corporation	
				Special Revenue	Debt Service
REVENUES					
Property Taxes	\$ 1,518,744	\$ --	\$ --	\$ --	\$ --
Sales Taxes	300,585	--	--	--	--
Utility Users Taxes	646,256	--	--	--	--
Business Taxes	461,374	--	--	--	--
Other Taxes	344,147	--	--	--	--
Licenses and Permits	23,704	21,405	--	--	--
Intergovernmental	25,095	--	75,663	--	--
Charges for Services	496,053	51,743	--	--	--
Services to Enterprise Funds	264,602	--	--	--	--
Fines	141,077	--	--	--	--
Special Assessments	1,967	--	--	--	--
Investment Earnings	47,468	1,956	--	2,871	3,384
Program Income	--	--	5,118	--	--
Other	60,477	16	667	--	--
TOTAL REVENUES	4,331,549	75,120	81,448	2,871	3,384
EXPENDITURES					
Current:					
General Government	1,309,583	--	--	145	574
Protection of Persons and Property	2,308,105	118,636	--	--	--
Public Works	205,924	--	--	--	--
Health and Sanitation	147,380	--	--	--	--
Transportation	145,891	--	--	--	--
Cultural and Recreational Services	62,952	--	--	--	--
Community Development	48,612	--	83,686	--	--
Capital Outlay	20,687	1,546	--	260,758	--
Debt Service:					
Principal	--	--	--	--	334,665
Interest	--	--	--	--	66,761
Cost of Issuance	750	--	--	1,886	--
TOTAL EXPENDITURES	4,249,884	120,182	83,686	262,789	402,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	81,665	(45,062)	(2,238)	(259,918)	(398,616)
OTHER FINANCING SOURCES (USES)					
Transfers In	289,432	--	8,548	3,689	386,011
Transfers Out	(506,040)	--	(321)	(246,751)	(174)
Issuance of Long-term Debt	20,600	--	--	408,625	--
Discount on Issuance of Long-term Debt	--	--	--	(1,168)	--
Premium on Issuance of Long-term Debt	324	--	--	4,481	--
Issuance of Refunding Bonds	--	--	--	--	--
Premium on Issuance of Refunding Bonds	--	--	--	--	--
Payment to Refunded Bond Escrow Agent	--	--	--	--	--
Loans from HUD	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(195,684)	--	8,227	168,876	385,837
NET CHANGE IN FUND BALANCES	(114,019)	(45,062)	5,989	(91,042)	(12,779)
FUND BALANCES, JULY 1	597,947	78,103	190,115	152,723	135,882
DECREASE IN RESERVE FOR INVENTORIES	(477)	--	--	--	--
FUND BALANCES, JUNE 30	\$ 483,451	\$ 33,041	\$ 196,104	\$ 61,681	\$ 123,103

Continued...

CITY OF LOS ANGELES

Statement of Revenues, Expenditures
and Changes in Fund Balances - (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

	Proposition A Local Transit Assistance	Recreation and Parks	Solid Waste Resources	Other Governmental Funds	Total
REVENUES					
Property Taxes	\$ --	\$ --	\$ --	\$ 184,140	\$ 1,702,884
Sales Taxes	--	--	--	--	300,585
Utility Users Taxes	--	--	--	--	646,256
Business Taxes	--	--	--	--	461,374
Other Taxes	--	--	--	50,843	394,990
Licenses and Permits	--	1,277	--	4,698	51,084
Intergovernmental	85,675	--	--	652,289	838,722
Charges for Services	11,810	78,469	271,915	198,784	1,108,774
Services to Enterprise Funds	--	--	1,729	770	267,101
Fines	--	--	--	15,134	156,211
Special Assessments	--	--	--	102,182	104,149
Investment Earnings	5,298	9,682	4,009	60,162	134,830
Program Income	--	--	--	11,272	16,390
Other	1,150	1,000	319	34,317	97,946
TOTAL REVENUES	103,933	90,428	277,972	1,314,591	6,281,296
EXPENDITURES					
Current:					
General Government	--	--	--	29,077	1,339,379
Protection of Persons and Property	--	--	--	172,553	2,599,294
Public Works	--	--	--	217,070	422,994
Health and Sanitation	--	--	242,731	77,281	467,392
Transportation	97,321	--	--	118,159	361,371
Cultural and Recreational Services	--	192,760	--	121,157	376,869
Community Development	--	--	--	269,854	402,152
Capital Outlay	9,178	23,458	27,774	297,962	641,363
Debt Service:					
Principal	--	--	--	160,593	495,258
Interest	--	--	--	121,791	188,552
Cost of Issuance	--	--	--	3,649	6,285
TOTAL EXPENDITURES	106,499	216,218	270,505	1,589,146	7,300,909
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,566)	(125,790)	7,467	(274,555)	(1,019,613)
OTHER FINANCING SOURCES (USES)					
Transfers In	75	134,338	174	266,091	1,088,358
Transfers Out	(3,214)	--	(17,170)	(155,538)	(929,208)
Issuance of Long-term Debt	--	--	--	101,000	530,225
Discount on Issuance of Long-term Debt	--	--	--	--	(1,168)
Premium on Issuance of Long-term Debt	--	--	--	1,712	6,517
Issuance of Refunding Bonds	--	--	--	253,060	253,060
Premium on Issuance of Refunding Bonds	--	--	--	221	221
Payment to Refunded Bond Escrow Agent	--	--	--	(239,201)	(239,201)
Loans from HUD	--	--	--	25,408	25,408
TOTAL OTHER FINANCING SOURCES (USES)	(3,139)	134,338	(16,996)	252,753	734,212
NET CHANGE IN FUND BALANCES	(5,705)	8,548	(9,529)	(21,802)	(285,401)
FUND BALANCES, JULY 1	133,017	214,163	103,017	1,949,438	3,554,405
DECREASE IN RESERVE FOR INVENTORIES	--	--	--	--	(477)
FUND BALANCES, JUNE 30	\$ 127,312	\$ 222,711	\$ 93,488	\$ 1,927,636	\$ 3,268,527

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, 2009
(amounts expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ (285,401)

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. 391,224

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. (3,535)

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. (73,874)

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. (130,448)

Decrease in reserve for inventory (477)

Change in Net Assets of Governmental Activities \$ (102,511)

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)
 General Fund
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,333,205	\$ 3,333,205	\$ 3,279,447	\$ (53,758)
Licenses, Permits, Fees and Fines	938,178	938,178	822,168	(116,010)
Intergovernmental	36,816	36,816	35,646	(1,170)
Interest	32,172	32,172	40,130	7,958
Other	12,028	12,028	13,019	991
TOTAL REVENUES	4,352,399	4,352,399	4,190,410	(161,989)
EXPENDITURES				
Current				
General Government	1,406,995	1,609,538	1,430,105	179,433
Protection of Persons and Property	1,990,908	2,014,982	1,993,037	21,945
Public Works	320,147	387,143	352,754	34,389
Health and Sanitation	272,213	268,588	259,549	9,039
Transportation	152,232	177,929	149,813	28,116
Cultural and Recreational Services	76,451	79,342	75,191	4,151
Community Development	107,099	119,965	110,220	9,745
Pension and Retirement Contributions	14,395	14,121	13,994	127
Capital Outlay	11,180	33,793	10,677	23,116
TOTAL EXPENDITURES	4,351,620	4,705,401	4,395,340	310,061
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	779	(353,002)	(204,930)	148,072
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	1,048,406	1,376,348	1,240,542	(135,806)
Loans from Other Funds	--	19,592	16,590	(3,002)
Transfers to Other Funds	(1,049,742)	(1,043,445)	(1,038,858)	4,587
Payment of Loans to Other Funds	--	(50)	--	50
TOTAL OTHER FINANCING SOURCES (USES)	(1,336)	352,445	218,274	(134,171)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(557)	(557)	13,344	13,901
FUND BALANCES, JULY 1	557	557	507	(50)
Encumbrances Lapsed	--	--	19,468	19,468
Reversion to Reserve Fund	--	--	(33,319)	(33,319)
FUND BALANCES, JUNE 30	\$ --	\$ --	\$ --	\$ --

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

CITY OF LOS ANGELES

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual (Non-GAAP Budgetary Basis)
 Building and Safety Permit Fund
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 112,900	\$ 112,900	\$ 72,802	\$ (40,098)
Interest	2,100	2,100	2,538	438
TOTAL REVENUES	<u>115,000</u>	<u>115,000</u>	<u>75,340</u>	<u>(39,660)</u>
EXPENDITURES				
Current				
Protection of Persons and Property	109,921	204,846	39,955	164,891
Capital Outlay	2,541	2,541	2,541	--
TOTAL EXPENDITURES	<u>112,462</u>	<u>207,387</u>	<u>42,496</u>	<u>164,891</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,538</u>	<u>(92,387)</u>	<u>32,844</u>	<u>125,231</u>
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(76,250)	(89,119)	(74,738)	14,381
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(73,712)</u>	<u>(181,506)</u>	<u>(41,894)</u>	<u>139,612</u>
FUND BALANCES, JULY 1	73,712	73,712	68,543	(5,169)
Appropriation of Fund Balance and Carryforward				
Appropriations	--	107,794	--	(107,794)
Encumbrances Lapsed	--	--	379	379
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 27,028</u>	<u>\$ 27,028</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 (Deficit)
 Budget and Actual (Non-GAAP Budgetary Basis)
 Community Development Fund
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 35,667	\$ 95,206	\$ 70,639	\$ (24,567)
Licenses, Permits and Fines	--	--	56	56
Interest	--	--	11	11
Program Income	--	--	11,506	11,506
Other	--	--	667	667
TOTAL REVENUES	<u>35,667</u>	<u>95,206</u>	<u>82,879</u>	<u>(12,327)</u>
EXPENDITURES				
Current				
Community Development	<u>12,824</u>	<u>121,891</u>	<u>53,624</u>	<u>68,267</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>22,843</u>	<u>(26,685)</u>	<u>29,255</u>	<u>55,940</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	--	--	4,144	4,144
Transfers to Other Funds	<u>(22,843)</u>	<u>(41,749)</u>	<u>(33,988)</u>	<u>7,761</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,843)</u>	<u>(41,749)</u>	<u>(29,844)</u>	<u>11,905</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(68,434)	(589)	67,845
FUND BALANCES (DEFICIT), JULY 1	--	--	(19,939)	(19,939)
Appropriation of Fund Balance and Carryforward Appropriations	--	68,434	--	(68,434)
Encumbrances Lapsed	--	--	4,001	4,001
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (16,527)</u>	<u>\$ (16,527)</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, 2009
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 95,044	\$ 95,044	\$ 83,057	\$ (11,987)
Charges for Services	11,570	17,144	11,987	(5,157)
Interest	1,692	1,692	5,464	3,772
Other	2,320	2,320	1,082	(1,238)
TOTAL REVENUES	110,626	116,200	101,590	(14,610)
EXPENDITURES				
Current				
Transportation	151,469	236,345	105,900	130,445
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(40,843)	(120,145)	(4,310)	115,835
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	--	75	75	--
Transfers to Other Funds	(10,470)	(13,021)	(10,249)	2,772
TOTAL OTHER FINANCING SOURCES (USES)	(10,470)	(12,946)	(10,174)	2,772
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(51,313)	(133,091)	(14,484)	118,607
FUND BALANCES, JULY 1	51,313	51,313	110,254	58,941
Appropriation of Fund Balance and Carryforward				
Appropriations	--	81,778	--	(81,778)
Encumbrances Lapsed	--	--	4,567	4,567
FUND BALANCES, JUNE 30	\$ --	\$ --	\$ 100,337	\$ 100,337

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, 2009
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 274,488	\$ 262,738	\$ 250,246	\$ (12,492)
Interest	3,864	3,864	11,992	8,128
Services to Enterprise Funds	--	--	1,720	1,720
Other	282	282	319	37
TOTAL REVENUES	<u>278,634</u>	<u>266,884</u>	<u>264,277</u>	<u>(2,607)</u>
EXPENDITURES				
Current				
Health and Sanitation	88,359	80,887	77,813	3,074
Debt Service				
Principal	23,753	23,753	18,550	5,203
Interest	14,247	14,405	8,631	5,774
TOTAL EXPENDITURES	<u>126,359</u>	<u>119,045</u>	<u>104,994</u>	<u>14,051</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>152,275</u>	<u>147,839</u>	<u>159,283</u>	<u>11,444</u>
OTHER FINANCING USES				
Transfers from Other Funds	--	--	5	5
Transfers to Other Funds	(156,751)	(153,962)	(148,008)	5,954
TOTAL OTHER FINANCING SOURCES (USES)	<u>(156,751)</u>	<u>(153,962)</u>	<u>(148,003)</u>	<u>5,959</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(4,476)	(6,123)	11,280	17,403
FUND BALANCES, JULY 1	4,476	4,476	5,901	1,425
Appropriation of Fund Balance and Carryforward				
Appropriations	--	1,647	--	(1,647)
Encumbrances Lapsed	--	--	399	399
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,580</u>	<u>\$ 17,580</u>

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, 2009
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
ASSETS				
CURRENT ASSETS				
Cash, Pooled and Other Investments				
Unrestricted	\$ 608,085	\$ 363,727	\$ 444,676	\$ 120,375
Restricted	--	105,631	409,863	143,334
Investments Held by Escrow and Fiscal Agents	101,879	--	8,591	--
Notes Receivable	--	57	31,166	--
Accounts Receivable				
Accounts Receivable				
(Net of Allowance for Uncollectibles of \$33,569)	11,314	34,086	274,149	72,427
Accrued Unbilled Revenue	40,138	--	145,676	52,726
Investment Income Receivable	4,655	3,043	1,571	--
Intergovernmental Receivable	--	4,308	35,188	7,300
Due from Other Funds	--	4,206	9,903	--
Inventories	2,041	1,905	153,218	18,293
Prepaid Items and Other Assets	3,523	3,139	256,610	32,625
TOTAL CURRENT ASSETS	771,635	520,102	1,770,611	447,080
NONCURRENT ASSETS				
Restricted Assets				
Pooled and Other Investments	750,771	9,327	--	--
Investments Held by Escrow and Fiscal Agents	193,023	61,982	722,074	32,678
Investment Income Receivable	4,395	15	--	--
Passenger Facility Charge Receivable	17,687	--	--	--
Total Restricted Assets	965,876	71,324	722,074	32,678
Long-term Investment				
Investment in Joint Ventures	--	11,250	--	--
Capital Assets				
Land	751,992	1,040,942	155,379	109,317
Buildings, Facilities and Equipment	2,277,748	2,464,825	10,991,790	5,153,372
Leased Property and Improvements	184,423	--	--	--
Accumulated Depreciation	(1,358,973)	(1,131,382)	(5,400,163)	(1,816,457)
Construction in Progress	1,406,017	476,183	609,115	651,538
Natural Gas Field, Net	--	--	223,617	--
Nuclear Fuel, at Amortized Cost	--	--	36,904	--
Total Capital Assets	3,261,207	2,850,568	6,616,642	4,097,770
Other Noncurrent Assets				
Loans Receivable - Notes	--	562	1,079,866	--
Advances to Other Funds	--	28,058	--	--
Net Pension Assets	--	--	70,644	48,407
Net Other Postemployment Benefits Assets	--	--	455,961	209,737
Other Assets	8,098	8,148	276,333	--
Total Other Noncurrent Assets	8,098	36,768	1,882,804	258,144
TOTAL NONCURRENT ASSETS	4,235,181	2,969,910	9,221,520	4,388,592
TOTAL ASSETS	\$ 5,006,816	\$ 3,490,012	\$ 10,992,131	\$ 4,835,672

Continued...

CITY OF LOS ANGELES

Statement of Fund Net Assets - (Continued)
 Proprietary Funds
 June 30, 2009
 (amounts expressed in thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Other- Convention Center</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash, Pooled and Other Investments			
Unrestricted	\$ 32,891	\$ 4,022	\$ 1,573,776
Restricted	181,901	--	840,729
Investments Held by Escrow and Fiscal Agents	--	--	110,470
Notes Receivable	--	--	31,223
Accounts Receivable			
Accounts Receivable			
(Net of Allowance for Uncollectibles of \$33,569)	51,973	2,481	446,430
Accrued Unbilled Revenue	34,175	--	272,715
Investment Income Receivable	1,054	40	10,363
Intergovernmental Receivable	36,183	--	82,979
Due from Other Funds	5	--	14,114
Inventories	11,873	--	187,330
Prepaid Items and Other Assets	--	1,775	297,672
TOTAL CURRENT ASSETS	<u>350,055</u>	<u>8,318</u>	<u>3,867,801</u>
NONCURRENT ASSETS			
Restricted Assets			
Pooled and Other Investments	98,651	--	858,749
Investments Held by Escrow and Fiscal Agents	19,829	--	1,029,586
Investment Income Receivable	--	--	4,410
Passenger Facility Charge Receivable	--	--	17,687
Total Restricted Assets	<u>118,480</u>	<u>--</u>	<u>1,910,432</u>
Long-term Investment			
Investment in Joint Ventures	--	--	11,250
Capital Assets			
Land	43,824	139,592	2,241,046
Buildings, Facilities and Equipment	5,853,491	595,793	27,337,019
Leased Property and Improvements	--	10,204	194,627
Accumulated Depreciation	(2,500,878)	(209,698)	(12,417,551)
Construction in Progress	435,528	--	3,578,381
Natural Gas Field, Net	--	--	223,617
Nuclear Fuel, at Amortized Cost	--	--	36,904
Total Capital Assets	<u>3,831,965</u>	<u>535,891</u>	<u>21,194,043</u>
Other Noncurrent Assets			
Loans Receivable - Notes	--	--	1,080,428
Advances to Other Funds	13,038	--	41,096
Net Pension Assets	--	--	119,051
Net Other Postemployment Benefits Assets	--	--	665,698
Other Assets	13,686	--	306,265
Total Other Noncurrent Assets	<u>26,724</u>	<u>--</u>	<u>2,212,538</u>
TOTAL NONCURRENT ASSETS	<u>3,977,169</u>	<u>535,891</u>	<u>25,328,263</u>
TOTAL ASSETS	<u>\$ 4,327,224</u>	<u>\$ 544,209</u>	<u>\$ 29,196,064</u>

Continued...

CITY OF LOS ANGELES

Statement of Fund Net Assets - (Continued)
 Proprietary Funds
 June 30, 2009
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
LIABILITIES				
CURRENT LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 102,381	\$ 77,368	\$ 235,922	\$ 132,822
Obligations Under Securities Lending Transactions	--	--	8,591	--
Accrued Salaries and Overtime Payable	6,262	2,231	30,289	12,580
Accrued Compensated Absences Payable	4,204	8,480	56,853	27,172
Due to Other Funds	--	--	--	9,903
Deferred Revenue and Other Credits	50	1,649	--	--
Deposits and Advances	--	--	--	74,457
Capital Lease Obligations - Current Portion	1,311	--	--	--
Interest Payable	6,712	15,740	101,721	45,065
Bonds and Notes Payable - Current Portion	101,790	25,075	217,882	58,512
Advances from Other Funds	--	--	--	--
Other Current Liabilities	7,685	87,160	--	--
TOTAL CURRENT LIABILITIES	230,395	217,703	651,258	360,511
LONG-TERM LIABILITIES				
Capital Lease Obligations - Noncurrent Portion	48,207	--	--	--
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Debt Related Costs of \$6,727)	1,106,266	732,460	5,241,853	2,193,338
Net Pension Liability	10,118	2,529	--	--
Other Long-term Liabilities	112,794	107,733	541,709	13,474
TOTAL LONG-TERM LIABILITIES	1,277,385	842,722	5,783,562	2,206,812
TOTAL LIABILITIES	1,507,780	1,060,425	6,434,820	2,567,323
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,113,612	2,101,396	1,251,426	1,892,944
Restricted for:				
Capital Projects	40,426	--	113,923	--
Debt Service	186,337	61,608	650,303	30,012
Passenger Facility Charges	567,791	--	--	--
Pension and Other Postemployment Benefits	--	--	526,605	258,144
Other Purposes	162,629	--	170,262	21,169
Unrestricted	428,241	266,583	1,844,792	66,080
TOTAL NET ASSETS	\$ 3,499,036	\$ 2,429,587	\$ 4,557,311	\$ 2,268,349

Continued...

CITY OF LOS ANGELES

Statement of Fund Net Assets - (Continued)
 Proprietary Funds
 June 30, 2009
 (amounts expressed in thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Other- Convention Center</u>	<u>Total</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts, Contracts and Retainage Payable	\$ 53,623	\$ 2,312	\$ 604,428
Obligations Under Securities Lending Transactions	--	--	8,591
Accrued Salaries and Overtime Payable	--	252	51,614
Accrued Compensated Absences Payable	23,679	2,014	122,402
Due to Other Funds	452	--	10,355
Deferred Revenue and Other Credits	--	2,991	4,690
Deposits and Advances	--	--	74,457
Capital Lease Obligations - Current Portion	--	--	1,311
Interest Payable	15,572	--	184,810
Bonds and Notes Payable - Current Portion	64,465	--	467,724
Advances from Other Funds	--	9	9
Other Current Liabilities	9,285	345	104,475
TOTAL CURRENT LIABILITIES	<u>167,076</u>	<u>7,923</u>	<u>1,634,866</u>
LONG-TERM LIABILITIES			
Capital Lease Obligations - Noncurrent Portion	--	--	48,207
Bonds and Notes Payable - Noncurrent Portion (Net of Unamortized Debt Related Costs of \$6,727)	2,527,742	--	11,801,659
Net Pension Liability	--	--	12,647
Other Long-term Liabilities	47,403	--	823,113
TOTAL LONG-TERM LIABILITIES	<u>2,575,145</u>	<u>--</u>	<u>12,685,626</u>
TOTAL LIABILITIES	<u>2,742,221</u>	<u>7,923</u>	<u>14,320,492</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,253,112	535,891	9,148,381
Restricted for:			
Capital Projects	120,362	--	274,711
Debt Service	116,696	--	1,044,956
Passenger Facility Charges	--	--	567,791
Pension and Other Postemployment Benefits	--	--	784,749
Special Purposes	43,493	--	397,553
Unrestricted	51,340	395	2,657,431
TOTAL NET ASSETS	<u>\$ 1,585,003</u>	<u>\$ 536,286</u>	<u>\$ 14,875,572</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, 2009
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
OPERATING REVENUES				
Charges for Services	\$ 204,182	\$ 329,347	\$ 2,755,935	\$ 783,964
Rent, Concessions and Royalties	574,715	42,368	--	--
Other Operating Revenues	2,693	30,509	--	--
TOTAL OPERATING REVENUES	781,590	402,224	2,755,935	783,964
OPERATING EXPENSES				
Fuel for Generation	--	--	449,612	--
Purchased Power/Water	--	--	699,828	215,864
Maintenance and Repairs	--	--	277,415	121,443
Operating and Administrative	621,121	254,143	616,337	244,280
Depreciation and Amortization	108,887	83,413	293,239	83,141
TOTAL OPERATING EXPENSES	730,008	337,556	2,336,431	664,728
OPERATING INCOME (LOSS)	51,582	64,668	419,504	119,236
NONOPERATING REVENUES (EXPENSES)				
Investment Income	60,094	21,804	115,241	9,657
Interest Expense	(24,541)	(36,979)	(201,310)	(91,967)
Other Income (Expenses), Net	91,290	(7,625)	22,018	(1,064)
TOTAL NONOPERATING REVENUES (EXPENSES)	126,843	(22,800)	(64,051)	(83,374)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	178,425	41,868	355,453	35,862
Capital Contributions	90,069	4,103	16,824	30,603
Transfers In	--	--	--	63,356
Transfers Out	--	--	(222,506)	--
CHANGE IN NET ASSETS	268,494	45,971	149,771	129,821
Net Assets, July 1	3,230,542	2,477,043	4,407,540	2,138,528
Net Adjustment for Pollution Remediation Obligations	--	(93,427)	--	--
NET ASSETS, JULY 1, RESTATED	3,230,542	2,383,616	4,407,540	2,138,528
NET ASSETS, JUNE 30	\$ 3,499,036	\$ 2,429,587	\$ 4,557,311	\$ 2,268,349

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, 2009
 (amounts expressed in thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Other- Convention Center</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 526,333	\$ 8,514	\$ 4,608,275
Rent, Concessions and Royalties	--	10,315	627,398
Other Operating Revenues	5,500	7,928	46,630
TOTAL OPERATING REVENUES	<u>531,833</u>	<u>26,757</u>	<u>5,282,303</u>
OPERATING EXPENSES			
Fuel for Generation	--	--	449,612
Purchased Power/Water	--	--	915,692
Maintenance and Repairs	--	3,168	402,026
Operating and Administrative	287,135	23,572	2,046,588
Depreciation and Amortization	156,143	11,951	736,774
TOTAL OPERATING EXPENSES	<u>443,278</u>	<u>38,691</u>	<u>4,550,692</u>
OPERATING INCOME (LOSS)	<u>88,555</u>	<u>(11,934)</u>	<u>731,611</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	11,485	41	218,322
Interest Expense	(99,130)	--	(453,927)
Other Income (Expenses), Net	(6,495)	(27)	98,097
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(94,140)</u>	<u>14</u>	<u>(137,508)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(5,585)</u>	<u>(11,920)</u>	<u>594,103</u>
Capital Contributions	11,543	--	153,142
Transfers In	--	--	63,356
Transfers Out	--	--	(222,506)
CHANGE IN NET ASSETS	<u>5,958</u>	<u>(11,920)</u>	<u>588,095</u>
Net Assets, July 1	1,579,045	548,206	14,380,904
Net Adjustment for Pollution Remediation Obligations	--	--	(93,427)
NET ASSETS, JULY 1, RESTATED	<u>1,579,045</u>	<u>548,206</u>	<u>14,287,477</u>
NET ASSETS, JUNE 30	<u>\$ 1,585,003</u>	<u>\$ 536,286</u>	<u>\$ 14,875,572</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, 2009
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 702,015	\$ 405,628	\$ 2,790,277	\$ 789,814
Receipts for Interfund Services	--	--	367,072	342,015
Payments to Suppliers	(235,516)	(117,557)	(1,779,634)	(365,248)
Payments to Employees	(343,098)	(97,015)	(492,701)	(233,591)
Payments for Interfund Services	(56,878)	(39,792)	(457,367)	(343,272)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	66,523	151,264	427,647	189,718
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	--	--	--	--
Transfers Out	--	--	(222,506)	--
Amounts Transferred to Retiree Health Benefits Plan	--	--	--	--
Amounts Received on Advances to Other Funds	--	4,084	--	--
Interest Paid on Noncapital Revenue Bonds	--	--	(5,648)	--
Noncapital Grants Received	--	1,050	--	--
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	--	5,134	(228,154)	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(534,804)	(171,327)	(674,141)	(301,738)
Receipts from Passenger Facility Charges	114,533	--	--	--
Proceeds from Sale of Bonds and Notes	815,937	--	845,446	150,676
Payments on Capital Leases - Interest	(992)	--	--	--
Payments on Capital Leases - Principal	(1,197)	--	--	--
Payments on Bonds and Notes - Interest	(23,445)	(37,673)	(199,938)	(90,353)
Payments on Bonds and Notes - Principal	(233,145)	(23,655)	(364,902)	(58,414)
Payments of Bonds and Notes Expenses	(5,267)	--	--	--
Deposits to Refunded Debt Escrow Account	--	--	--	--
Payments to Bond Sinking Fund	--	(61,520)	--	--
Capital Contributions/Grants Received	(72,031)	8,134	22,270	17,897
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	59,589	(286,041)	(371,265)	(281,932)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	59,013	24,961	126,966	13,265
Cash Collateral Received (Paid) Under Securities Lending Transactions	(183,701)	(73,692)	(231,112)	(18,782)
Purchase of Investment Securities	--	--	(1,214,337)	(73,913)
Proceeds from Maturities of Investment Securities	--	--	1,215,609	77,804
Proceeds from Notes Receivable	--	70	14,032	--
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(124,688)	(48,661)	(88,842)	(1,626)

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Sewer	Other- Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 529,627	\$ 27,486	\$ 5,244,847
Receipts for Interfund Services	2,680	--	711,767
Payments to Suppliers	(114,681)	(3,982)	(2,616,618)
Payments to Employees	--	(16,294)	(1,182,699)
Payments for Interfund Services	(180,040)	(6,049)	(1,083,398)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	237,586	1,161	1,073,899
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	--	--	--
Transfers Out	--	--	(222,506)
Amounts Transferred to Retiree Health Benefits Plan	--	--	--
Amounts Received on Advances to Other Funds	64	--	4,148
Interest Paid on Noncapital Revenue Bonds	--	--	(5,648)
Noncapital Grants Received	211	--	1,261
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	275	--	(222,745)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(277,788)	(347)	(1,960,145)
Receipts from Passenger Facility Charges	--	--	114,533
Proceeds from Sale of Bonds and Notes	182,546	--	1,994,605
Payments on Capital Leases - Interest	--	--	(992)
Payments on Capital Leases - Principal	--	--	(1,197)
Payments on Bonds and Notes - Interest	(90,952)	--	(442,361)
Payments on Bonds and Notes - Principal	(61,044)	--	(741,160)
Payments of Bonds and Notes Expenses	(3,210)	--	(8,477)
Deposits to Refunded Debt Escrow Account	(3,628)	--	(3,628)
Payments to Bond Sinking Fund	--	--	(61,520)
Capital Contributions/Grants Received	13,411	--	(10,319)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(240,665)	(347)	(1,120,661)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	11,713	30	235,948
Cash Collateral Received (Paid) Under Securities Lending Transactions	--	--	(507,287)
Purchase of Investment Securities	--	--	(1,288,250)
Proceeds from Maturities of Investment Securities	--	--	1,293,413
Proceeds from Notes Receivable	--	--	14,102
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	11,713	30	(252,074)

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			
	Airports	Harbor	Power	Water
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,424	\$ (178,304)	\$ (260,614)	\$ (93,840)
CASH AND CASH EQUIVALENTS, JULY 1	1,459,311	647,662	1,123,744	357,549
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 1,460,735</u>	<u>\$ 469,358</u>	<u>\$ 863,130</u>	<u>\$ 263,709</u>
CASH AND CASH EQUIVALENTS COMPONENTS:				
Unrestricted Cash, Pooled and Other Investments	\$ 608,085	\$ 363,727	\$ 444,676	\$ 120,375
Restricted Cash, Pooled and Other Investments	750,771	105,631	409,863	143,334
Investments Held by Escrow and Fiscal Agents	101,879	--	8,591	--
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 1,460,735</u>	<u>\$ 469,358</u>	<u>\$ 863,130</u>	<u>\$ 263,709</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 51,582	\$ 64,668	\$ 419,504	\$ 119,236
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	108,887	83,413	293,239	83,141
Depletion	--	--	13,538	--
Bad Debts Provision (Recovery)	(880)	--	16,063	4,953
Cash Provided By Other Nonoperating Income	--	--	28,357	5,376
Cash Used in Other Nonoperating Expenses	(22,065)	(522)	(6,292)	(6,108)
Decrease (Increase) in Assets:				
Accounts Receivable	5,283	3,926	(24,426)	(8,536)
Accrued Unbilled Revenue	(14,575)	--	7,909	8,947
Due from Other Funds	--	--	(9,903)	18,450
Inventories	--	406	(18,372)	(3,346)
Prepaid Items and Other Current Assets	(333)	951	4,689	3,843
Other Assets	--	--	6,835	(14,283)
Increase (Decrease) in Liabilities:				
Accounts, Contracts and Retainage Payable	(19,777)	1,834	(198,442)	15,912
Accrued Salaries and Overtime Payable	(242)	--	6,624	3,117
Accrued Compensated Absences Payable	5,648	2,336	6,428	3,014
Due to Other Funds	--	--	(18,450)	9,903
Deferred Revenue and Other Credits	(50)	(5,706)	(14,615)	--
Deposits and Advances	--	--	--	(2,178)
Other Liabilities	(46,955)	(42)	(85,039)	(51,723)
TOTAL ADJUSTMENTS	<u>14,941</u>	<u>86,596</u>	<u>8,143</u>	<u>70,482</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 66,523</u>	<u>\$ 151,264</u>	<u>\$ 427,647</u>	<u>\$ 189,718</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Net proceeds of refunding bonds and notes deposited in an irrevocable trust account	\$ --	\$ --	\$ --	\$ --
Acquisition of capital assets included in accounts and contracts payable	52,548	20,385	--	--
Capital contributions	3,566	--	--	12,112

Continued...

CITY OF LOS ANGELES

Statement of Cash Flows - (Continued)
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Other- Convention Center</u>	<u>Total</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 8,909	\$ 844	\$ (521,581)
CASH AND CASH EQUIVALENTS, JULY 1	304,534	3,178	3,895,978
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 313,443</u>	<u>\$ 4,022</u>	<u>\$ 3,374,397</u>
CASH AND CASH EQUIVALENTS COMPONENTS:			
Unrestricted Cash, Pooled and Other Investments	\$ 32,891	\$ 4,022	\$ 1,573,776
Restricted Cash, Pooled and Other Investments	280,552	--	1,690,151
Investments Held by Escrow and Fiscal Agents	--	--	110,470
TOTAL CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 313,443</u>	<u>\$ 4,022</u>	<u>\$ 3,374,397</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 88,555	\$ (11,934)	\$ 731,611
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	156,143	11,951	736,774
Depletion	--	--	13,538
Bad Debts Provision (Recovery)	2,368	--	22,504
Cash Provided By Other Nonoperating Income	4,348	--	38,081
Cash Used in Other Nonoperating Expenses	(2,150)	(27)	(37,164)
Decrease (Increase) in Assets:			
Accounts Receivable	(6,242)	4	(29,991)
Accrued Unbilled Revenue	--	--	2,281
Due from Other Funds	--	--	8,547
Inventories	(23)	--	(21,335)
Prepaid Items and Other Current Assets	--	443	9,593
Other Assets	--	--	(7,448)
Increase (Decrease) in Liabilities:			
Accounts, Contracts and Retainage Payable	(1,007)	450	(201,030)
Accrued Salaries and Overtime Payable	--	31	9,530
Accrued Compensated Absences Payable	--	50	17,476
Due to Other Funds	(4,338)	(69)	(12,954)
Deferred Revenue and Other Credits	--	725	(19,646)
Deposits and Advances	--	--	(2,178)
Other Liabilities	(68)	(463)	(184,290)
TOTAL ADJUSTMENTS	<u>149,031</u>	<u>13,095</u>	<u>342,288</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 237,586</u>	<u>\$ 1,161</u>	<u>\$ 1,073,899</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Net proceeds of refunding bonds and notes deposited in an irrevocable trust account	\$ 456,047	\$ --	\$ 456,047
Acquisition of capital assets included in accounts and contracts payable	--	--	72,933
Capital contributions	--	--	15,678

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, 2009
(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Agency Funds
ASSETS		
Cash and Pooled Investments	\$ 7,582	\$ 272,498
Investments:		
Temporary	1,147,040	1,947
U.S. Government Agencies Securities	1,856,284	--
Domestic Corporate Bonds	3,600,693	--
International Bonds	207,451	--
Opportunistic Debt	103,232	--
Domestic Stocks	9,329,064	102
International Stocks	4,312,128	25
Mortgage-backed Securities	2,156,149	--
Real Estate	1,620,745	--
Venture Capital and Alternative Investments	1,995,171	--
Security Lending Collateral	2,490,753	--
Accounts Receivable	48,027	--
Special Assessments Receivable	--	2,036
Investment Income Receivable	109,854	248
Due from Brokers	1,030,214	--
Advances to Other Funds	--	36,256
Capital Assets (Net of Accumulated Depreciation of \$419)	349	--
TOTAL ASSETS	<u>30,014,736</u>	<u>\$ 313,112</u>
LIABILITIES		
Accounts, Contracts and Retainage Payable	62,707	\$ --
Fiduciary Liabilities	--	205,748
Obligations Under Securities		
Lending Transactions	2,490,753	--
Deposits and Advances	--	107,364
Loans Payable - Current Portion	15,198	--
Loans Payable - Noncurrent Portion	273,865	--
Due to Brokers	1,547,082	--
TOTAL LIABILITIES	<u>4,389,605</u>	<u>\$ 313,112</u>
NET ASSETS		
Net Assets Held in Trust for Pension and Other Employee Benefits		
Benefit Pension Plans	23,223,254	
Disability Plan	44,871	
Death Benefit Plan	21,453	
Postemployment Healthcare Plans	2,335,553	
TOTAL NET ASSETS	<u>\$ 25,625,131</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, 2009
(amounts expressed in thousands)**

	Pension and Other Employee Benefits Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,040,515
Plan Member	282,423
Other	4,177
Total Contributions	<u>1,327,115</u>
Investment Income	
Net Depreciation in Fair Value of Investments	(6,926,281)
Interest Income	409,059
Dividend Income	316,719
Securities Lending Income	34,598
Other Investment Income	18,616
Real Estate Operating Income, Net	32,199
Investment Loss	(6,115,090)
Investment Expense	(86,236)
Securities Lending Expense	(8,293)
Net Investment Loss	<u>(6,209,619)</u>
TOTAL ADDITIONS	<u>(4,882,504)</u>
DEDUCTIONS	
Benefit Payments	1,865,960
Refunds of Member Contributions	28,135
Administrative Expenses	33,900
TOTAL DEDUCTIONS	<u>1,927,995</u>
CHANGE IN NET ASSETS	
Benefit Pension Plans	(6,403,291)
Disability Plan	5,235
Death Benefit Plan	(642)
Postemployment Healthcare Plans	(411,801)
TOTAL CHANGE IN NET ASSETS	<u>(6,810,499)</u>
Net Assets Held in Trust for Pension and Other Employee Benefits, July 1	
Benefit Pension Plans	29,626,545
Disability Plan	39,636
Death Benefit Plan	22,095
Postemployment Healthcare Plans	2,747,354
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30	<u><u>\$ 25,625,131</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, 2009

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, 2009

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, in providing financing for the acquisition, construction, replacement, or expansion of improvements to the facilities 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 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, 2009**

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, 2009

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 functions or programs 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, 2009

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 *Building and Safety Permit Fund* accounts for the fees collected for plan check, permitting, and inspection of new construction in the City; testing of construction materials and methods; and examining and licensing of welders, equipment operators, and registered deputy building inspectors. The fees collected are used to finance all programs, services and support functions relating to those services for which the fees are imposed.

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, 2009

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, Ontario International Airport, Van Nuys Airport and 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, 2009

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 concern 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, 2009, the Proprietary Funds' investments held by escrow and fiscal agents of \$1,029.6 million and other investments of \$9.3 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 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, 2009

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 storage and disposal trust fund, SCPPA Palo Verde investment, water expense stabilization fund, a self-insurance reserve, deposits from service users, and retention guarantees from contractors.

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, 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 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, or in the case of the Power and Water Enterprise Funds, provide an "allowance for funds used during construction (AFUDC)." Interest and AFUDC capitalized during the year ended June 30, 2009 were \$30.7 million and \$16.1 million, respectively.

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

Depreciation for the Power Enterprise Fund 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 2024. The total cost to decommission the City's interest in the nuclear plant is estimated to be \$123 million in 2008 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, 2009, Power Enterprise Fund has recorded \$133.5 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, 2009

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 2009, the Fund recorded \$6.8 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
Treatment and pumping plants	--	5 - 50 years
Wharves and sheds	--	10 - 15 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, 2009

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 Computer File of Structures, 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. 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". Bridges deteriorate over time due to the influence of weather and traffic. 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 pages 188 to 189.

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, 2009**

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. 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 896 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 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.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009

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 20th day of the month.

Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination 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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Reclassifications

Certain reclassifications have been made to amounts reported in the 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. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." Issued in December 2006, this statement requires governments to estimate their expected outlays for pollution remediation if they know a site is polluted and any of the recognition triggers set by the standard occur. Governments are required to disclose information about their pollution obligations associated with clean up efforts in the notes to the financial statements. The City implemented this statement in fiscal year 2009. Adjustment to beginning net assets in the government-wide financial statements pertains to obligations that were identified at the beginning of the fiscal year.

GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments." Issued in November 2007, this statement establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent term endowments, and permanent funds. GASB Statement No. 52 is effective for the City beginning fiscal year 2009. There was no material impact to the City's financial statements as a result of adopting GASB Statement No. 52.

GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." Issued in March 2009, this statement lists the order of priority of pronouncements that a governmental entity should look to for accounting and financial reporting guidance. The sources of accounting principles that are generally accepted are categorized in the following descending order of authority: (a) Officially established GASB statements and interpretations, (b) GASB Technical Bulletins, (c) AICPA Practice Bulletins and (d) Implementation Guides published by the GASB staff. Priorities (b) and (c) refer to those specifically made applicable to state and local government entities. There was no material impact to the City's financial statements as a result of adopting GASB Statement No. 55.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.” Issued in March 2009, this statement which amends paragraph 26 of the National Council on Governmental Accounting (NCGA) Statement No. 5, “Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments”, establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. There was no material impact to the City’s financial statements as a result of adopting GASB Statement No. 56.

GASB Technical Bulletin 2008-1, “Determining the Annual Required Contribution Adjustment for Postemployment Benefits.” Issued in November 2008, this technical bulletin clarifies that use of known amounts for purposes of the annual required contribution (ARC) adjustment is consistent with the intent of the ARC adjustment and encourages use of the known amount in place of the estimation procedure in GASB Statement Nos. 27 and 45. The technical bulletin is adopted by the City beginning fiscal year 2009.

Recent GASB Pronouncements

GASB Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.” Issued in June 2007, this statement establishes standards for accounting and financial reporting for intangible assets, for all state and local governments. Types of assets that may be considered intangible assets include easements, water rights, timber rights, patents, trademarks, and computer software. GASB 51 will be effective for the City beginning fiscal year 2010. Retroactive reporting is required.

GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” Issued in June 2008, this statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The statement also addresses hedge accounting requirements. GASB 53 will be effective for the City beginning fiscal year 2010.

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” Issued in February 2009, this statement establishes criteria for classifying 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. GASB 54 also clarifies the existing definitions of governmental fund types. This statement will be effective for the City beginning fiscal year 2011.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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 \$6,645,390 difference are as follows (in thousands):

Bonds, Certificates of Participation, and Notes	\$	3,833,625
Add: Issuance Premium (to be amortized as interest income)		85,330
Less: Deferred Charge on Refunding (to be amortized as interest expense)		(28,362)
Less: Deferred Charge for Cost of Issuance (to be amortized over the life of the debt)		(23,807)
HUD Loans		98,035
Accrued Interest Payable		61,699
Accrued Compensated Absences		501,714
Estimated Claims and Judgments Payable		1,959,221
Accrued Landfill Liability		47,878
Estimated Pollution Remediation Liability		12,061
Net Pension Liability		65,102
Net OPEB Liability		<u>32,894</u>
Net adjustments to reduce governmental fund balance to arrive at governmental activities net assets	\$	<u><u>6,645,390</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 \$391,224 difference are as follows (in thousands):

Capital Outlay	\$	623,686
Less: Depreciation expense		<u>(232,462)</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>391,224</u></u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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 \$73,874 difference are as follows (in thousands):

Debt issued or incurred:	
General Obligation Bonds	\$ 101,000
Add: Issuance Premium	1,712
Less: Deferred Charge for Cost of Issuance	(712)
Judgment Obligation Bonds	20,600
Add: Issuance Premium	324
Less: Deferred Charge for Cost of Issuance	(353)
Certificates of Participation, Revenue Bonds, and Notes	661,685
Add: Issuance Premium	4,702
Unamortized Deferred Charge for Cost of Issuance	4,198
Unamortized Deferred Charge on Refunding	13,920
Less: Issuance Discount	(1,168)
Deferred Charge for Cost of Issuance	(4,865)
Deferred Charge on Refunding	(17,638)
Unamortized Premium on Refunding	(4,161)
HUD Loans	25,408
Principal repayments and bond refunding:	
General and Judgment Obligation Bonds	(109,850)
Certificates of Participation, Revenue Bonds, and Notes	(617,500)
HUD Loans	<u>(3,428)</u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at change in net assets of governmental activities	<u><u>\$ 73,874</u></u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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 \$130,448 difference are as follows (in thousands):

Decrease in Accrued Interest	\$ (593)
Increase in Accrued Compensated Absences	4,139
Increase in Estimated Claims and Judgments	116,122
Increase in Accrued Landfill Liability	328
Increase in Pollution Remediation Liability	12,061
Adjustment to Net Assets Beginning for Prior Period Pollution Remediation Obligations	(14,463)
Decrease in Net Pension Liability	(3,240)
Increase in Net OPEB Liability	11,536
Amortization of Deferred Charge on Refunding	2,980
Amortization of Deferred Charge for Cost of Issuance	<u>1,578</u>
Net adjustments to decrease net change in fund balances of governmental funds to arrive at change in net assets of governmental activities	<u>\$ 130,448</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 39 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, 2009

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 Bicycle License, Bus Bench Advertising, Business Improvement, Coastal Transportation Corridor Trust, AB2800 Senior Services Grant, City Planning Systems Development, Cultural Affairs Trust, Curbside Recycling Trust, Fire Hydrant Installation and Main Replacement, First and Broadway Childcare, General Services Trust, Integrated Solid Waste Management, Pershing Square Project, Street Banners Trust, Industrial Development Authority, Landfill Closure and Maintenance, Los Angeles Regional Agency Trust, 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:

Automated Traffic Surveillance and Control
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 2002-A
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
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, 2009

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, 2009, the adjusted amount was \$46,861. Transfers that exceed the amount limits require the approval of the City Council.

During the fiscal year, additional appropriations of \$150.8 million and capital related appropriations of \$98 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 \$1,113.7 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, 2009

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. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. 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, 2009 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, 2009

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

	General Fund	Building and Safety Permit Fund
	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis	\$ 13,344	\$ (41,894)
 Basis Differences		
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 and is due and payable; whereas, the budgetary basis operating statement reflects revenues when received and expenditures when paid.	(126,181)	(596)
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).	(16,590)	--
Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budgetary), as opposed to a reservation of fund balance (GAAP).		
Encumbrances reported as budgetary expenditures	382,256	1,378
Prior year encumbrances expended in current year	(337,672)	(3,950)
 Perspective Difference		
For purposes of the budget, the General fund is a legal entity that is separate and distinct from the Reserve Fund and other accounts that are classified to have General fund activity for GAAP purposes.	<u>(29,176)</u>	<u> --</u>
Net Change in Fund Balances - GAAP Basis	<u><u>\$ (114,019)</u></u>	<u><u>\$ (45,062)</u></u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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

	Community Development Fund	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	\$ (589)	\$ (14,484)	\$ 11,280
 Basis Differences			
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 and is due and payable; whereas, the budgetary basis operating statement reflects revenues when received and expenditures when paid.	5,800	67	22,507
Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures in the budget year incurred (budgetary), as opposed to a reservation of fund balance (GAAP).			
Encumbrances reported as budgetary expenditures	12,766	22,216	719
Prior year encumbrances expended in current year	(13,832)	(13,504)	(6,247)
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).	1,844	--	--
Perspective Difference			
Unbudgeted accounts	--	--	(37,788)
Net Change in Fund Balances - GAAP Basis	\$ 5,989	\$ (5,705)	\$ (9,529)

C. Fund Balances- Reserves, Designations and Deficit

Certain portions of the fund balance are segregated for specific future uses. For the General Fund, the reservation of \$0.2 million is substantially related to police hiring; while for the Other Governmental Funds, the reservation of \$6.0 million is for landfill postclosure maintenance.

Fund designations indicate tentative plans for future utilization of financial resources. The designated fund balance in the General Fund of \$159.8 million consists of advances and budget adjustments totaling \$38.8 million, and an emergency reserve of \$121.0 million.

The Workforce Investment Act and Disaster Assistance Special Revenue Funds have deficit fund balances of \$4.4 million and \$0.7 million, respectively. Eligible government expenditures have been incurred, while deferred revenues of \$6.8 million and \$10.3 million respectively will be recognized as future revenues when available.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Cash, Deposits and Investments

Summary of Cash and Investments

At June 30, 2009, 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	\$ 3,035,875	\$ 1,573,776	\$ 280,080	\$ 4,889,731
Other Investments	73,732	110,470	28,820,784	29,004,986
Restricted Assets (Note 4D page 104)	5,965	2,729,064	--	2,735,029
Total	\$ 3,115,572	\$ 4,413,310	\$ 29,100,864	\$ 36,629,746

	Other Cash and Investments			Total
	Cash and Investments With City Treasurer	Pension Trust and Other Postemployment Benefits Trust	Other	
Cash and Pooled Investments	\$ 4,766,422	\$ --	\$ 123,309	\$ 4,889,731
Other Investments	--	28,818,710	186,276	29,004,986
Restricted Assets	1,699,478	--	1,035,551	2,735,029
Total	\$ 6,465,900	\$ 28,818,710	\$ 1,345,136	\$ 36,629,746

Summary of Deposits and Investments

The carrying amount of cash on hand, deposits and investments at June 30, 2009, is as follows (in thousands):

Cash on Hand	\$ 342
Deposits	931,170
Investments	
Pooled	5,562,119
Other	30,136,115
Total	\$ 36,629,746

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Deposits

At June 30, 2009, the book balance of the City's deposits was \$931.2 million and the balance per various financial institutions was \$894.8 million. The difference of \$36.4 million represents primarily deposits in transit and other reconciling items. Of the bank balance, \$2.2 million was covered by Federal depository insurance and \$892.6 million was uninsured. The uninsured deposits of \$892.6 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.

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 provides an Annual Statement of Investment Policy (the Policy) to the City Council. 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 City's pooled investment policy are obligations of the U.S. Treasury and government agencies, commercial paper notes, negotiable certificates of deposit, guaranteed investment contracts, bankers' acceptances, medium term corporate notes, money market accounts, and the State of California Local Agency Investment Fund.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2009, 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
U.S. Treasury Notes	\$ 1,613,049	\$ --	\$ --	\$ --	\$ 1,613,049
U.S. Treasury Bills	44,984	--	44,984	--	--
U.S. Sponsored Agency Issues	1,428,909	164,842	82,201	182,052	999,814
Medium Term Notes	1,047,781	--	25,153	125,866	896,762
Commercial Paper	1,348,312	992,287	235,582	120,443	--
Guaranteed Investment Contracts	70,081	70,081	--	--	--
Certificates of Deposit	9,000	--	--	9,000	--
Short Term Investment Funds	3	3	--	--	--
Total General and Special Pools	<u>\$ 5,562,119</u>	<u>\$ 1,227,213</u>	<u>\$ 387,920</u>	<u>\$ 437,361</u>	<u>\$ 3,509,625</u>

Interest Rate Risk. The City's pooled investment policy limits the maturity of its investments to a maximum of five years for U.S. Treasury and federal agency securities, medium term corporate notes, and bonds issued by local agencies; 270 days for commercial paper, and 32 days for repurchase agreements.

Credit Risk. The City's pooled investment policy requires that for all classes of investments, except linked banking program certificates of deposits, the issuers' minimum credit ratings shall be Standard and Poor's Corporation (S&P) A-1/A or Moody's Investor Services (Moody's) P-1/A2 and, if available, Fitch IBCA F1/A. In addition, domestic banks are limited to those with a current Fitch Ratings BankWatch of "B/C" or better and an A-1 short-term rating. The City Treasurer is granted the authority to specify approved California banks with a Fitch Ratings BankWatch of "C" or better and an A-2 rating where appropriate. In addition to a "AAA" rating for country risk, foreign banks with domestic licensed offices must be rated "B" or better and TBW-1 short-term rating by Fitch Ratings BankWatch. Domestic savings banks must be rated "B/C" or better and a TBW-1 short-term rating by Fitch Ratings BankWatch.

Medium term notes must be issued by corporations operating within the United States and having total assets in excess of \$500 million. Commercial paper issuers must meet the preceding requirement or must be issued by corporations organized in the United States as a special purpose corporation, trust or limited liability company having program-wide credit enhancements.

The City's \$1.43 billion investments in U.S. government sponsored enterprises consist of securities issued by the Federal Home Loan Bank - \$472.7 million, Federal National Mortgage Association - \$272.4 million, Federal Home Loan Mortgage Corporation - \$398.9 million, Federal Farm Credit Bank - \$126.0 million, Tennessee Valley Authority - \$37.1 million, Freddie Mac Discount Note - \$69.3 million, and Farmer Mac Federal Agricultural - \$52.6 million. As of June 30, 2009, these securities carried the highest ratings of AAA (S&P) and Aaa (Moody's).

The City's \$1.05 billion investments in medium term notes consist of securities issued by banks and corporations that comply with the requirements discussed above and were rated "A" or better by S&P and "A3" or better by Moody's.

The City's \$1.35 billion investments in commercial paper comply with the requirements discussed above and were rated A-1+/A-1 by S&P and P-1 by Moody's. The issuers of the certificates of deposits are not rated.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk. The City's investment policy does not allow more than 10% of its investments portfolio, except U.S. Treasury and U.S. sponsored agency issues, to be invested in securities of a single issuer including its related entities. The City's investment policy further provides for a maximum concentration limit of 30% on any individual federal agency or government-sponsored entity. 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, 2009, \$472.7 million (9%) was invested in securities issued by the Federal Home Loan Bank, \$398.9 million (7%) was invested in securities issued by Federal Home Loan Mortgage Corporation, and \$272.4 million (5%) 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 90 days. Earnings from securities lending accrue to the Pool and are allocated on a pro-rata basis to all Pool participants.

Due to the extreme volatility in the financial markets resulting from the global financial crisis, and counterparty risks, the City temporarily suspended its SLP in November 2008. The City, however, continues to monitor the financial markets and will re-enter the SLP market when deemed appropriate.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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, 2009 are as follows (in thousands):

Department of Water and Power	\$ 763,343
Fire and Police Pension and Health Subsidy Plans	11,547,119
Los Angeles City Employees' Retirement and Postemployment Healthcare Plans	9,670,868
Water and Power Employees' Retirement, Disability, and Death Benefit Insurance; and Retiree Health Benefits Plans	7,600,723
Others	<u>554,062</u>
Total	<u>\$ 30,136,115</u>

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

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 \$763.3 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	\$ 547,282	\$ --	\$ 547,282
Nuclear decommissioning trust fund	113,923	--	113,923
Natural gas trust fund	25,040	--	25,040
SCPPA Palo Verde investment	33,707	--	33,707
Hazardous waste treatment trust fund	2,122	--	2,122
Water expense stabilization fund	--	32,678	32,678
DWP securities lending program	8,591	--	8,591
Total	\$ 730,665	\$ 32,678	\$ 763,343

At June 30, 2009, 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	\$ 499,699	\$ 11,000	\$ 11,214	\$ 101,742	\$ 311,674	\$ 64,069
Medium Term Notes	59,867	2,889	8,333	34,818	13,827	--
Commercial Paper	12,981	2,000	4,993	5,988	--	--
Negotiable Certificates of Deposit	14,018	2,000	--	12,018	--	--
Money Market Funds	118,820	118,820	--	--	--	--
California Local Agency Bonds	9,981	8,945	--	1,036	--	--
California State Bonds	5,680	5,680	--	--	--	--
Securities Lending Cash Collateral						
Money Market Funds	8,591	8,591	--	--	--	--
SCPPA Palo Verde Investment	33,706	--	--	--	--	33,706
Total	\$ 763,343	\$ 159,925	\$ 24,540	\$ 155,602	\$ 325,501	\$ 97,775

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 banker's 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, 2009

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, which 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, 2009, the U.S. government agency securities in the portfolio carried the highest possible credit rating 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, 2009, DWP's investments in corporate notes were rated as follows: \$33.9 million was rated AA, \$25.7 million was rated A by at least one NRSRO, and \$0.3 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, 2009, 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, 2009, DWP's investments in certificates of deposits included \$13 million of negotiable certificates of deposit of the highest ranking as provided by at least two NRSROs and \$1 million of nonnegotiable certificates of deposit fully insured by 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 nationally recognized statistical rating organizations ("NRSRO"), or 2) retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of \$500 million. As of June 30, 2009, the money market funds in the portfolios have attained 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 must be rated in a rating category of "A" or its equivalent or better by NRSRO. Of DWP's investments in California local agency bonds as of June 30, 2009, \$8.9 million (90%) was rated in the category of AAA and \$1.0 million (10%) was rated in the category of AA by at least one NRSRO.

DWP's investment policy does not establish a minimum credit rating for state of California obligations. As of June 30, 2009, DWP's investments in State of California obligations were rated AAA by at least one NRSRO.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2009, \$167.5 million (22%) was invested in securities issued by the Federal Home Loan Bank; \$148.3 million (19%) was invested in securities issued by the Federal National Mortgage Association; and \$162.7 million (21%) was invested in securities issued by the Federal Home Loan Mortgage Corporation.

DWP Securities Lending Program. DWP’s securities lending cash collateral investment policy specifies that money market funds may be purchased with cash collateral as allowed under the Code. As of June 30, 2009, the money market funds purchased with cash collateral were in compliance with the Code by having either attained the highest possible ratings by at least two NRSROs or retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience in managing money market mutual funds with assets under management in excess of \$500 million.

Fire and Police Pension and Health Subsidy Plans

At June 30, 2009, the Fire and Police Pension and Health Subsidy Plans’ (Pensions) investments are as follows (in thousands):

<u>Investment Type</u>	<u>Pension Plan</u>	<u>Health Subsidy Plan</u>	<u>Total</u>
Short-term Investments	\$ 319,919	\$ 18,381	\$ 338,300
U.S. Government Obligations	898,353	51,614	949,967
Domestic Corporate Bonds	1,673,230	96,135	1,769,365
International Bonds	12,346	709	13,055
Domestic Stocks	3,985,807	229,002	4,214,809
International Stocks	1,763,877	101,342	1,865,219
Real Estate	949,407	54,548	1,003,955
Alternative Investments	1,058,177	60,797	1,118,974
Securities Lending Collateral	258,616	14,859	273,475
Total	<u>\$ 10,919,732</u>	<u>\$ 627,387</u>	<u>\$ 11,547,119</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk. Pensions manages its exposure to interest rate risk by requiring fixed income 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 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 (in thousands):

Investment Type	Amount	Weighted Average Effective Duration (In Years)
Asset Backed Securities	\$ 19,358	15.03
Commercial Mortgages	71,239	32.98
Corporate Bonds	1,069,091	20.90
Government Agencies Bonds	45,339	8.79
Government Bonds	209,261	10.99
Government Mortgage Backed Securities	112,886	25.78
Index Linked Government Bonds	599,254	9.80
Nongovernment Backed Collateralized Mortgage Obligations	10,926	18.61
Bond Index Fund	595,033	N/A
Total	\$ 2,732,387	

Investments that are highly sensitive to interest rate risk at June 30, 2009 are as follows (in thousands):

Investment Type	Amount
Asset Backed Securities	\$ 19,358
Commercial Mortgages	71,239
Government Agencies Bonds	45,339
Government Mortgage Backed Securities	112,885
Index Linked Government Bonds	599,254
Nongovernment Backed Collateralized Mortgage Obligations	10,926
Total	\$ 859,001

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk. Pensions seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk within this asset class. As of June 30, 2009, the quality ratings of Pensions' fixed income investments are as follows (dollars in thousands):

<u>Quality Rating</u>	<u>Amount</u>	<u>Percentage</u>
AAA	\$ 793,473	31.44%
AA	73,064	2.90%
A	194,196	7.69%
BBB	273,826	10.85%
BB	198,419	7.86%
B	126,736	5.02%
CCC	74,435	2.95%
CC	37,671	1.49%
C	2,908	0.12%
Not Rated	<u>749,151</u>	<u>29.68%</u>
Subtotal	2,523,879	<u>100.00%</u>
U.S. Government Issued or Guaranteed Securities	<u>208,508</u>	
Total Fixed Income Investments	<u>\$ 2,732,387</u>	

Concentration of Credit Risk. As of June 30, 2009, Pensions' investment portfolio has no concentration of investments of 5% or more of the total investment portfolio in any one entity except those issued or guaranteed by the U.S. Government.

Custodial Credit Risk. 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, 2009, Pensions' exposure to such risk was \$7.6 million comprised of foreign currencies held outside the custodial bank. For investment securities, custodial 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 risk since they are held by the custodian and registered in the Pensions' name. As of June 30, 2009, Pensions' other investments are exposed to custodial risk such as hedge fund of \$519.9 million, private equity of \$599.1 million, and a commingled real estate fund of \$360.5 million.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2009 are as follows (in thousands):

<u>Foreign Currency</u>	<u>Amount</u>
Australian Dollar	\$ 45,247
Brazilian Real	41,399
British Pound Sterling	305,048
Canadian Dollar	46,936
Chilean Peso	574
Czech Koruna	6,809
Danish Krone	16,172
Euro Currency Unit	568,983
Hong Kong Dollar	112,622
Hungarian Forint	6,053
Indian Rupee	2,459
Indonesian Rupiah	9,287
Japanese Yen	400,204
Malaysian Ringgit	2,544
Mexican Peso	4,856
New Israeli Shekel	1,133
New Taiwan Dollar	32,844
New Zealand Dollar	4,300
Norwegian Krone	9,002
Philippine Peso	424
Polish Zloty	2,650
Singapore Dollar	22,945
South African Rand	16,740
South Korean Won	50,683
Swedish Krona	35,685
Swiss Franc	125,987
Thai Baht	2,685
Turkish New Lira	4,004
Total	<u>\$ 1,878,275</u>

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 is 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.

Los Angeles City Employees' Retirement and Postemployment Healthcare Plans

At June 30, 2009, 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 \$165,426)	\$ 238,603	\$ 33,465	\$ 272,068
Futures Initial Margin	38,962	5,322	44,284
U.S. Government/Agencies Securities	253,997	35,494	289,491
Municipal Bonds	3,449	482	3,931
Domestic Corporate Bonds	850,982	118,919	969,901
International Bonds	162,851	22,757	185,608
Opportunistic Debt	90,575	12,657	103,232
Domestic Stocks	2,672,041	373,400	3,045,441
International Stocks	1,292,456	180,612	1,473,068
Mortgages	488,595	68,278	556,873
Real Estate	457,196	63,890	521,086
Venture Capital and Alternative Investments	665,477	92,996	758,473
Security Lending Collateral	1,269,946	177,466	1,447,412
Total	\$ 8,485,130	\$ 1,185,738	\$ 9,670,868

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 Lehman U.S. Universal Bond Index, the Lehman Intermediate Government Credit Index, or the Lehman 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, 2009

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 (in thousands):

Investment Type	Amount	Weighted Average Effective Duration (In Years)
Asset Backed Securities	\$ 42,021	1.29
Commercial Mortgage Backed Securities	86,767	4.66
Corporate Bonds	1,025,664	6.41
Government Agencies	69,525	4.53
Government Bonds	161,631	6.08
Government Mortgage Backed Securities	470,106	3.29
Guaranteed Fixed Income	4,071	2.78
Index Linked Government Bonds	89,090	4.86
Municipal/Provincial Bonds	8,040	6.31
Nongovernment Backed Collateralized Mortgage Obligations	48,889	2.06
Opportunistic Debt	103,232	2.15
Total	\$ 2,109,036	

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, 2009 are as follows (in thousands):

Credit Rating	Amount	Percentage
AAA	\$ 626,612	33.75%
AA	57,555	3.10%
A	282,904	15.24%
BBB	459,176	24.74%
BB	121,736	6.56%
B	94,186	5.07%
CCC	29,278	1.58%
CC	1,384	0.07%
C	988	0.05%
Not Rated	182,584	9.84%
Subtotal	1,856,403	100.00%
U.S. Government Guaranteed Securities	252,633	
Total Fixed Income Investments	\$ 2,109,036	

Concentration of Credit Risk. LACERS' investment portfolio as of June 30, 2009 has no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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 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, 2009, LACERS has exposure to such risk in the amount of \$8.2 million or 0.46% 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 and currency futures are permitted primarily to reduce the foreign currency risk. Non-U.S. investment holdings as of June 30, 2009, which represents 16.4% of fair value of total investments, are as follows (in thousands):

Foreign Currency	Amount
Argentine Peso	\$ 70
Australian Dollar	80,150
Brazilian Real	14,159
British Pound Sterling	205,592
Canadian Dollar	38,410
Czech Koruna	10
Danish Krone	9,404
Egyptian Pound	725
Euro Currency Unit	422,694
Hong Kong Dollar	111,190
Hungarian Forint	1,397
Indian Rupee	16,751
Indonesian Rupiah	7,213
Japanese Yen	291,102
Malaysian Ringgit	10,479
Mexican Peso	14,816
New Israeli Shekel	1,791
New Taiwan Dollar	42,035
New Zealand Dollar	605
Subtotal Forwarded	<u>\$ 1,268,593</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

<u>Foreign Currency</u>	<u>Amount</u>
Subtotal Forwarded	\$ 1,268,593
Norwegian Krone	10,650
Philippine Peso	10,610
Polish Zloty	1,058
Singapore Dollar	33,531
South African Rand	20,551
South Korean Won	53,461
Swedish Krona	12,973
Swiss Franc	87,879
Thai Baht	26,199
Turkish New Lira	<u>5,579</u>
Total	<u><u>\$ 1,531,084</u></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, 2009, the fair value of LACERS asset-backed investments by investment type, are as follows (in thousands):

<u>Type of Investment</u>	<u>Amount</u>
Asset Backed Securities	\$ 42,021
Commercial Mortgage Backed Securities	86,767
Government Agencies	69,525
Government Mortgage Backed Securities	470,106
Nongovernment Backed Collateralized Mortgage Obligations	<u>48,889</u>
Total	<u><u>\$ 717,308</u></u>

Securities Lending Transactions. The 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 owed the borrowers exceeded the amounts the borrowers owed LACERS.

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

At June 30, 2009, 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	\$ 1,709,305	\$ 359,445	\$ 2,068,750
International Stocks	973,840	--	973,840
Mortgage and Asset Backed Securities	1,356,823	242,453	1,599,276
Domestic Corporate Debts	746,513	80,056	826,569
International Corporate Debts	8,788	--	8,788
Medium Term Notes	26,436	435	26,871
Preferred Securities/Convertible Bonds	8,052	--	8,052
Hedge Funds	116,843	881	117,724
Real Estate	95,704	--	95,704
U.S. Agencies and Other General Obligations	152,877	8,762	161,639
U.S. Treasuries	390,509	60,747	451,256
Money Market Mutual Funds	474,302	18,086	492,388
Securities Lending Short-term Collateral Investment Pool	720,618	49,248	769,866
Total	\$ 6,780,610	\$ 820,113	\$ 7,600,723

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk. As of June 30, 2009, the Plans' exposure to interest rate risk is as follows (amounts in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Mortgage and Asset Backed Securities	\$ 1,599,276	23.46
Domestic Corporate Debts	826,569	9.74
U.S. Treasuries	451,256	10.49
Mutual Funds	492,387	0.07
Medium Term Notes	26,872	11.72
U.S. Agency Notes	161,640	4.99
Preferred Securities/Convertible Bonds	8,052	7.32
International Corporate Debts	8,788	23.51
Total	<u>\$ 3,574,840</u>	14.47

The Plans have a long-term investment horizon and utilize an asset allocation, which encompasses a long-run perspective of capital markets. The Plans maintain the interest rate risk consistent with its long-term investment horizon.

Credit Risk. The 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 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 Plans' investment policy for fixed income allows investment grade and high yield securities with minimum credit ratings of BBB- or Baa3 by Moody's, S&P and Fitch. Investment managers shall notify the 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 investments are composed primarily of non-investment grade securities. If a bond is rated by all three rating agencies (Moody's, S&P and Fitch) then it must be graded BB or Ba1 by at least two rating agencies. If a bond is rated by two rating agencies, it must be rated below investment-grade by at least one rating agency.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The credit quality ratings of the Plans' investments at June 30, 2009 are as follows (in thousands):

Credit Rating	Amount	Percentage
AAA	\$ 428,376	14.46%
A or better	304,129	10.27%
BB or better	31,811	1.07%
B or better	489,528	16.53%
C or better	46,587	1.57%
Not Rated	1,661,512	56.10%
Subtotal	<u>2,961,943</u>	<u>100.00%</u>
U.S. Government Guaranteed Securities	612,895	
Total Fixed Income Investments	<u>\$ 3,574,838</u>	

Concentration of Credit Risk. According to the Plans' investment policy, except for investment in fixed income asset class where no more than 10% of investments shall be invested in any one issue, no more than 5% of investments shall be invested in any one issue. United States Treasury and United States Agency issues are exempted from this limitation. As of June 30, 2009, there are no investment holdings of more than 5% in any one issue in each of the plan's net assets or in the Plans' aggregate, except investments issued or guaranteed by the U.S. Government and investments in commingled funds.

Foreign Currency Risk. The Plans' investment policy permits a maximum of 15% of the total portfolio for investments in foreign currency-denominated securities. As of June 30, 2009, the Plans' position is 10.82% as follows (in thousands):

Foreign Currency	Amount
Australian Dollar	\$ 35,913
Brazilian Real	714
British Pound Sterling	164,179
Canadian Dollar	48,795
Columbian Peso	195
Danish Krone	1,601
Euro Currency Unit	247,579
Hong Kong Dollar	29,059
Japanese Yen	199,080
Mexican Peso	278
New Zealand Dollar	302
Norwegian Krone	6,490
Singapore Dollar	10,797
Subtotal Forwarded	<u>\$ 744,982</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

<u>Foreign Currency</u>	<u>Amount</u>
Subtotal Forwarded	\$ 744,982
Swedish Krona	10,916
Swiss Franc	65,881
Uruguayan Peso	290
Total	<u>\$ 822,069</u>

Securities Lending Transactions. The Plans' custodial bank manages its securities lending. The Plan 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 Plan and continue to be included in their respective accounts on the Statement of Plan Net Assets. At year-end, the Plan 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.

The Plans' custodian is the authorized agent to handle the Plans' securities lending activity. The custodian may invest the cash collateral received in connection with loaned securities in investments permitted by the Plan. The Plan 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 Plan 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, 2009, has an average maturity of 33 days.

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, 2009, other investments are as follows (in thousands):

<u>Type of Investments</u>	<u>Amount</u>	<u>Investment Maturities</u>			
		<u>1 to 30 Days</u>	<u>31 to 60 Days</u>	<u>61 to 365 Days</u>	<u>366 Days To 5 Years</u>
U.S. Treasury Notes	\$ 20,058	\$ 8,041	\$ --	\$ 8,041	\$ 3,976
U.S. Treasury Bills	50,543	50,543	--	--	--
U.S. Government Agencies	27,105	--	5,680	5,397	16,028
Mutual Funds	80,118	80,118	--	--	--
Money Market Funds	320,318	75,959	244,359	--	--
Short-term Investment Funds	867	867	--	--	--
Guaranteed Investment Contracts	55,053	--	--	7,575	47,478
Total	<u>\$ 554,062</u>	<u>\$ 215,528</u>	<u>\$ 250,039</u>	<u>\$ 21,013</u>	<u>\$ 67,482</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk. At June 30, 2009, the investments in mutual and money market funds 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.

Community Redevelopment Agency

At June 30, 2009, cash and investments of the CRA are as follows (in thousands):

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Cash and Pooled Investments	\$ 10,627	\$ 83,134	\$ 93,761
Other Investments	--	412,286	412,286
Restricted Assets	--	127,968	127,968
Total	<u>\$ 10,627</u>	<u>\$ 623,388</u>	<u>\$ 634,015</u>

The CRA's deposits are maintained with various banks within redevelopment project areas or banks that benefit redevelopment activities. At June 30, 2009, the book balance of the deposits was \$10.6 million while the bank balances totaled \$15.6 million. The difference of \$5 million represents primarily outstanding checks and other reconciling items. Of the bank balance, \$1.5 million was covered by the Federal Deposit Insurance Corporation and \$14.1 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 \$250,000 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, 2009 consist of the following investment types (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Investments Held by the CRA		
Treasury Securities	\$ 118,499	0.29
Federal Securities	342,408	0.42
Local Agency Investment Fund	67,970	0.00
Certificates of Deposits	100	0.22
Subtotal	<u>528,977</u>	
Investments Held by Fiscal Agent or Trustee		
Treasury Securities	79,180	0.13
Money Market Funds	12,123	0.09
Repurchase Agreement	3,108	23.02
Subtotal	<u>94,411</u>	
Total	<u>\$ 623,388</u>	
Portfolio weighted average maturity for investments held by the CRA		0.34

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

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, 2009, CRA's investment in money market funds were rated AAAM by Standard and Poor's. The State of California administered LAIF is also an authorized investment, but is not subject to the ratings requirement and is not rated.

During fiscal year 2008, the CRA recorded an allowance for a default on investments totaling \$4 million in principal and interest due on October 4, 2007. These investments, at the time of purchase were rated A-1+ by Standard and Poor's. However, they were subsequently frozen by the trustee bank due to a failed key collateral test by the commercial paper issuer causing non-payment of principal and interest due to investors. Investors have been informed that a restructuring of the commercial paper is in process. In September and October 2008, the CRA received payments from the defaulted investments totaling \$1.0 million. These amounts were reflected as recoveries from defaulted investments in fiscal year 2009.

Local Agency Investment Fund

As of June 30, 2009 the CRA's investments in the State of California Local Agency Investment Fund (LAIF) total \$68.0 million, while the City has a minimal amount invested. The total amount invested by all public agencies in LAIF at that date is \$25.2 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2009, the investments in the PMIA totaled \$50.7 billion, of which 85.29% is invested in non-derivative financial products and 14.71% 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 pool 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 City's and CRA's position in the pool.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Futures and Forward Contracts

LACERS and Pensions use derivative financial instruments primarily to manage portfolio risk. Futures contracts are used to provide equity exposure for uninvested cash, and forward contracts are used to hedge against fluctuation in foreign currency denominated assets primarily in trade settlements. Futures and forward contracts are marked to market and are recorded in the statement of plan net assets at fair value. Futures contracts have little credit risk, as organized exchanges are the guarantors. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions. Due to the level of risk associated with derivative instruments, 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.

At June 30, 2009, LACERS had outstanding futures contracts for foreign currencies and the Standard and Poor's 500 Index with an aggregate notional amount of \$7.8 million. In addition, at June 30, 2009, LACERS had outstanding forward purchase commitments with a notional amount of \$45.1 million and offsetting forward sales commitments with notional amount of \$45.1 million that expire through September 2009. LACERS maintains margin collateral on the positions with brokers, consisting of cash and U.S. Treasury Bills. The total collateral margin was \$44.3 million as of June 30, 2009. The realized loss on foreign currency translation was \$25.1 million for the year ended June 30, 2009.

At June 30, 2009, Pensions had notional value of \$8.7 million exposure in futures and forward contracts in foreign currency exchange transactions with an unrealized gain of \$0.08 million. At June 30, 2009, Pensions held other futures and forward contracts with a notional value of \$19.4 million with a minimal unrealized loss.

Overdraft Limit

The City has a \$100 million "Authorized Overdraft Limit" with a bank that maintains the City's operating account. At its sole discretion, the bank may allow an overdraft to occur in the City's account. Such overdraft, including any charges, must be repaid immediately without demand, except when the City and the bank agree otherwise or when the bank advises otherwise in writing.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Primary Government

The primary government's net receivables at June 30, 2009 are as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Gross Receivables		
Taxes	\$ 956,440	\$ --
Accounts	549,451	869,047
Special Assessments	23,807	--
Investment Income	19,844	10,363
Intergovernmental	190,974	82,979
Loans and Notes	<u>1,108,767</u>	<u>1,111,651</u>
Total	<u>2,849,283</u>	<u>2,074,040</u>
Allowance for Uncollectibles		
Taxes	(557,635)	--
Accounts	(331,782)	(33,569)
Special Assessments	(2,346)	--
Intergovernmental	(49,571)	--
Loans and Notes	<u>(799,461)</u>	<u>--</u>
Total	<u>(1,740,795)</u>	<u>(33,569)</u>
Net Receivables	<u>\$ 1,108,488</u>	<u>\$ 2,040,471</u>
Net Receivables not scheduled for collection during the subsequent year:		
Accounts	\$ --	\$ 116,333
Loans and Notes	303,990	1,080,428

Of the \$557.6 million allowance for uncollectible taxes, \$278.2 million relates to a valuation allowance for estimated business taxes receivable.

The majority of the governmental activities loans consist of grant funded loans provided as follows: a) 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; b) to businesses to carry out economic development projects; and c) 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, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The governmental activities loans include a \$14 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. In September 2005, 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 Power Enterprise Fund's long-term notes of \$1.11 billion from Intermountain Power Agency (see Note 5B on page 166), and \$0.6 million long-term Harbor notes receivable.

Component Unit

The \$101.4 million net receivables of the CRA at June 30, 2009 consisted of \$9.5 million property taxes, \$4.7 million intergovernmental, \$1.5 million investment income, \$84.2 million loans, and \$1.5 million other.

The CRA net loans receivable of \$84.2 million reflected an allowance for market value write-down and uncollectibles of \$559.9 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, 2009, the various components of deferred revenue reported in the governmental funds were as follows (in thousands):

Taxes	\$ 228,493
Accounts	178,439
Intergovernmental	70,713
Special Assessments	2,689
Investment Income	<u>3,376</u>
Total Deferred Revenue for	
Governmental Funds	<u>\$ 483,710</u>

C. Loans Receivable from Component Unit

The City has a 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. The \$17.2 million loans bear 5% interest with final maturity date of June 2021.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Additionally, the City has recorded loans of \$0.4 million with a 3% interest rate and \$4.3 million with a 5.5% interest rate that will mature in April 2012 and December 2022, respectively. The \$0.4 million loan is secured by site-specific tax increments that are subordinate to project area's bond and tax increment commitments. The \$4.3 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 \$1 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.

In February 2008, the City extended a float funded loan of \$4.5 million to CRA that will act as a conduit to lend and provide assistance to a developer of a certain project. The float loan is a 30-month non-interest bearing note due in a single lump sum payment on August 14, 2010. The float loan is guaranteed by the CRA and will be paid with a pledge of \$4.5 million project area tax increment funds.

D. Restricted Assets

The primary government's restricted assets are composed of the following at June 30, 2009 (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash and Investments			
Cash and Pooled Investments			
With City Treasurer	\$ --	\$ 1,699,478	\$ 1,699,478
Other Investments	<u>5,965</u>	<u>1,029,586</u>	<u>1,035,551</u>
Subtotal	5,965	2,729,064	2,735,029
Other Restricted Assets			
Investment Income Receivable	--	4,410	4,410
Passenger Facility Charge Receivable	<u>--</u>	<u>17,687</u>	<u>17,687</u>
Total	<u>\$ 5,965</u>	<u>\$ 2,751,161</u>	<u>\$ 2,757,126</u>

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, self-insurance reserve, deposits from service users, and retention guarantees from contractors.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The CRA's restricted assets totaling \$128.0 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.

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, 2009 is \$11.3 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 million along the proposed corridor route.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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, 2009. 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, 2009 is as follows (in thousands):

Governmental Activities	Balance June 30, 2008	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2009
Capital Assets Not Depreciated				
Land	\$ 659,732	\$ 32,776	\$ (12,530)	\$ 679,978
Infrastructure	147,514	16,554	--	164,068
Construction in Progress	1,695,011	457,040	(130,117)	2,021,934
Total Capital Assets Not Depreciated	<u>2,502,257</u>	<u>506,370</u>	<u>(142,647)</u>	<u>2,865,980</u>
Capital Assets Depreciated				
Buildings and Improvements	2,540,910	92,890	--	2,633,800
Machinery, Furniture and Equipment	1,228,248	98,981	(59,710)	1,267,519
Infrastructure	2,687,301	68,092	(56,746)	2,698,647
Total Capital Assets Depreciated	<u>6,456,459</u>	<u>259,963</u>	<u>(116,456)</u>	<u>6,599,966</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(779,850)	(70,665)	--	(850,515)
Machinery, Furniture and Equipment	(808,727)	(84,583)	59,710	(833,600)
Infrastructure	(947,527)	(77,214)	56,746	(967,995)
Total Accumulated Depreciation	<u>(2,536,104)</u>	<u>(232,462)</u>	<u>116,456</u>	<u>(2,652,110)</u>
Total Capital Assets Depreciated, Net	<u>3,920,355</u>	<u>27,501</u>	<u>--</u>	<u>3,947,856</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,422,612</u>	<u>\$ 533,871</u>	<u>\$ (142,647)</u>	<u>\$ 6,813,836</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Function/Program	Amount
General Government	\$ 49,923
Protection of Persons and Property	27,795
Public Works	45,363
Health and Sanitation	22,479
Transportation	40,926
Cultural and Recreational Services	44,278
Community Development	1,698
Total Depreciation Expense - Governmental Activities	<u>\$ 232,462</u>

Business-type Activities

Capital asset activity for Business-type Activities for the year ended June 30, 2009 is as follows (in thousands):

Business-type Activities	Balance June 30, 2008	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2009
Capital Assets Not Depreciated				
Land	\$ 2,211,756	\$ 29,639	\$ (349)	\$ 2,241,046
Construction in Progress	3,124,325	1,432,138	(978,082)	3,578,381
Total Capital Assets Not Depreciated	<u>5,336,081</u>	<u>1,461,777</u>	<u>(978,431)</u>	<u>5,819,427</u>
Capital Assets Depreciated				
Buildings, Facilities and Equipment	25,794,866	1,617,066	(74,913)	27,337,019
Leased Property and Improvements	194,359	268	--	194,627
Total Capital Assets Depreciated	<u>25,989,225</u>	<u>1,617,334</u>	<u>(74,913)</u>	<u>27,531,646</u>
Less: Accumulated Depreciation				
Buildings, Facilities and Equipment	(11,596,895)	(757,475)	41,524	(12,312,846)
Leased Property and Improvements	(100,155)	(4,550)	--	(104,705)
Total Accumulated Depreciation	<u>(11,697,050)</u>	<u>(762,025)</u>	<u>41,524</u>	<u>(12,417,551)</u>
Capital Assets Depreciated, Net	<u>14,292,175</u>	<u>855,309</u>	<u>(33,389)</u>	<u>15,114,095</u>
Natural Gas Field, Net	228,824	1,614	(6,821)	223,617
Nuclear Fuel at Amortized Cost	32,982	10,639	(6,717)	36,904
Business-type Activities Capital Assets, Net	<u>\$ 19,890,062</u>	<u>\$ 2,329,339</u>	<u>\$ (1,025,358)</u>	<u>\$ 21,194,043</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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	\$ 108,887
Harbor	83,413
Power	293,239
Water	83,141
Sewer	156,143
Other Enterprise Fund	11,951
Capitalized depreciation expense:	
Power	16,292
Water	8,959
Total	<u><u>\$ 762,025</u></u>

The Power Enterprise Fund has direct interests in several electrical generating stations and transmission systems that are jointly owned with other utilities. The Fund will incur 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, 2009 (dollar amounts in thousands):

	Ownership Interest	Share of Capacity (megawatts)	Plant in Service	
			Cost	Accumulated Depreciation
Palo Verde Nuclear Generating Station	5.7%	224	\$ 564,654	\$ 332,324
Navajo Generating Station	21.2%	477	316,560	284,486
Mohave Generating Station	10.0%	--	57,913	57,852
Pacific Intertie DC Transmission Line	40.0%	1,240	170,808	44,599
Other Transmission Systems	--	various	84,779	44,652
			<u><u>\$ 1,194,714</u></u>	<u><u>\$ 763,913</u></u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Component Unit

Capital assets activity for the CRA for the year ended June 30, 2009 is as follows (in thousands):

	<u>Balance June 30, 2008</u>	<u>Additions/ Transfers</u>	<u>Deductions/ Transfers</u>	<u>Balance June 30, 2009</u>
Capital Assets Not Depreciated				
Land	\$ 67,965	\$ --	\$ (457)	\$ 67,508
Capital Assets Depreciated				
Buildings and Improvements	41,360	--	--	41,360
Equipment	<u>15,321</u>	<u>1,011</u>	<u>(66)</u>	<u>16,266</u>
Total Capital Assets Depreciated	56,681	1,011	(66)	57,626
Less - Accumulated Depreciation	<u>(26,128)</u>	<u>(2,291)</u>	<u>66</u>	<u>(28,353)</u>
Capital Assets Depreciated, Net	<u>30,553</u>	<u>(1,280)</u>	<u>--</u>	<u>29,273</u>
Total Capital Assets, Net	<u>\$ 98,518</u>	<u>\$ (1,280)</u>	<u>\$ (457)</u>	<u>\$ 96,781</u>

The CRA allocated the depreciation expense of \$2.3 million to its various projects.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

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, 2009 (in thousands):

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Building and Safety Permit	\$ 514
	Community Development	1,911
	MICLA Special Revenue	2,707
	Proposition A Local Transit Assistance	1,262
	Recreation and Parks	226
	Solid Waste Resources	30
	Other Governmental Funds	29,823
	Sewer	439
		<u>36,912</u>
Building and Safety Permit	General	4,477
	Recreation and Parks	3
	Other Governmental Funds	3
		<u>4,483</u>
Community Development	General	49
	Other Governmental Funds	2,598
		<u>2,647</u>
Proposition A Local Transit Assistance	General	<u>656</u>
Recreation and Parks	Other Governmental Funds	<u>1,968</u>
Solid Waste Resources	General	27,583
	Recreation and Parks	25
	Sewer	13
		<u>27,621</u>
Other Governmental Funds	General	16,031
	Community Development	46
	MICLA Special Revenue	41
	Solid Waste	16
	Other Governmental Funds	413
		<u>16,547</u>
Harbor	General	<u>4,206</u>
Power	Water	<u>9,903</u>
Sewer	Recreation and Parks	<u>5</u>
Total		<u>\$ 104,948</u>

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

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 payable balance of the General Fund to the Harbor Enterprise Fund is related to the current portion of a litigation settlement discussed in Note 5B on page 163.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ 9,664
	Other Enterprise Fund	<u>9</u>
		<u>9,673</u>
Prop A Local Transit Assistance	Other Governmental Funds	<u>400</u>
	General	2
	Recreation and Parks	1,122
	Other Governmental Funds	<u>93,173</u>
		<u>94,297</u>
Harbor	General	<u>28,058</u>
Sewer	General	10,337
	Other Governmental Funds	<u>2,701</u>
		<u>13,038</u>
Agency Funds	Other Governmental Funds	<u>36,256</u>
Total		<u><u>\$ 181,722</u></u>

The above balances represent interfund borrowings payable beyond one year. 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 5B on page 163.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Transfers

Transfers In	Transfers Out	Amount
General	MICLA Special Revenue	\$ 243
	Other Governmental Funds	66,683
	Power	222,506
		<u>289,432</u>
Community Development	Other Governmental Funds	<u>8,548</u>
MICLA Special Revenue	General	<u>3,689</u>
MICLA Debt Service	General	118,623
	MICLA Special Revenue	246,508
	Other Governmental Funds	<u>20,880</u>
		<u>386,011</u>
Proposition A Local Transit Assistance Improvement	Other Governmental Funds	<u>75</u>
Recreation and Parks	General	134,226
	Other Governmental Funds	112
		<u>134,338</u>
Solid Waste Resources	MICLA Debt Service	<u>174</u>
Other Governmental Funds	General	186,146
	Community Development	321
	Proposition A Local Transit Assistance	3,214
	Solid Waste Resources	17,170
	Other Governmental Funds	<u>59,240</u>
		<u>266,091</u>
Water	General	<u>63,356</u>
Total		<u><u>\$ 1,151,714</u></u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (b) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (c) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (d) move unrestricted revenues collected in certain enterprise funds to partially finance various programs in the General Fund in accordance with budgetary authorizations.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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, 2009 are broken down as follows (in thousands):

	Governmental Activities	Business-type Activities
Accounts, Contracts and Retainage Payable	\$ 204,750	\$ 604,428
Accrued Salaries and Overtime Payable	216,666	51,614
Intergovernmental Payable	3,413	--
Other Current Liabilities	--	92,096
Total	\$ 424,829	\$ 748,138

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, 2009 are as follows (in thousands):

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009	Due Within One Year
General Obligation Bonds	\$ 1,303,035	\$ 101,000	\$ (105,950)	\$ 1,298,085	\$ 105,135
Judgment Obligation Bonds	9,195	20,600	(3,900)	25,895	5,705
Certificates of Participation and Lease Revenue Bonds	1,822,940	511,935	(351,535)	1,983,340	130,885
Commercial Paper Notes	200,000	149,750	(242,015)	107,735	--
Special Assessment and Revenue Bonds	442,520	--	(23,950)	418,570	27,755
Subtotal Bonds and Notes	3,777,690	783,285	(727,350)	3,833,625	269,480
Add: Unamortized Net Premium and Deferred Charges	63,737	20,657	(27,426)	56,968	--
Total Bonds and Notes	3,841,427	803,942	(754,776)	3,890,593	269,480
Loans Payable to HUD	76,055	25,408	(3,428)	98,035	5,663
Compensated Absences	501,237	19,812	(17,761)	503,288	38,232
Claims and Judgments	1,862,681	282,120	(164,662)	1,980,139	252,268
Landfill Liability	47,550	328	--	47,878	1,320
Estimated Pollution Remediation Liability	--	12,061	--	12,061	2,356
Net Pension Liability	68,342	--	(3,240)	65,102	--
Net OPEB Liability	21,358	11,536	--	32,894	--
Governmental Activities Long-term Liabilities	\$ 6,418,650	\$ 1,155,207	\$ (943,867)	\$ 6,629,990	\$ 569,319

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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, 2009</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	146,000	354,000
Total		<u>\$ 2,523,948</u>	<u>\$ 2,169,948</u>	<u>\$ 354,000</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. During the year, GO bonds totaling \$101.0 million were issued for stormwater pollution abatement projects. The GO bonds outstanding as of June 30, 2009 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	9/01/15	4.00% - 5.25%	\$ 119,990	\$ 83,185
Series 1999-A, Refunding	9/01/14	3.00% - 4.70%	97,320	39,725
Series 1999-B	9/01/09	4.75% - 6.00%	60,000	3,000
Series 2000-A	9/01/10	4.125% - 5.50%	88,330	9,300
Series 2001-A	9/01/21	4.00% - 5.00%	201,290	80,510
Series 2002-A	9/01/22	2.50% - 5.25%	262,200	183,540
Series 2002-B, Refunding	9/01/14	2.00% - 5.00%	79,055	69,155
Series 2003-A	9/01/23	3.00% - 6.00%	233,365	175,040
Series 2003-B, Refunding	9/01/13	3.625% - 6.00%	77,345	21,425
Series 2004-A	9/01/24	3.00% - 5.00%	360,540	288,440
Series 2005-A	9/01/25	3.00% - 5.00%	126,800	107,780
Series 2005-B, Refunding	9/01/20	3.00% - 5.00%	73,080	72,805
Series 2006-A	9/01/26	4.00% - 5.00%	71,023	63,180
Series 2008-A	9/01/28	3.75% - 5.00%	101,000	101,000
Total			<u>\$ 1,951,338</u>	<u>\$ 1,298,085</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 105,135	\$ 58,251	\$ 163,386
2011	104,795	53,775	158,570
2012	102,560	49,263	151,823
2013	100,235	44,716	144,951
2014	98,275	40,201	138,476
2015 - 2019	403,110	139,784	542,894
2020 - 2024	317,485	51,227	368,712
2025 - 2029	66,490	4,709	71,199
Subtotal	1,298,085	441,926	1,740,011
Net Unamortized Premium and Deferred Charges	33,018	--	33,018
Total	<u>\$ 1,331,103</u>	<u>\$ 441,926</u>	<u>\$ 1,773,029</u>

Judgment Obligation Bonds (JOBs)

The City issued JOBs in April 2000, August 2000 and June 2009 to pay for judgments related to civil rights violations and claims under the Fair Labor Standards Act. During the year, \$20.6 million JOBs were issued to make payments to certain persons with respect to certain cases in which the City was a defendant. The judgment obligation bonds outstanding at June 30, 2009, 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 2000-A	4/01/10	4.25% - 5.25%	\$ 25,000	\$ 2,500
Series 2000-B	8/01/10	4.00% - 5.00%	13,995	2,795
Series 2009-A	6/01/19	2.00% - 5.00%	20,600	20,600
Total			<u>\$ 59,595</u>	<u>\$ 25,895</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,705	\$ 947	\$ 6,652
2011	3,190	772	3,962
2012	1,830	705	2,535
2013	1,905	632	2,537
2014	2,000	537	2,537
2015 - 2019	11,265	1,417	12,682
Subtotal	25,895	5,010	30,905
Net Unamortized Premium and Deferred Charges	324	--	324
Total	<u>\$ 26,219</u>	<u>\$ 5,010</u>	<u>\$ 31,229</u>

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

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 \$258.9 million were issued to refinance, through the redemption of outstanding commercial notes, costs associated with the acquisition of certain real property sites and improvements thereon, and certain capital equipment. The aggregate outstanding balance at June 30, 2009 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 2039	2.00% - 7.25%	<u>\$ 2,071,340</u>	<u>\$ 1,475,735</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 \$157.1 million, while revenue from leases received and investment earnings totaled \$171.3 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>
2010	\$ 104,150	\$ 68,311	\$ 172,461
2011	89,825	64,414	154,239
2012	82,440	60,639	143,079
2013	80,970	56,970	137,940
2014	81,940	53,201	135,141
2015 - 2019	242,750	226,802	469,552
2020 - 2024	213,670	170,168	383,838
2025 - 2029	222,865	112,862	335,727
2030 - 2034	198,785	61,863	260,648
2035 - 2039	<u>158,340</u>	<u>15,860</u>	<u>174,200</u>
Subtotal	1,475,735	891,090	2,366,825
Net Unamortized Premium and Deferred Charges	<u>27,542</u>	--	<u>27,542</u>
Total	<u>\$ 1,503,277</u>	<u>\$ 891,090</u>	<u>\$ 2,394,367</u>

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 was 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

In fiscal year 2009, \$253.1 million Convention Center Lease Revenue Refunding Bonds were issued to refund certain outstanding bonds totaling \$235.5 million. The cash flow savings and economic gain on refunding amounted to \$19.2 million and \$13.0 million, respectively. Please see Note 4J on page 132 for more information. 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 \$44.9 million and \$74.3 million, respectively. The Convention Center certificates of participation and lease revenue bonds outstanding at June 30, 2009, 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	8/15/21	4.600% - 6.125%	\$ 503,870	\$ 51,180
1998 Series A	8/15/24	6.500% - 7.125%	45,580	36,730
2003 Series A, Refunding	8/15/15	2.000% - 5.000%	226,045	166,635
2008 Series A, Refunding	8/15/22	4.250% - 5.125%	253,060	253,060
Total			<u>\$ 1,028,555</u>	<u>\$ 507,605</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>
2010	\$ 26,735	\$ 23,339	\$ 50,074
2011	29,905	22,038	51,943
2012	32,040	20,280	52,320
2013	33,435	18,833	52,268
2014	34,490	17,710	52,200
2015 - 2019	190,955	65,917	256,872
2020 - 2024	156,400	16,375	172,775
2025	3,645	130	3,775
Subtotal	507,605	184,622	692,227
Net Unamortized Premium and Deferred Charges	<u>(16,455)</u>	--	<u>(16,455)</u>
Total	<u>\$ 491,150</u>	<u>\$ 184,622</u>	<u>\$ 675,772</u>

Commercial Paper Notes

In April 2004, the Mayor and City Council approved a \$200 million MICLA Commercial Paper Lease Financing Program. 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, 2009 of \$128.1 million and estimated fair value of \$211.5 million. The payment of principal and interest on the notes is further supported by an irrevocable direct letter of credit issued by a commercial bank pursuant to the terms of a reimbursement agreement among MICLA, the City, and the commercial bank. At June 30, 2009, outstanding commercial paper notes amounted to \$107.7 million with interest rates ranging from 0.20% to 0.45%.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Special Assessment and Revenue Bonds

The special assessment and revenue bonds outstanding at June 30, 2009, and the original amounts issued are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Special Assessment Bonds				
2000 Series	3/01/20	4.70% - 5.65%	\$ 14,355	\$ 6,020
2001 Series	3/01/21	4.00% - 7.00%	10,305	7,215
2002 Series	3/01/22	3.75% - 5.00%	19,630	14,450
Subtotal			<u>44,290</u>	<u>27,685</u>
Parking System Revenue Bonds				
1999-A Series	5/01/29	4.00% - 5.25%	80,975	67,300
2003-A Series	5/01/32	2.00% - 5.25%	39,630	29,995
Subtotal			<u>120,605</u>	<u>97,295</u>
Solid Waste Resources				
Revenue Bonds				
2001-A Series	2/01/20	3.625% - 5.25%	86,640	51,010
2003-A Series	2/01/16	4.50% - 5.00%	47,825	44,455
2003-B Series	2/01/18	4.00% - 5.00%	61,120	57,775
2004-A Series	2/01/29	5.00%	56,230	40,230
2005-A Series	2/01/19	5.00%	45,750	41,750
2006-A Series	2/01/24	3.75% - 5.00%	58,370	58,370
Subtotal			<u>355,935</u>	<u>293,590</u>
Total			<u><u>\$ 520,830</u></u>	<u><u>\$ 418,570</u></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 \$20.5 million, respectively.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,775	\$ 1,314	\$ 3,089
2011	1,815	1,241	3,056
2012	1,885	1,164	3,049
2013	1,970	1,082	3,052
2014	2,060	995	3,055
2015 - 2019	11,855	3,432	15,287
2020 - 2022	6,325	572	6,897
Total	<u>\$ 27,685</u>	<u>\$ 9,800</u>	<u>\$ 37,485</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 \$50.6 million, respectively.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,830	\$ 4,773	\$ 8,603
2011	4,000	4,607	8,607
2012	4,175	4,428	8,603
2013	4,355	4,250	8,605
2014	4,545	4,061	8,606
2015 - 2019	26,275	16,740	43,015
2020 - 2024	26,915	9,695	36,610
2025 - 2029	23,200	3,779	26,979
Total	<u>\$ 97,295</u>	<u>\$ 52,333</u>	<u>\$ 149,628</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 \$33.3 million and \$278.0 million, respectively.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 22,150	\$ 13,834	\$ 35,984
2011	21,745	12,776	34,521
2012	22,720	11,779	34,499
2013	23,710	10,760	34,470
2014	24,785	9,625	34,410
2015 - 2019	132,385	29,376	161,761
2020 - 2024	39,540	6,246	45,786
2025 - 2029	6,555	1,015	7,570
Subtotal	293,590	95,411	389,001
Unamortized Premium	12,539	--	12,539
Total	<u>\$ 306,129</u>	<u>\$ 95,411</u>	<u>\$ 401,540</u>

Loans Payable to HUD

The Loans Payable to HUD consists of \$56.8 million fixed-rate loans and \$41.2 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):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,663	\$ 2,814	\$ 8,477
2011	6,368	2,550	8,918
2012	5,934	2,296	8,230
2013	6,320	2,051	8,371
2014	7,382	1,799	9,181
2015 - 2019	32,088	5,033	37,121
2020 - 2024	23,680	2,048	25,728
2025 - 2029	10,600	87	10,687
Total	<u>\$ 98,035</u>	<u>\$ 18,678</u>	<u>\$ 116,713</u>

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 2029. The interest rate in effect (LIBOR + 0.2%) as of June 30, 2009 of 0.8675% was used in the debt service requirement schedule.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

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, 2009 are as follows (in thousands):

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009	Due Within One Year
Airports Revenue Bonds and Notes	\$ 618,773	\$ 853,461	\$ (260,795)	\$ 1,211,439	\$ 101,790
Harbor Revenue Bonds and Loans	770,521	--	(23,655)	746,866	25,075
Power System Revenue Bonds and Revenue Certificates	4,951,782	845,245	(364,901)	5,432,126	217,882
Water System Revenue Bonds and Loans	2,153,933	150,000	(58,414)	2,245,519	58,512
Wastewater System Revenue Bonds, Notes, and Loans	2,516,595	622,785	(512,674)	2,626,706	64,465
Subtotal Revenue Bonds and Notes	11,011,604	2,471,491	(1,220,439)	12,262,656	467,724
Add (Less): Unamortized Net Discount and Deferred Charges	(768)	12,734	(5,239)	6,727	--
Net Revenue Bonds and Notes	11,010,836	2,484,225	(1,225,678)	12,269,383	467,724
Capital Lease Obligations	50,715	1,311	(2,508)	49,518	1,311
Compensated Absences	102,768	76,427	(22,738)	156,457	122,402
Claims and Judgments	150,277	17,176	(16,368)	151,085	12,379
Estimated Pollution Remediation Liability	--	379,287	(273,077)	106,210	9,807
Net Pension Liability	11,630	1,017	--	12,647	--
Business-type Activities Long-term Liabilities	<u>\$ 11,326,226</u>	<u>\$ 2,959,443</u>	<u>\$ (1,540,369)</u>	<u>\$ 12,745,300</u>	<u>\$ 613,623</u>

Airports Revenue Bonds and Notes

Revenue bonds, refunding revenue bonds, and commercial paper notes outstanding at June 30, 2009 are summarized as follows (dollar amounts in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2026	3.00% - 8.38%	\$ 1,478,305	\$ 1,033,350
Variable rate revenue bonds	2020	variable	81,100	81,100
Commercial paper notes	--	variable	383,505	96,989
Subtotal			<u>\$ 1,942,910</u>	1,211,439
Net unamortized premiums, discounts, and debt related costs				<u>(3,383)</u>
Net revenue bonds and notes				<u>\$ 1,208,056</u>

Revenue bonds were issued by the Airports for various improvement projects. Future revenues are pledged as security of the bonds.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Principal and interest paid for the current year and net revenue were \$48.5 million and \$205.0 million, respectively. Information on Airport's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 328.

During the year, the Airports issued three series of bonds totaling \$853.3 million. The proceeds were used to reimburse Airports for previous capital expenditures, pay for future capital expenditures, repay outstanding commercial paper notes and refund certain revenue bonds. Please see Notes 4J on page 132 for additional information on refunding 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>
2010	\$ 101,790	\$ 53,597	\$ 155,387
2011	31,755	52,553	84,308
2012	33,195	51,109	84,304
2013	34,745	49,574	84,319
2014	36,430	47,913	84,343
2015 - 2019	150,705	216,832	367,537
2020 - 2024	149,195	177,205	326,400
2025 - 2029	170,035	134,933	304,968
2030 - 2034	202,350	87,935	290,285
2035 - 2038	204,250	27,979	232,229
Subtotal	1,114,450	899,630	2,014,080
Net Unamortized Premium, Discount, and Deferred Charges	(3,383)	--	(3,383)
Total	<u>\$ 1,111,067</u>	<u>\$ 899,630</u>	<u>\$ 2,010,697</u>

Interest requirements include those of the variable rate debt interest rates in effect as of June 30, 2009 that range from 0.20% to 0.30%. The schedule does not include the commercial paper notes that are assumed to be renewed or refinanced on a long-term basis.

Harbor Revenue Bonds and Loans

Revenue bonds, revenue refunding bonds, and loans outstanding at June 30, 2009 are summarized as follows (dollar amounts in thousands):

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Fixed rate revenue bonds	2037	3.0% - 5.5%	\$ 806,765	\$ 744,040
Loans from CDBW	2015	4.5%	8,000	2,826
Subtotal			<u>\$ 814,765</u>	<u>746,866</u>
Net unamortized premiums, discounts, and debt related costs				<u>10,669</u>
Net revenue bonds and notes				<u>\$ 757,535</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 revenue were \$60.7 million and \$148.1 million, respectively. Information on Harbor's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 328.

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):

Fiscal Year	Principal	Interest	Total
2010	\$ 24,610	\$ 36,877	\$ 61,487
2011	25,900	35,603	61,503
2012	27,165	34,272	61,437
2013	28,580	32,883	61,463
2014	30,005	31,418	61,423
2015 - 2019	175,055	131,941	306,996
2020 - 2024	225,720	81,052	306,772
2025 - 2029	160,025	24,141	184,166
2030 - 2034	27,140	8,358	35,498
2035 - 2038	19,840	1,455	21,295
Subtotal	744,040	418,000	1,162,040
Net Unamortized Premium, Discount, and Deferred Charges	10,669	--	10,669
Total	\$ 754,709	\$ 418,000	\$ 1,172,709

Power System Bonds and Revenue Certificates

Long-term debt outstanding as of June 30, 2009 consists of revenue bonds and refunding revenue bonds due serially in varying annual amounts and are summarized as follows (dollar amounts in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2041	3.409% - 5.583%	\$ 4,747,786	\$ 4,262,826
Variable rate revenue bonds	2036	variable	1,009,100	969,300
Revenue certificates	--	variable	200,000	200,000
Subtotal			\$ 5,956,886	5,432,126
Net unamortized premiums, discounts, and debt related costs				27,609
Net revenue bonds and notes				\$ 5,459,735

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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 November 2008, the Power system issued \$550 million of Power System Revenue bonds. The net proceeds of \$540 million from the transaction, which included a discount of \$10 million, were deposited into the construction fund to be used for capital improvements.

In February 2009, the Power System issued \$123 million of Power System Revenue Bonds. The net proceeds of \$125 million from the transaction, which included a premium of \$2 million, were used to redeem the \$125 million Power System Variable Rate Revenue Bonds. Please see Note 4J on page 132 for additional information.

In June 2009, the Power System issued \$172 million of Power System Revenue Bonds. The net proceeds of \$181 million from the transaction, which included a premium of \$9 million were used to refund certain revenue bonds. Please see Note 4J on page 132 for additional information.

The variable rate bonds currently bear interest at daily and weekly rates (ranging from 0.27% to 0.30% as of June 30, 2009). 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 revenue certificates bear interest at an average of 0.33%. 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, \$388.5 million, and \$200 million to provide liquidity for the variable rate bonds and revenue certificates. The extended standby agreements expire in January 2010 for the \$580.8 million issue and on June 2010 for the \$388.5 million issue. The \$200 million line-of-credit agreement for the revenue certificates expires in September 2010.

Bonds purchased under the agreements will bear interest that is payable quarterly at the greater of the Federal Funds Rate plus 0.50% or the bank's announced base rate, as defined. The unpaid principal of bonds purchased is payable in ten equal semiannual installments, commencing after the termination of the agreement. 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, 2009.

Principal and interest paid for the current year and net revenue were \$303.7 million and \$881.0 million, respectively. Information on Power's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 328.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year	Principal	Interest	Total
2010	\$ 100,952	\$ 238,080	\$ 339,032
2011	122,205	231,734	353,939
2012	135,794	225,438	361,232
2013	143,091	218,308	361,399
2014	146,990	210,934	357,924
2015 - 2019	756,884	942,456	1,699,340
2020 - 2024	846,670	746,294	1,592,964
2025 - 2029	988,890	526,074	1,514,964
2030 - 2034	1,155,040	294,661	1,449,701
2035 - 2039	764,680	77,542	842,222
2040 - 2044	70,930	962	71,892
Subtotal	5,232,126	3,712,483	8,944,609
Net Unamortized Premium, Discount, and Deferred Charges	27,609	--	27,609
Total	\$ 5,259,735	\$ 3,712,483	\$ 8,972,218

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: \$116.93 million in fiscal year 2010, \$233.86 million in each of the fiscal years 2011 through 2014, and \$116.93 million in fiscal year 2015. Accordingly, the statement of net assets includes the possibility of the exercise of the tender options and reflects the \$116.93 million that could be due in fiscal year 2010 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, 2009 of 0.15%.

Water System Bonds and Loans

Long-term debt outstanding as of June 30, 2009 consists of revenue bonds and refunding revenue bonds due serially in varying annual amounts, and other long-term debt as follows (dollar amounts in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Fixed rate revenue bonds	2044	4.014% - 5.245%	\$ 1,998,965	\$ 1,851,487
Variable rate revenue bonds	2036	variable	325,000	325,000
Loans payable to CDWR	2028	2.320% - 2.600%	73,129	69,032
Subtotal			\$ 2,397,094	2,245,519
Net unamortized premiums, discounts, and debt related costs				6,331
Net revenue bonds, notes and loans				\$ 2,251,850

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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 February 2009, the Water System issued \$150 million of Water System Revenue Bonds. The net proceeds of \$150 million from the transaction, which included a premium of \$0.7 million, were deposited into the construction fund to be used for capital improvements.

In February 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 \$36.4 million, at a fixed interest rate of 2.45%. In September 2007, DWP received \$34.8 million under the agreement. The proceeds are being used to fund water quality capital improvements. The remaining \$1.6 million under the loan agreement is expected to be received during fiscal year 2009-10. The Water Enterprise Fund is required to begin making principal payments under this arrangement beginning in fiscal year 2011.

The variable rate bonds currently bear interest at daily and weekly rates (ranging from 0.23% to 0.30% as of June 30, 2009). 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 million and \$100 million to provide liquidity for these bonds. The initial and extended standby agreements expire in February 2010, and October 2010, respectively.

Bonds purchased under the agreements will bear interest that is payable quarterly at the greater of the Federal Funds Rate plus 0.50% or the bank's announced base rate, as defined. The unpaid principal of bonds purchased is payable in ten equal semiannual installments, commencing after the termination of the agreement. 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, 2009.

Principal and interest paid for the current year and net revenue were \$115.6 million and \$243.6 million, respectively. Information on Water's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 329.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year	Principal	Interest	Total
2010	\$ 26,012	\$ 101,852	\$ 127,864
2011	31,037	100,977	132,014
2012	27,250	99,865	127,115
2013	32,306	98,426	130,732
2014	32,659	96,999	129,658
2015 - 2019	143,760	465,676	609,436
2020 - 2024	148,022	437,295	585,317
2025 - 2029	289,523	387,462	676,985
2030 - 2034	397,490	312,329	709,819
2035 - 2039	505,930	207,062	712,992
2040 - 2044	550,030	73,314	623,344
2045	61,500	--	61,500
Subtotal	2,245,519	2,381,257	4,626,776
Net Unamortized Premium, Discount, and Deferred Charges	6,331	--	6,331
Total	<u>\$ 2,251,850</u>	<u>\$ 2,381,257</u>	<u>\$ 4,633,107</u>

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 million in variable rate bonds outstanding over the next six fiscal years, as follows: \$32.5 million in fiscal year 2010, \$65 million in each of the fiscal years 2011 through 2014, and \$32.5 million in fiscal year 2015. 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 2010 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, 2009 of 0.14% 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, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Wastewater System Revenue Bonds, Notes, and Loans

Refunding revenue bonds, commercial paper notes, and loans outstanding at June 30, 2009 are summarized as follows (dollar amounts in thousands):

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Fixed rate revenue bonds	2039	1.25% - 6.0%	\$ 2,485,250	\$ 1,846,440
Variable rate revenue bonds	2032	variable	444,600	443,575
Loans payable to SWRCB	2025	1.80%	219,081	186,691
Commercial paper notes	--	variable	448,100	150,000
Subtotal			<u>\$ 3,597,031</u>	<u>2,626,706</u>
Net unamortized premiums, discounts, and debt related costs				<u>(34,499)</u>
Net revenue bonds and notes				<u>\$ 2,592,207</u>

Wastewater revenue bonds and commercial paper notes are issued under Senior Lien and Subordinate Lien General Resolutions dated November 10, 1987 and March 26, 1991, respectively, 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's revenues, as defined, to secure payment of the bonds. Certain bond agreements provide for the early redemption of the revenue bonds at various dates.

On March 18, 2009, the Sewer Enterprise Fund issued \$454.8 million Wastewater revenue bonds, refunding series 2009-A, to pay for maturing commercial notes of \$298.1 million and to current refund certain outstanding revenue bonds totaling \$153.5 million. The net proceeds of the refunding bonds, including available debt service reserve fund monies, were deposited in an escrow account to provide debt service payments on the commercial paper and refunded bonds. Please see Note 4J on page 132 for additional information.

Principal and interest paid for the current year and net revenue were \$136.3 million and \$256.2 million, respectively. Information on Wastewater's pledged revenue coverage is found in the Statistical Section-Debt Capacity on page 329.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The loan balance of \$186.7 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):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 64,465	\$ 108,714	\$ 173,179
2011	65,794	104,225	170,019
2012	68,381	101,759	170,140
2013	71,152	99,015	170,167
2014	73,746	96,044	169,790
2015 - 2019	419,988	435,411	855,399
2020 - 2024	554,664	357,659	912,323
2025 - 2029	539,441	239,675	779,116
2030 - 2034	459,960	104,898	564,858
2035 - 2039	159,115	18,009	177,124
Subtotal	2,476,706	1,665,409	4,142,115
Net Unamortized Premium, Discount, and Deferred Charges	(34,499)	--	(34,499)
Total	<u>\$ 2,442,207</u>	<u>\$ 1,665,409</u>	<u>\$ 4,107,616</u>

Interest requirements include those of the variable rate debt interest rate of 0.60% in effect as of June 30, 2009. The schedule does not include the commercial paper notes that are assumed to be renewed or refinanced on a long-term basis.

Fiduciary Funds

The notes payable of the Fire and Police Pension System are secured by real estate. Interest rates range from 4.35% to 7.5%. Final maturity of the notes is in June 2032. 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>
2010	\$ 15,198	\$ 16,210	\$ 31,408
2011	35,221	15,364	50,585
2012	2,283	14,304	16,587
2013	52,746	12,949	65,695
2014	13,024	9,980	23,004
2015 - 2019	134,797	24,818	159,615
2020 - 2024	14,375	9,924	24,299
2025 - 2029	13,470	5,061	18,531
2030 - 2032	7,949	811	8,760
Total	<u>\$ 289,063</u>	<u>\$ 109,421</u>	<u>\$ 398,484</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Component Unit

The changes in the CRA's long-term liabilities for the year ended June 30, 2009 are as follows (in thousands):

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009	Due Within One Year
Tax Allocation Bonds, Project Notes, and Revenue Bonds and Notes	\$ 760,657	\$ 1,921	\$ (21,933)	\$ 740,645	\$ 25,824
Less: Unamortized Net Discount and Deferred Charges	<u>(1,972)</u>	--	481	<u>(1,491)</u>	--
Net Bonds and Notes	758,685	1,921	(21,452)	739,154	25,824
Compensated Absences	3,139	2,494	(1,994)	3,639	1,814
OPEB Liability	<u>2,604</u>	<u>3,024</u>	--	<u>5,628</u>	--
Subtotal	764,428	7,439	(23,446)	748,421	27,638
Loans Payable to Primary Government	<u>78,238</u>	--	(301)	<u>77,937</u>	457
CRA Long-term Liabilities	<u>\$ 842,666</u>	<u>\$ 7,439</u>	<u>\$ (23,747)</u>	<u>\$ 826,358</u>	<u>\$ 28,095</u>

At June 30, 2009 balances and the original amounts of the CRA's bonds and notes are as follows (in thousands):

	Final Maturity	Interest Rates	Original Amount	Outstanding Balance
Tax Allocation Bonds				
Fixed Rate	2041	1.49% - 9.75%	\$ 780,450	\$ 668,055
Project Notes				
Fixed Rate	2013	6.50% - 9.00%	7,191	4,229
Variable Rate	2014	variable	16,476	15,871
No fixed term	--	6.00%	9,043	8,493
Parking System Revenue Bonds and Notes	2033	4.60% - 10.00%	48,772	43,997
Subtotal			<u>\$ 861,932</u>	740,645
Unamortized Premium, Discount, and Deferred Charges, Net				<u>(1,491)</u>
Bonds and Notes				<u>739,154</u>
Loans Payable to Primary Government				
Community Development Block Grant Loans	--	--	\$ 50,671	50,671
CDBG 20-year and Float Loans	2021	0.00% - 5.00%	22,960	21,694
BGIF Loan	2012	3.00%	935	362
UDAG Loan	2023	5.50%	4,250	4,250
City Department of Transportation (DOT) Loan	2020	variable	960	960
Loans			<u>\$ 79,776</u>	<u>77,937</u>
Total Bonds, Notes, and Loans				<u>\$ 817,091</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The CRA has pledged a portion of its future tax increment revenues to repay \$668.1 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 \$1.2 billion, payable through fiscal year 2041. Principal and interest paid for the current year and total tax increment revenue net of county administrative fees and other pass-through payments were \$56.6 million and \$212.9 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 \$2 million.

In addition, certain program income has been pledged on two interest bearing bank notes with an aggregate outstanding principal balance of \$5.9 million. The proceeds of the loan were used to finance various redevelopment projects. At the interest rates prevailing on June 30, 2009, total principal and interest remaining on these notes is \$6.5 million, payable through fiscal year 2014. Principal and interest paid for the current year and program income realized were \$1.9 million and \$4.4 million, respectively.

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
2010	\$ 26,281	\$ 44,978	\$ 71,259
2011	53,561	46,157	99,718
2012	33,798	42,343	76,141
2013	28,817	38,585	67,402
2014	28,360	36,087	64,447
2015 - 2019	163,355	154,618	317,973
2020 - 2024	162,075	108,799	270,874
2025 - 2029	172,247	60,331	232,578
2030 - 2034	66,232	22,640	88,872
2035 - 2039	31,580	4,513	36,093
2040 - 2041	1,605	90	1,695
Subtotal	767,911	559,141	1,327,052
Unamortized Discount	(1,491)	--	(1,491)
Net	766,420	559,141	1,325,561
Non-interest bearing, no fixed term loan	50,671	--	50,671
Total	\$ 817,091	\$ 559,141	\$ 1,376,232

Interest requirements include those of the variable rate debt using interest rates in effect as of June 30, 2009 as follows: Project Notes – 2.816% and 3.7812% and DOT Loan -3.2675%

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

J. Current and Advance Refunding of Debt

The following 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. The refunding activities represent in-substance defeasance such that the refunded debts were removed from the accompanying financial statements. (Dollar amounts in thousands, except when indicated.)

<u>Refunding Debt</u>	<u>Refunded Debt</u>	<u>Cash Flow Savings</u>	<u>Economic Gain (Loss)</u>
<u>Governmental Activities</u>			
Convention Center Lease Revenue Refunding Bond Series 2008-A \$253,060 4.250% - 5.125%	Convention Center Variable Rate Lease Revenue Refunding Bonds Series 2003-B through 2003-F \$235,520	\$ 19,208	\$ 12,995
<u>Business-type Activities</u>			
Power System Revenue Bonds Refunding Series 2009 A \$123,120 3.000% - 4.000%	Power System Revenue Bonds Series 2007 B \$125,000 variable rate	\$ 381,141	\$ 157,600
Power System Revenue Bonds Refunding Series 2009 B \$172,125 4.125% - 5.250%	Power System Revenue Bonds Series 2001 A, Subseries A-1 \$180,840 4.931% - 5.109%	\$ 13,282	\$ 7,280
Airports Revenue Bonds Refunding Series 2008 B \$7,875 3.000% - 5.000%	Airports Revenue Bonds Series 1995 D \$7,465 5.500% - 5.625%	\$ 421	\$ 327
Wastewater System Revenue Bonds Refunding Series 2009-A \$454,785 1.600% - 5.750%	Wastewater System Revenue Bonds Series 1997A, 1998B, 1998C, 1999A \$153,530 4.000% - 5.000%	\$ 6,521	\$ 7,145

The above refunding transactions for business-type activities resulted in a total net loss for accounting purposes of \$8.6 million which is deferred and amortized through 2040.

CITY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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, 2009, the following bonds are considered defeased (in thousands):

	Outstanding Balance June 30, 2009
<u>Governmental Activities</u>	
General Obligation Bonds	\$ 362,325
<u>Business-type Activities</u>	
Harbor Revenue Bonds	\$ 79,440
Power Revenue Bonds	45,705
Water Revenue Bonds	332,985
Total	\$ 458,130
<u>Component Unit</u>	
Community Redevelopment Agency	\$ 29,080

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, 2009 was as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Notes	\$ --	\$ 975,325	\$ (975,325)	\$ --

M. Interest Rate Swaps

Wastewater System Subordinate Variable Rate Revenue Refunding Bonds

Objective of the swaps. In April 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, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

In April 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 \$316.8 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 the \$444.6 million issue) 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 swap agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the reassociated debt. At June 30, 2009, the balances of the notional amount of swap agreements and the underlying debt are equal at \$313.8 million.

Terms, fair values, and credit risks. The terms, including the fair values and credit ratings of the outstanding swaps as of June 30, 2009 are as follows (dollar amounts in thousands):

Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating ⁽¹⁾
\$ 156,900	April 6, 2006	3.34%	64.1% of LIBOR ⁽²⁾	\$ (14,490)	June 2028	Aaa/AA/AA-
156,900	April 6, 2006	3.34%	64.1% of LIBOR ⁽²⁾	(14,490)	June 2028	A1/A/A+

(1) Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

(2) One-month LIBOR reset monthly. One-month LIBOR as of June 30, 2009 is 0.30875%.

Fair Values. Because interest rates were lower on June 30, 2009 than the date the swaps were entered into, the swaps have a negative fair value as of June 30, 2009. 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.

Credit risk. The fair values of the swaps represented the City's credit exposure to the swap counterparties as of June 30, 2009. 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 when the fair value is positive. 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. As of June 30, 2009, one of the counterparties was rated below the specified requirements; however, no collateralization was necessary because the swap had a negative fair value, and in the event of a termination at that time, the counterparty would not be required to make payment to the City.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2009, the weighted average rate on the variable bonds was 0.206% while 64.1% of the LIBOR was 0.198%.

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 that 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, 2009, net swap payments and debt service requirements of the associated variable-rate debt are as follows (in thousands):

Fiscal Year	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net	
2010	\$ 1,065	\$ 646	\$ 9,860	\$ 11,571
2011	1,095	644	9,826	11,565
2012	1,135	642	9,792	11,569
2013	1,170	639	9,756	11,565
2014	1,210	637	9,720	11,567
2015-2019	92,640	2,970	45,321	140,931
2020-2024	64,400	1,815	27,707	93,922
2025-2028	151,085	790	12,062	163,937
Total	<u>\$ 313,800</u>	<u>\$ 8,783</u>	<u>\$ 134,044</u>	<u>\$ 456,627</u>

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

N. Leases

Governmental Activities

The City leases a significant amount of property and equipment under operating leases. Total rental expenditures, incurred primarily in the General Fund, on the operating leases for the fiscal year ended June 30, 2009 were approximately \$21.7 million.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The future lease payments under noncancelable operating lease agreements are as follows (in thousands):

Fiscal Year Ending June 30	
2010	\$ 10,229
2011	10,400
2012	8,608
2013	6,459
2014	4,890
2015 - 2019	22,311
2020 - 2024	25,472
2025 - 2029	29,521
2030 - 2034	12,612
2035 - 2039	11,528
2040 - 2044	13,365
2045 - 2049	15,493
2050 - 2054	17,961
2055 - 2056	3,761
Total	<u>\$ 192,610</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.

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, 2009. 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.

CITY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Business-type Activities

Airports

Airports has entered into various lease agreements with certain airlines. These agreements are classified as capital leases and are for certain public areas at the Los Angeles International Airport. The agreements generally provide for the payment of amounts over a remaining term of 27 years, with interest at the rate incurred by the lessor on their related borrowings, which include improvement bonds. The property capitalized under these lease agreements at June 30, 2009, was \$184.4 million. Accumulated depreciation with respect to such property at June 30, 2009, was \$104.7 million.

Estimated future minimum lease payments under these agreements are as follows (in thousands):

Fiscal Year Ending June 30	
2010	\$ 3,146
2011	3,268
2012	3,328
2013	3,439
2014	3,545
2015 - 2019	19,535
2020 - 2024	24,092
2025 - 2026	<u>9,111</u>
Total minimum lease payments	69,464
Less - Portion representing interest	<u>(19,946)</u>
Present value of minimum lease payments	<u><u>\$ 49,518</u></u>

The Airports currently uses rental credits to finance its obligations on capital leases with certain airlines. These rental credits are applied as an offset of amounts owed to the Airports by such airlines for terminal leases and landing fees.

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.

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. Many agreements also provide for additional payment beyond the fixed portion based upon tenant usage, revenues or volume. These agreements are also generally subject to periodic inflationary escalation of base amounts due to the Harbor. For the year ended June 30, 2009, revenues from such agreements aggregated approximately \$261.6 million.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The property on lease at June 30, 2009 consists of the following (in thousands):

Wharves and sheds	\$ 685,430
Cranes/bulk facilities	57,032
Municipal warehouses	10,646
Port pilot facilities and equipment	6,043
Buildings and other facilities	742,197
Cabrillo Marina	<u>53,794</u>
Total	1,555,142
Less - Accumulated depreciation	<u>(741,264)</u>
Net	<u>\$ 813,878</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>
2010	\$ 42,792	\$ 227,338
2011	43,220	227,338
2012	43,652	227,338
2013	44,088	227,338
2014	<u>44,529</u>	<u>227,338</u>
Total	<u>\$ 218,281</u>	<u>\$ 1,136,690</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. Estimated expenditures for fiscal year 2009 are approximately \$2.1 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 million per year, for a term of 25 years. 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 Fire and Police Pension System leases an office space under an operating lease agreement that expires on April 14, 2012. Lease payments for the fiscal year ended June 30, 2009 were \$0.9 million. Future minimum lease payments under the agreement are as follows (in thousands):

Fiscal Year Ending June 30:	
2010	\$ 910
2011	995
2012	<u>1,100</u>
Total	<u>\$ 3,005</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Community Redevelopment Agency

The CRA leases office spaces under operating lease agreements that expire through 2019. Lease payments for the fiscal year ended June 30, 2009 were \$2.3 million. Future minimum lease payments under the agreements are as follows (in thousands):

Fiscal Year Ending June 30:	
2010	\$ 2,229
2011	215
2012	29
2013	29
2014	29
2015 - 2019	<u>145</u>
Total	<u><u>\$ 2,676</u></u>

O. Risk Management - Estimated Claims and Judgments Payable

Governmental Activities

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.

As of June 30, 2009, 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, 2009 at approximately \$477.2 million. Of this amount, approximately \$123.1 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 \$130.0 million. However, no amount has been accrued in the accompanying financial statements because it is not probable that a loss has been incurred as of June 30, 2009.

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, 2009, the City estimates its workers' compensation liability at \$1,502.9 million. Of this amount, \$129.2 million is estimated to be payable in the next fiscal year.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Business-type Activities

The Enterprise Funds estimated claims and judgments payable of \$151.1 million consists of \$59.2 million long-term litigation-type claims and \$91.9 million workers' compensation liability. The amount estimated to be payable in the next fiscal year is approximately \$12.4 million.

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.

Claim Changes

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

	2009	2008
Unpaid Claims, July 1	\$ 2,012,958	\$ 1,750,019
Provisions for current year's events and changes in provision for prior years' events	299,296	441,966
Claims payments	(181,030)	(179,027)
Unpaid Claims, June 30	\$ 2,131,224	\$ 2,012,958

P. Accrued Landfill Liability

Until July 1996, the City operated the Lopez Canyon Sanitary Landfill under a Conditional Use Permit (CUP), which expired on July 1, 1996. State and Federal laws required the City to 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, 2009, the City's liability of \$47.9 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, 2009, investments of \$6.0 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, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Q. Pollution Remediation Obligations

The City recognized the following pollution remediation liabilities as of June 30, 2009 (amounts in thousands):

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Obligating Event		
Violation of pollution prevention-related permit or license	\$ 5,075	\$ --
Named by a regulator as a potential party to remediation	--	77,492
Named in lawsuit and compelled to participate in remediation	--	5,920
Voluntary commencement	6,986	22,798
	<u>\$ 12,061</u>	<u>\$ 106,210</u>
 Pollution Type		
Soil and/or groundwater remediation	\$ 5,785	\$ 99,347
Lead paint removal	253	--
Methane protection	45	--
Asbestos removal	5,636	6,863
Mold removal	342	--
	<u>\$ 12,061</u>	<u>\$ 106,210</u>

The \$12.1 million liabilities for governmental activities, net of \$1.1 million recoveries, include voluntary commencement of removing asbestos of \$5.6 million, and monitoring, assessment and remediation of leaking underground storage tanks and/or associated piping and dispensers of \$5.8 million. These obligations were determined based on construction contract amount, contract change orders, related direct costs and allocated indirect project costs. Adjustment to beginning net assets of \$14.5 million in the government-wide financial statements pertains to obligations that were identified at the beginning of the fiscal year. For fiscal year 2009, no remediation outlays were capitalized. Estimated expenditures for fiscal year 2010 and beyond are \$2.4 million and \$9.7 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.

As of June 30, 2009, there are certain project sites with possible contamination of soil and/or groundwater. At this time, remediation cost for these sites cannot be determined.

The City was named by the State Department of Toxic Substance Control (SDTSC) as part of various agencies involved in the investigation and cleanup of a certain landfill. As of June 30, 2009, no lawsuit has been filed by the SDTSC and the cost of cleanup and long term maintenance is not known.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Due to environmental issues including leachate and gas migration, the County of Los Angeles (County) has notified the City and other entities of their potential liabilities for cleanup and maintenance of a certain public golf course which was created over an old landfill. 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, which is site cleanup and maintenance, is now under review by the SDTSC and, hence, further future costs, if any, are not known at this time.

Airports recognized \$12.8 million in estimated pollution remediation expenditures and liabilities. Of the \$12.8 million liability, \$6.9 million was incurred for cleanup of asbestos in various sites, and \$5.9 million pertains to claims filed on lawsuits concerning soil and/or groundwater contamination. Liabilities were based on budgetary requirements and estimated legal settlements on lawsuits. At June 30, 2009, there are no undeterminable pollution remediation obligations. There were no capitalized costs and no recoveries realized in fiscal year 2009. Additional information can be found in note 5B on page 159.

Harbor estimated pollution remediation liability of \$93.4 million of which \$9.8 million is due within one year. These are mostly for soil and groundwater contamination. Of the \$93.4 million, \$77.5 million is liability due to Harbor's being identified as one of the parties responsible for remediation, and \$15.9 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. Since all obligation events existed in prior years, Harbor has recorded the full liability amount by charging it to prior year earnings. Beginning net assets were restated to reflect this charge. There were no recoveries realized in fiscal year 2009.

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 2009, CRA has estimated cleanup costs at six brownfields redevelopment sites totaling \$3.7 million. The estimate is based on reasonable range of potential outlay and probability of occurring. The expected recoveries from external sources is \$3.3 million leaving a net estimated cost of \$0.4 million to CRA. At June 30, 2009, the purchase price and expected remediation outlays did not exceed the fair values of these brownfields sites, therefore, no pollution liability or expense was recognized. CRA will capitalize cleanup costs of 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 cleanup costs were incurred in fiscal year 2009, hence, no costs were capitalized.

R. Power Enterprise Fund Derivative Instruments

In accordance with GASB Technical Bulletin 03-01, the Power Enterprise fund does not record its derivative instruments on the financial statements, but instead discloses the derivatives in the notes to the financial statements and records the impact upon settlement of the derivatives. The Fund had three main types of derivative instruments as of June 30, 2009: electricity swaps, forward contracts, and financial natural gas hedges. As of June 30, 2009, the fair values of these outstanding derivative instruments were (\$168.9) million.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Objective of electricity swaps. 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 does not enter into forward and option agreements for trading purposes. DWP is exposed to risk of nonperformance if the counterparties default or if the swap agreements are terminated.

Objective of forward contracts. DWP enters into forward contracts in order to meet the electricity requirements to serve its customers.

Objective of financial natural gas hedges. DWP enters into natural gas hedging contracts in order to stabilize the cost of gas needed to produce electricity to serve its customers.

Terms, fair value, and credit risks. As of June 30, 2009, the Power Enterprise Fund had the following derivatives which were not recorded in the statement of net assets:

Description	Total Contract Quantities	Contract Price Range \$ Per Unit	First Effective Date	Last Termination Date	Fair Value (in thousands)	Cash Paid at Derivative Inception (in thousands)
Electricity swaps						
Purchases	902,598 MW	\$ 40.00 - 74.95	7/1/09	12/31/09	\$ (10,736)	\$ --
Sales	902,598 MW	24.50 - 48.70	7/1/09	12/31/09	1,106	--
Forward contracts						
Electricity	1,778,934 MW	37.52 - 75.67	7/1/09	12/31/11	(42,668)	--
Natural gas	25,440,000 MMBtu	5.28 - 5.71	7/1/09	01/31/14	(3,981)	--
Financial natural gas hedges*						
gas hedges*	97,042,000 MMBtu	2.56 - 9.85	7/1/09	6/30/18	(112,586)	--

* Financial hedges were variable to fixed rate swaps that serve to lock in a fixed cost of natural gas.

Fair value. All fair values were estimated using forward market prices available from broker quotes and exchanges.

Credit Risk. The Power Enterprise Fund is exposed to credit risk related to nonperformance by its wholesale counterparties under the terms of these 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 Policy), and was approved 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The Policy includes provisions to limit risk including: the assignment of internal credit ratings to all DWP 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, 2009, the eleven financial natural gas hedge counterparties were rated by Moody's as follows: one at Aaa, two at Aa1, one at Aa2, two at Aa3, three at A1, and two at A2. The counterparties were rated by S&P as follows: two at AA, three at AA-, two at A+, and four at A.

Based on the International Swap Dealers Association agreements, DWP obtains collateral to support derivatives 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 by a counterparty is held by a custodian.

As discussed in Note 5B on page 160, during fiscal year 2001, the Power Enterprise Fund experienced nonperformance and material counterparty default with the California Independent System Operator (CAISO) and the California Power Exchange (CPX). The Power Enterprise Fund does not anticipate nonperformance by any other of its counterparties and has no reserves related to nonperformance at June 30, 2009. Apart from the events discussed in Note 5B, the Power Enterprise Fund did not experience any material counterparty default during fiscal year 2009.

Basis Risk. DWP mitigates basis risk through long-term physical transportation contracts.

Termination Risk. The Power Enterprise Fund 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.

S. Community Redevelopment Agency Interest Rate Cap

Objective. In April 2008, in order to protect against the potential rising of interest rates, the CRA entered into an Interest Rate Cap Agreement on its variable rate \$10.5 million Crown Coach Development Project Note. The cost associated with the agreement was limited to \$65,000 upfront premium.

An interest-rate cap is a derivative that protects the holder (in this case, the CRA) when the underlying interest rate (the variable interest rate of the \$10.5 million note) exceeds a specified strike rate called the "cap."

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Terms, fair value, and credit risks. The terms, including the fair value and credit rating of the counterparty, as of June 30, 2009 are as follows (dollar amounts in thousands):

<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Fair Value</u>	<u>Termination Date</u>	<u>Counterparty Credit Rating ⁽¹⁾</u>
\$ 13,023	April 15, 2008	4.50%	\$ 12	May 1, 2011	Aaa/A+

(1) Moody's Investors Service and Standard & Poor's, respectively.

Fair Value. The fair value was estimated based on the projected future cash flows related to the cap. Market interest rates and market volatility were used to determine forward rates and zero coupon rates were used as discount factors for determining present value of future cash flows.

Credit Risk. The cap's fair value represented the CRA's credit exposure to the counterparty as of June 30, 2009. To mitigate the credit risk, if at any time the rating of the long term debt, claims paying ability or financial strength of the counterparty falls below A+ or A1 as determined by S&P or by Moody's, respectively, the counterparty shall procure, at the counterparty's own expense, a replacement cap from a rate cap provider acceptable to S&P with the appropriate credit rating.

Termination Risk. The CRA or the counterparty may terminate the interest rate cap if the other party fails to perform under the terms of the agreement. The cap may be terminated by the CRA if the counterparty's credit quality rating falls below A- and A3 by S&P and Moody's, respectively, and the counterparty is unable to procure, at its own expense, a replacement interest rate cap from a cap provider acceptable to S&P with the appropriate credit rating.

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).

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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, 2nd 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, 2009**

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 (dollar amounts in thousands):

	<u>Pensions</u>	<u>LACERS</u>	<u>DWP Retirement</u>
Contribution rates:			
City	17.6% of covered payroll	13.7% of covered payroll	17.8% of covered payroll
Plan members	6% - Tier 1 7% - Tier 2 8% - Tiers 3 & 4 9% - Tier 5	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	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	\$ 238,698	\$ 274,555	\$ 143,698
Interest on net pension asset (obligation)	--	6,398	(11,175)
Adjustment to annual required contribution	--	(8,621)	16,652
Annual pension cost	<u>238,698</u>	<u>272,332</u>	<u>149,175</u>
Contributions made	<u>238,698</u>	<u>274,555</u>	<u>144,916</u>
Change in net pension asset (obligation)	--	2,223	(4,259)
Net pension asset (obligation) - beginning of year	<u>--</u>	<u>(79,972)</u>	<u>123,310</u>
Net pension asset (obligation) - end of year	<u>\$ --</u>	<u>\$ (77,749)</u>	<u>\$ 119,051</u>

For the fiscal year ended June 30, 2009, the City's contribution to LACERS of \$288.5 million is broken down as follows: \$274.6 million ARC; \$13.7 million defrayal portion of member contributions; and \$0.2 million for family death benefits insurance plan.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 2008-09 and the two preceding years for each of the plans are as follows (dollar amounts in thousands):

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset (Obligation)</u>
Pensions	6/30/07	\$ 224,946	100%	\$ --
	6/30/08	261,635	100%	--
	6/30/09	238,698	100%	--
LACERS	6/30/07	276,190	100%	(81,723)
	6/30/08	286,368	101%	(79,972)
	6/30/09	272,332	101%	(77,749)
DWP Retirement	6/30/07	147,288	88%	130,333
	6/30/08	149,897	95%	123,310
	6/30/09	149,175	97%	119,051

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2009 (dollar amounts in thousands):

	<u>Pensions</u>	<u>LACERS</u>	<u>DWP Retirement</u>
Actuarial Accrued Liability (AAL)	\$ 14,817,146	\$ 11,741,759	\$ 8,057,061
Actuarial Value of Assets	14,256,611	9,577,747	7,248,721
Underfunded AAL	<u>\$ 560,535</u>	<u>\$ 2,164,012</u>	<u>\$ 808,340</u>
Funded Ratio	96.2%	81.6%	90.0%
Covered Payroll	\$ 1,357,249	\$ 1,999,862	\$ 805,138
Underfunded AAL as a percentage of covered payroll	41.3%	108.2%	100.4%

Actuarial valuations involve estimate 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

NOTE 5 – OTHER INFORMATION (Continued)

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, 2009	June 30, 2009	July 1, 2009
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	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	5-year market related	5-year market related
Actuarial assumptions:			
Investment rate of return	8%	8%	8%
Projected salary increases	4.9% - 10.09%	4.75% - 12.25%	5.29% - 9.46%
Inflation rate	3.75%	3.75%	3.75%
Cost-of-living adjustments	3.75% - Tiers 1 & 2 3% - Tiers 3, 4, & 5	3%	Based upon CPI increases with a 3% maximum

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

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 (dollar amounts in thousands):

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
City contribution rates	7.8% of covered payroll	4.8% of covered payroll	7.6% of covered payroll
Annual required contribution	\$ 105,967	\$ 95,122	\$ 60,976
Interest on net OPEB asset (liability)	1,709	--	(46,027)
Adjustment to annual required contribution	<u>(1,223)</u>	<u>--</u>	<u>35,089</u>
Annual OPEB cost	106,453	95,122	50,038
Contributions made	<u>94,917</u>	<u>95,122</u>	<u>159,522</u>
Change in net OPEB asset (liability)	(11,536)	--	109,484
Net OPEB asset - beginning of year	<u>(21,358)</u>	<u>--</u>	<u>556,214</u>
Net OPEB asset (liability) - end of year	<u>\$ (32,894)</u>	<u>--</u>	<u>\$ 665,698</u>

The Pensions OPEB actuarial study for valuation date June 30, 2007 determined the annual required contribution for fiscal year ended June 30, 2009. 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, 2009

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 2008-09 and the two preceding years for each of the plans are as follows (dollar 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	6/30/07	\$ 55,163	100%	\$ --
	6/30/08	99,615	79%	(21,358)
	6/30/09	106,453	89%	(32,894)
LACERS OPEB	6/30/07	115,233	100%	--
	6/30/08	108,848	100%	--
	6/30/09	95,122	100%	--
DWP OPEB	6/30/07	81,670	834%	430,745
	6/30/08	31,077	504%	556,214
	6/30/09	50,038	319%	665,698

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2009 (dollar amounts in thousands):

	<u>Pensions OPEB</u>	<u>LACERS OPEB</u>	<u>DWP OPEB</u>
Actuarial Accrued Liability (AAL)	\$ 2,038,659	\$ 2,003,441	\$ 1,390,811
Actuarial Value of Assets	809,677	1,342,497	849,955
Underfunded AAL	<u>\$ 1,228,982</u>	<u>\$ 660,944</u>	<u>\$ 540,856</u>
Funded Ratio	39.7%	67.0%	61.1%
Covered Payroll	\$ 1,357,249	\$ 1,999,862	\$ 805,138
Underfunded AAL as a percentage of covered payroll	90.5%	33.1%	67.2%

Actuarial valuations involve estimate 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

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 2009, the DWP transferred \$100.0 million into the Plan and paid an additional \$59.5 million in retiree medical premiums. The Power and Water Enterprise Funds' portions of these amounts were \$108.5 million and \$51.0 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, 2009	June 30, 2009	June 30, 2009
Actuarial cost method	Entry age normal	Projected unit credit	Entry age normal
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	27 years, closed	Multiple layers not exceeding 30 years, closed	26 years, closed
Asset valuation method	Before June 30, 2008, 5-year market related After June 30, 2008, 7-year market related	5-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	8%	8%	8%
Projected salary increases	4.25%	4.25%	4.25%
Inflation rate	3.75%	3.75%	3.75%
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 eight years until it reaches an ultimate rate of 5%	9%, graded down to an ultimate rate of 5% over 8 years

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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, 2009, there were 1,024 pensioners enrolled in the DROP program and the total estimated value of the DROP accounts at that date was \$203.0 million.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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, 2009 is presented below.

Actuarial valuation date	June 30, 2008
Actuarial cost method	Entry age normal cost method
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	3.25% 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, 2009	
CRA	14.119% 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	\$3,461,000
Contributions made	\$5,147,000 (including contributions for employees of \$1,686,000)

The three-year trend information is as follows (dollar amounts in thousands):

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 3,293	100%	\$ --
6/30/08	3,148	100%	--
6/30/09	3,461	100%	--

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

As of June 30, 2008 (the most recent actuarial valuation date available), the CRA's retirement plan's funded status and funding progress are as follows (dollar amounts in thousands):

Actuarial Accrued Liability (AAL)	\$ 158,915
Actuarial Value of Assets	143,042
Underfunded AAL	<u>\$ 15,873</u>
Funded Ratio	90.0%
Covered Payroll	\$ 22,920
Underfunded AAL as a percentage of covered payroll	69.3%

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, 2009 are as follows (dollar amounts in thousands):

Contribution rate	15.6% of covered payroll
Annual required contribution (ARC)	\$ 3,817
Interest on net OPEB liability	113
Adjustment to ARC	<u>(190)</u>
Annual OPEB cost	3,740
Contributions made	<u>(716)</u>
Increase in net OPEB liability	3,024
Net OPEB liability - beginning of year	<u>2,604</u>
Net OPEB liability - end of year	<u>\$ 5,628</u>

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

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 2008-09 and the prior year are as follows (dollar amounts in thousands):

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/08	\$ 3,321	22%	\$ 2,604
6/30/09	3,740	19%	5,628

The funded status of the plan as of June 30, 2008 (the most recent actuarial valuation date available) was as follows (dollars in thousands):

Actuarial Accrued Liability (AAL)	\$ 37,572
Actuarial Value of Assets	--
Unfunded AAL	<u>\$ 37,572</u>
Funded Ratio	0.0%
Covered payroll	\$ 21,835
Unfunded AAL as a percentage of covered payroll	172.1%

Actuarial valuations involve estimate 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 subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The 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	January 1, 2008
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Remaining amortization period	30 years, closed
Asset valuation method	15-year smoothed market
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.25% to 14.45%
Inflation rate	5%

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

B. Commitments and Contingencies

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-Long-Term Liabilities beginning on page 113.

MacArthur Park May Day Incident

Actions of the Police Department during the May 1, 2007 demonstrations at MacArthur Park are subjects of a number of lawsuits in federal and state courts. Certain federal cases were settled for \$12.9 million. No exact demands have been made on the state cases; however, plaintiffs' counsel has indicated that they will seek approximately \$20.0 million in damages.

Rampart Division Litigation

Investigations were conducted on the alleged illegal activities of some police officers at the Los Angeles Police Department's Rampart Division. As of December 30, 2008, all 214 lawsuits served on the City have been resolved. Rampart related employment lawsuits by some police officers against the City were also filed. A federal appeals court recently upheld a \$15.0 million jury verdict for three police officers in one of the employment cases. In fiscal year 2009, the City approved settling that case and the remaining cases for \$20.5 million. The settlement payment was made in fiscal year 2009.

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 database (Training, Evaluation, and Management System) 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 database.

Pending Lawsuits and Claims

As mentioned in Note 4O on page 139, certain pending lawsuits and claims have a reasonable possibility of resulting in additional General Fund liability totaling approximately \$130.0 million. However, no amount has been accrued in the accompanying financial statements because it is not probable that a loss has been incurred as of June 30, 2009.

Water Enterprise Fund Transfers to the General Fund

The Howard Jarvis Taxpayers Association (HJTA) brought an action against the City alleging that the City overcharges water rates and that the overcharges violated Proposition 218.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

The overcharges exceeded the cost required to provide water service and resulted in surplus each year that the Water Enterprise Fund transferred to the General Fund. In 2000, the Court of Appeal ruled in favor of the City holding that metered water rates were not subject to Proposition 218. HJTA petitioned the State Supreme Court, but the Supreme Court denied review. In a July 2006 ruling on an essentially similar case, the State Supreme Court held that the lower court had erred in holding that metered water rates are not subject to Proposition 218. In a footnote, the Supreme Court ruled, “*Howard Jarvis Taxpayers Association v. City of Los Angeles... is disapproved insofar as it is inconsistent with this conclusion.*”

The Board of Water and Power Commissioners authorized transfers of \$33.4 million and \$29.9 million in fiscal years 2008 and 2007, respectively. However, due to the California Supreme Court decision, the City Attorney recommended that the City Council delay the transfer of such funds until a judicial resolution is obtained validating the legality of the transfer. Accordingly, the fund transfer has been conditioned by ordinance to be effective only upon a final judicial judgment upholding the proposed transfer rendered in a validation lawsuit or other legal action or proceeding by a court of competent jurisdiction. DWP filed a validation action in the Los Angeles County Superior Court in April 2007. In July 2009, the court declared the transfer illegal and allowed the Water System to retain the transfers for water related activities. As a result of the court decision, the transfers and corresponding liability were reversed.

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 \$21.3 million. To effect the payments, the City will reduce charges to Airports for future services rendered by the City to Airports.

Telephone Users' Tax

The City's telephone users' tax 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 the City's 2007 amendment to the telephone users' tax was invalid during this period, which ended when the voters approved an amendment to the tax ordinance in February 2008. On issues related to a certain class action, the appellate court held that class actions against local taxes are not permitted under State law. Plaintiffs have appealed the ruling to the California Supreme Court, which will likely hear the matter in late 2010. If plaintiffs were to prevail, City liability could be around \$750.0 million. Another plaintiff seeks a refund for an amount not yet determined but in excess of \$5.0 million for taxes incurred for the years 2005 to 2007.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Airports Enterprise Fund

Environmental Issues

Through the normal course of operations, Airports and its facilities are subject to potential problems with environmental contamination and other environmental concerns. Accordingly, Airports has established a comprehensive hazardous materials management plan for all its facilities under its control. This plan calls for the evaluation of all property utilized by Airports and the environmental cleanup at any sites found to be contaminated. This evaluation is an ongoing process.

Airports bears full financial 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. In fiscal year 2009, Airports began voluntary remediation on two sites for asbestos removal, and groundwater contamination based on the order by the Regional Water Quality Board. Airports accrues pollution remediation liabilities when costs are incurred or amounts can be reasonably estimated based on expected outlays. At June 30, 2009, amounts accrued totaled \$12.8 million. At this time, Airports does not expect any recoveries reducing this obligation. For subsequent periods, Airports will adjust estimated liabilities as new information becomes available.

Terminal Rents

The Airports has lease arrangements at its passenger terminal facilities with American Airlines, Continental Airlines, Delta Air Lines, LAX TWO Corporation, and United Air Lines (collectively, the Long-term Airlines) that have various terms of up to 40 years. Under these leases, the Long-term Airlines pay various charges, including a maintenance and operations rent (M&O Rent) that reflects the expenses that the Airports incurs in maintaining and operating the terminals. The M&O Rent rates are set each calendar year based on the actual audited M&O expenses for the prior fiscal year ending June 30. Historically, less than the full amount of maintenance and operations expenses attributable to the airlines has been charged to the terminal tenants as M&O Rent. On December 18, 2006, the Board of Airport Commissioners (BOAC) approved a resolution setting the M&O Rent rate for 2006, effective January 1, 2006, based upon the full amount of maintenance and operations expenses during fiscal year ended June 30, 2005 attributable to the airlines for all LAX passenger terminals.

The Long-term Airlines have objected to the Airports' calculation of the M&O Rent as approved by the BOAC for 2006. On January 18, 2007, American Airlines, Continental Airlines, and United Air Lines filed a complaint with the United States District Court objecting to the 2006 M&O Rents. Subsequently, Northwest Airlines, as the primary shareholder of LAX TWO Corporation, and Delta Air Lines also filed objections. In February 2008 and January 2009, the Airports entered into interim settlement agreements and amendments to the interim settlement agreements with each of the Long-term Airlines resolving all disputed charges between January 1, 2006 and April 30, 2009. The agreements resulted in the issuance of credits for a portion of the amounts assessed to date. As part of these agreements, the Long-term Airlines and the Airports agreed to work together to reach an agreement on future charges by April 30, 2009.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Subsequently, Continental and American Airlines entered into additional amendments to the interim settlement agreements which resulted in resolution of M&O Rents between May 1, 2009 and December 31, 2009, and an agreement to work together and agree on future M&O Rents by December 31, 2009.

On February 18, 2009, Airports reached an agreement with United Airlines to terminate their long term lease in terminal 6 and part of terminal 7 and now has the right to recover full M&O expenses attributable to that space. Negotiations have continued with all other parties.

Separately, the BOAC approved a new lease form on December 18, 2006 with a subsequent institution of a tariff on January 22, 2007. Certain carriers utilizing terminals 1 and 3 as well as carriers operating from the Tom Bradley International Terminal objected to the tariff and filed a complaint with the U.S. Department of Transportation (USDOT). The USDOT issued its final decision on June 15, 2007. The decision resulted in a refund of a portion of the amounts assessed under the tariff to the complainants. A small number of tenants and sub-tenants were not party to the USDOT action and continued to be assessed at the tariff rate. Subsequent to the USDOT Supplemental Order on July 13, 2007, the carriers that were party to the USDOT complaint filed a petition to review at the United States Court of Appeals regarding the USDOT ruling.

On July 24, 2008, the BOAC approved a partial settlement agreement with the carriers operating in the Tom Bradley International Terminal resolving all disputed charges between January 1, 2006 and December 31, 2009. The agreement resulted in the issuance of credits for portions of the amounts that had been charged to date and created a framework for future negotiations on rates beyond December 31, 2009. On October 20, 2008, the BOAC authorized the Executive Director to enter into binding letter agreements with all current and new entrant carriers that are currently under the tariff, as well as new entrants regarding tariff charges. The letter of agreements resulted in credits for portions of the amounts charged to date.

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, are not expected to materially impact the Power and Water Enterprise Funds' financial statements.

California Receivables and Refund Hearings

During fiscal year 2001, the Power System made sales to two California agencies that were formed by Assembly Bill 1890 to facilitate the purchase and sale of energy and ancillary services in the State of California. Through June 30, 2009, these agencies, the CAISO, and the CPX, have made minimal payments since April 2001 on amounts outstanding to counterparties, including the Power System, for certain energy purchases in fiscal years 2000 and 2001. The CPX filed for protection under Chapter 11 of the Federal Bankruptcy Statute in January 2001. Two utilities with significant amounts due to these agencies have paid all amounts due to the CPX; however, the amounts remain in an escrow account pending the resolution of disbursement of the funds.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

As of June 30, 2009, a total of \$166.3 million was due to the Power Enterprise Fund from the CAISO and the CPX. Claims have been filed questioning whether amounts charged for energy sold to the CAISO and the CPX during 2000 and 2001 represent “unlawful profits” that should be subject to refund. The Courts have opined that the Federal Energy Regulatory Commission (FERC) has no jurisdiction over DWP; however, the Courts have stated that the California parties seeking the refund may have a cause of action. As such, the litigation in this area is continuing.

The Power Enterprise Fund has recorded a \$50 million liability as of June 30, 2009 against the \$166.3 million receivable, for potential refunds pertaining to its wholesale sales during 2000 and 2001. Management believes that this is the most probable amount that will be refunded by the Power System and is based on the most recent formula disclosed by FERC. While management has recorded its estimate of the most probable amounts that will be refunded, management does believe that it is entitled to all amounts due from sales to counterparties in California, including those named above. Furthermore, management believes that interest may be due to it on those amounts but any potential receivable is not estimable at this time. In addition, management does not believe that the Power System’s exposure to any additional losses with respect to these receivable balances is currently estimable. If final settlement of these receivables results in an amount less than the recorded balance, net of the \$50 million liability recorded, the Power Enterprise Fund will be required to record a loss in future periods.

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 agreeing to pay the public entities \$160 million through a combination of cash payments over a three-year period and bill credits over a ten-year period. As of June 30, 2009, \$7.6 million was recorded as accounts payable and \$31.3 million was recorded under long-term accrued liabilities in the Power Enterprise Fund’s financial statements. Additionally, as permitted by generally accepted accounting principles, the DWP Board approved to defer all 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.

Effective January 1, 2007, the California Legislature amended Section 54999 of the Code, et seq., to clarify that, consistent with past practices, public agencies providing public utility service, such as DWP, may impose reasonable fee, including a rate, charge, or other surcharge for any product, commodity, or service provided to a public agency and any public agency receiving service from such public agency providing public utility services will pay the imposed fee.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 railroads companies (Railroads), which operate on the corridor, entered into a Corridor Use and Operating Agreement (Agreement). The Agreement obligates the Railroads to pay certain use fees and container charges (Use Fees), which ACTA will assess for 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 Ports and ACTA release, acquit, and discharge the Railroads of all liability and costs arising from or relating to the transloading dispute; and the Railroads release, acquit, and discharge the Ports and ACTA of 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 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.

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 \$10.25 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. The total amount of shortfall advance for the next fiscal year ending June 30, 2010 is estimated to be zero.

Estimates of Shortfalls are prepared by ACTA and such Shortfalls could vary materially from the estimates. It is not possible to predict whether, when or how much the Harbor will be liable for Shortfall payments. In the opinion of Harbor management, Shortfall payments, if any, would not materially affect the financial position of the Harbor.

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 million mitigation measures to be undertaken by the Harbor. The \$50 million settlement liability was charged as an expense of the Harbor Enterprise Fund in fiscal year 2003.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

The terms of the settlement require that the Harbor fund various mitigation activities in the amount of \$10 million each year over a five-year term ending fiscal year 2007. As of June 30, 2009, \$50 million has been placed in the restricted mitigation funds. Pursuant to the settlement, the Harbor is also obligated to expend up to \$5 million to retrofit customer vessels to receive shore-side power as an alternative to using on-board diesel fueled generators. Through the end of fiscal year 2009, the Harbor has spent \$5 million for this program.

In June 2004, the Harbor agreed to amend the original settlement agreement to include an additional \$3.5 million for the creation of parks and open space in San Pedro. The settlement agreement also established an annual throughput cap at China Shipping Terminal. Actual throughput at the terminal exceeded the cap for calendar years 2005 to 2008; as a result the Harbor Enterprise Fund charged to non-operating expense and deposited in the restricted mitigation funds an additional \$18.3 million.

As of June 30, 2009, the Harbor has disbursed a total of \$27.9 million as provided in accordance with the provisions of the settlement.

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 2002-03, 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 From Other Funds of \$28.1 million and the current portion as Due From Other Funds of \$4.2 million as of June 30, 2009.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 million and the State contribution was approximately \$1 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 funds 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. The matter is being briefed.

Westway Terminal Co. Inc.

Westway Terminal Co. Inc. (Westway) operates a marine liquid bulk terminal at the Port of Los Angeles under a permit that expires in March 2025. On August 21, 2007, the City approved the Port's Settlement Agreement, Mutual Release and Compromise, and Permit Termination Agreement with Westway. Under the settlement, Westway's permit will be early terminated and Westway will vacate and surrender the premises on or before February 23, 2009. Within 30 days after the vacate and surrender date, the Harbor will pay Westway \$17 million, less any applicable charges, as settlement payment.

On August 21, 2007, the Harbor assumed responsibility for the cleanup and abatement order that the Regional Water Quality Control Board had issued to Westway. On and after the vacate and surrender date, the Harbor will assume responsibility for all claims, demands, and damages related to environmental conditions. Estimate of costs for clean up and abatement of the property was \$33.4 million and is recorded as other liability as of June 30, 2009.

Westway vacated the premises effective September 15, 2008. In accordance with the settlement agreement, the Harbor wired \$17 million to the account of Westway on October 2, 2008. This amount was accrued in the fiscal year 2008 financial statements.

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 year funding of \$11.2 million and has set aside a reserve of \$0.8 million to cover first year commitments specified in the MOU.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Alleged Breach of Contract - Halcrow, Inc.

A dispute arose with Halcrow regarding program management services rendered on the San Pedro and Wilmington Waterfront Redevelopment Projects. Halcrow lodged a claim in the amount of \$0.6 million. The claim was settled for \$0.4 million on September 11, 2009 with the execution of a Settlement Agreement, Mutual Release and Compromise and Indemnity Agreement.

Sewer Enterprise Fund

Claims and lawsuits related to several construction projects seek compensation and/or payment of damages stemming from allegations of defective construction specifications, delayed early completion, concealed conditions, issues of interpretation of contract language, and other doctrines of construction and contract law which are asserted to support a claim for monies above the contract price. Additionally, claims of certain employees involving personnel matters are in litigation. The City Attorney estimates a \$47.2 million liability is probable of occurring, of which \$41.2 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 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 and other related litigation which may result in judgment or settlement amounts significantly higher than its initial court deposits or anticipated payments.

Commitments

As of June 30, 2009, the following Enterprise Funds have commitments for construction contracts and open purchase orders in the following amounts (in thousands):

Airports	\$ 125,800
Harbor	514,056
Sewer	146,300

Other Enterprise Fund Commitments

Harbor Enterprise Fund

In 1985, the Harbor received a parcel of land, with an estimated value of \$14 million from the federal government, for the purpose of constructing a marina. The Harbor agreed to reimburse the federal government up to \$14 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 2009.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Power Enterprise Fund

Purchase Power Commitments

The DWP entered into a number of energy and transmission service contracts that involve substantial commitments as follows (dollars in thousands):

	<u>Agency</u>	<u>Agency Share</u>	<u>DWP's Interest in Agency Share</u>		
			<u>Interest</u>	<u>Capacity (Megawatts)</u>	<u>Outstanding Principal</u>
Intermountain Power Project	IPA	100.0%	57.1%	1,027	\$ 1,087,209
Palo Verde Nuclear Generating Station	SCPPA	5.9%	67.0%	151	66,886
Mead-Adelanto Project	SCPPA	68.0%	36.0%	291	71,383
Mead-Phoenix Project	SCPPA	17.8% - 22.4%	25.0%	148	15,793
Southern Transmission System	SCPPA	100.0%	60.0%	1,142	554,434

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 \$285 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 \$384 million annually during each of the next five years). The Fund made total payments under these agreements of approximately \$496 million in fiscal year 2009. These agreements are scheduled to expire from 2027 to 2030.

The Power Enterprise Fund earned fees under the IPP project manager and operating agent agreements totaling \$18.4 million in fiscal year 2009.

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 \$1.11 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 million and \$611 million, respectively.

On September 7, 2000, DWP paid \$187 million to IPA in exchange for additional long-term notes receivable. IPA used the proceeds to defease bonds with a face value of \$198 million.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

On July 20, 2005, DWP paid \$97 million to IPA in exchange for additional long-term notes receivable. IPA used the proceeds to defease bonds with a face value of \$92 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 \$1.11 billion as of June 30, 2009. The IPA notes pay interest and principal monthly and mature on July 1, 2023. The interest rates range from 4.9% to 6.4%.

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 approximately 500 megawatts. The cost of power purchased under this contract was \$16 million in fiscal year 2009.

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 2010. There is ongoing litigation with respect to the DOE's ability to accept spent nuclear fuel; however, no permanent resolution has been reached. 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 Power Enterprise Fund). 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.

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 \$300 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 \$100.6 million for each licensee for each nuclear incident occurring at any nuclear reactor in the United States; payments under the program are limited to \$10 million per incident, per year. Based on DWP's 5.7% direct interest and its 3.95% indirect investment interest through SCPPA, DWP would be responsible for a maximum assessment of \$9 million per incident, limited to payments of \$1 million per incident annually.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Air Quality – Nitrogen Oxide Emissions. DWP's generating station facilities are subject to the Regional Clean Air Incentives Market (RECLAIM) nitrogen oxide (NOx) emission reduction program adopted by the South Coast Air Quality Management District (SCAQMD). In accordance with this program, SCAQMD established annual NOx allocations for NOx 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 NOx 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 by 30 percent by 2020. Mandatory 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, and (3) renewable energy.

At the federal level, H.R. 2454, the American Clean Energy and Security Act was passed by the U.S. House of Representatives in June 2009. H.R. 2454 proposes a federal greenhouse gas cap-and-trade program, a national renewable energy standard, and energy efficiency requirements, among other measures to reduce greenhouse emissions. The U.S. Senate released similar climate change legislation on September 30, 2009.

It is uncertain at this time what impact this statute will have on the Power system's operations. If a cap and trade program is established, the primary issue will be how allowances will be allocated to DWP and other power producers. The target date of the Air Resources Board to adopt regulations is January 1, 2011. The goal of the regulations would be to "achieve the maximum technologically feasible and cost-effective reductions in greenhouse gas, including provisions for using market mechanisms and alternative compliance mechanisms." DWP will be actively participating in the rulemaking 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, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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) new 316(b) Rule, EPA suspended its new 316(b) Rule and is in the process of drafting a new rule. In the absence of EPA's 316(b) Rule, the California State Water Resources Control Board has decided to move forward and is in the process of developing their state-wide once-through cooling policy. The State wide draft policy was released in June 2009 and is expected to be adopted in December 2009. This rule will require OTC plants to reduce OTC by 93%. 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 entertainment (IM/E) reduction level of 90% of the Track 1 compliance standard or 84.7%. The Track 2 compliance standard requires the protection of aquatic organism 200 microns and larger. A cost-benefit variance is available for those repowered units meeting a certain heat rate, if the cost of compliance is wholly disproportionate to the environmental benefits. Variance approval by the Regional Board allows a facility to install the best performing IM/E control technology whose costs are not wholly disproportionate to the environmental benefits.

Any difference between technology performance and the state standard (84.7%) must be fully mitigated. The compliance deadline stated in the Statewide draft policy for DWP facilities are: HnGS 2015: HGS and SGS 2017. Beginning in 2015, interim measures must be in place until the facility is in compliance with the policy. In addition, other regulatory changes have been made that could significantly impact operations at the Haynes, Scattergood, and Harbor Generating Stations. The Regional Water Quality Control Board reclassified the body of water that the once-through cooling water is discharged to for the Harbor Generating Station, and sent a letter of intent to reclassify the body of water 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 began in December 2003 and completed in November 2008. With the completion of these two reservoir projects, DWP will have achieved compliance with 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 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 on the remaining eight projects is expected to be approximately \$211.0 million at completion in 2014.

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 either, 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 the LT2 compliance-related engineering studies and construction activities is expected to reach \$1.8 billion at completion in 2026.

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 an historic 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 United States Environmental Protection Agency 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 demonstrates that upon completion of DWP's work, emissions from Owens Lake bed will have been reduced so that the Owens Valley Planning Area will 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.

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 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 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. There will also be no additional determinations of supplemental control during the next 3 years or more of dust control measure development.

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 awarded a \$120.0 million contract in October 2008 for construction of Shallow Flooding on 9.2 square miles. 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 has been delayed in order to conduct additional environmental analysis. DWP expects to begin construction of moat and row in late 2009 at an estimated cost of approximately \$20.0 million.

CITY OF LOS ANGELES

**NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009**

NOTE 5 – OTHER INFORMATION (Continued)

Fire and Police Pension System

The Pensions has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately \$1,125.6 million at June 30, 2009.

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, 2009, the total amount subject to this right is \$1,288.4 million.

Los Angeles City Employees Retirement System

At June 30, 2009, the LACERS was committed to future purchases of real estate and alternative investments at an aggregate cost of approximately \$896 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.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 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 May 2009. Based on an agreement with a new project developer, CRA anticipates that the project will be completed by December 31, 2010.

Marlton Square Limited Recourse Obligation

In September 2008, the City through the Community Development Department (CDD) provided 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 million and Economic Development Initiative (EDI) funds of \$2 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 \$19.52 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 also guaranteed to make available annual AB1290 pledge in the event the South Los Angeles Project fails to generate 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 2009, a total of \$9.7 million was used by CRA to acquire properties under this Retail Project.

Others

At June 30, 2009, the CRA had approximately \$207.9 million in outstanding commitments. These commitments include a \$85.1 million shift of tax increment to K-12 schools and community colleges during fiscal year 2010 and 2011 to help alleviate the State's budget deficits. Other commitments include projected fiscal year 2010 expenditures for work program pursuant to executed agreements like disposition and development agreements, loan agreements, and memoranda of understanding.

In July 2009, the California State legislature passed and the Governor signed AB 26 4X requiring California redevelopment agencies to participate proportionately in a shift of a total \$2.05 billion in property tax increment revenues to the county SERAF in fiscal years 2010 and 2011. The California Redevelopment Association has filed a lawsuit challenging the constitutionality of AB 26 4X, however, until AB 26 4X has been judicially determined to be unconstitutional, it is the law, and redevelopment agencies have to comply with its terms and deadlines set for SERAF payments. Other commitments are for various work programs and executed loan agreements.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

C. 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, 2009
Multifamily Housing Bonds - 92 Issues	\$ 618,147
Home Mortgage Revenue Bonds - 7 Issues	12,076
Bond proceeds were used to provide 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 - 31 Issues	294,032
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	5,890
The proceeds were used to provide financing for 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	5,845
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	130,625
The proceeds were used to fund acquisition and construction of certain 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.	
Street Improvement 1911/1913 Act Bonds	1,179
The proceeds were used to finance certain public improvements for the Westwood Village Streetscape Assessment District. The City's obligation is limited to collecting the assessments annually levied for debt service payments.	
	\$ 1,067,794

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, 2009

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, 2009, the outstanding balance of such issues was \$815.7 million. The CRA is not obligated for the repayment of such debt; therefore, the liabilities are not included in the accompanying financial statements.

D. Other Matters

Business Tax Reform

In November 2004, the Mayor and City Council adopted a package of changes to the City's business tax system that became effective in January 2005. One of the changes is the gradual reduction of the business tax rates. When business tax revenue receipts exceed the budgeted amount, the business tax rates applied on gross receipts can incur a reduction of up to 4% per year. Over time, the ordinance allows for a maximum of 15% reduction. Tax rate reductions of 3.1%, 4%, and 4% were effective January 1, 2006, January 1, 2007, and January 1, 2008, respectively, for a total of 11.1%. An additional 3.9% tax rate reduction was effective January 1, 2009.

Airports Enterprise Fund

High-Security Environment

The Airports, like the rest of North American air transportation system, has been adversely affected by the terrorist attacks that occurred in the United States on September 11, 2001 (the September 11 Events). Since the September 11 Events, due in part to the September 11 Events and in part to the slowdown in the national economy, significant declines have been experienced in aviation activity and enplaned passenger traffic, as well as in activity-based revenues consisting primarily of landing fees, passenger facility charges, concession revenues and parking revenue. During fiscal year 2009, Airports' passenger volume was 16.6% or 12.3 million below its pre-September 11 Events level.

As part of its program of proactively addressing heightened security concerns and requirements, Airports has engaged in a review of its rates and charges, and has implemented revenue enhancements and expenditure controls that affect a variety of operating expenses. The Airports' capital improvement program was also reevaluated and several planned expenditures were suspended, except where the affected projects were near completion or essential from a security or safety standpoint.

Reductions in operating levels at the Airports from those that existed prior to the September 11 Events may continue for a period of time and to a degree that is uncertain. The future level of aviation activity and enplaned passenger traffic at the Airports will depend upon several factors directly and indirectly related to the September 11 Events, including, among others, the financial condition of individual airlines and the viability of continued services. A number of airlines are recovering from the economic difficulties they experienced immediately following the September 11 Events.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Airports is unable to predict (i) the duration of current reduced air traffic volume, (ii) the long-term impact of the above-mentioned events on costs and revenues of Airports, (iii) the future financial condition of the airlines using Airports facilities, or (iv) the likelihood of future incidents of terrorism or other air transport disruptions.

Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act authorized domestic airports to impose a passenger facility charge (PFC) on enplaning passengers. The Federal Aviation Authority (FAA) issued the regulations for the use of PFC's for airport projects that must meet at least one of the following criteria: (a) preserve or enhance safety, security or capacity of the national air transportation system; (b) reduce noise or mitigate noise impacts resulting from an airport; or (c) furnish opportunities for enhanced competition between or among carriers.

The FAA has approved the Airports' applications to impose \$3 per passenger PFC's at the Los Angeles International (LAX) and Ontario International Airports to fund certain approved projects. The FAA approved an increased rate of \$4.50 effective August 1, 2003 at LAX. Through June 30, 2009, the cumulative PFC collections and the related interest earned as reported to the FAA were \$1,336.1 million and \$170.0 million, respectively.

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 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 have been encouraged to participate in the formation and operation of RTOs, but 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 five years.

Federal Energy Legislation

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.

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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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.

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.

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 \$1,000 to \$1,000,000, 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 overall impact of the EP Act on the Power Enterprise Fund cannot be predicted at this time.

Potential Federal Energy Legislation for 2009

As of August 2009, the 111th United States Congress is contemplating passing federal legislation that can make fundamental changes in the regulation of the electric utility industry. Under the House of Representatives' passed legislation (H.R. 2454 American Clean Energy and Security Act of 2009 – ACES), the following economy-wide reduction goals of GHGs (carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, perfluorocarbons, and nitrogen hexafluoride) are being proposed: 97% of the 2005 levels by 2012; 80% of the 2005 levels by 2020; 58% of the 2005 levels by 2038; 17% of the 2005 levels by 2050. The bill would delegate authority to FERC to promulgate regulations and enforce the reduction goals.

ACES includes a GHG "Cap and Trade" regulatory program. Under the Cap and Trade program, the amount of GHGs emitted by certain industries will be limited, and emission allowances will be available for trading (one allowance is equal to 1 metric ton of GHGs emitted, measured in tons of carbon dioxide equivalent). The proposal establishes a prohibition of emissions beyond an entity's allowance holdings where penalties will be applied to noncomplying entities. The electricity sector is covered under this provision starting in 2012. Approximately 44.6% of allowances are allocated to the electricity sector starting 2012, and any additional allowances needed may be bought in the market or through the auction process. The total amount of allowances allocated decline each year, and are phased out by 2030. At that time, the electricity sector would need to purchase allowances to cover its GHG emissions. ACES delegates authority to FERC to provide oversight and regulation of the new Energy Markets created for carbon allowances and offsets. FERC is expected to ensure market transparency and liquidity of allowances and offsets. It will also be in charge of protecting market participants from speculation and manipulation of carbon prices.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

On September 30, 2009, the Senate introduced its climate change bill entitled “Clean Energy Jobs and American Power Act” (S. 1733). The Senate Environment and Public Works Committee has held a number of hearings with panels on jobs and opportunities, national security, utilities, adaptation, transportation and the clean energy economy.

In the Senate version of the bill (S. 1462 Energy Bill – Senate Bill), FERC is given the authority to order a change or suspension of any rate, term, or condition if a market emergency occurs, such as market manipulation or abuse, and may require an entity to cease and desist from committing such violations.

ACES requires retail electric suppliers to meet a certain percentage of their load with electricity generated from renewable sources and savings. The percentages currently proposed are: 6% of electricity generated from renewables and electricity savings by 2012, and 20% by 2020. This legislation also authorizes FERC (upon petition of the governor of any state) to increase the proportion of compliance that can be met with efficiency savings up to 2/5 for electric suppliers located within that state.

With respect to transmission issues, the Senate Bill addresses planning, siting, and cost allocation. FERC is to publish rules establishing planning principles for the development of interconnection-wide plans, which identify high-priority national transmission projects, and to lead coordination of such plans. FERC will have the authority to approve the construction of high-priority national transmission projects that it finds to be in the public interest, if the state rejects the application of the project. Furthermore, FERC is to establish rules governing cost allocation methodologies for high-priority transmission projects, and may allocate costs to Load Servicing Entities within all, or part of a region. The costs may not be allocated unless they are reasonably proportional to measurable economic and regional benefits. Also, costs may be allocated to generators of electricity connected by a high-priority national transmission project.

Cyber assets security is also being addressed in the Senate Bill. If the Secretary of Energy determines that immediate action is necessary to protect critical electric infrastructure from a cyber security threat, the secretary may require, by order, with or without notice, people subject to the jurisdiction of FERC to take actions that the Secretary of Energy determines will best avert or mitigate the cyber security threat.

The overall impact of the proposed legislation on DWP cannot be predicted at this time.

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. 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.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 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, 2009, 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 soil amendment at a City-owned farm in Kern County. The Hyperion and Terminal Island Treatment Plants, using the highest level of treatment, are producing Exceptional Quality biosolids. A number of counties and other jurisdictions currently ban or are considering to ban the bulk land application of biosolids. A Kern County voter-approved initiative banned the land application of biosolids beginning early 2007. In August 2007, the Kern County initiative was overturned in the courts; however, the Kern County Board of supervisors has appealed this decision. In the interim, the private party plaintiffs (the City's biosolids land application contractor, the City's hauler and the City's farmer) filed a request for attorney fees of approximately \$1.9 million. In September 2008, the citizen plaintiffs were granted an award of almost \$1.1 million in attorney fees, which by agreement, will be returned to the City. Both Kern and the City have appealed the amount of the award. Unless the matter is reversed on appeal, the City is free to apply biosolids on its Kern County farm, and will receive \$1.1 million of its attorney fees. While the legal issues are ongoing, the City is investigating new beneficial use options and began a pilot program to inject biosolids into wells at the Terminal Island Treatment Plants in July 2008.

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 State Water Resources Control Board (SWRCB). The permits set stringent effluent limits for a variety of constituents. Since then, the case has been heard by the Superior and Appellate Courts and the California Supreme Court agreed to review the Appellate Court decision. In April 2005, the State Supreme Court issued an opinion that affirmed the judgment of the Court of Appeal reinstating the permits to the extent that the specified numeric limitations on chemical pollutants are necessary to satisfy the Federal Clean Water Act requirements for treated wastewater. The State Supreme Court also remanded the matter to the trial court to decide whether any numeric limitations, as described in the permits, are more stringent than required under federal law and thus should have been subject to economic considerations by the California Regional Water Quality Control Board, Los Angeles Region (RWQCB) before inclusion in the permits.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

On June 28, 2006, a judge of the Superior Court issued a final opinion of the remand issue. The judge stated that the State set numeric limits that exceeded federal standards for eleven constituents. For these constituents, the State needed to do an economic analysis. The judge also directed the State to file new permits with the Court within 90 days demonstrating compliance with all of the previous decisions. The State Attorney General's Office received an extension to the deadline for filing new permits for LAGWRP and DCTWRP to December 28, 2006.

New NPDES permits were adopted by the RWQCB on December 14, 2006. The permits contain more stringent limits for copper based on the California Toxics Rule and other constituents based on drinking water standards. The City filed an appeal to the SWRCB and requested that the permits be held in abeyance. In March 2007, the Superior Court ruled that the SWRCB must review the permits prior to making a final determination of whether the RWQCB followed all of the decisions in this case. The City's primary contention is that the RWQCB based certain limits on drinking water standards to protect groundwater that exceeded federal standards, without performing an economic analysis. The City is presently involved in settlement negotiations with the State Attorney General and the RWQCB prior to activating its appeal for review at the SWRCB and potentially returning to the Superior Court. The petition for review held in abeyance by the SWRCB was extended for two years and will expire in January 2011. The City and the City of Burbank have completed a Copper Site-Specific Objective Study for the Los Angeles River. If the study is adopted, an adjustment would be applied to the final copper limits. At this time, it is difficult to project the potential annual financial impact to the City until completion of these studies and settlement negotiations. While LAGWRP and DCTWRP are in compliance with their current permits, it is possible that the City may be required to install new treatment processes at a substantial cost to the City.

The new permits also require compliance with the Nitrogen Total Maximum Daily Load and contain a compliance schedule to allow the City to construct Nitrification-Denitrification (NDN) facilities by September 2007 at both DCTWRP and LAGWRP. These NDN facilities have been constructed and are in operation. An Ammonia Site-Specific Objective Study was approved by the RWQCB in May 2007 and adopted by the SWRCB, Office of Administrative Law, and U.S. Environmental Protection Agency. The adoption of this study will allow the adjustment of ammonia limits that will allow operators flexibility in the disinfection process.

Total Maximum Daily Loads for Impaired Waterbodies

The RWQCB is required to develop Total Maximum Daily Loads (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 next decade. The City's 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 may be required to comply with the TMDLs.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

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 of 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 is correcting the deficiencies identified by the court related to mitigations in five areas. This process is expected to be completed in early 2010 and may identify mitigations that could add to the project cost of the GBIS project.

Statewide Waste Discharge Requirements

In May 2006, the SWRCB issued new Statewide Waste Discharge Requirements (WDR) for all collection systems in the State of California with a system greater than one mile. One of the major requirements is the development of a Sewer System Management Plan (SSMP). The elements of the SSMP are very similar to the City's existing programs and requirements of the Collection System Settlement Agreement (CSSA). The SSMP was certified with the SWRCB in February 2009 and will be updated every five years.

The Impact of the Right to Vote on Taxes Act- Proposition 218

On November 5, 1996, California voters approved Proposition 218 (the Proposition) that adds Articles XIIC and XIID to the California Constitution. The Proposition requires majority voter approval before the imposition, extension or increase of general taxes, and 2/3-voter approval before imposition, extension or increase of special taxes by a local government, which is defined in the Proposition to include charter cities such as the City. Such voter requirements apply to all general and special taxes that were newly created or increased after January 1, 1995.

The Proposition also extends the initiative power to reducing or repealing local taxes, assessments, and property related fees and charges, regardless of the date such taxes, assessments, fees and charges were imposed. In addition, the Proposition limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The Proposition restricts the City's ability to impose or increase certain taxes and assessments, and land-based user fees and charges. It subjects existing sources of City revenue to reduction or repeal. Existing taxes at existing levels such as Utility Users Tax, Documentary Transfer Tax, Parking User Tax, Sales Tax, Vehicle License Fees, Municipal Court Fines, Transient Occupancy Tax, and Licenses, Permits, Fees and Fines are not be affected by the Proposition. Fees and charges of the Power System and its transfers to the General Fund are exempted from Proposition 218. The impact of the Proposition on future revenues will depend on the willingness of the electorate to support new taxes and cannot be determined at this time.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

In *Bighorn-Desert View Water Agency v. Beringson* (Bighorn), the California Supreme Court held that fees and charges for ongoing water service through existing connection were property related fees and charges imposed on a person as an incident of property ownership for purposes of Article XIII D of Proposition 218, whether the fees and charges are calculated based on consumption or are imposed as a fixed monthly fee. The City believes that the Bighorn decision, which applied to water fees and charges, would apply equally to sewer service charges. As a result, if the sewer service charges are a “fee” or “charge” under Article XIII D, 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 XIII C of Proposition 218 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 XIII C 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 sewer service charge. However, there can be no assurance that the voters of the City will not approve an initiative that attempts to reduce the sewer 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.

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, \$0.05 million of which were received during fiscal year 2009.

The Internal Revenue Service is investigating the tax treatment claimed by the donors. There has been no allegation of inappropriate activity by the Pensions.

CITY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

E. Subsequent Events

Indebtedness

Subsequent to June 30, 2009, the City issued the following indebtedness (in millions):

Issue Date	Bond Description	Amount	Interest Rate
July 16, 2009	2009 Tax and Revenue Anticipation Notes	\$ 1,038.2	2.50%
August 18, 2009	General Obligation Bonds Series 2009-A	123.6	1.50% - 4.00%
August 18, 2009	General Obligation Bonds Series 2009-B	53.0	5.50% - 5.65%
November 4, 2009	Tax Allocation Bonds	20.0	5.00% - 5.63%
December 3, 2009	Tax Allocation Bonds	10.0	1.75% - 6.50%
December 10, 2009	MICLA Lease Revenue Bonds Series 2009-C	40.1	2.00% - 5.00%
December 10, 2009	MICLA Lease Revenue Bonds Series 2009-D	21.3	6.49% - 7.76%
December 10, 2009	MICLA Lease Revenue Bonds Series 2009-E	56.7	4.63% - 5.38%
December 3, 2009	Airports Senior Revenue Bonds Series 2009-A	310.4	2.00% - 5.25%
December 3, 2009	Airports Subordinate Revenue Bonds Series 2009-C	307.4	5.58% - 5.68%
December 3, 2009	Airports Subordinate Revenue Bonds Series 2009-D	31.8	2.50% - 5.00%
December 3, 2009	Airports Subordinate Refunding Revenue Bond Series 2009-E	39.8	2.00% - 5.00%
December 3, 2009	Water System Revenue Bonds Series 2009-B	141.2	2.70% - 5.00%
December 3, 2009	Water System Revenue Bonds Series 2009-C	346.1	5.08% - 5.38%
December 23, 2009	Solid Waste Resources Revenue Bonds Series 2009-A	65.0	2.00% - 5.00%
December 23, 2009	Solid Waste Resources Revenue Bonds Series 2009-B	49.5	2.00% - 5.00%

In November 2009, Fitch downgraded the ratings of certain outstanding bonds of the City from AA to AA- and AA- to A+. The downgraded ratings and negative outlook reflect the City's reduced general fund reserves as a result of the weakened economy and future years' sizable projected budget gaps along with substantial efforts needed to further reduce spending, enhance revenues, or a combination of both. Fitch views the meaningful and ongoing progress in achieving savings through pension reform or other means as critical to retaining the ratings at these new levels.

In December 2009, the Mayor and City Council approved an increase of \$100.0 million to expand the MICLA Commercial Paper program from \$200.0 million to \$300.0 million.

On December 22, 2009, the Sewer Enterprise Fund issued \$25.0 million commercial paper notes to provide for interim financing for construction improvement program. The notes bear interest at the market rate and the interest in effect at December 31, 2009 is 0.298%.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Early Retirement Incentive Program

In October 2009, the City adopted an Early Retirement Incentive Program (ERIP) aimed to reduce the City's work force 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 is to separate 2,400 employees from City service as quickly as possible. The ERIP enrollment period starts on November 2, 2009 (effective date of the ERIP ordinance) and ends 45 days thereafter. An ERIP eligible filer may withdraw his/her retirement application within 7 calendar days from the date of approval notification. Eligible ERIP participants shall receive: 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 is added to qualify an employee for an unreduced or standard retirement. Further, depending on length of service credit, ERIP retirees shall each receive 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). The amount of severance payment and separation payment cannot be determined at this time.

The LACERS actuary has determined a preliminary ERIP cost obligation of \$271.0 million, (actuarial report dated September 25, 2009), based on a projection of 2,229 ERIP filers retiring and shall be re-calculated later based on actual retirees. This 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 shall increase 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.

Airports Enterprise Fund

On August 7, 2009, the Court of Appeals issued its opinion regarding complaints filed by the carriers operating in terminals 1 and 3 at LAX and remanded the majority of the items under dispute back to the U.S. DOT for further review. Airports is unable to predict whether any further review will be sought in the Supreme Court or how the U.S. DOT will rule on the issues remanded. On November 6, 2009, Airports approved an amended and restated lease with United Airlines covering spaces leased in terminals 7 and 8. This resolved all previous disputes between the parties concerning rates and charges at these terminals.

Harbor Enterprise Fund

On December 10, 2009, Harbor approved a \$25.7 million economic relief program in addition to the \$10.5 million discount given to the Port's customers in fiscal year 2009.

Power Enterprise Fund

In December 2009, the Power Enterprise Fund collected \$147.5 million in relation to the settlement agreement reached on the California Refund Litigation. In January 2010, \$580.8 million in Power System Variable Rate Demand Revenue Bonds, 2001 Series B was remarketed pursuant to a Reoffering Memorandum.

CITY OF LOS ANGELES

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2009

NOTE 5 – OTHER INFORMATION (Continued)

Water Enterprise Fund

In December 2009, the Water Revenue Adjustment Factor was activated, with an effective date of January 1, 2010 through December 31, 2010, that management expects to generate \$14.9 million in based rate revenue. In February 2010, \$225 million in Water System Variable Rate Demand Revenue Bonds, 2001 Series B was remarketed pursuant to a Reoffering Memorandum.

F. Other Matters Affecting the City's Future Operations

The City's fiscal year 2009-10 General Fund budget balanced revenues to appropriations but not to the ongoing level of expenditures from prior years. As revenues came in significantly lower than projected, the City faces a budget shortfall. To bridge the budget gap, the City began a program of shared responsibility and sacrifice through negotiations with its labor partners and in some instances with unilateral action. Actions taken include ERIP as described in Note 5E-Subsequent Events, mandatory furlough program with civilian employees having reduced work hours of between 5 and 10 percent, deferral of salary increases for the majority of civilian employees, increased use of banked time for overtime instead of cash overtime payments, and increased contribution by civilian employees to the City's civilian retirement system.

Since then, the City Controller has released several reports to the Mayor and City Council addressing salary savings from the budget balancing actions, but also indicating that the savings are not sufficient to result in a balanced salary account at June 30.

The City Administrative Officer (CAO) updates the Mayor and City Council on the status of the budget with budget balancing recommendation. In the second Financial Status Report dated November 25, 2009, the CAO reported a deficit of \$98.1 million of which \$75.3 million was the result of a revenue shortfall. During January, the CAO provided updated revenue projection to the elected leadership. On January 20, 2010 the Mayor, President of the City Council and other elected leaders requested recommendations from the CAO to balance the fiscal year 2009-10 budget, restore the City's long term fiscal health, and strengthen the City's credit rating. On January 21, 2010, the CAO released a letter to the Mayor and City Council indicating that the revenue shortfall has deteriorated from \$75.3 million to \$185.9 million. On January 26, 2010, the City Controller released its report to the Mayor and City Council projecting a deficiency of revenues over expenditures of \$199.0 million and recommending immediate action be taken to close the budget gap prior to June 30.

In the latest Financial Status Report released by the CAO to the Mayor and City Council on January 28, 2010, the CAO reported a \$208.0 million deficit and recommended various actions to close the budget deficit. The recommended actions include transferring appropriations within and between departments; using majority of the Reserve Fund to balance the fiscal year 2009-10 budget while taking actions to bring expenditures and revenues in line in futures years including expanding the retirement incentive to additional personnel, limited layoffs, sale or lease of certain City assets, and reopening negotiations with labor partners representing City employees; and building the Reserve Fund. The City Council has begun the process of considering and acting on the CAO recommendations to close the budget gap.

On February 17, 2010, Moody's Investors Service revised to negative, from stable, the City's rating outlook for the general obligation bonds (rated Aa2) and general fund-secured obligations (rated Aa3 to A2, depending on the security pledge). The possibility of multi-year period of significantly diminished general fund reserves, and the City's recent inability to quickly rebalance its budget at mid-year, contributed to the negative outlook.

**Required
Supplementary Information**

CITY OF LOS ANGELES

**REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2009
(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
Fire and Police Pension Plan						
6/30/07	\$ 13,215,668	\$ 13,324,089	\$ 108,421	99.2%	\$ 1,135,592	9.5%
6/30/08	14,153,296	14,279,116	125,820	99.1%	1,206,589	10.4%
6/30/09	14,256,611	14,817,146	560,535	96.2%	1,357,249	41.3%
Los Angeles City Employees' Retirement Plan						
6/30/07	\$ 8,599,700	\$ 10,526,874	\$ 1,927,174	81.7%	\$ 1,896,609	101.6%
6/30/08	9,438,318	11,186,404	1,748,086	84.4%	1,977,645	88.4%
6/30/09	9,577,747	11,741,759	2,164,012	81.6%	1,999,862	108.2%
Water and Power Employees' Retirement and Death Benefit Insurance Plan						
7/1/07	\$ 6,864,084	\$ 7,467,285	\$ 603,201	91.9%	\$ 670,400	90.0%
7/1/08	7,247,853	7,619,103	371,250	95.1%	708,732	52.4%
7/1/09	7,248,721	8,057,061	808,340	90.0%	805,138	100.4%

**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
Fire and Police Health Subsidy Plan						
6/30/07	\$ 687,096	\$ 1,656,653	\$ 969,557	41.5%	\$ 1,135,592	85.4%
6/30/08	767,648	1,836,840	1,069,192	41.8%	1,206,589	88.6%
6/30/09	809,677	2,038,659	1,228,982	39.7%	1,357,249	90.5%
Los Angeles City Employees' Postemployment Healthcare Plan						
6/30/07	\$ 1,185,544	\$ 1,730,400	\$ 544,856	68.5%	\$ 1,896,609	28.7%
6/30/08	1,342,920	1,928,043	585,123	69.7%	1,977,645	29.6%
6/30/09	1,342,497	2,003,441	660,944	67.0%	1,999,862	33.1%
Water and Power Employees' Retiree Health Benefits Plan						
6/30/07	\$ 649,116	\$ 1,041,722	\$ 392,606	62.3%	\$ 670,400	58.6%
6/30/08	719,637	1,358,103	638,466	53.0%	708,732	90.1%
6/30/09	849,955	1,390,811	540,856	61.1%	805,138	67.2%

CITY OF LOS ANGELES

**REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2009
(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
6/30/06	\$ 123,768	\$ 137,943	\$ 14,175	89.7%	\$ 17,498	81.0%
6/30/07	135,101	149,785	14,684	90.2%	19,588	75.0%
6/30/08	143,042	158,915	15,873	90.0%	22,920	69.3%

**Community Redevelopment Agency
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%

Condition Rating for City Bridges

Bridge Type	No. of Bridges	Rating				
		A = 90% - 100% (very good)	B = 80% - 89% (good to fair)	C = 70% - 79% (fair to poor)	D = 50% - 69% (very poor)	F = below 50% (failure)
Vehicular	425	214	73	117	21	--
Pedestrian	66	16	48	2	--	--
Tunnel	14	7	5	2	--	--
Bikeway	2	1	1	--	--	--
Total	507	238	127	121	21	--
Percentage	100%	47%	25%	24%	4%	0%

Note: Above are the condition assessments for three years beginning fiscal year 2007. The next condition assessment will be completed in fiscal year 2010.

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

	Fiscal Year Ended June 30				
	2005	2006	2007	2008	2009
Needed	\$ 10,848	\$ 30,006	\$ 21,331	\$ 35,080	\$ 29,434
Actual	8,274	16,352	18,411	35,789	51,101

CITY OF LOS ANGELES

REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2009
(Unaudited)

The Computer File of Structures 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 ($S_1=55\%$), Serviceability and Functional Obsolescence ($S_2=30\%$), Essentiality for Public Use ($S_3=15\%$), and Special Reductions ($S_4=$ up to a maximum of 13%). The Special Reductions is provided for long detour distance, traffic safety features, and structure type. The Sufficiency Rating is computed by summing the four elements ($SR = S_1 + S_2 + S_3 - S_4$). It is the City's policy that bridges shall be maintained so that at least 70% of the bridges are rated "B" or better, and no bridge shall be rated less than "D." Condition assessments are determined every three years.

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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 34 and 37, 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 54 and 55).

CITY OF LOS ANGELES

Combining Balance Sheet
Other Governmental Funds
June 30, 2009

(amounts expressed in thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
ASSETS				
Cash and Pooled Investments	\$ 986,595	\$ 212,667	\$ 606,103	\$ 1,805,365
Other Investments	--	14,167	--	14,167
Taxes Receivable (Net of Allowance for Uncollectibles of \$5,303)	4,885	29,872	--	34,757
Accounts Receivable (Net of Allowance for Uncollectibles of \$4,982)	9,750	--	89	9,839
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$2,346)	15,307	--	2,694	18,001
Investment Income Receivable	5,676	1,189	3,581	10,446
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$171)	99,704	--	407	100,111
Loans Receivable (Net of Allowance for Uncollectibles of \$605,741)	199,668	--	--	199,668
Due from Other Funds	16,114	--	433	16,547
Loans Receivable from Component Unit	960	--	--	960
Prepaid Items and Other Assets	493	--	--	493
Advances to Other Funds	94,297	--	--	94,297
Restricted Assets	5,965	--	--	5,965
TOTAL ASSETS	\$ 1,439,414	\$ 257,895	\$ 613,307	\$ 2,310,616
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts, Contracts and Retainage Payable	\$ 69,868	\$ --	\$ 13,003	\$ 82,871
Accrued Salaries and Overtime Payable	4,113	--	--	4,113
Accrued Compensated Absences Payable	2	--	--	2
Intergovernmental Payable	874	--	1	875
Due to Other Funds	31,673	--	3,132	34,805
Due to Component Unit	890	--	--	890
Deferred Revenue and Other Credits	76,251	24,104	2,016	102,371
Deposits and Advances	13,951	--	90	14,041
Matured Bonds and Interest Payable	--	374	--	374
Advances from Other Funds	130,474	--	11,720	142,194
Other Liabilities	425	19	--	444
TOTAL LIABILITIES	328,521	24,497	29,962	382,980
FUND BALANCES				
Reserved for:				
Encumbrances	196,309	--	75,538	271,847
Assets Not Available for Appropriation	295,418	--	--	295,418
Debt Service	--	233,398	--	233,398
Special Purposes	5,965	--	--	5,965
Unreserved and Undesignated	613,201	--	507,807	1,121,008
TOTAL FUND BALANCES	1,110,893	233,398	583,345	1,927,636
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,439,414	\$ 257,895	\$ 613,307	\$ 2,310,616

CITY OF LOS ANGELES

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Property Taxes	\$ 20,213	\$ 163,927	\$ --	\$ 184,140
Other Taxes	50,078	--	765	50,843
Licenses and Permits	4,673	--	25	4,698
Intergovernmental	632,435	--	19,854	652,289
Charges for Services	192,334	2,129	4,321	198,784
Services to Enterprise Funds	770	--	--	770
Fines	15,134	--	--	15,134
Special Assessments	77,253	--	24,929	102,182
Investment Earnings	28,050	6,114	25,998	60,162
Program Income	11,272	--	--	11,272
Other	31,158	--	3,159	34,317
TOTAL REVENUES	<u>1,063,370</u>	<u>172,170</u>	<u>79,051</u>	<u>1,314,591</u>
EXPENDITURES				
Current:				
General Government	29,075	2	--	29,077
Protection of Persons and Property	172,553	--	--	172,553
Public Works	217,070	--	--	217,070
Health and Sanitation	77,281	--	--	77,281
Transportation	118,159	--	--	118,159
Cultural and Recreational Services	121,157	--	--	121,157
Community Development	269,854	--	--	269,854
Capital Outlay	145,132	--	152,830	297,962
Debt Service:				
Principal	3,428	157,165	--	160,593
Interest	2,930	118,861	--	121,791
Cost of Issuance	--	2,979	670	3,649
TOTAL EXPENDITURES	<u>1,156,639</u>	<u>279,007</u>	<u>153,500</u>	<u>1,589,146</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(93,269)</u>	<u>(106,837)</u>	<u>(74,449)</u>	<u>(274,555)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	170,501	91,068	4,522	266,091
Transfers Out	(150,272)	(4)	(5,262)	(155,538)
Issuance of Long-term Debt	--	--	101,000	101,000
Premium on Issuance of Long-term Debt	--	--	1,712	1,712
Issuance of Refunding Bonds	--	253,060	--	253,060
Premium on Issuance of Refunding Bonds	--	221	--	221
Payment to Refunded Bond Escrow Agent	--	(239,201)	--	(239,201)
Loans from HUD	25,408	--	--	25,408
TOTAL OTHER FINANCING SOURCES	<u>45,637</u>	<u>105,144</u>	<u>101,972</u>	<u>252,753</u>
NET CHANGE IN FUND BALANCES	<u>(47,632)</u>	<u>(1,693)</u>	<u>27,523</u>	<u>(21,802)</u>
FUND BALANCES, JULY 1	<u>1,158,525</u>	<u>235,091</u>	<u>555,822</u>	<u>1,949,438</u>
FUND BALANCES, JUNE 30	<u>\$ 1,110,893</u>	<u>\$ 233,398</u>	<u>\$ 583,345</u>	<u>\$ 1,927,636</u>

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General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. General Fund revenues are derived from such sources as Taxes, Licenses and Permits, Intergovernmental Revenues, Charges for Services, Fines, Special Assessments, Interest, and 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)

General Fund

For the Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
City Administrative Officer	\$ 13,968	\$ 593	\$ 14,561	\$ 12,660	\$ 1,609	\$ 14,269	\$ 292
City Attorney	99,962	16,171	116,133	108,238	7,682	115,920	213
City Clerk	28,962	3,063	32,025	20,574	8,741	29,315	2,710
Commission on the Status of Women	292	(54)	238	204	13	217	21
Controller	17,233	1,439	18,672	16,246	1,846	18,092	580
Council	25,579	11,426	37,005	27,322	2,045	29,367	7,638
Employee Relations Board	382	50	432	355	45	400	32
Ethics Commission	2,505	(48)	2,457	2,230	194	2,424	33
Finance	26,421	1,889	28,310	25,519	2,085	27,604	706
General Services	289,455	87,747	377,202	297,356	40,467	337,823	39,379
Human Relations Commission	802	78	880	794	60	854	26
Information Technology Agency	106,104	8,177	114,281	94,639	14,275	108,914	5,367
Mayor	26,970	9,647	36,617	21,998	7,658	29,656	6,961
Neighborhood Empowerment	3,806	(58)	3,748	3,200	426	3,626	122
Personnel	65,053	167	65,220	55,287	9,411	64,698	522
Treasurer	5,129	2,358	7,487	6,065	1,418	7,483	4
Non-Departmental							
Capital Finance Administration	43,227	4,470	47,697	46,976	714	47,690	7
General City Purposes	70,590	(4,044)	66,546	41,790	21,557	63,347	3,199
Human Resources Benefits	507,376	(36,140)	471,236	463,947	5,242	469,189	2,047
Liability Claims	32,000	4,839	36,839	36,751	--	36,751	88
Unappropriated Balance	16,463	93,023	109,486	--	--	--	109,486
Water and Electricity	24,716	(2,250)	22,466	12,925	9,541	22,466	--
TOTAL GENERAL GOVERNMENT	1,406,995	202,543	1,609,538	1,295,076	135,029	1,430,105	179,433
PROTECTION OF PERSONS AND PROPERTY							
Animal Services	20,314	1,177	21,491	19,766	1,586	21,352	139
Building and Safety	83,774	3,447	87,221	78,986	5,255	84,241	2,980
Emergency Management	1,976	731	2,707	2,376	167	2,543	164
Fire	561,730	8,013	569,743	525,108	37,792	562,900	6,843
Police	1,323,114	10,706	1,333,820	1,218,624	103,377	1,322,001	11,819
TOTAL PROTECTION OF PERSONS AND PROPERTY	1,990,908	24,074	2,014,982	1,844,860	148,177	1,993,037	21,945
PUBLIC WORKS							
Public Works Bureaus							
Board of Public Works	19,086	4,456	23,542	21,247	1,961	23,208	334
Bureau of Contract Administration	32,840	5,434	38,274	31,029	2,250	33,279	4,995
Engineering	82,840	12,072	94,912	78,907	6,351	85,258	9,654
Street Lighting	20,435	7,348	27,783	20,061	2,485	22,546	5,237
Street Services	162,679	37,686	200,365	168,653	17,543	186,196	14,169
Non-Departmental							
Water and Electricity	2,267	--	2,267	1,580	687	2,267	--
TOTAL PUBLIC WORKS	320,147	66,996	387,143	321,477	31,277	352,754	34,389
HEALTH AND SANITATION							
Environmental Affairs	2,969	128	3,097	2,793	200	2,993	104
Public Works- Bureau of Sanitation	268,465	(3,753)	264,712	234,277	21,500	255,777	8,935
Non-Departmental							
Water and Electricity	779	--	779	433	346	779	--
TOTAL HEALTH AND SANITATION	272,213	(3,625)	268,588	237,503	22,046	259,549	9,039

Continued...

CITY OF LOS ANGELES

Supplemental Schedule of Budget Appropriations,
Expenditures and Other Financing Uses by Function
Budget and Actual (Non-GAAP Budgetary Basis) - (Continued)
General Fund
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
TRANSPORTATION	\$ 152,232	\$ 25,697	\$ 177,929	\$ 136,753	\$ 13,060	\$ 149,813	\$ 28,116
CULTURAL AND RECREATIONAL SERVICES							
Convention Center	26,072	513	26,585	22,780	1,441	24,221	2,364
Cultural Affairs	9,973	450	10,423	8,242	1,651	9,893	530
El Pueblo De Los Angeles Historical Monument Authority	2,120	(4)	2,116	1,712	211	1,923	193
Zoo	19,329	(318)	19,011	16,422	1,525	17,947	1,064
Non-Departmental Water and Electricity	18,957	2,250	21,207	12,885	8,322	21,207	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	76,451	2,891	79,342	62,041	13,150	75,191	4,151
COMMUNITY DEVELOPMENT							
Aging	4,216	620	4,836	3,622	331	3,953	883
Commission for Children, Youth and Their Families	1,677	170	1,847	1,415	132	1,547	300
Community Development	18,725	11,806	30,531	24,359	2,246	26,605	3,926
Disability	1,759	107	1,866	1,677	174	1,851	15
Los Angeles Housing Planning	46,655	2,314	48,969	44,170	3,239	47,409	1,560
	34,067	(2,151)	31,916	25,545	3,310	28,855	3,061
TOTAL COMMUNITY DEVELOPMENT	107,099	12,866	119,965	100,788	9,432	110,220	9,745
PENSION AND RETIREMENT CONTRIBUTIONS							
Non-Departmental General City Purposes	14,395	(274)	14,121	12,989	1,005	13,994	127
CAPITAL OUTLAY							
Non-Departmental Capital Improvement Projects	11,180	22,613	33,793	1,597	9,080	10,677	23,116
TRANSFERS TO OTHER FUNDS							
VLF - Funded Police Officers Non-Departmental	557	(50)	507	507	--	507	--
Capital Finance Administration General	126,262	(3,469)	122,793	122,793	--	122,793	--
	922,923	(2,778)	920,145	915,558	--	915,558	4,587
TOTAL TRANSFERS TO OTHER FUNDS	1,049,742	(6,297)	1,043,445	1,038,858	--	1,038,858	4,587
GRAND TOTAL	\$5,401,362	\$ 347,484	\$5,748,846	\$5,051,942	\$ 382,256	\$5,434,198	\$ 314,648

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, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT							
CITY ADMINISTRATIVE OFFICER							
Salaries	\$ 13,026	\$ (8)	\$ 13,018	\$ 12,074	\$ 858	\$ 12,932	\$ 86
Expenses	942	601	1,543	586	751	1,337	206
Subtotal	13,968	593	14,561	12,660	1,609	14,269	292
CITY ATTORNEY							
Salaries	93,526	10,051	103,577	96,663	6,712	103,375	202
Expenses	6,436	2,522	8,958	8,527	420	8,947	11
Special	--	3,598	3,598	3,048	550	3,598	--
Subtotal	99,962	16,171	116,133	108,238	7,682	115,920	213
CITY CLERK							
Salaries	21,741	(3,794)	17,947	14,577	732	15,309	2,638
Expenses	7,221	6,857	14,078	5,997	8,009	14,006	72
Subtotal	28,962	3,063	32,025	20,574	8,741	29,315	2,710
COMMISSION ON THE STATUS OF WOMEN							
Salaries	269	(69)	200	177	11	188	12
Expenses	23	15	38	27	2	29	9
Subtotal	292	(54)	238	204	13	217	21
CONTROLLER							
Salaries	15,514	1,068	16,582	14,931	1,074	16,005	577
Expenses	1,702	375	2,077	1,315	761	2,076	1
Equipment	17	(4)	13	--	11	11	2
Subtotal	17,233	1,439	18,672	16,246	1,846	18,092	580
COUNCIL							
Salaries	24,225	10,276	34,501	25,655	1,623	27,278	7,223
Expenses	1,354	1,146	2,500	1,667	422	2,089	411
Equipment	--	4	4	--	--	--	4
Subtotal	25,579	11,426	37,005	27,322	2,045	29,367	7,638
EMPLOYEE RELATIONS BOARD							
Salaries	291	(17)	274	225	19	244	30
Expenses	91	67	158	130	26	156	2
Subtotal	382	50	432	355	45	400	32
ETHICS COMMISSION							
Salaries	2,173	181	2,354	2,177	153	2,330	24
Expenses	332	(229)	103	53	41	94	9
Subtotal	2,505	(48)	2,457	2,230	194	2,424	33
FINANCE							
Salaries	24,425	1,610	26,035	23,950	1,691	25,641	394
Expenses	1,996	279	2,275	1,569	394	1,963	312
Subtotal	26,421	1,889	28,310	25,519	2,085	27,604	706

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, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
GENERAL SERVICES							
Salaries	\$ 149,944	\$ 50,092	\$ 200,036	\$ 162,814	\$ 11,088	\$ 173,902	\$ 26,134
Expenses	134,416	37,679	172,095	129,995	28,993	158,988	13,107
Equipment	416	60	476	18	321	339	137
Special	4,679	(84)	4,595	4,529	65	4,594	1
Subtotal	289,455	87,747	377,202	297,356	40,467	337,823	39,379
HUMAN RELATIONS COMMISSION							
Salaries	719	138	857	781	55	836	21
Expenses	83	(60)	23	13	5	18	5
Subtotal	802	78	880	794	60	854	26
INFORMATION TECHNOLOGY AGENCY							
Salaries	64,230	6,226	70,456	63,983	4,643	68,626	1,830
Expenses	20,200	4,808	25,008	16,622	5,040	21,662	3,346
Equipment	166	523	689	623	66	689	--
Special	21,508	(3,380)	18,128	13,411	4,526	17,937	191
Subtotal	106,104	8,177	114,281	94,639	14,275	108,914	5,367
MAYOR							
Salaries	9,076	6,559	15,635	12,496	921	13,417	2,218
Expenses	17,894	3,071	20,965	9,502	6,737	16,239	4,726
Equipment	--	17	17	--	--	--	17
Subtotal	26,970	9,647	36,617	21,998	7,658	29,656	6,961
NEIGHBORHOOD EMPOWERMENT							
Salaries	3,447	(100)	3,347	3,098	218	3,316	31
Expenses	353	47	400	102	208	310	90
Special	6	(5)	1	--	--	--	1
Subtotal	3,806	(58)	3,748	3,200	426	3,626	122
PERSONNEL							
Salaries	38,291	653	38,944	36,149	2,467	38,616	328
Expenses	24,086	(380)	23,706	17,047	6,641	23,688	18
Special	2,676	(106)	2,570	2,091	303	2,394	176
Subtotal	65,053	167	65,220	55,287	9,411	64,698	522
TREASURER							
Salaries	2,979	234	3,213	2,995	214	3,209	4
Expenses	2,150	2,124	4,274	3,070	1,204	4,274	--
Subtotal	5,129	2,358	7,487	6,065	1,418	7,483	4

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, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
NON-DEPARTMENTAL							
Capital Finance							
Administration	\$ 43,227	\$ 4,470	\$ 47,697	\$ 46,976	\$ 714	\$ 47,690	\$ 7
General City Purposes	70,590	(4,044)	66,546	41,790	21,557	63,347	3,199
Human Resources Benefits	507,376	(36,140)	471,236	463,947	5,242	469,189	2,047
Liability Claims	32,000	4,839	36,839	36,751	--	36,751	88
Unappropriated Balance	16,463	93,023	109,486	--	--	--	109,486
Water and Electricity	24,716	(2,250)	22,466	12,925	9,541	22,466	--
Subtotal	694,372	59,898	754,270	602,389	37,054	639,443	114,827
TOTAL GENERAL GOVERNMENT	1,406,995	202,543	1,609,538	1,295,076	135,029	1,430,105	179,433
PROTECTION OF PERSONS AND PROPERTY							
ANIMAL SERVICES							
Salaries	18,477	1,390	19,867	18,370	1,409	19,779	88
Expenses	1,837	(213)	1,624	1,396	177	1,573	51
Subtotal	20,314	1,177	21,491	19,766	1,586	21,352	139
BUILDING AND SAFETY							
Salaries	81,064	3,436	84,500	76,835	5,049	81,884	2,616
Expenses	2,710	11	2,721	2,151	206	2,357	364
Subtotal	83,774	3,447	87,221	78,986	5,255	84,241	2,980
EMERGENCY MANAGEMENT							
Salaries	1,902	736	2,638	2,313	165	2,478	160
Expenses	74	(5)	69	63	2	65	4
Subtotal	1,976	731	2,707	2,376	167	2,543	164
FIRE							
Salaries	538,208	7,806	546,014	505,491	33,737	539,228	6,786
Expenses	23,366	355	23,721	19,609	4,055	23,664	57
Equipment	156	(148)	8	8	--	8	--
Subtotal	561,730	8,013	569,743	525,108	37,792	562,900	6,843
POLICE							
Salaries	1,266,308	215	1,266,523	1,176,565	81,534	1,258,099	8,424
Expenses	47,395	11,395	58,790	41,363	16,277	57,640	1,150
Equipment	9,411	(904)	8,507	696	5,566	6,262	2,245
Subtotal	1,323,114	10,706	1,333,820	1,218,624	103,377	1,322,001	11,819
TOTAL PROTECTION OF PERSONS AND PROPERTY	1,990,908	24,074	2,014,982	1,844,860	148,177	1,993,037	21,945

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, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
PUBLIC WORKS							
BOARD OF PUBLIC WORKS							
Salaries	\$ 9,570	\$ 759	\$ 10,329	\$ 9,419	\$ 646	\$ 10,065	\$ 264
Expenses	9,461	3,697	13,158	11,781	1,307	13,088	70
Equipment	55	--	55	47	8	55	--
Subtotal	19,086	4,456	23,542	21,247	1,961	23,208	334
BUREAU OF CONTRACT ADMINISTRATION							
Salaries	31,501	4,635	36,136	29,467	1,970	31,437	4,699
Expenses	1,339	799	2,138	1,562	280	1,842	296
Subtotal	32,840	5,434	38,274	31,029	2,250	33,279	4,995
BUREAU OF ENGINEERING							
Salaries	79,564	12,012	91,576	77,604	5,304	82,908	8,668
Expenses	3,276	60	3,336	1,303	1,047	2,350	986
Subtotal	82,840	12,072	94,912	78,907	6,351	85,258	9,654
BUREAU OF STREET LIGHTING							
Salaries	16,163	4,410	20,573	16,056	1,136	17,192	3,381
Expenses	1,000	1,220	2,220	796	179	975	1,245
Special	3,272	1,718	4,990	3,209	1,170	4,379	611
Subtotal	20,435	7,348	27,783	20,061	2,485	22,546	5,237
BUREAU OF STREET SERVICES							
Salaries	90,849	10,259	101,108	87,751	6,183	93,934	7,174
Expenses	71,830	27,397	99,227	80,872	11,360	92,232	6,995
Equipment	--	30	30	30	--	30	--
Subtotal	162,679	37,686	200,365	168,653	17,543	186,196	14,169
NON-DEPARTMENTAL							
Water and Electricity	2,267	--	2,267	1,580	687	2,267	--
TOTAL PUBLIC WORKS	320,147	66,996	387,143	321,477	31,277	352,754	34,389
HEALTH AND SANITATION							
ENVIRONMENTAL AFFAIRS							
Salaries	2,882	134	3,016	2,755	188	2,943	73
Expenses	87	(6)	81	38	12	50	31
Subtotal	2,969	128	3,097	2,793	200	2,993	104
PUBLIC WORKS - BUREAU OF SANITATION							
Salaries	197,528	1,188	198,716	180,345	12,210	192,555	6,161
Expenses	70,937	(4,941)	65,996	53,932	9,290	63,222	2,774
Subtotal	268,465	(3,753)	264,712	234,277	21,500	255,777	8,935

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, 2009
(amounts expressed in thousands)**

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
NON-DEPARTMENTAL							
Water and Electricity	\$ 779	\$ --	\$ 779	\$ 433	\$ 346	\$ 779	\$ --
TOTAL HEALTH AND SANITATION	272,213	(3,625)	268,588	237,503	22,046	259,549	9,039
TRANSPORTATION							
Salaries	119,981	28,043	148,024	114,066	7,940	122,006	26,018
Expenses	32,129	(2,229)	29,900	22,687	5,120	27,807	2,093
Equipment	122	(117)	5	--	--	--	5
TOTAL TRANSPORTATION	152,232	25,697	177,929	136,753	13,060	149,813	28,116
CULTURAL AND RECREATIONAL SERVICES							
CONVENTION CENTER							
Salaries	16,176	494	16,670	15,484	812	16,296	374
Expenses	7,752	205	7,957	6,701	533	7,234	723
Equipment	457	--	457	8	--	8	449
Special	1,687	(186)	1,501	587	96	683	818
Subtotal	26,072	513	26,585	22,780	1,441	24,221	2,364
CULTURAL AFFAIRS							
Salaries	5,290	210	5,500	5,043	327	5,370	130
Expenses	523	68	591	503	79	582	9
Equipment	--	21	21	13	8	21	--
Special	4,160	151	4,311	2,683	1,237	3,920	391
Subtotal	9,973	450	10,423	8,242	1,651	9,893	530
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT AUTHORITY							
Salaries	1,683	(76)	1,607	1,376	94	1,470	137
Expenses	437	72	509	336	117	453	56
Subtotal	2,120	(4)	2,116	1,712	211	1,923	193
ZOO							
Salaries	15,373	(328)	15,045	13,541	928	14,469	576
Expenses	3,749	10	3,759	2,873	597	3,470	289
Special	207	--	207	8	--	8	199
Subtotal	19,329	(318)	19,011	16,422	1,525	17,947	1,064
NON-DEPARTMENTAL							
Water and Electricity	18,957	2,250	21,207	12,885	8,322	21,207	--
TOTAL CULTURAL AND RECREATIONAL SERVICES	76,451	2,891	79,342	62,041	13,150	75,191	4,151
COMMUNITY DEVELOPMENT							
AGING							
Salaries	4,081	259	4,340	3,511	239	3,750	590
Expenses	135	354	489	111	85	196	293
Equipment	--	7	7	--	7	7	--
Subtotal	4,216	620	4,836	3,622	331	3,953	883

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, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
COMMISSION FOR CHILDREN, YOUTH AND THEIR FAMILIES							
Salaries	\$ 1,351	\$ 169	\$ 1,520	\$ 1,237	\$ 81	\$ 1,318	\$ 202
Expenses	326	1	327	178	51	229	98
Subtotal	1,677	170	1,847	1,415	132	1,547	300
COMMUNITY DEVELOPMENT							
Salaries	16,841	7,483	24,324	20,805	1,420	22,225	2,099
Expenses	1,884	4,323	6,207	3,554	826	4,380	1,827
Subtotal	18,725	11,806	30,531	24,359	2,246	26,605	3,926
DISABILITY							
Salaries	1,453	6	1,459	1,369	90	1,459	--
Expenses	301	101	402	304	83	387	15
Special	5	--	5	4	1	5	--
Subtotal	1,759	107	1,866	1,677	174	1,851	15
LOS ANGELES HOUSING							
Salaries	40,106	882	40,988	37,090	2,530	39,620	1,368
Expenses	6,049	1,427	7,476	6,584	709	7,293	183
Equipment	--	5	5	--	--	--	5
Special	500	--	500	496	--	496	4
Subtotal	46,655	2,314	48,969	44,170	3,239	47,409	1,560
PLANNING							
Salaries	28,998	(2,545)	26,453	23,545	1,596	25,141	1,312
Expenses	4,761	485	5,246	1,848	1,714	3,562	1,684
Equipment	308	(91)	217	152	--	152	65
Subtotal	34,067	(2,151)	31,916	25,545	3,310	28,855	3,061
TOTAL COMMUNITY DEVELOPMENT	107,099	12,866	119,965	100,788	9,432	110,220	9,745
PENSION AND RETIREMENT CONTRIBUTION							
Non-Departmental	14,395	(274)	14,121	12,989	1,005	13,994	127
CAPITAL OUTLAY							
Non-Departmental	11,180	22,613	33,793	1,597	9,080	10,677	23,116
TRANSFERS TO OTHER FUNDS							
Non-Departmental	1,049,742	(6,297)	1,043,445	1,038,858	--	1,038,858	4,587
GRAND TOTAL	\$ 5,401,362	\$ 347,484	\$ 5,748,846	\$ 5,051,942	\$ 382,256	\$ 5,434,198	\$ 314,648

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. Six funds are reported as major funds and are presented in the basic financial statements. Sixteen funds are separately identified in the Nonmajor Special Revenue Funds combining schedules and they account for 57.8% of the combined revenues of the Nonmajor Special Revenue Funds. Three groupings of numerous smaller funds are reported for other grants, other special revenue, and allocations from other governmental agencies funds.

Automated Traffic Surveillance and Control (ATSAC) Fund - Accounts for funds used in constructing and maintaining an ATSAC system that links computer-controlled intersections in the City. Funding sources include allocations from Proposition C funds, county and federal grants, and developer fees.

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.

Local Public Safety Fund – Accounts for the City's share of the one-half cent sales tax allocated by the State to replace at least 50% of the property tax revenue shifted to schools. Funds must be expended for public safety, primarily on fire and police services.

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.

CITY OF LOS ANGELES

SPECIAL REVENUE FUNDS – (Continued)

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.

Zoo Fund – Accounts for the revenues derived from the operations as well as all appropriations to finance the operation, maintenance, management, control and improvement of the Los Angeles Zoo.

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 street 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 15.2% 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.

CITY OF LOS ANGELES

SPECIAL REVENUE FUNDS – (Continued)

Nonmajor Other Special Revenue Funds – Account for the activities of non-grant Special Revenue Funds that represent 25.5% of the combined revenues of the Nonmajor Special Revenue Funds. Included in this group are nineteen 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, Efficiency Projects and Police Hiring, El Pueblo de Los Angeles Historical Monument, Landfill Maintenance, Los Angeles Convention and Visitors Bureau, Major Projects Review, Multi-Family Bulky Item Fee, Municipal Housing Finance, Rent Stabilization, Street Damage Restoration Fee, Systematic Code Enforcement Fee, Tax Reform, Telecommunications Liquidated Damages and Lost Franchise Fees, and Traffic Safety.

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 1.5% of the combined revenues of the Nonmajor Special Revenue Funds. Included in this group are twenty-one partially budgeted funds: AB 2800 Senior Services Grant, Bicycle License, Bus Bench Advertising, Business Improvement, City Planning Systems Development, Coastal Transportation Corridor, Cultural Affairs Trust, Curbside Recycling, Fire Hydrant Installation and Main Replacement, First and Broadway Project Child Care, General Services Trust, Industrial Development Authority, Integrated Solid Waste Management, Landfill Closure and Postclosure Maintenance, Los Angeles Regional Agency, Pershing Square Project, Street Banners Revenue, Used Oil Collection Trust, Ventura/Cahuenga Boulevard Corridor Specific Plan, Warner Center Transportation Improvement, and West LA Transportation Improvement and Mitigation.

CITY OF LOS ANGELES

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2009
 (amounts expressed in thousands)

	Automated Traffic Surveillance and Control	Citywide Recycling	Local Public Safety	Proposition C Anti-Gridlock Transit Improvement	Special Parking Revenue
ASSETS					
Cash and Pooled Investments	\$ 14,258	\$ 55,761	\$ --	\$ 7,027	\$ 79,151
Taxes Receivable (Net of Allowance for Uncollectibles of \$9)	--	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$4,982)	--	5,007	--	--	222
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$2,346)	--	--	--	--	--
Investment Income Receivable	84	336	--	140	477
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$136)	2,301	--	7,357	13,654	--
Loans Receivable (Net of Allowance for Uncollectibles of \$605,741)	--	--	--	--	--
Due from Other Funds	--	357	--	635	640
Loans Receivable from Component Unit	--	--	--	--	960
Prepaid Items and Other Assets	--	--	--	--	--
Advances to Other Funds	--	--	--	92,623	--
Restricted Assets	--	--	--	--	--
TOTAL ASSETS	<u>\$ 16,643</u>	<u>\$ 61,461</u>	<u>\$ 7,357</u>	<u>\$ 114,079</u>	<u>\$ 81,450</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 819	\$ 1,351	\$ --	\$ 9,625	\$ 1,419
Accrued Salaries and Overtime Payable	--	--	--	--	--
Accrued Compensated Absences Payable	--	--	--	--	--
Intergovernmental Payable	--	--	--	--	2
Due to Other Funds	--	7	--	2,819	745
Due to Component Unit	--	--	--	--	--
Deferred Revenue and Other Credits	2,304	96	2,298	850	18
Deposits and Advances	36	--	--	--	93
Advances from Other Funds	--	--	--	--	--
Other Liabilities	--	--	--	--	--
TOTAL LIABILITIES	<u>3,159</u>	<u>1,454</u>	<u>2,298</u>	<u>13,294</u>	<u>2,277</u>
FUND BALANCES (DEFICIT)					
Reserved for:					
Encumbrances	3,416	3,942	--	989	3,437
Assets Not Available for Appropriation	--	--	--	92,623	960
Special Purposes	--	--	--	--	--
Unreserved and Undesignated	10,068	56,065	5,059	7,173	74,776
TOTAL FUND BALANCES (DEFICIT)	<u>13,484</u>	<u>60,007</u>	<u>5,059</u>	<u>100,785</u>	<u>79,173</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,643</u>	<u>\$ 61,461</u>	<u>\$ 7,357</u>	<u>\$ 114,079</u>	<u>\$ 81,450</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)
 Nonmajor Special Revenue Funds
 June 30, 2009
 (amounts expressed in thousands)

	Special Police Communi- cations/911 System Tax	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Zoo	Grant Fund Disaster Assistance
ASSETS					
Cash and Pooled Investments	\$ 3,466	\$ 2,769	\$ 21,328	\$ 4,753	\$ 5,939
Taxes Receivable (Net of Allowance for Uncollectibles of \$9)	--	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$4,982)	--	--	2,307	--	--
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$2,346)	2,126	3,052	7,370	--	--
Investment Income Receivable	25	51	--	24	62
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$136)	--	--	203	--	7,229
Loans Receivable (Net of Allowance for Uncollectibles of \$605,741)	--	--	--	--	--
Due from Other Funds	41	1,946	2,475	1,765	125
Loans Receivable from Component Unit	--	--	--	--	--
Prepaid Items and Other Assets	--	--	--	--	--
Advances to Other Funds	--	--	--	--	1,122
Restricted Assets	--	--	--	--	--
TOTAL ASSETS	<u>\$ 5,658</u>	<u>\$ 7,818</u>	<u>\$ 33,683</u>	<u>\$ 6,542</u>	<u>\$ 14,477</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 2	\$ 297	\$ 5,544	\$ 14	\$ --
Accrued Salaries and Overtime Payable	--	--	--	--	--
Accrued Compensated Absences Payable	--	--	--	--	--
Intergovernmental Payable	--	--	--	--	523
Due to Other Funds	--	62	--	--	4,405
Due to Component Unit	--	--	--	--	--
Deferred Revenue and Other Credits	1,331	2,018	8,304	1	10,260
Deposits and Advances	--	--	17	15	--
Advances from Other Funds	--	--	258	2,701	--
Other Liabilities	--	--	--	--	--
TOTAL LIABILITIES	<u>1,333</u>	<u>2,377</u>	<u>14,123</u>	<u>2,731</u>	<u>15,188</u>
FUND BALANCES (DEFICIT)					
Reserved for:					
Encumbrances	--	789	5,370	226	--
Assets Not Available for Appropriation	--	--	--	--	1,122
Special Purposes	--	--	--	--	--
Unreserved and Undesignated	4,325	4,652	14,190	3,585	(1,833)
TOTAL FUND BALANCES (DEFICIT)	<u>4,325</u>	<u>5,441</u>	<u>19,560</u>	<u>3,811</u>	<u>(711)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,658</u>	<u>\$ 7,818</u>	<u>\$ 33,683</u>	<u>\$ 6,542</u>	<u>\$ 14,477</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)
 Nonmajor Special Revenue Funds
 June 30, 2009
 (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	Trans- portation
ASSETS					
Cash and Pooled Investments	\$ 11,787	\$ 807	\$ 42,643	\$ 10,612	\$ 207,379
Taxes Receivable (Net of Allowance for Uncollectibles of \$9)	--	--	--	--	--
Accounts Receivable (Net of Allowance for Uncollectibles of \$4,982)	--	--	--	--	--
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$2,346)	--	--	--	--	--
Investment Income Receivable	10	10	265	207	1,338
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$136)	--	--	9,831	3,604	22,334
Loans Receivable (Net of Allowance for Uncollectibles of \$605,741)	54,709	69,477	--	--	--
Due from Other Funds	--	--	--	269	32
Loans Receivable from Component Unit	--	--	--	--	--
Prepaid Items and Other Assets	--	359	--	--	--
Advances to Other Funds	--	--	--	--	--
Restricted Assets	--	--	--	--	--
TOTAL ASSETS	<u>\$ 66,506</u>	<u>\$ 70,653</u>	<u>\$ 52,739</u>	<u>\$ 14,692</u>	<u>\$ 231,083</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ --	\$ 5,441	\$ 1,137	\$ 590	\$ 8,108
Accrued Salaries and Overtime Payable	--	--	--	--	--
Accrued Compensated Absences Payable	--	--	--	--	--
Intergovernmental Payable	--	--	--	--	2
Due to Other Funds	2,599	231	1,417	168	8,715
Due to Component Unit	609	--	--	--	--
Deferred Revenue and Other Credits	1	--	9,256	245	21,645
Deposits and Advances	1,192	200	--	--	--
Advances from Other Funds	--	--	70	2,144	93,023
Other Liabilities	--	401	--	--	--
TOTAL LIABILITIES	<u>4,401</u>	<u>6,273</u>	<u>11,880</u>	<u>3,147</u>	<u>131,493</u>
FUND BALANCES (DEFICIT)					
Reserved for:					
Encumbrances	44	23,767	2,448	5,383	27,824
Assets Not Available for Appropriation	54,709	69,836	--	--	--
Special Purposes	--	--	--	--	--
Unreserved and Undesignated	7,352	(29,223)	38,411	6,162	71,766
TOTAL FUND BALANCES (DEFICIT)	<u>62,105</u>	<u>64,380</u>	<u>40,859</u>	<u>11,545</u>	<u>99,590</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 66,506</u>	<u>\$ 70,653</u>	<u>\$ 52,739</u>	<u>\$ 14,692</u>	<u>\$ 231,083</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)
 Nonmajor Special Revenue Funds
 June 30, 2009
 (amounts expressed in thousands)

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Investment Act	Nonmajor Other Grant Funds			
ASSETS					
Cash and Pooled Investments	\$ 108	\$ 162,815	\$ 254,996	\$ 100,996	\$ 986,595
Taxes Receivable (Net of Allowance for Uncollectibles of \$9)	--	--	4,885	--	4,885
Accounts Receivable (Net of Allowance for Uncollectibles of \$4,982)	--	768	1,441	5	9,750
Special Assessments Receivable (Net of Allowance for Uncollectibles of \$2,346)	--	--	2,525	234	15,307
Investment Income Receivable	9	620	1,433	585	5,676
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$136)	11,789	19,120	2,282	--	99,704
Loans Receivable (Net of Allowance for Uncollectibles of \$605,741)	--	50,933	23,036	1,513	199,668
Due from Other Funds	--	874	5,911	1,044	16,114
Loans Receivable from Component Unit	--	--	--	--	960
Prepaid Items and Other Assets	--	--	134	--	493
Advances to Other Funds	--	--	252	300	94,297
Restricted Assets	--	--	--	5,965	5,965
TOTAL ASSETS	<u>\$ 11,906</u>	<u>\$ 235,130</u>	<u>\$ 296,895</u>	<u>\$ 110,642</u>	<u>\$ 1,439,414</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	9,409	19,116	4,817	2,179	69,868
Accrued Salaries and Overtime Payable	--	95	4,018	--	4,113
Accrued Compensated Absences Payable	--	--	2	--	2
Intergovernmental Payable	--	78	268	1	874
Due to Other Funds	30	7,728	2,544	203	31,673
Due to Component Unit	--	281	--	--	890
Deferred Revenue and Other Credits	6,832	7,938	2,621	233	76,251
Deposits and Advances	--	7	12,228	163	13,951
Advances from Other Funds	--	23,114	8,939	225	130,474
Other Liabilities	--	24	--	--	425
TOTAL LIABILITIES	<u>16,271</u>	<u>58,381</u>	<u>35,437</u>	<u>3,004</u>	<u>328,521</u>
FUND BALANCES (DEFICIT)					
Reserved for:					
Encumbrances	6,718	71,416	31,010	9,530	196,309
Assets Not Available for Appropriation	--	50,933	23,422	1,813	295,418
Special Purposes	--	--	--	5,965	5,965
Unreserved and Undesignated	(11,083)	54,400	207,026	90,330	613,201
TOTAL FUND BALANCES (DEFICIT)	<u>(4,365)</u>	<u>176,749</u>	<u>261,458</u>	<u>107,638</u>	<u>1,110,893</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,906</u>	<u>\$ 235,130</u>	<u>\$ 296,895</u>	<u>\$ 110,642</u>	<u>\$ 1,439,414</u>

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, 2009
(amounts expressed in thousands)

	<u>Automated Traffic Surveillance and Control</u>	<u>Citywide Recycling</u>	<u>Local Public Safety</u>	<u>Proposition C Anti-Gridlock Transit Improvement</u>	<u>Special Parking Revenue</u>
REVENUES					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	23,266	--	--	--
Licenses and Permits	8	--	--	--	--
Intergovernmental	1,152	1,087	32,472	66,240	--
Charges for Services	--	--	--	6,540	44,233
Services to Enterprise Funds	--	--	--	--	--
Fines	--	--	--	--	--
Special Assessments	492	--	--	--	--
Investment Earnings	676	2,283	--	854	4,302
Program Income	--	--	--	--	--
Other	--	23	--	13	691
TOTAL REVENUES	<u>2,328</u>	<u>26,659</u>	<u>32,472</u>	<u>73,647</u>	<u>49,226</u>
EXPENDITURES					
Current:					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	33,617	--	--
Public Works	--	--	--	--	--
Health and Sanitation	--	23,823	--	--	--
Transportation	3,018	--	--	45,505	19,721
Cultural and Recreational Services	--	--	--	--	--
Community Development	--	--	--	--	--
Capital Outlay	6,528	--	--	19,238	9,670
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
TOTAL EXPENDITURES	<u>9,546</u>	<u>23,823</u>	<u>33,617</u>	<u>64,743</u>	<u>29,391</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,218)</u>	<u>2,836</u>	<u>(1,145)</u>	<u>8,904</u>	<u>19,835</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	--	--	--	5,735	733
Transfers Out	--	(12)	--	(26,958)	(69,387)
Loans from HUD	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(12)</u>	<u>--</u>	<u>(21,223)</u>	<u>(68,654)</u>
NET CHANGE IN FUND BALANCES	<u>(7,218)</u>	<u>2,824</u>	<u>(1,145)</u>	<u>(12,319)</u>	<u>(48,819)</u>
FUND BALANCES (DEFICIT), JULY 1	<u>20,702</u>	<u>57,183</u>	<u>6,204</u>	<u>113,104</u>	<u>127,992</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 13,484</u>	<u>\$ 60,007</u>	<u>\$ 5,059</u>	<u>\$ 100,785</u>	<u>\$ 79,173</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, 2009
(amounts expressed in thousands)

	Special Police Communi- cations/911 System Tax	Stormwater Pollution Abatement	Street Lighting Maintenance Assessment	Zoo	Grant Fund Disaster Assistance
REVENUES					
Property Taxes	\$ 19,760	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--	--
Licenses and Permits	--	--	1,669	5	--
Intergovernmental	--	360	3,164	298	12,318
Charges for Services	--	28,925	1,005	10,523	--
Services to Enterprise Funds	--	--	--	--	--
Fines	--	3	--	--	--
Special Assessments	77	--	43,593	--	--
Investment Earnings	374	277	61	217	323
Program Income	--	--	--	--	--
Other	--	2	265	--	--
TOTAL REVENUES	<u>20,211</u>	<u>29,567</u>	<u>49,757</u>	<u>11,043</u>	<u>12,641</u>
EXPENDITURES					
Current:					
General Government	--	--	--	--	--
Protection of Persons and Property	1,378	--	--	--	13,874
Public Works	--	--	45,980	--	--
Health and Sanitation	--	30,032	--	--	--
Transportation	--	--	--	--	--
Cultural and Recreational Services	--	--	--	20,765	--
Community Development	--	--	--	--	--
Capital Outlay	--	1,704	1,091	30	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
TOTAL EXPENDITURES	<u>1,378</u>	<u>31,736</u>	<u>47,071</u>	<u>20,795</u>	<u>13,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>18,833</u>	<u>(2,169)</u>	<u>2,686</u>	<u>(9,752)</u>	<u>(1,233)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	--	--	--	3,874	--
Transfers Out	(20,880)	--	--	--	(1,951)
Loans from HUD	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,880)</u>	<u>--</u>	<u>--</u>	<u>3,874</u>	<u>(1,951)</u>
NET CHANGE IN FUND BALANCES	<u>(2,047)</u>	<u>(2,169)</u>	<u>2,686</u>	<u>(5,878)</u>	<u>(3,184)</u>
FUND BALANCES (DEFICIT), JULY 1	<u>6,372</u>	<u>7,610</u>	<u>16,874</u>	<u>9,689</u>	<u>2,473</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 4,325</u>	<u>\$ 5,441</u>	<u>\$ 19,560</u>	<u>\$ 3,811</u>	<u>\$ (711)</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, 2009
(amounts expressed in thousands)

	Grant Funds				
	Economic Development Section 108 Loan Guarantee Program	Home Investment Partnership Program	Seismic Bond Reimbursement	Special Gas Tax Street Improvement	Transportation
REVENUES					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Other Taxes	--	--	--	--	--
Licenses and Permits	--	--	--	--	--
Intergovernmental	--	65,143	7,628	119,223	59,977
Charges for Services	--	--	--	--	2,541
Services to Enterprise Funds	--	--	--	--	138
Fines	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	90	70	1,775	777	1,205
Program Income	4,036	3,269	--	--	--
Other	--	44	--	30	--
TOTAL REVENUES	<u>4,126</u>	<u>68,526</u>	<u>9,403</u>	<u>120,030</u>	<u>63,861</u>
EXPENDITURES					
Current:					
General Government	--	--	--	--	--
Protection of Persons and Property	--	--	--	--	--
Public Works	--	--	4,590	124,150	--
Health and Sanitation	--	--	--	--	--
Transportation	--	--	--	--	23,860
Cultural and Recreational Services	--	--	--	--	--
Community Development	10,347	68,057	--	--	--
Capital Outlay	--	--	3,998	3,631	76,587
Debt Service:					
Principal	3,200	--	--	--	--
Interest	2,518	--	--	--	--
TOTAL EXPENDITURES	<u>16,065</u>	<u>68,057</u>	<u>8,588</u>	<u>127,781</u>	<u>100,447</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,939)</u>	<u>469</u>	<u>815</u>	<u>(7,751)</u>	<u>(36,586)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	1,807	--	--	--	28,732
Transfers Out	(2,838)	(2,127)	--	--	(5,715)
Loans from HUD	25,408	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,377</u>	<u>(2,127)</u>	<u>--</u>	<u>--</u>	<u>23,017</u>
NET CHANGE IN FUND BALANCES	<u>12,438</u>	<u>(1,658)</u>	<u>815</u>	<u>(7,751)</u>	<u>(13,569)</u>
FUND BALANCES (DEFICIT), JULY 1	<u>49,667</u>	<u>66,038</u>	<u>40,044</u>	<u>19,296</u>	<u>113,159</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 62,105</u>	<u>\$ 64,380</u>	<u>\$ 40,859</u>	<u>\$ 11,545</u>	<u>\$ 99,590</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, 2009
(amounts expressed in thousands)

	Grant Funds		Nonmajor Other Special Revenue Funds	Allocations from Other Governmental Agencies	Total
	Workforce Investment Act	Nonmajor Other Grant Funds			
REVENUES					
Property Taxes	\$ --	\$ --	\$ 8	\$ 445	\$ 20,213
Other Taxes	--	--	25,806	1,006	50,078
Licenses and Permits	--	--	2,990	1	4,673
Intergovernmental	41,343	144,953	73,279	3,798	632,435
Charges for Services	--	3,183	91,190	4,194	192,334
Services to Enterprise Funds	--	604	23	5	770
Fines	--	--	15,131	--	15,134
Special Assessments	--	--	32,117	974	77,253
Investment Earnings	29	3,431	7,254	4,052	28,050
Program Income	--	3,772	128	67	11,272
Other	125	5,558	22,851	1,556	31,158
TOTAL REVENUES	41,497	161,501	270,777	16,098	1,063,370
EXPENDITURES					
Current:					
General Government	--	7,235	21,692	148	29,075
Protection of Persons and Property	--	60,019	62,225	1,440	172,553
Public Works	--	6,960	35,326	64	217,070
Health and Sanitation	--	7,438	8,816	7,172	77,281
Transportation	--	3,230	21,201	1,624	118,159
Cultural and Recreational Services	--	2,342	97,538	512	121,157
Community Development	42,884	65,214	75,418	7,934	269,854
Capital Outlay	--	10,282	12,358	15	145,132
Debt Service:					
Principal	--	228	--	--	3,428
Interest	--	412	--	--	2,930
TOTAL EXPENDITURES	42,884	163,360	334,574	18,909	1,156,639
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,387)	(1,859)	(63,797)	(2,811)	(93,269)
OTHER FINANCING SOURCES (USES)					
Transfers In	--	9,675	119,293	652	170,501
Transfers Out	--	(6,818)	(12,743)	(843)	(150,272)
Loans from HUD	--	--	--	--	25,408
TOTAL OTHER FINANCING SOURCES (USES)	--	2,857	106,550	(191)	45,637
NET CHANGE IN FUND BALANCES	(1,387)	998	42,753	(3,002)	(47,632)
FUND BALANCES (DEFICIT), JULY 1	(2,978)	175,751	218,705	110,640	1,158,525
FUND BALANCES (DEFICIT), JUNE 30	\$ (4,365)	\$ 176,749	\$ 261,458	\$ 107,638	\$ 1,110,893

CITY OF LOS ANGELES

Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

	Citywide Recycling			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 19,000	\$ 19,000	\$ 23,221	\$ 4,221
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	1,296	1,296
Charges for Services	--	--	22	22
Special Assessments	--	--	--	--
Interest	1,394	1,394	2,274	880
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	20,394	20,394	26,813	6,419
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	20,394	20,394	26,813	6,419
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	59,934	66,755	20,359	46,396
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	59,934	66,755	20,359	46,396
Other Financing Uses				
Transfers to Other Funds	5,015	5,892	4,831	1,061
TOTAL EXPENDITURES AND OTHER FINANCING USES	64,949	72,647	25,190	47,457
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(44,555)	(52,253)	1,623	53,876
FUND BALANCES (DEFICITS), JULY 1, RESTATED	44,555	44,555	48,223	3,668
Appropriation of Fund Balances and Carryforward				
Appropriations	--	7,698	--	(7,698)
Encumbrances Lapsed	--	--	146	146
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 49,992	\$ 49,992

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, 2009
(amounts expressed in thousands)

	Local Public Safety			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	36,900	36,900	33,617	(3,283)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	36,900	36,900	33,617	(3,283)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	36,900	36,900	33,617	(3,283)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to Other Funds	36,900	50,354	33,617	16,737
TOTAL EXPENDITURES AND OTHER FINANCING USES	36,900	50,354	33,617	16,737
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(13,454)	--	13,454
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	--	--
Appropriation of Fund Balances and Carryforward				
Appropriations	--	13,454	--	(13,454)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ --	\$ --

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, 2009
(amounts expressed in thousands)

	Proposition C Anti-Gridlock Transit Improvement			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	72,057	84,522	57,686	(26,836)
Charges for Services	--	--	6,540	6,540
Special Assessments	--	--	--	--
Interest	1,800	1,800	817	(983)
Program Income	--	--	--	--
Other	600	600	13	(587)
Total Revenues	74,457	86,922	65,056	(21,866)
Other Financing Sources				
Transfers from Other Funds	4,000	4,000	5,736	1,736
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	4,000	4,000	5,736	1,736
TOTAL REVENUES AND OTHER FINANCING SOURCES	78,457	90,922	70,792	(20,130)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	49,755	110,100	49,933	60,167
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	495	4,216	475	3,741
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	50,250	114,316	50,408	63,908
Other Financing Uses				
Transfers to Other Funds	28,474	31,641	21,885	9,756
TOTAL EXPENDITURES AND OTHER FINANCING USES	78,724	145,957	72,293	73,664
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(267)	(55,035)	(1,501)	53,534
FUND BALANCES (DEFICITS), JULY 1, RESTATED	267	267	95,806	95,539
Appropriation of Fund Balances and Carryforward				
Appropriations	--	54,768	--	(54,768)
Encumbrances Lapsed	--	--	7	7
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 94,312	\$ 94,312

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, 2009
(amounts expressed in thousands)

	Special Parking Revenue			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	60,494	60,494	44,142	(16,352)
Special Assessments	--	--	--	--
Interest	1,875	1,875	5,062	3,187
Program Income	--	--	--	--
Other	38,732	30,635	691	(29,944)
Total Revenues	101,101	93,004	49,895	(43,109)
Other Financing Sources				
Transfers from Other Funds	--	1,443	733	(710)
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	1,443	733	(710)
TOTAL REVENUES AND OTHER FINANCING SOURCES	101,101	94,447	50,628	(43,819)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	38,875	54,282	25,236	29,046
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	1,000	23,330	189	23,141
Debt Service				
Principal	3,670	3,670	3,670	--
Interest	4,936	5,599	4,671	928
Total Expenditures	48,481	86,881	33,766	53,115
Other Financing Uses				
Transfers to Other Funds	110,207	114,830	61,505	53,325
TOTAL EXPENDITURES AND OTHER FINANCING USES	158,688	201,711	95,271	106,440
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(57,587)	(107,264)	(44,643)	62,621
FUND BALANCES (DEFICITS), JULY 1, RESTATED	57,587	57,587	114,688	57,101
Appropriation of Fund Balances and Carryforward				
Appropriations	--	49,677	--	(49,677)
Encumbrances Lapsed	--	--	3,149	3,149
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 73,194	\$ 73,194

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, 2009
(amounts expressed in thousands)

	Special Police Communications/911 System Tax			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 20,154	\$ 20,154	\$ 19,760	\$ (394)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	200	200	516	316
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	20,354	20,354	20,276	(78)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	20,354	20,354	20,276	(78)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	2,358	2,996	952	2,044
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,358	2,996	952	2,044
Other Financing Uses				
Transfers to Other Funds	21,747	21,839	21,304	535
TOTAL EXPENDITURES AND OTHER FINANCING USES	24,105	24,835	22,256	2,579
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,751)	(4,481)	(1,980)	2,501
FUND BALANCES (DEFICITS), JULY 1, RESTATED	3,751	3,751	5,386	1,635
Appropriation of Fund Balances and Carryforward				
Appropriations	--	730	--	(730)
Encumbrances Lapsed	--	--	31	31
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 3,437	\$ 3,437

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, 2009
(amounts expressed in thousands)

	Stormwater Pollution Abatement			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	16	16
Intergovernmental	525	525	360	(165)
Charges for Services	28,850	28,850	28,911	61
Special Assessments	--	--	--	--
Interest	260	260	327	67
Program Income	--	--	--	--
Other	150	150	2	(148)
Total Revenues	29,785	29,785	29,616	(169)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	29,785	29,785	29,616	(169)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	7,203	9,920	7,963	1,957
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	150	611	144	467
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	7,353	10,531	8,107	2,424
Other Financing Uses				
Transfers to Other Funds	23,558	23,556	22,369	1,187
TOTAL EXPENDITURES AND OTHER FINANCING USES	30,911	34,087	30,476	3,611
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,126)	(4,302)	(860)	3,442
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,126	1,126	2,213	1,087
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,176	--	(3,176)
Encumbrances Lapsed	--	--	249	249
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 1,602	\$ 1,602

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, 2009
(amounts expressed in thousands)

	Street Lighting Maintenance Assessment			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	1,100	1,100	1,670	570
Intergovernmental	185	185	3,164	2,979
Charges for Services	1,657	1,657	979	(678)
Special Assessments	43,340	43,340	43,782	442
Interest	--	--	61	61
Program Income	--	--	--	--
Other	477	477	277	(200)
Total Revenues	46,759	46,759	49,933	3,174
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	258	--	(258)
Total Other Financing Sources	--	258	--	(258)
TOTAL REVENUES AND OTHER FINANCING SOURCES	46,759	47,017	49,933	2,916
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	23,980	32,619	24,493	8,126
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	5,118	7,193	1,415	5,778
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	29,098	39,812	25,908	13,904
Other Financing Uses				
Transfers to Other Funds	20,488	23,069	19,365	3,704
TOTAL EXPENDITURES AND OTHER FINANCING USES	49,586	62,881	45,273	17,608
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,827)	(15,864)	4,660	20,524
FUND BALANCES (DEFICITS), JULY 1, RESTATED	2,827	2,827	5,426	2,599
Appropriation of Fund Balances and Carryforward				
Appropriations	--	13,037	--	(13,037)
Encumbrances Lapsed	--	--	73	73
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 10,159	\$ 10,159

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, 2009
(amounts expressed in thousands)

	Zoo			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	5	5
Intergovernmental	--	86	298	212
Charges for Services	10,576	10,823	10,523	(300)
Special Assessments	--	--	--	--
Interest	260	260	299	39
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	<u>10,836</u>	<u>11,169</u>	<u>11,125</u>	<u>(44)</u>
Other Financing Sources				
Transfers from Other Funds	5,300	5,010	3,874	(1,136)
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	<u>5,300</u>	<u>5,010</u>	<u>3,874</u>	<u>(1,136)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>16,136</u>	<u>16,179</u>	<u>14,999</u>	<u>(1,180)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	2,888	646	2,242
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	<u>--</u>	<u>2,888</u>	<u>646</u>	<u>2,242</u>
Other Financing Uses				
Transfers to Other Funds	19,329	21,683	20,075	1,608
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>19,329</u>	<u>24,571</u>	<u>20,721</u>	<u>3,850</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,193)	(8,392)	(5,722)	2,670
FUND BALANCES (DEFICITS), JULY 1, RESTATED	3,193	3,193	10,144	6,951
Appropriation of Fund Balances and Carryforward				
Appropriations	--	5,199	--	(5,199)
Encumbrances Lapsed	--	--	47	47
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,469</u>	<u>\$ 4,469</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, 2009
(amounts expressed in thousands)

	Disaster Assistance			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	16,884	9,693	5,477	(4,216)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	16,884	9,693	5,477	(4,216)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	16,884	9,693	5,477	(4,216)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	28,651	12,110	9,233	2,877
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	28,651	12,110	9,233	2,877
Other Financing Uses				
Transfers to Other Funds	654	38,487	654	37,833
TOTAL EXPENDITURES AND OTHER FINANCING USES	29,305	50,597	9,887	40,710
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(12,421)	(40,904)	(4,410)	36,494
FUND BALANCES (DEFICITS), JULY 1, RESTATED	12,421	12,421	11,420	(1,001)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	28,483	--	(28,483)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 7,010	\$ 7,010

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, 2009
(amounts expressed in thousands)

	Home Investment Partnership Program			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	190	190
Intergovernmental	5,173	45,589	65,142	19,553
Charges for Services	--	--	1	1
Special Assessments	--	--	--	--
Interest	--	--	92	92
Program Income	--	--	7,268	7,268
Other	--	--	--	--
Total Revenues	5,173	45,589	72,693	27,104
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,173	45,589	72,693	27,104
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	1,941	174,159	73,837	100,322
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,941	174,159	73,837	100,322
Other Financing Uses				
Transfers to Other Funds	3,232	3,544	2,962	582
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,173	177,703	76,799	100,904
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(132,114)	(4,106)	128,008
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(27,408)	(27,408)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	132,114	--	(132,114)
Encumbrances Lapsed	--	--	2,667	2,667
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (28,847)	\$ (28,847)

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, 2009
(amounts expressed in thousands)

	Special Gas Tax Street Improvement			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	138,948	138,948	115,856	(23,092)
Charges for Services	--	--	2,056	2,056
Special Assessments	--	--	--	--
Interest	1,000	1,000	878	(122)
Program Income	--	--	--	--
Other	31	31	31	--
Total Revenues	139,979	139,979	118,821	(21,158)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	1,863	--	(1,863)
Total Other Financing Sources	--	1,863	--	(1,863)
TOTAL REVENUES AND OTHER FINANCING SOURCES	139,979	141,842	118,821	(23,021)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	31,100	31,100	31,100	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	19,865	16,589	4,335	12,254
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	50,965	47,689	35,435	12,254
Other Financing Uses				
Transfers to Other Funds	89,789	95,764	92,744	3,020
TOTAL EXPENDITURES AND OTHER FINANCING USES	140,754	143,453	128,179	15,274
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(775)	(1,611)	(9,358)	(7,747)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	775	775	11,363	10,588
Appropriation of Fund Balances and Carryforward				
Appropriations	--	836	--	(836)
Encumbrances Lapsed	--	--	234	234
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 2,239	\$ 2,239

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, 2009
(amounts expressed in thousands)

	Workforce Investment Act			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	9,522	53,457	39,743	(13,714)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	36	36
Program Income	--	--	--	--
Other	--	--	125	125
Total Revenues	9,522	53,457	39,904	(13,553)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	9,522	53,457	39,904	(13,553)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	3,019	71,786	36,742	35,044
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,019	71,786	36,742	35,044
Other Financing Uses				
Transfers to Other Funds	6,503	35,187	9,367	25,820
TOTAL EXPENDITURES AND OTHER FINANCING USES	9,522	106,973	46,109	60,864
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(53,516)	(6,205)	47,311
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(13,388)	(13,388)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	53,516	--	(53,516)
Encumbrances Lapsed	--	--	4,139	4,139
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (15,454)	\$ (15,454)

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Community Services Block Grant			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	1,877	5,825	6,777	952
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	25	25
Program Income	--	--	--	--
Other	--	--	13	13
Total Revenues	1,877	5,825	6,815	990
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,877	5,825	6,815	990
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	704	8,367	5,799	2,568
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	704	8,367	5,799	2,568
Other Financing Uses				
Transfers to Other Funds	1,173	3,637	1,547	2,090
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,877	12,004	7,346	4,658
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(6,179)	(531)	5,648
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(228)	(228)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	6,179	--	(6,179)
Encumbrances Lapsed	--	--	174	174
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (585)	\$ (585)

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, 2009
 (amounts expressed in thousands)

	Nonmajor Other Grant Fund - Forfeited Assets Trust of Police Department			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	6,233	6,233
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	817	817
Program Income	--	--	--	--
Other	--	--	3	3
Total Revenues	--	--	7,053	7,053
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	--	--	7,053	7,053
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	8,553	15,128	6,811	8,317
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	8,553	15,128	6,811	8,317
Other Financing Uses				
Transfers to Other Funds	199	201	201	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	8,752	15,329	7,012	8,317
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(8,752)	(15,329)	41	15,370
FUND BALANCES (DEFICITS), JULY 1, RESTATED	8,752	8,752	16,813	8,061
Appropriation of Fund Balances and Carryforward				
Appropriations	--	6,577	--	(6,577)
Encumbrances Lapsed	--	--	122	122
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 16,976	\$ 16,976

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, 2009
 (amounts expressed in thousands)

	Nonmajor Other Grant Fund - Household Hazardous Waste			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	2,052	2,052	2,112	60
Charges for Services	--	--	42	42
Special Assessments	--	--	--	--
Interest	28	28	42	14
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	2,080	2,080	2,196	116
Other Financing Sources				
Transfers from Other Funds	--	10	10	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	10	10	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,080	2,090	2,206	116
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	766	1,016	712	304
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	766	1,016	712	304
Other Financing Uses				
Transfers to Other Funds	2,131	2,251	1,911	340
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,897	3,267	2,623	644
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(817)	(1,177)	(417)	760
FUND BALANCES (DEFICITS), JULY 1, RESTATED	817	817	1,296	479
Appropriation of Fund Balances and Carryforward				
Appropriations	--	360	--	(360)
Encumbrances Lapsed	--	--	2	2
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 881	\$ 881

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Housing Opportunities for Persons with AIDS			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	313	14,462	11,134	(3,328)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	3	3
Program Income	--	--	603	603
Other	--	--	2	2
Total Revenues	313	14,462	11,742	(2,720)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	313	14,462	11,742	(2,720)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	86	26,350	10,146	16,204
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	86	26,350	10,146	16,204
Other Financing Uses				
Transfers to Other Funds	227	279	279	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	313	26,629	10,425	16,204
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(12,167)	1,317	13,484
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(6,550)	(6,550)
Appropriation of Fund Balances and Carryforward Appropriations	--	12,167	--	(12,167)
Encumbrances Lapsed	--	--	1,102	1,102
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (4,131)	\$ (4,131)

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Mobile Source Air Pollution Reduction			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	4,700	8,964	5,358	(3,606)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	200	200	224	24
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	4,900	9,164	5,582	(3,582)
Other Financing Sources				
Transfers from Other Funds	--	--	183	183
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	183	183
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,900	9,164	5,765	(3,399)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	3,799	6,078	2,173	3,905
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,799	6,078	2,173	3,905
Other Financing Uses				
Transfers to Other Funds	2,166	2,303	2,095	208
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,965	8,381	4,268	4,113
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,065)	783	1,497	714
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,065	1,065	4,323	3,258
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(1,848)	--	1,848
Encumbrances Lapsed	--	--	1	1
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 5,821	\$ 5,821

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Older Americans Act			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	2,219	19,124	16,281	(2,843)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	5	5
Total Revenues	2,219	19,124	16,286	(2,838)
Other Financing Sources				
Transfers from Other Funds	--	--	1,905	1,905
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	1,905	1,905
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,219	19,124	18,191	(933)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	23,162	15,832	7,330
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	23,162	15,832	7,330
Other Financing Uses				
Transfers to Other Funds	2,219	5,139	2,293	2,846
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,219	28,301	18,125	10,176
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(9,177)	66	9,243
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	590	590
Appropriation of Fund Balances and Carryforward Appropriations	--	9,177	--	(9,177)
Encumbrances Lapsed	--	--	484	484
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 1,140	\$ 1,140

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Grant Fund - Supplemental Law Enforcement Services			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	7,200	3,550	3,226	(324)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	218	218	99	(119)
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	7,418	3,768	3,325	(443)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	7,418	3,768	3,325	(443)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	66	--	66
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	66	--	66
Other Financing Uses				
Transfers to Other Funds	7,494	8,895	3,857	5,038
TOTAL EXPENDITURES AND OTHER FINANCING USES	7,494	8,961	3,857	5,104
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(76)	(5,193)	(532)	4,661
FUND BALANCES (DEFICITS), JULY 1, RESTATED	76	76	(26)	(102)
Appropriation of Fund Balances and Carryforward Appropriations	--	5,117	--	(5,117)
Encumbrances Lapsed	--	--	17	17
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (541)	\$ (541)

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Arts and Cultural Facilities and Services			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	30	332	402	70
Special Assessments	--	--	--	--
Interest	57	57	103	46
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	87	389	505	116
Other Financing Sources				
Transfers from Other Funds	12,305	12,305	12,305	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	12,305	12,305	12,305	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	12,392	12,694	12,810	116
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	2,782	3,736	3,107	629
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,782	3,736	3,107	629
Other Financing Uses				
Transfers to Other Funds	9,817	11,612	10,574	1,038
TOTAL EXPENDITURES AND OTHER FINANCING USES	12,599	15,348	13,681	1,667
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(207)	(2,654)	(871)	1,783
FUND BALANCES (DEFICITS), JULY 1, RESTATED	207	207	2,680	2,473
Appropriation of Fund Balances and Carryforward				
Appropriations	--	2,447	--	(2,447)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 1,809	\$ 1,809

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Arts Development Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	1,350	1,950	1,575	(375)
Special Assessments	--	--	--	--
Interest	60	60	172	112
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	1,410	2,010	1,747	(263)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,410	2,010	1,747	(263)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	1,410	4,762	339	4,423
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,410	4,762	339	4,423
Other Financing Uses				
Transfers to Other Funds	312	336	335	1
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,722	5,098	674	4,424
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(312)	(3,088)	1,073	4,161
FUND BALANCES (DEFICITS), JULY 1, RESTATED	312	312	3,753	3,441
Appropriation of Fund Balances and Carryforward Appropriations	--	2,776	--	(2,776)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 4,826	\$ 4,826

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - City Employees Ridesharing			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	3,021	5,559	2,052	(3,507)
Special Assessments	--	--	--	--
Interest	4	20	25	5
Program Income	--	--	--	--
Other	--	744	1,219	475
Total Revenues	3,025	6,323	3,296	(3,027)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,025	6,323	3,296	(3,027)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	283	--	283
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	--	283	--	283
Other Financing Uses				
Transfers to Other Funds	3,315	3,299	3,289	10
TOTAL EXPENDITURES AND OTHER FINANCING USES	3,315	3,582	3,289	293
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(290)	2,741	7	(2,734)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	290	290	293	3
Appropriation of Fund Balances and Carryforward Appropriations	--	(3,031)	--	3,031
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 300	\$ 300

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - City Ethics Commission			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	--	--
Other Financing Sources				
Transfers from Other Funds	2,280	2,216	2,216	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	2,280	2,216	2,216	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,280	2,216	2,216	--
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	164	1,039	--	1,039
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	164	1,039	--	1,039
Other Financing Uses				
Transfers to Other Funds	2,505	7,536	2,410	5,126
TOTAL EXPENDITURES AND OTHER FINANCING USES	2,669	8,575	2,410	6,165
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(389)	(6,359)	(194)	6,165
FUND BALANCES (DEFICITS), JULY 1, RESTATED	389	389	529	140
Appropriation of Fund Balances and Carryforward Appropriations	--	5,970	--	(5,970)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 335	\$ 335

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - City of Los Angeles Affordable Housing			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	62	62
Intergovernmental	--	20,512	171	(20,341)
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	500	500	582	82
Program Income	--	--	79	79
Other	--	--	10,610	10,610
Total Revenues	500	21,012	11,504	(9,508)
Other Financing Sources				
Transfers from Other Funds	11,500	11,602	13,086	1,484
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	11,500	11,602	13,086	1,484
TOTAL REVENUES AND OTHER FINANCING SOURCES	12,000	32,614	24,590	(8,024)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	12,500	113,597	27,975	85,622
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	12,500	113,597	27,975	85,622
Other Financing Uses				
Transfers to Other Funds	527	1,174	798	376
TOTAL EXPENDITURES AND OTHER FINANCING USES	13,027	114,771	28,773	85,998
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,027)	(82,157)	(4,183)	77,974
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,027	1,027	93	(934)
Appropriation of Fund Balances and Carryforward Appropriations	--	81,130	--	(81,130)
Encumbrances Lapsed	--	--	995	995
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (3,095)	\$ (3,095)

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Department of Neighborhood Empowerment			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	--	--
Other Financing Sources				
Transfers from Other Funds	7,134	4,061	4,061	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	7,134	4,061	4,061	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	7,134	4,061	4,061	--
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	10,709	12,256	5,186	7,070
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	10,709	12,256	5,186	7,070
Other Financing Uses				
Transfers to Other Funds	3,806	3,708	3,540	168
TOTAL EXPENDITURES AND OTHER FINANCING USES	14,515	15,964	8,726	7,238
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(7,381)	(11,903)	(4,665)	7,238
FUND BALANCES (DEFICITS), JULY 1, RESTATED	7,381	7,381	6,215	(1,166)
Appropriation of Fund Balances and Carryforward Appropriations	--	4,522	--	(4,522)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Efficiency Projects and Police Hiring			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	3	3
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	--	--	3	3
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	--	--	3	3
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	6	13,811	--	13,811
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	6	13,811	--	13,811
Other Financing Uses				
Transfers to Other Funds	--	1,869	--	1,869
TOTAL EXPENDITURES AND OTHER FINANCING USES	6	15,680	--	15,680
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(6)	(15,680)	3	15,683
FUND BALANCES (DEFICITS), JULY 1, RESTATED	6	6	7	1
Appropriation of Fund Balances and Carryforward Appropriations	--	15,674	--	(15,674)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 10	\$ 10

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - El Pueblo de Los Angeles Historical Monument			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	3,640	6,572	2,472	(4,100)
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	814	1,185	371
Total Revenues	3,640	7,386	3,657	(3,729)
Other Financing Sources				
Transfers from Other Funds	868	1,427	858	(569)
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	868	1,427	858	(569)
TOTAL REVENUES AND OTHER FINANCING SOURCES	4,508	8,813	4,515	(4,298)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	97	--	97
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	97	--	97
Other Financing Uses				
Transfers to Other Funds	4,508	4,342	4,310	32
TOTAL EXPENDITURES AND OTHER FINANCING USES	4,508	4,439	4,310	129
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	4,374	205	(4,169)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(292)	(292)
Appropriation of Fund Balances and Carryforward Appropriations	--	(4,374)	--	4,374
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (87)	\$ (87)

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Landfill Maintenance			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	5,300	6,300	6,017	(283)
Special Assessments	--	--	--	--
Interest	50	50	124	74
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	5,350	6,350	6,141	(209)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	5,350	6,350	6,141	(209)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	856	2,376	2,206	170
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	856	2,376	2,206	170
Other Financing Uses				
Transfers to Other Funds	5,123	5,984	4,323	1,661
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,979	8,360	6,529	1,831
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(629)	(2,010)	(388)	1,622
FUND BALANCES (DEFICITS), JULY 1, RESTATED	629	629	2,437	1,808
Appropriation of Fund Balances and Carryforward Appropriations	--	1,381	--	(1,381)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 2,049	\$ 2,049

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Los Angeles Convention and Visitors Bureau			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 11,993	\$ 11,993	\$ 10,503	\$ (1,490)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	11,993	11,993	10,503	(1,490)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	11,993	11,993	10,503	(1,490)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	13,858	17,398	11,513	5,885
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	13,858	17,398	11,513	5,885
Other Financing Uses				
Transfers to Other Funds	91	91	91	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	13,949	17,489	11,604	5,885
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,956)	(5,496)	(1,101)	4,395
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,956	1,956	2,310	354
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,540	--	(3,540)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 1,209	\$ 1,209

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, 2009
(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		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	9	9
Charges for Services	2,000	3,945	1,677	(2,268)
Special Assessments	--	--	--	--
Interest	80	130	145	15
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	2,080	4,075	1,831	(2,244)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,080	4,075	1,831	(2,244)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	4,063	4,623	2,385	2,238
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	4,063	4,623	2,385	2,238
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	4,063	4,623	2,385	2,238
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(1,983)	(548)	(554)	(6)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,983	1,983	3,214	1,231
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(1,435)	--	1,435
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 2,660	\$ 2,660

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Municipal Housing Finance			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	1,001	1,001	1,073	72
Special Assessments	--	--	--	--
Interest	227	227	178	(49)
Program Income	--	--	72	72
Other	--	--	125	125
Total Revenues	1,228	1,228	1,448	220
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,228	1,228	1,448	220
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	833	2,049	677	1,372
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	833	2,049	677	1,372
Other Financing Uses				
Transfers to Other Funds	1,067	1,850	922	928
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,900	3,899	1,599	2,300
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	(672)	(2,671)	(151)	2,520
FUND BALANCES (DEFICITS), JULY 1, RESTATED	672	672	3,307	2,635
Appropriation of Fund Balances and Carryforward				
Appropriations	--	1,999	--	(1,999)
Encumbrances Lapsed	--	--	181	181
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 3,337	\$ 3,337

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Rent Stabilization			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	11,544	11,802	11,221	(581)
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	25	25
Total Revenues	11,544	11,802	11,246	(556)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	11,544	11,802	11,246	(556)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	9,448	12,741	3,674	9,067
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	9,448	12,741	3,674	9,067
Other Financing Uses				
Transfers to Other Funds	8,309	10,614	8,301	2,313
TOTAL EXPENDITURES AND OTHER FINANCING USES	17,757	23,355	11,975	11,380
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(6,213)	(11,553)	(729)	10,824
FUND BALANCES (DEFICITS), JULY 1, RESTATED	6,213	6,213	8,095	1,882
Appropriation of Fund Balances and Carryforward				
Appropriations	--	5,340	--	(5,340)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 7,366	\$ 7,366

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Street Damage Restoration			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	3,700	5,699	7,798	2,099
Special Assessments	--	--	--	--
Interest	111	111	146	35
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	3,811	5,810	7,944	2,134
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,811	5,810	7,944	2,134
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	1,160	3,159	2,579	580
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	1,160	3,159	2,579	580
Other Financing Uses				
Transfers to Other Funds	4,351	4,507	4,455	52
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,511	7,666	7,034	632
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
FUND BALANCES (DEFICITS), JULY 1, RESTATED	(1,700)	(1,856)	910	2,766
Appropriation of Fund Balances and Carryforward				
Appropriations	--	156	--	(156)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 3,179	\$ 3,179

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Systematic Code Enforcement Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	73	73
Intergovernmental	--	--	--	--
Charges for Services	33,119	33,119	30,989	(2,130)
Special Assessments	--	--	--	--
Interest	332	332	709	377
Program Income	--	--	--	--
Other	--	--	212	212
Total Revenues	33,451	33,451	31,983	(1,468)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	33,451	33,451	31,983	(1,468)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	24,308	25,417	8,735	16,682
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	24,308	25,417	8,735	16,682
Other Financing Uses				
Transfers to Other Funds	23,274	25,340	23,994	1,346
TOTAL EXPENDITURES AND OTHER FINANCING USES	47,582	50,757	32,729	18,028
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(14,131)	(17,306)	(746)	16,560
FUND BALANCES (DEFICITS), JULY 1, RESTATED	14,131	14,131	15,710	1,579
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,175	--	(3,175)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 14,964	\$ 14,964

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Multi-Family Bulky Item Fee			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	7,375	7,375	7,211	(164)
Special Assessments	--	--	--	--
Interest	35	35	118	83
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	7,410	7,410	7,329	(81)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	7,410	7,410	7,329	(81)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	3,414	3,614	1,724	1,890
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	3,414	3,614	1,724	1,890
Other Financing Uses				
Transfers to Other Funds	3,996	4,675	3,567	1,108
TOTAL EXPENDITURES AND OTHER FINANCING USES	7,410	8,289	5,291	2,998
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	(879)	2,038	2,917
Appropriation of Fund Balances and Carryforward				
Appropriations	--	879	--	(879)
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 3,026	\$ 3,026

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, 2009
(amounts expressed in thousands)

	Nonmajor Other Special Revenue Fund - Telecommunications Liquidated Damages and Lost Franchise Fees			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 10,280	\$ 22,301	\$ 12,165	\$ (10,136)
Licenses, Permits and Fines	--	--	--	--
Intergovernmental	--	--	--	--
Charges for Services	5,140	5,236	193	(5,043)
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	76	28	(48)
Total Revenues	15,420	27,613	12,386	(15,227)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	15,420	27,613	12,386	(15,227)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	9,576	5,737	3,830	1,907
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	9,576	5,737	3,830	1,907
Other Financing Uses				
Transfers to Other Funds	7,174	7,274	7,251	23
TOTAL EXPENDITURES AND OTHER FINANCING USES	16,750	13,011	11,081	1,930
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
	(1,330)	14,602	1,305	(13,297)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	1,330	1,330	911	(419)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(15,932)	--	15,932
Encumbrances Lapsed	--	--	120	120
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 2,336	\$ 2,336

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, 2009
(amounts expressed in thousands)

Nonmajor Other Special Revenue Fund -
Traffic Safety

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
	REVENUES AND OTHER FINANCING SOURCES			
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits and Fines	15,173	15,173	14,410	(763)
Intergovernmental	--	--	--	--
Charges for Services	--	--	--	--
Special Assessments	--	--	--	--
Interest	--	--	--	--
Program Income	--	--	--	--
Other	--	--	--	--
Total Revenues	15,173	15,173	14,410	(763)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	15,173	15,173	14,410	(763)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	12	--	12
Cultural and Recreational Services	--	--	--	--
Community Development	--	--	--	--
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	--	12	--	12
Other Financing Uses				
Transfers to Other Funds	15,173	14,601	14,225	376
TOTAL EXPENDITURES AND OTHER FINANCING USES	15,173	14,613	14,225	388
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	--	560	185	(375)
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	--	--
Appropriation of Fund Balances and Carryforward				
Appropriations	--	(560)	--	560
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 185	\$ 185

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, 2009
(amounts expressed in thousands)

	Allocations from Other Governmental Agencies			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 573	\$ 573	\$ 444	\$ (129)
Licenses, Permits and Fines	62	62	--	(62)
Intergovernmental	2,678	3,122	2,574	(548)
Charges for Services	8,822	8,822	3,896	(4,926)
Special Assessments	512	515	92	(423)
Interest	1,861	1,887	1,391	(496)
Program Income	271	414	78	(336)
Other	1,519	1,479	972	(507)
Total Revenues	16,298	16,874	9,447	(7,427)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
Loans from Other Funds	--	--	--	--
Total Other Financing Sources	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	16,298	16,874	9,447	(7,427)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	62	62	--	62
Protection of Persons and Property	--	--	--	--
Public Works	--	--	--	--
Health and Sanitation	--	--	--	--
Transportation	--	--	--	--
Cultural and Recreational Services	--	--	--	--
Community Development	2,598	2,598	179	2,419
Capital Outlay	--	--	--	--
Debt Service				
Principal	--	--	--	--
Interest	--	--	--	--
Total Expenditures	2,660	2,660	179	2,481
Other Financing Uses				
Transfers to Other Funds	13,638	14,214	11,313	2,901
TOTAL EXPENDITURES AND OTHER FINANCING USES	16,298	16,874	11,492	5,382
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES				
FUND BALANCES (DEFICITS), JULY 1, RESTATED	--	--	(2,045)	(2,045)
Appropriation of Fund Balances and Carryforward				
Appropriations	--	--	--	--
Encumbrances Lapsed	--	--	--	--
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ (986)	\$ (986)

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, 2009
(amounts expressed in thousands)**

	Total Annually Budgeted Nonmajor Special Revenue Funds			
	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Taxes	\$ 62,000	\$ 74,021	\$ 66,093	\$ (7,928)
Licenses, Permits and Fines	16,335	16,335	16,426	91
Intergovernmental	301,233	447,516	376,514	(71,002)
Charges for Services	187,619	199,536	169,792	(29,744)
Special Assessments	43,852	43,855	43,874	19
Interest	10,552	10,644	15,268	4,624
Program Income	271	414	8,100	7,686
Other	41,509	35,006	15,538	(19,468)
Total Revenues	663,371	827,327	711,605	(115,722)
Other Financing Sources				
Transfers from Other Funds	43,387	42,074	44,967	2,893
Loans from Other Funds	--	2,121	--	(2,121)
Total Other Financing Sources	43,387	44,195	44,967	772
TOTAL REVENUES AND OTHER FINANCING SOURCES	706,758	871,522	756,572	(114,950)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	10,935	13,640	5,186	8,454
Protection of Persons and Property	73,452	75,265	29,561	45,704
Public Works	56,240	66,878	58,172	8,706
Health and Sanitation	75,972	89,759	35,137	54,622
Transportation	88,630	164,394	75,169	89,225
Cultural and Recreational Services	18,050	28,881	15,605	13,276
Community Development	35,192	439,432	177,246	262,186
Capital Outlay	26,628	51,939	6,558	45,381
Debt Service				
Principal	3,670	3,670	3,670	--
Interest	4,936	5,599	4,671	928
Total Expenditures	393,705	939,457	410,975	528,482
Other Financing Uses				
Transfers to Other Funds	488,491	611,577	426,559	185,018
TOTAL EXPENDITURES AND OTHER FINANCING USES	882,196	1,551,034	837,534	713,500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER				
FINANCING SOURCES OVER EXPENDITURES AND				
OTHER FINANCING USES	(175,438)	(679,512)	(80,962)	598,550
FUND BALANCES (DEFICITS), JULY 1, RESTATED	175,438	175,438	333,669	158,231
Appropriation of Fund Balances and Carryforward				
Appropriations	--	504,074	--	(504,074)
Encumbrances Lapsed	--	--	13,940	13,940
FUND BALANCES (DEFICITS), JUNE 30	\$ --	\$ --	\$ 266,647	\$ 266,647

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, 2009
(amounts expressed in thousands)**

Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses- Budgetary	\$ (80,962)
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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.	(14,573)
--	----------

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).	878
--	-----

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	83,476
Prior year encumbrances expended in current year	(74,274)

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.	<u>37,823</u>
--	---------------

Net Change in Fund Balances- Nonmajor Special Revenue Funds	<u><u>\$ (47,632)</u></u>
--	----------------------------------

DETAILS OF RESTATEMENT OF JULY 1 FUND BALANCES

Fund Balances, July 1, as previously reported	\$ 331,945
Adjustment for fund not budgeted in current year:	
Local Law Enforcement Block Grant	862
City Procurement and Materials Management	28
Tax Reform	(154)
Funds budgeted in current year:	
Multi-Family Bulky Item Fee	<u>988</u>
Fund Balances, July 1, as restated	<u><u>\$ 333,669</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
Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
MAJOR FUNDS							
BUILDING AND SAFETY PERMIT							
Current - Special Purpose	\$ 109,921	\$ 94,925	\$ 204,846	\$ 38,577	\$ 1,378	\$ 39,955	\$ 164,891
Capital Outlay	2,541	--	2,541	2,541	--	2,541	--
Transfers to Other Funds	76,250	12,869	89,119	74,738	--	74,738	14,381
TOTAL	188,712	107,794	296,506	115,856	1,378	117,234	179,272
COMMUNITY DEVELOPMENT							
Current - Special Purpose	12,824	109,067	121,891	40,857	12,767	53,624	68,267
Transfers to Other Funds	22,843	18,906	41,749	33,988	--	33,988	7,761
TOTAL	35,667	127,973	163,640	74,845	12,767	87,612	76,028
PROPOSITION A LOCAL TRANSIT ASSISTANCE							
Current - Special Purpose	151,469	84,876	236,345	83,683	22,217	105,900	130,445
Transfers to Other Funds	10,470	2,551	13,021	10,249	--	10,249	2,772
TOTAL	161,939	87,427	249,366	93,932	22,217	116,149	133,217
SOLID WASTE RESOURCES							
Current - Special Purpose	88,359	(7,472)	80,887	77,095	718	77,813	3,074
Debt Service							
Principal	23,753	--	23,753	18,550	--	18,550	5,203
Interest	14,247	158	14,405	8,631	--	8,631	5,774
Transfers to Other Funds	156,751	(2,789)	153,962	148,008	--	148,008	5,954
TOTAL	283,110	(10,103)	273,007	252,284	718	253,002	20,005
NONMAJOR FUNDS							
CITYWIDE RECYCLING							
Current - Special Purpose	59,934	6,821	66,755	15,169	5,190	20,359	46,396
Transfers to Other Funds	5,015	877	5,892	4,831	--	4,831	1,061
TOTAL	64,949	7,698	72,647	20,000	5,190	25,190	47,457
LOCAL PUBLIC SAFETY							
Transfers to Other Funds	36,900	13,454	50,354	33,617	--	33,617	16,737
PROPOSITION C ANTI-GRIDLOCK TRANSIT IMPROVEMENT							
Current - Special Purpose	49,755	60,345	110,100	48,098	1,835	49,933	60,167
Capital Outlay	495	3,721	4,216	374	101	475	3,741
Transfers to Other Funds	28,474	3,167	31,641	21,885	--	21,885	9,756
TOTAL	78,724	67,233	145,957	70,357	1,936	72,293	73,664

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)
Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
SPECIAL PARKING REVENUE							
Current - Special Purpose	\$ 38,875	\$ 15,407	\$ 54,282	\$ 22,455	\$ 2,781	\$ 25,236	\$ 29,046
Capital Outlay	1,000	22,330	23,330	189	--	189	23,141
Debt Service							
Principal	3,670	--	3,670	3,670	--	3,670	--
Interest	4,936	663	5,599	4,632	39	4,671	928
Transfers to Other Funds	110,207	4,623	114,830	61,505	--	61,505	53,325
TOTAL	158,688	43,023	201,711	92,451	2,820	95,271	106,440
SPECIAL POLICE COMMUNICATIONS/ 911 SYSTEM TAX							
Current - Special Purpose	2,358	638	2,996	952	--	952	2,044
Transfers to Other Funds	21,747	92	21,839	21,304	--	21,304	535
TOTAL	24,105	730	24,835	22,256	--	22,256	2,579
STORMWATER POLLUTION ABATEMENT							
Current - Special Purpose	7,203	2,717	9,920	7,180	783	7,963	1,957
Capital Outlay	150	461	611	110	34	144	467
Transfers to Other Funds	23,558	(2)	23,556	22,369	--	22,369	1,187
TOTAL	30,911	3,176	34,087	29,659	817	30,476	3,611
STREET LIGHTING MAINTENANCE ASSESSMENT							
Current - Special Purpose	23,980	8,639	32,619	15,727	8,766	24,493	8,126
Capital Outlay	5,118	2,075	7,193	662	753	1,415	5,778
Transfers to Other Funds	20,488	2,581	23,069	19,365	--	19,365	3,704
TOTAL	49,586	13,295	62,881	35,754	9,519	45,273	17,608
ZOO							
Current - Special Purpose	--	2,888	2,888	462	184	646	2,242
Transfers to Other Funds	19,329	2,354	21,683	20,075	--	20,075	1,608
TOTAL	19,329	5,242	24,571	20,537	184	20,721	3,850
DISASTER ASSISTANCE							
Current - Special Purpose	28,651	(16,541)	12,110	9,233	--	9,233	2,877
Transfers to Other Funds	654	37,833	38,487	654	--	654	37,833
TOTAL	29,305	21,292	50,597	9,887	--	9,887	40,710
HOME INVESTMENT PARTNERSHIP PROGRAM							
Current - Special Purpose	1,941	172,218	174,159	48,665	25,172	73,837	100,322
Transfers to Other Funds	3,232	312	3,544	2,962	--	2,962	582
TOTAL	5,173	172,530	177,703	51,627	25,172	76,799	100,904

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)
Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
SPECIAL GAS TAX STREET IMPROVEMENT							
Current - Special Purpose	\$ 31,100	\$ --	\$ 31,100	\$ 31,100	\$ --	\$ 31,100	\$ --
Capital Outlay	19,865	(3,276)	16,589	553	3,782	4,335	12,254
Transfers to Other Funds	89,789	5,975	95,764	92,744	--	92,744	3,020
TOTAL	140,754	2,699	143,453	124,397	3,782	128,179	15,274
WORKFORCE INVESTMENT ACT							
Current - Special Purpose	3,019	68,767	71,786	26,572	10,170	36,742	35,044
Transfers to Other Funds	6,503	28,684	35,187	9,367	--	9,367	25,820
TOTAL	9,522	97,451	106,973	35,939	10,170	46,109	60,864
COMMUNITY SERVICES BLOCK GRANT							
Current - Special Purpose	704	7,663	8,367	5,136	663	5,799	2,568
Transfers to Other Funds	1,173	2,464	3,637	1,547	--	1,547	2,090
TOTAL	1,877	10,127	12,004	6,683	663	7,346	4,658
FORFEITED ASSETS TRUST OF POLICE DEPARTMENT							
Current - Special Purpose	8,553	6,575	15,128	3,438	3,373	6,811	8,317
Transfers to Other Funds	199	2	201	201	--	201	--
TOTAL	8,752	6,577	15,329	3,639	3,373	7,012	8,317
HOUSEHOLD HAZARDOUS WASTE							
Current - Special Purpose	766	250	1,016	712	--	712	304
Transfers to Other Funds	2,131	120	2,251	1,911	--	1,911	340
TOTAL	2,897	370	3,267	2,623	--	2,623	644
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS							
Current - Special Purpose	86	26,264	26,350	7,196	2,950	10,146	16,204
Transfers to Other Funds	227	52	279	279	--	279	--
TOTAL	313	26,316	26,629	7,475	2,950	10,425	16,204
MOBILE SOURCE AIR POLLUTION REDUCTION							
Current - Special Purpose	3,799	2,279	6,078	1,915	258	2,173	3,905
Transfers to Other Funds	2,166	137	2,303	2,095	--	2,095	208
TOTAL	5,965	2,416	8,381	4,010	258	4,268	4,113
OLDER AMERICANS ACT							
Current - Special Purpose	--	23,162	23,162	13,128	2,704	15,832	7,330
Transfers to Other Funds	2,219	2,920	5,139	2,293	--	2,293	2,846
TOTAL	2,219	26,082	28,301	15,421	2,704	18,125	10,176

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)
Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
SUPPLEMENTAL LAW							
ENFORCEMENT SERVICES							
Current - Special Purpose	\$ --	\$ 66	\$ 66	\$ --	\$ --	\$ --	\$ 66
Transfers to Other Funds	7,494	1,401	8,895	3,857	--	3,857	5,038
TOTAL	7,494	1,467	8,961	3,857	--	3,857	5,104
ARTS AND CULTURAL							
FACILITIES AND SERVICES							
Current - Special Purpose	2,782	954	3,736	2,765	342	3,107	629
Transfers to Other Funds	9,817	1,795	11,612	10,559	15	10,574	1,038
TOTAL	12,599	2,749	15,348	13,324	357	13,681	1,667
ARTS DEVELOPMENT FEE							
Current - Special Purpose	1,410	3,352	4,762	201	138	339	4,423
Transfers to Other Funds	312	24	336	335	--	335	1
TOTAL	1,722	3,376	5,098	536	138	674	4,424
CITY EMPLOYEES							
RIDESHARING							
Current - Special Purpose	--	283	283	--	--	--	283
Transfers to Other Funds	3,315	(16)	3,299	3,289	--	3,289	10
TOTAL	3,315	267	3,582	3,289	--	3,289	293
CITY ETHICS COMMISSION							
Current - Special Purpose	164	875	1,039	--	--	--	1,039
Transfers to Other Funds	2,505	5,031	7,536	2,410	--	2,410	5,126
TOTAL	2,669	5,906	8,575	2,410	--	2,410	6,165
CITY OF LOS ANGELES							
AFFORDABLE HOUSING							
Current - Special Purpose	12,500	101,097	113,597	16,176	11,799	27,975	85,622
Transfers to Other Funds	527	647	1,174	798	--	798	376
TOTAL	13,027	101,744	114,771	16,974	11,799	28,773	85,998
DEPARTMENT OF							
NEIGHBORHOOD							
EMPOWERMENT							
Current - Special Purpose	10,709	1,547	12,256	5,070	116	5,186	7,070
Transfers to Other Funds	3,806	(98)	3,708	3,540	--	3,540	168
TOTAL	14,515	1,449	15,964	8,610	116	8,726	7,238
EFFICIENCY PROJECTS AND							
POLICE HIRING							
Current - Special Purpose	6	13,805	13,811	--	--	--	13,811
Transfers to Other Funds	--	1,869	1,869	--	--	--	1,869
TOTAL	6	15,674	15,680	--	--	--	15,680

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)
Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
EL PUEBLO DE LOS ANGELES HISTORICAL MONUMENT							
Current - Special Purpose	\$ --	\$ 97	\$ 97	\$ --	\$ --	\$ --	\$ 97
Transfers to Other Funds	4,508	(166)	4,342	4,310	--	4,310	32
TOTAL	4,508	(69)	4,439	4,310	--	4,310	129
LANDFILL MAINTENANCE							
Current - Special Purpose	856	1,520	2,376	2,206	--	2,206	170
Transfers to Other Funds	5,123	861	5,984	4,323	--	4,323	1,661
TOTAL	5,979	2,381	8,360	6,529	--	6,529	1,831
LOS ANGELES CONVENTION AND VISITORS BUREAU							
Current - Special Purpose	13,858	3,540	17,398	11,513	--	11,513	5,885
Transfers to Other Funds	91	--	91	91	--	91	--
TOTAL	13,949	3,540	17,489	11,604	--	11,604	5,885
MAJOR PROJECTS REVIEW							
Current - Special Purpose	4,063	560	4,623	2,385	--	2,385	2,238
TOTAL	4,063	560	4,623	2,385	--	2,385	2,238
MUNICIPAL HOUSING FINANCE							
Current - Special Purpose	833	1,216	2,049	186	491	677	1,372
Transfers to Other Funds	1,067	783	1,850	922	--	922	928
TOTAL	1,900	1,999	3,899	1,108	491	1,599	2,300
RENT STABILIZATION							
Current - Special Purpose	9,448	3,293	12,741	3,286	388	3,674	9,067
Transfers to Other Funds	8,309	2,305	10,614	8,301	--	8,301	2,313
TOTAL	17,757	5,598	23,355	11,587	388	11,975	11,380
STREET DAMAGE RESTORATION							
Current - Special Purpose	1,160	1,999	3,159	2,579	--	2,579	580
Transfers to Other Funds	4,351	156	4,507	4,455	--	4,455	52
TOTAL	5,511	2,155	7,666	7,034	--	7,034	632
SYSTEMATIC CODE ENFORCEMENT FEE							
Current - Special Purpose	24,308	1,109	25,417	8,735	--	8,735	16,682
Transfers to Other Funds	23,274	2,066	25,340	23,994	--	23,994	1,346
TOTAL	47,582	3,175	50,757	32,729	--	32,729	18,028
MULTI-FAMILY BULKY ITEM FEE							
Current - Special Purpose	3,414	200	3,614	1,724	--	1,724	1,890
Transfers to Other Funds	3,996	679	4,675	3,567	--	3,567	1,108
TOTAL	7,410	879	8,289	5,291	--	5,291	2,998

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)
Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
TELECOMMUNICATIONS							
LIQUIDATED DAMAGES AND LOST FRANCHISE FEES							
Current - Special Purpose	\$ 9,576	\$ (3,839)	\$ 5,737	\$ 3,179	\$ 651	\$ 3,830	\$ 1,907
Transfers to Other Funds	7,174	100	7,274	7,251	--	7,251	23
TOTAL	16,750	(3,739)	13,011	10,430	651	11,081	1,930
TRAFFIC SAFETY							
Current - Special Purpose	--	12	12	--	--	--	12
Transfers to Other Funds	15,173	(572)	14,601	14,225	--	14,225	376
TOTAL	15,173	(560)	14,613	14,225	--	14,225	388
ALLOCATIONS FROM OTHER GOVERNMENTAL AGENCIES							
Current - Special Purpose	2,660	--	2,660	179	--	179	2,481
Transfers to Other Funds	13,638	576	14,214	11,313	--	11,313	2,901
TOTAL	16,298	576	16,874	11,492	--	11,492	5,382
TOTAL BUDGETED SPECIAL REVENUE FUNDS	\$ 1,551,624	\$ 981,929	\$ 2,533,553	\$ 1,290,973	\$ 120,558	\$ 1,411,531	\$ 1,122,022
ALL ANNUALLY BUDGETED SPECIAL REVENUE FUNDS							
Current - Special Purpose	\$ 721,044	\$ 801,174	\$ 1,522,218	\$ 557,534	\$ 115,834	\$ 673,368	\$ 848,850
Capital Outlay	29,169	25,311	54,480	4,429	4,670	9,099	45,381
Debt Service							
Principal	27,423	--	27,423	22,220	--	22,220	5,203
Interest	19,183	821	20,004	13,263	39	13,302	6,702
Transfers to Other Funds	754,805	154,623	909,428	693,527	15	693,542	215,886
TOTAL	\$ 1,551,624	\$ 981,929	\$ 2,533,553	\$ 1,290,973	\$ 120,558	\$ 1,411,531	\$ 1,122,022

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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, 2009
 (amounts expressed in thousands)

	General Obligation Bonds				
	Series 2002-A	Series 2003-A	Refunding Series 2003-B	Series 2004-A	Series 2008-A
ASSETS					
Cash and Pooled Investments	\$ 21,212	\$ 19,348	\$ 4,526	\$ 30,134	\$ 10,069
Other Investments	--	--	--	--	--
Taxes Receivable					
(Net of Allowance for Uncollectibles of \$5,294)	4,022	3,702	755	5,671	1,480
Investment Income Receivable	149	136	34	212	69
TOTAL ASSETS	<u>\$ 25,383</u>	<u>\$ 23,186</u>	<u>\$ 5,315</u>	<u>\$ 36,017</u>	<u>\$ 11,618</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Deferred Revenue and Other Credits	3,236	2,977	613	4,564	1,203
Matured Bonds and Interest Payable	--	--	--	--	--
Other Liabilities	--	--	--	--	--
TOTAL LIABILITIES	3,236	2,977	613	4,564	1,203
FUND BALANCES					
Reserved for Debt Service	22,147	20,209	4,702	31,453	10,415
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,383</u>	<u>\$ 23,186</u>	<u>\$ 5,315</u>	<u>\$ 36,017</u>	<u>\$ 11,618</u>

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)
 Nonmajor Debt Service Funds
 June 30, 2009
 (amounts expressed in thousands)

	<u>Convention Center</u>	<u>Solid Waste Resources</u>	<u>Other Nonmajor Debt Service Funds</u>	<u>Total</u>
ASSETS				
Cash and Pooled Investments	\$ 3,439	\$ 31,784	\$ 92,155	\$ 212,667
Other Investments	14,167	--	--	14,167
Taxes Receivable (Net of Allowance for Uncollectibles of \$5,294)	--	--	14,242	29,872
Investment Income Receivable	32	--	557	1,189
TOTAL ASSETS	<u>\$ 17,638</u>	<u>\$ 31,784</u>	<u>\$ 106,954</u>	<u>\$ 257,895</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred Revenue and Other Credits	30	--	11,481	24,104
Matured Bonds and Interest Payable	--	--	374	374
Other Liabilities	--	--	19	19
TOTAL LIABILITIES	30	--	11,874	24,497
FUND BALANCES				
Reserved for Debt Service	17,608	31,784	95,080	233,398
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,638</u>	<u>\$ 31,784</u>	<u>\$ 106,954</u>	<u>\$ 257,895</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, 2009
(amounts expressed in thousands)

	General Obligation Bonds				
	Refunding				
	Series 2002-A	Series 2003-A	Series 2003-B	Series 2004-A	Series 2008-A
REVENUES					
Property Taxes	\$ 21,526	\$ 19,865	\$ 3,171	\$ 31,031	\$ 11,554
Charges for Services	--	--	--	--	--
Investment Earnings	511	467	131	728	219
TOTAL REVENUES	22,037	20,332	3,302	31,759	11,773
EXPENDITURES					
Current:					
General Government	--	--	--	--	--
Debt Service:					
Principal	13,110	11,665	9,000	18,025	--
Interest	9,030	8,752	1,121	13,881	2,358
Cost of Issuance	--	--	--	--	--
TOTAL EXPENDITURES	22,140	20,417	10,121	31,906	2,358
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(103)	(85)	(6,819)	(147)	9,415
OTHER FINANCING SOURCES (USES)					
Transfers In	--	--	--	--	1,000
Transfers Out	--	--	--	--	--
Issuance of Refunding Bonds	--	--	--	--	--
Premium on Issuance of Refunding Bonds	--	--	--	--	--
Payment to Refunded Bond Escrow Agent	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES	--	--	--	--	1,000
NET CHANGE IN FUND BALANCES	(103)	(85)	(6,819)	(147)	10,415
FUND BALANCES, JULY 1	22,250	20,294	11,521	31,600	--
FUND BALANCES, JUNE 30	\$ 22,147	\$ 20,209	\$ 4,702	\$ 31,453	\$ 10,415

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, 2009
(amounts expressed in thousands)

	Convention Center	Solid Waste Resources	Other Nonmajor Debt Service Funds	Total
REVENUES				
Property Taxes	\$ --	\$ --	\$ 76,780	\$ 163,927
Charges for Services	2,129	--	--	2,129
Investment Earnings	1,172	662	2,224	6,114
TOTAL REVENUES	3,301	662	79,004	172,170
EXPENDITURES				
Current:				
General Government	2	--	--	2
Debt Service:				
Principal	23,365	18,575	63,425	157,165
Interest	22,113	14,684	46,922	118,861
Cost of Issuance	2,979	--	--	2,979
TOTAL EXPENDITURES	48,459	33,259	110,347	279,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,158)	(32,597)	(31,343)	(106,837)
OTHER FINANCING SOURCES (USES)				
Transfers In	42,843	16,654	30,571	91,068
Transfers Out	(2)	--	(2)	(4)
Issuance of Refunding Bonds	253,060	--	--	253,060
Premium on Issuance of Refunding Bonds	221	--	--	221
Payment to Refunded Bond Escrow Agent	(239,201)	--	--	(239,201)
TOTAL OTHER FINANCING SOURCES	56,921	16,654	30,569	105,144
NET CHANGE IN FUND BALANCES	11,763	(15,943)	(774)	(1,693)
FUND BALANCES, JULY 1	5,845	47,727	95,854	235,091
FUND BALANCES, JUNE 30	\$ 17,608	\$ 31,784	\$ 95,080	\$ 233,398

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, 2009
(amounts expressed in thousands)

	General Obligation Bonds Series 2002-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues				
Taxes	\$ 22,140	\$ 22,140	\$ 21,446	\$ (694)
Charges for Services	--	--	--	--
Interest	--	--	615	615
TOTAL REVENUES	<u>22,140</u>	<u>22,140</u>	<u>22,061</u>	<u>(79)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	13,110	13,110	13,110	--
Interest	9,030	9,030	9,030	--
Total Expenditures	<u>22,140</u>	<u>22,140</u>	<u>22,140</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>22,140</u>	<u>22,140</u>	<u>22,140</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(79)	(79)
FUND BALANCES, JULY 1, RESTATED	--	--	21,113	21,113
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 21,034</u>	<u>\$ 21,034</u>

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, 2009
(amounts expressed in thousands)

	General Obligation Bonds Series 2003-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues				
Taxes	\$ 20,417	\$ 20,417	\$ 19,793	\$ (624)
Charges for Services	--	--	--	--
Interest	--	--	561	561
TOTAL REVENUES	<u>20,417</u>	<u>20,417</u>	<u>20,354</u>	<u>(63)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	11,665	11,665	11,665	--
Interest	8,752	8,752	8,752	--
Total Expenditures	<u>20,417</u>	<u>20,417</u>	<u>20,417</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>20,417</u>	<u>20,417</u>	<u>20,417</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(63)	(63)
FUND BALANCES, JULY 1, RESTATED	--	--	19,248	19,248
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 19,185</u>	<u>\$ 19,185</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 10,121	\$ 10,121	\$ 3,120	\$ (7,001)
Charges for Services	--	--	--	--
Interest	--	--	248	248
TOTAL REVENUES	<u>10,121</u>	<u>10,121</u>	<u>3,368</u>	<u>(6,753)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	9,000	9,000	9,000	--
Interest	1,121	1,121	1,121	--
Total Expenditures	<u>10,121</u>	<u>10,121</u>	<u>10,121</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>10,121</u>	<u>10,121</u>	<u>10,121</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(6,753)	(6,753)
FUND BALANCES, JULY 1, RESTATED	--	--	11,240	11,240
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,487</u>	<u>\$ 4,487</u>

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, 2009
(amounts expressed in thousands)

	General Obligation Bonds Series 2004-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues				
Taxes	\$ 31,906	\$ 31,906	\$ 30,945	\$ (961)
Charges for Services	--	--	--	--
Interest	--	--	875	875
TOTAL REVENUES	<u>31,906</u>	<u>31,906</u>	<u>31,820</u>	<u>(86)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	18,025	18,025	18,025	--
Interest	13,881	13,881	13,881	--
Total Expenditures	<u>31,906</u>	<u>31,906</u>	<u>31,906</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>31,906</u>	<u>31,906</u>	<u>31,906</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(86)	(86)
FUND BALANCES, JULY 1, RESTATED	--	--	29,967	29,967
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 29,881</u>	<u>\$ 29,881</u>

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, 2009
(amounts expressed in thousands)

Convention Center -
Staples Arena Account

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
	REVENUES			
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Charges for Services	4,000	4,000	2,129	(1,871)
Interest	120	120	170	50
TOTAL REVENUES	<u>4,120</u>	<u>4,120</u>	<u>2,299</u>	<u>(1,821)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	4,167	15,307	--	15,307
Debt Service				
Principal	1,170	1,170	1,170	--
Interest	2,696	2,696	2,696	--
Total Expenditures	<u>8,033</u>	<u>19,173</u>	<u>3,866</u>	<u>15,307</u>
Other Financing Uses				
Transfers to Other Funds	<u>--</u>	<u>1,842</u>	<u>--</u>	<u>1,842</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>8,033</u>	<u>21,015</u>	<u>3,866</u>	<u>17,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(3,913)	(16,895)	(1,567)	15,328
FUND BALANCES, JULY 1, RESTATED	3,913	3,913	4,977	1,064
Appropriation of Fund Balance and Carryforward Appropriations	<u>--</u>	<u>12,982</u>	<u>--</u>	<u>(12,982)</u>
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,410</u>	<u>\$ 3,410</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 17,631	\$ 17,631	\$ 16,766	\$ (865)
Charges for Services	--	--	--	--
Interest	--	--	520	520
TOTAL REVENUES	<u>17,631</u>	<u>17,631</u>	<u>17,286</u>	<u>(345)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	12,925	12,925	12,925	--
Interest	4,706	4,706	4,706	--
Total Expenditures	<u>17,631</u>	<u>17,631</u>	<u>17,631</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>17,631</u>	<u>17,631</u>	<u>17,631</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(345)	(345)
FUND BALANCES, JULY 1, RESTATED	--	--	18,191	18,191
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,846</u>	<u>\$ 17,846</u>

Continued..

CITY OF LOS ANGELES

Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
Annually Budgeted Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Refunding Series1999-A			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues				
Taxes	\$ 15,194	\$ 15,194	\$ 14,388	\$ (806)
Charges for Services	--	--	--	--
Interest	--	--	472	472
TOTAL REVENUES	<u>15,194</u>	<u>15,194</u>	<u>14,860</u>	<u>(334)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	13,170	13,170	13,170	--
Interest	2,024	2,024	2,024	--
Total Expenditures	<u>15,194</u>	<u>15,194</u>	<u>15,194</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>15,194</u>	<u>15,194</u>	<u>15,194</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(334)	(334)
FUND BALANCES, JULY 1, RESTATED	--	--	16,651	16,651
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 16,317</u>	<u>\$ 16,317</u>

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, 2009
(amounts expressed in thousands)

	Other Nonmajor Debt Service Fund - General Obligation Bonds Series 1999-B			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues				
Taxes	\$ 3,225	\$ 3,225	\$ 3,052	\$ (173)
Charges for Services	--	--	--	--
Interest	--	--	104	104
TOTAL REVENUES	<u>3,225</u>	<u>3,225</u>	<u>3,156</u>	<u>(69)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,000	3,000	3,000	--
Interest	225	225	225	--
Total Expenditures	<u>3,225</u>	<u>3,225</u>	<u>3,225</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,225</u>	<u>3,225</u>	<u>3,225</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(69)	(69)
FUND BALANCES, JULY 1, RESTATED	--	--	3,664	3,664
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,595</u>	<u>\$ 3,595</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 5,191	\$ 5,191	\$ 4,947	\$ (244)
Charges for Services	--	--	--	--
Interest	--	--	164	164
TOTAL REVENUES	<u>5,191</u>	<u>5,191</u>	<u>5,111</u>	<u>(80)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	4,650	4,650	4,650	--
Interest	541	541	541	--
Total Expenditures	<u>5,191</u>	<u>5,191</u>	<u>5,191</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>5,191</u>	<u>5,191</u>	<u>5,191</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(80)	(80)
FUND BALANCES, JULY 1, RESTATED	--	--	5,789	5,789
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,709</u>	<u>\$ 5,709</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 14,141	\$ 14,141	\$ 13,552	\$ (589)
Charges for Services	--	--	--	--
Interest	--	--	414	414
TOTAL REVENUES	<u>14,141</u>	<u>14,141</u>	<u>13,966</u>	<u>(175)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	10,065	10,065	10,065	--
Interest	4,076	4,076	4,076	--
Total Expenditures	<u>14,141</u>	<u>14,141</u>	<u>14,141</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>14,141</u>	<u>14,141</u>	<u>14,141</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(175)	(175)
FUND BALANCES, JULY 1, RESTATED	--	--	14,415	14,415
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,240</u>	<u>\$ 14,240</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 3,237	\$ 3,237	\$ 3,211	\$ (26)
Charges for Services	--	--	--	--
Interest	--	--	71	71
TOTAL REVENUES	<u>3,237</u>	<u>3,237</u>	<u>3,282</u>	<u>45</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	395	395	395	--
Interest	2,842	2,842	2,842	--
Total Expenditures	<u>3,237</u>	<u>3,237</u>	<u>3,237</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,237</u>	<u>3,237</u>	<u>3,237</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	45	45
FUND BALANCES, JULY 1, RESTATED	--	--	2,287	2,287
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,332</u>	<u>\$ 2,332</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 11,269	\$ 11,269	\$ 10,867	\$ (402)
Charges for Services	--	--	--	--
Interest	--	--	310	310
TOTAL REVENUES	<u>11,269</u>	<u>11,269</u>	<u>11,177</u>	<u>(92)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	6,340	6,340	6,340	--
Interest	4,929	4,929	4,929	--
Total Expenditures	<u>11,269</u>	<u>11,269</u>	<u>11,269</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>11,269</u>	<u>11,269</u>	<u>11,269</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	(92)	(92)
FUND BALANCES, JULY 1, RESTATED	--	--	10,634	10,634
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,542</u>	<u>\$ 10,542</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 3,503	\$ 3,503	\$ 3,481	\$ (22)
Charges for Services	--	--	--	--
Interest	--	--	72	72
TOTAL REVENUES	<u>3,503</u>	<u>3,503</u>	<u>3,553</u>	<u>50</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	95	95	95	--
Interest	3,408	3,408	3,408	--
Total Expenditures	<u>3,503</u>	<u>3,503</u>	<u>3,503</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>3,503</u>	<u>3,503</u>	<u>3,503</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	50	50
FUND BALANCES, JULY 1, RESTATED	--	--	2,301	2,301
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,351</u>	<u>\$ 2,351</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 6,305	\$ 6,305	\$ 6,255	\$ (50)
Charges for Services	--	--	--	--
Interest	--	--	170	170
TOTAL REVENUES	<u>6,305</u>	<u>6,305</u>	<u>6,425</u>	<u>120</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	--	--	--	--
Debt Service				
Principal	3,510	3,510	3,510	--
Interest	2,795	2,795	2,795	--
Total Expenditures	<u>6,305</u>	<u>6,305</u>	<u>6,305</u>	<u>--</u>
Other Financing Uses				
Transfers to Other Funds	--	--	--	--
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>6,305</u>	<u>6,305</u>	<u>6,305</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	--	--	120	120
FUND BALANCES, JULY 1, RESTATED	--	--	5,775	5,775
Appropriation of Fund Balance and Carryforward Appropriations	--	--	--	--
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,895</u>	<u>\$ 5,895</u>

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, 2009
(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		
REVENUES				
Revenues				
Taxes	\$ 164,280	\$ 164,280	\$ 151,823	\$ (12,457)
Charges for Services	4,000	4,000	2,129	(1,871)
Interest	120	120	4,767	4,647
TOTAL REVENUES	<u>168,400</u>	<u>168,400</u>	<u>158,719</u>	<u>(9,681)</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Current				
General Government	4,167	15,307	--	15,307
Debt Service				
Principal	107,120	107,120	107,120	--
Interest	61,026	61,026	61,026	--
Total Expenditures	<u>172,313</u>	<u>183,453</u>	<u>168,146</u>	<u>15,307</u>
Other Financing Uses				
Transfers to Other Funds	--	1,842	--	1,842
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>172,313</u>	<u>185,295</u>	<u>168,146</u>	<u>17,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(3,913)	(16,895)	(9,427)	7,468
FUND BALANCES, JULY 1, RESTATED	3,913	3,913	166,252	162,339
Appropriation of Fund Balance and Carryforward Appropriations	--	12,982	--	(12,982)
FUND BALANCES, JUNE 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 156,825</u>	<u>\$ 156,825</u>

CITY OF LOS ANGELES

Reconciliation of Operations on Budgetary Basis to the GAAP Basis
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

Deficiency of Revenues Over Expenditures and Other Financing Uses - Budgetary	\$ (9,427)
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.	(347)
Perspective Difference	
Certain Nonmajor Debt Service Funds are not included in the legally adopted budget.	<u>8,081</u>
Net Change in Fund Balances- Nonmajor Debt Service Funds	<u>\$ (1,693)</u>

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 95.2% of the combined revenues of the Capital Project Funds. The other smaller funds are grouped as other nonmajor capital project funds.

General Obligation Bonds – Series 2002-A, Series 2003-A, Series 2004-A, Series 2005-A, Series 2006-A, and Series 2008-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 4.8% of the combined revenues. Included in this group are two annually budgeted funds: Local Transportation and Park and Recreational Sites and Facilities.

CITY OF LOS ANGELES

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2009
 (amounts expressed in thousands)

	General Obligation Bonds				
	Series 2002-A	Series 2003-A	Series 2004-A	Series 2005-A	Series 2006-A
ASSETS					
Cash and Pooled Investments	\$ 51,095	\$ 60,503	\$ 88,482	\$ 43,771	\$ 60,733
Accounts Receivable	--	--	--	--	--
Special Assessments Receivable	--	--	--	--	--
Investment Income Receivable	221	344	561	276	370
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$35)	--	--	--	--	--
Due from Other Funds	--	4	--	--	--
TOTAL ASSETS	\$ 51,316	\$ 60,851	\$ 89,043	\$ 44,047	\$ 61,103
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 265	\$ 1,539	\$ 1,432	\$ 902	\$ 1,093
Intergovernmental Payable	--	--	--	--	--
Due to Other Funds	298	291	635	118	254
Deferred Revenue and Other Credits	0	20	26	15	26
Deposits and Advances	4	--	--	--	--
Advances from Other Funds	--	--	--	--	--
TOTAL LIABILITIES	567	1,850	2,093	1,035	1,373
FUND BALANCES					
Reserved for Encumbrances	6,388	2,915	1,820	8,415	4,343
Unreserved and Undesignated	44,361	56,086	85,130	34,597	55,387
TOTAL FUND BALANCES	50,749	59,001	86,950	43,012	59,730
TOTAL LIABILITIES AND FUND BALANCES	\$ 51,316	\$ 60,851	\$ 89,043	\$ 44,047	\$ 61,103

Continued...

CITY OF LOS ANGELES

Combining Balance Sheet - (Continued)
 Nonmajor Capital Projects Funds
 June 30, 2009
 (amounts expressed in thousands)

	General Obligation Bonds Series 2008-A	Recreation and Parks Grant	Parks Assessment	Other Nonmajor Capital Projects Funds	Total
ASSETS					
Cash and Pooled Investments	\$ 82,780	\$ 49,596	\$ 105,701	\$ 63,442	\$ 606,103
Accounts Receivable	--	89	--	--	89
Special Assessments Receivable	--	--	2,694	--	2,694
Investment Income Receivable	556	290	646	317	3,581
Intergovernmental Receivable (Net of Allowance for Uncollectibles of \$35)	--	407	--	--	407
Due from Other Funds	--	299	--	130	433
TOTAL ASSETS	\$ 83,336	\$ 50,681	\$ 109,041	\$ 63,889	\$ 613,307
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts, Contracts and Retainage Payable	\$ 851	\$ 1,226	\$ 1,785	\$ 3,910	\$ 13,003
Intergovernmental Payable	--	--	1	--	1
Due to Other Funds	63	632	433	408	3,132
Deferred Revenue and Other Credits	74	26	1,817	12	2,016
Deposits and Advances	--	86	--	--	90
Advances from Other Funds	--	11,720	--	--	11,720
TOTAL LIABILITIES	988	13,690	4,036	4,330	29,962
FUND BALANCES					
Reserved for Encumbrances	12,997	3,870	11,731	23,059	75,538
Unreserved and Undesignated	69,351	33,121	93,274	36,500	507,807
TOTAL FUND BALANCES	82,348	36,991	105,005	59,559	583,345
TOTAL LIABILITIES AND FUND BALANCES	\$ 83,336	\$ 50,681	\$ 109,041	\$ 63,889	\$ 613,307

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, 2009
(amounts expressed in thousands)

	General Obligation Bonds				
	<u>Series 2002-A</u>	<u>Series 2003-A</u>	<u>Series 2004-A</u>	<u>Series 2005-A</u>	<u>Series 2006-A</u>
REVENUES					
Other Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--
Intergovernmental	--	--	--	--	--
Charges for Services	--	--	--	--	--
Special Assessments	--	--	--	--	--
Investment Earnings	2,324	2,497	4,157	2,016	2,570
Other	--	--	--	--	--
TOTAL REVENUES	<u>2,324</u>	<u>2,497</u>	<u>4,157</u>	<u>2,016</u>	<u>2,570</u>
EXPENDITURES					
Capital Outlay	8,223	6,144	32,508	14,628	10,724
Debt Service:					
Cost of Issuance	--	--	--	--	--
TOTAL EXPENDITURES	<u>8,223</u>	<u>6,144</u>	<u>32,508</u>	<u>14,628</u>	<u>10,724</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,899)</u>	<u>(3,647)</u>	<u>(28,351)</u>	<u>(12,612)</u>	<u>(8,154)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	--	4,413	--	--	--
Transfers Out	--	--	--	--	--
Issuance of Long-Term Debt	--	--	--	--	--
Premium on Issuance of Long-term Debt	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>4,413</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGE IN FUND BALANCES	(5,899)	766	(28,351)	(12,612)	(8,154)
FUND BALANCES, JULY 1	56,648	58,235	115,301	55,624	67,884
FUND BALANCES, JUNE 30	<u>\$ 50,749</u>	<u>\$ 59,001</u>	<u>\$ 86,950</u>	<u>\$ 43,012</u>	<u>\$ 59,730</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, 2009
(amounts expressed in thousands)

	General Obligation Bonds Series 2008-A	Recreation and Parks Grant	Parks Assessment	Other Nonmajor Capital Projects Funds	Total
REVENUES					
Other Taxes	\$ --	\$ --	\$ --	\$ 765	\$ 765
Licenses and Permits	--	--	--	25	25
Intergovernmental	--	19,650	--	204	19,854
Charges for Services	--	4,321	--	--	4,321
Special Assessments	--	--	24,929	--	24,929
Investment Earnings	3,751	1,866	4,207	2,610	25,998
Other	--	3,000	--	159	3,159
TOTAL REVENUES	<u>3,751</u>	<u>28,837</u>	<u>29,136</u>	<u>3,763</u>	<u>79,051</u>
EXPENDITURES					
Capital Outlay	22,445	21,638	20,192	16,328	152,830
Debt Service:					
Cost of Issuance	670	--	--	--	670
TOTAL EXPENDITURES	<u>23,115</u>	<u>21,638</u>	<u>20,192</u>	<u>16,328</u>	<u>153,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,364)</u>	<u>7,199</u>	<u>8,944</u>	<u>(12,565)</u>	<u>(74,449)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	--	109	--	--	4,522
Transfers Out	(1,000)	--	(3,033)	(1,229)	(5,262)
Issuance of Long-Term Debt	101,000	--	--	--	101,000
Premium on Issuance of Long-term Debt	1,712	--	--	--	1,712
TOTAL OTHER FINANCING SOURCES (USES)	<u>101,712</u>	<u>109</u>	<u>(3,033)</u>	<u>(1,229)</u>	<u>101,972</u>
NET CHANGE IN FUND BALANCES	82,348	7,308	5,911	(13,794)	27,523
FUND BALANCES, JULY 1,	--	29,683	99,094	73,353	555,822
FUND BALANCES, JUNE 30	<u>\$ 82,348</u>	<u>\$ 36,991</u>	<u>\$ 105,005</u>	<u>\$ 59,559</u>	<u>\$ 583,345</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, 2009
(amounts expressed in thousands)

	Local Transportation			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Intergovernmental	2,365	2,496	204	(2,292)
Interest	300	300	240	(60)
Total Revenues	2,665	2,796	444	(2,352)
Other Financing Sources				
Transfers from Other Funds	--	1,506	--	(1,506)
TOTAL REVENUES AND OTHER FINANCING SOURCES	2,665	4,302	444	(3,858)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	5,840	9,488	2,263	7,225
Other Financing Uses				
Transfers to Other Funds	--	1,530	1,507	23
TOTAL EXPENDITURES AND OTHER FINANCING USES	5,840	11,018	3,770	7,248
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,175)	(6,716)	(3,326)	3,390
FUND BALANCES, JULY 1	3,175	3,175	5,447	2,272
Appropriation of Fund Balances and Carryforward				
Appropriations	--	3,541	--	(3,541)
Encumbrances Lapsed	--	--	66	66
FUND BALANCES, JUNE 30	\$ --	\$ --	\$ 2,187	\$ 2,187

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, 2009
(amounts expressed in thousands)

	Park and Recreational Sites and Facilities			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 1,150	\$ 900	\$ 765	\$ (135)
Intergovernmental	--	--	--	--
Interest	--	--	--	--
Total Revenues	1,150	900	765	(135)
Other Financing Sources				
Transfers from Other Funds	--	--	--	--
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,150	900	765	(135)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	1,150	6,052	380	5,672
Other Financing Uses				
Transfers to Other Funds	--	814	94	720
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,150	6,866	474	6,392
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	--	(5,966)	291	6,257
FUND BALANCES, JULY 1	--	--	5,990	5,990
Appropriation of Fund Balances and Carryforward				
Appropriations	--	5,966	--	(5,966)
Encumbrances Lapsed	--	--	7	7
FUND BALANCES, JUNE 30	\$ --	\$ --	\$ 6,288	\$ 6,288

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, 2009
(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>
REVENUES AND OTHER FINANCING SOURCES				
Revenues				
Taxes	\$ 1,150	\$ 900	\$ 765	\$ (135)
Intergovernmental	2,365	2,496	204	(2,292)
Interest	300	300	240	(60)
Total Revenues	3,815	3,696	1,209	(2,487)
Other Financing Sources				
Transfers from Other Funds	--	1,506	--	(1,506)
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,815	5,202	1,209	(3,993)
EXPENDITURES AND OTHER FINANCING USES				
Expenditures				
Capital Outlay	6,990	15,540	2,643	12,897
Other Financing Uses				
Transfers to Other Funds	--	2,344	1,601	743
TOTAL EXPENDITURES AND OTHER FINANCING USES	6,990	17,884	4,244	13,640
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,175)	(12,682)	(3,035)	9,647
FUND BALANCES, JULY 1	3,175	3,175	11,437	8,262
Appropriation of Fund Balances and Carryforward				
Appropriations	--	9,507	--	(9,507)
Encumbrances Lapsed	--	--	73	73
FUND BALANCES, JUNE 30	\$ --	\$ --	\$ 8,475	\$ 8,475

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, 2009
(amounts expressed in thousands)**

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary	\$	(3,035)
--	----	---------

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.		29
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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		2,115
Prior year encumbrances expended in current year		(789)

Perspective Difference

Certain Nonmajor Capital Projects Funds are not included in the legally adopted budget; while for some, the budget provides for only the portion of fund receipts that are expended for City department operations.		29,203
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Net Change in Fund Balances- Nonmajor Capital Projects Funds	\$	<u>27,523</u>
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DETAILS OR RESTATEMENT OF JULY 1 FUND BALANCES

Fund Balances, July 1, as previously reported	\$	14,678
Adjustment for fund not budgeted in current year:		
Capital Projects Bond Reserve		<u>(3,241)</u>
Fund Balances, July 1, as restated	\$	<u>11,437</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
Year Ended June 30, 2009
(amounts expressed in thousands)

	Original Adopted Budget	Additional Appropriations, Carryforward and Transfers	Final Budget	Expenditures	Encumbrances June 30, 2009	Total Actual	Variance With Final Budget Positive (Negative)
LOCAL TRANSPORTATION							
Capital Outlay	\$ 5,840	\$ 3,648	\$ 9,488	\$ 413	\$ 1,850	\$ 2,263	\$ 7,225
Transfers to Other Funds	-	1,530	1,530	1,507	--	1,507	23
TOTAL	<u>5,840</u>	<u>5,178</u>	<u>11,018</u>	<u>1,920</u>	<u>1,850</u>	<u>3,770</u>	<u>7,248</u>
PARK AND RECREATION SITES AND FACILITIES							
Capital Outlay	1,150	4,902	6,052	116	264	380	5,672
Transfers to Other Funds	--	814	814	94	--	94	720
TOTAL	<u>1,150</u>	<u>5,716</u>	<u>6,866</u>	<u>210</u>	<u>264</u>	<u>474</u>	<u>6,392</u>
TOTAL BUDGETED CAPITAL PROJECTS FUNDS	<u>\$ 6,990</u>	<u>\$ 10,894</u>	<u>\$ 17,884</u>	<u>\$ 2,130</u>	<u>\$ 2,114</u>	<u>\$ 4,244</u>	<u>\$ 13,640</u>
ALL ANNUALLY BUDGETED CAPITAL PROJECTS FUNDS							
Capital Outlay	\$ 6,990	\$ 8,550	\$ 15,540	\$ 529	\$ 2,114	\$ 2,643	\$ 12,897
Transfers to Other Funds	--	2,344	2,344	1,601	--	1,601	743
TOTAL	<u>\$ 6,990</u>	<u>\$ 10,894</u>	<u>\$ 17,884</u>	<u>\$ 2,130</u>	<u>\$ 2,114</u>	<u>\$ 4,244</u>	<u>\$ 13,640</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, 2009
(amounts expressed in thousands)**

	Pension Trust Funds	Other Employee Benefits Trust Funds	Total
ASSETS			
Cash and Pooled Investments	\$ 7,360	\$ 222	\$ 7,582
Receivables:			
Contributions	33,380	93	33,473
Accrued Investment Income	100,289	9,565	109,854
Contingent Disability Benefit Advance	3,310	--	3,310
Other Receivables	10,124	1,120	11,244
Due from Brokers	888,148	142,066	1,030,214
Other Investments:			
Temporary	1,071,786	75,254	1,147,040
U. S. Government Agencies Securities	1,699,185	157,099	1,856,284
Domestic Corporate Bonds	3,305,149	295,544	3,600,693
International Bonds	183,985	23,466	207,451
Opportunistic Debt	90,575	12,657	103,232
Domestic Stocks	8,367,217	961,847	9,329,064
International Stocks	4,030,173	281,955	4,312,128
Mortgage-backed Securities	1,845,418	310,731	2,156,149
Real Estate	1,502,307	118,438	1,620,745
Venture Capital and Alternative Investments	1,840,497	154,674	1,995,171
Security Lending Collateral	2,249,180	241,573	2,490,753
Capital Assets			
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$419)	306	43	349
TOTAL ASSETS	27,228,389	2,786,347	30,014,736
LIABILITIES			
Accounts Payable and Accrued Expenses	41,115	4,366	45,481
Benefits in Process of Payment	16,962	264	17,226
Due to Brokers	1,358,197	188,885	1,547,082
Obligations Under Securities			
Lending Transactions	2,249,180	241,573	2,490,753
Mortgage Loan Payable - Current	14,372	826	15,198
Mortgage Loan Payable - Noncurrent	258,985	14,880	273,865
TOTAL LIABILITIES	3,938,811	450,794	4,389,605
NET ASSETS			
Held in Trust for Pension and Other Employee Benefits			
Benefit Pension Plans	23,223,254	--	23,223,254
Disability Plan	44,871	--	44,871
Death Benefit Plan	21,453	--	21,453
Postemployment Healthcare Plans	--	2,335,553	2,335,553
TOTAL NET ASSETS	\$ 23,289,578	\$ 2,335,553	\$ 25,625,131

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, 2009
(amounts expressed in thousands)

	Pension Trust Funds	Other Employee Benefits Trust Funds	Total
ADDITIONS			
Contributions			
Employer	\$ 697,395	\$ 343,120	\$ 1,040,515
Plan Member	282,423	--	282,423
Other	3,962	215	4,177
Total Contributions	<u>983,780</u>	<u>343,335</u>	<u>1,327,115</u>
Investment Income			
Net Depreciation in Fair Value of Investments	(6,324,277)	(602,004)	(6,926,281)
Interest Income	369,119	39,940	409,059
Dividend Income	295,487	21,232	316,719
Securities Lending Income	31,555	3,043	34,598
Other Investment Income	17,352	1,264	18,616
Real Estate Operating Income, Net	30,031	2,168	32,199
Investment Loss	(5,580,733)	(534,357)	(6,115,090)
Investment Expense	(80,415)	(5,821)	(86,236)
Securities Lending Expense	(7,643)	(650)	(8,293)
Net Investment Loss	<u>(5,668,791)</u>	<u>(540,828)</u>	<u>(6,209,619)</u>
TOTAL ADDITIONS	<u>(4,685,011)</u>	<u>(197,493)</u>	<u>(4,882,504)</u>
DEDUCTIONS			
Benefit Payments	1,655,207	210,753	1,865,960
Refunds of Member Contributions	28,135	--	28,135
Administrative Expenses	30,345	3,555	33,900
TOTAL DEDUCTIONS	<u>1,713,687</u>	<u>214,308</u>	<u>1,927,995</u>
CHANGE IN NET ASSETS			
Benefit Pension Plans	(6,403,291)	--	(6,403,291)
Disability Plan	5,235	--	5,235
Death Benefit Plan	(642)	--	(642)
Postemployment Healthcare Plans	--	(411,801)	(411,801)
TOTAL CHANGE IN NET ASSETS	<u>(6,398,698)</u>	<u>(411,801)</u>	<u>(6,810,499)</u>
Net Assets Held in Trust for Pension and Other Employee Benefits, July 1			
Benefit Pension Plans	29,626,545	--	29,626,545
Disability Plan	39,636	--	39,636
Death Benefit Plan	22,095	--	22,095
Postemployment Healthcare Plans	--	2,747,354	2,747,354
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30	<u>\$ 23,289,578</u>	<u>\$ 2,335,553</u>	<u>\$ 25,625,131</u>

CITY OF LOS ANGELES

Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2009
(amounts expressed in thousands)

	Fire and Police Pension Plan	Los Angeles City Employees' Retirement Plan	Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan	Total
ASSETS				
Cash and Pooled Investments	\$ 1,205	\$ 906	\$ 5,249	\$ 7,360
Receivables:				
Contributions	7,279	--	26,101	33,380
Accrued Investment Income	41,286	32,658	26,345	100,289
Contingent Disability Benefit Advance	--	--	3,310	3,310
Other Receivables	--	8,012	2,112	10,124
Due from Brokers	147,055	52,214	688,879	888,148
Other Investments:				
Temporary	319,919	277,565	474,302	1,071,786
U. S. Government Agencies Securities	898,353	257,446	543,386	1,699,185
Domestic Corporate Bonds	1,673,230	850,982	780,937	3,305,149
International Bonds	12,346	162,851	8,788	183,985
Opportunistic Debt	--	90,575	--	90,575
Domestic Stocks	3,985,807	2,672,041	1,709,369	8,367,217
International Stocks	1,763,877	1,292,456	973,840	4,030,173
Mortgage-backed Securities	--	488,595	1,356,823	1,845,418
Real Estate	949,407	457,196	95,704	1,502,307
Venture Capital and Alternative Investments	1,058,177	665,477	116,843	1,840,497
Security Lending Collateral	258,616	1,269,946	720,618	2,249,180
Capital Assets				
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$367)	--	306	--	306
TOTAL ASSETS	<u>11,116,557</u>	<u>8,579,226</u>	<u>7,532,606</u>	<u>27,228,389</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	6,459	23,658	10,998	41,115
Benefits in Process of Payment	15,226	--	1,736	16,962
Due to Brokers	183,105	141,040	1,034,052	1,358,197
Obligations Under Securities				
Lending Transactions	258,616	1,269,946	720,618	2,249,180
Mortgage Loan Payable - Current	14,372	--	--	14,372
Mortgage Loan Payable - Noncurrent	258,985	--	--	258,985
TOTAL LIABILITIES	<u>736,763</u>	<u>1,434,644</u>	<u>1,767,404</u>	<u>3,938,811</u>
NET ASSETS				
Held in Trust for Pension and Other Employee Benefits				
Benefit Pension Plans	10,379,794	7,144,582	5,698,878	23,223,254
Disability Plan	--	--	44,871	44,871
Death Benefit Plan	--	--	21,453	21,453
TOTAL NET ASSETS	<u>\$ 10,379,794</u>	<u>\$ 7,144,582</u>	<u>\$ 5,765,202</u>	<u>\$ 23,289,578</u>

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

	Fire and Police Pension Plan	Los Angeles City Employees' Retirement Plan	Water and Power Employees' Retirement, Disability, and Death Benefit Insurance Plan	Total
ADDITIONS				
Contributions				
Employer	\$ 238,698	\$ 288,516	\$ 170,181	\$ 697,395
Plan Member	103,685	118,592	60,146	282,423
Other	3,962	--	--	3,962
Total Contributions	<u>346,345</u>	<u>407,108</u>	<u>230,327</u>	<u>983,780</u>
Investment Income				
Net Depreciation in Fair Value of Investments	(3,060,535)	(2,022,395)	(1,241,347)	(6,324,277)
Interest Income	122,458	114,745	131,916	369,119
Dividend Income	156,641	87,776	51,070	295,487
Securities Lending Income	4,605	15,662	11,288	31,555
Other Investment Income	9,620	7,679	53	17,352
Real Estate Operating Income, Net	11,653	12,127	6,251	30,031
Investment Loss	(2,755,558)	(1,784,406)	(1,040,769)	(5,580,733)
Investment Management Expense	(51,278)	(14,553)	(14,584)	(80,415)
Securities Lending Expense	(1,423)	(1,947)	(4,273)	(7,643)
Net Investment Loss	<u>(2,808,259)</u>	<u>(1,800,906)</u>	<u>(1,059,626)</u>	<u>(5,668,791)</u>
TOTAL ADDITIONS	<u>(2,461,914)</u>	<u>(1,393,798)</u>	<u>(829,299)</u>	<u>(4,685,011)</u>
DEDUCTIONS				
Benefit Payments	762,205	510,634	382,368	1,655,207
Refunds of Member Contributions	2,858	21,325	3,952	28,135
Administrative Expenses	12,675	12,829	4,841	30,345
TOTAL DEDUCTIONS	<u>777,738</u>	<u>544,788</u>	<u>391,161</u>	<u>1,713,687</u>
CHANGE IN NET ASSETS				
Benefit Pension Plans	(3,239,652)	(1,938,586)	(1,225,053)	(6,403,291)
Disability Plan	--	--	5,235	5,235
Death Benefit Plan	--	--	(642)	(642)
TOTAL CHANGE IN NET ASSETS	<u>(3,239,652)</u>	<u>(1,938,586)</u>	<u>(1,220,460)</u>	<u>(6,398,698)</u>
Net Assets Held in Trust for Pension and Other Employee Benefits, July 1				
Benefit Pension Plans	13,619,446	9,083,168	6,923,931	29,626,545
Disability Plan	--	--	39,636	39,636
Death Benefit Plan	--	--	22,095	22,095
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS, JUNE 30	<u>\$ 10,379,794</u>	<u>\$ 7,144,582</u>	<u>\$ 5,765,202</u>	<u>\$ 23,289,578</u>

CITY OF LOS ANGELES

Combining Statement of Fiduciary Net Assets
 Other Employee Benefits Trust Funds
 June 30, 2009
 (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
ASSETS				
Cash and Pooled Investments	\$ 69	\$ 127	\$ 26	\$ 222
Receivables:				
Contributions	--	--	93	93
Accrued Investment Income	2,372	4,563	2,630	9,565
Other Receivables	--	1,120	--	1,120
Due from Brokers	8,449	7,297	126,320	142,066
Other Investments:				
Temporary	18,381	38,787	18,086	75,254
U. S. Government Agencies Securities	51,614	35,976	69,509	157,099
Domestic Corporate Bonds	96,134	118,919	80,491	295,544
International Bonds	709	22,757	--	23,466
Opportunistic Debt	--	12,657	--	12,657
Domestic Stocks	229,002	373,400	359,445	961,847
International Stocks	101,343	180,612	--	281,955
Mortgage-backed Securities	--	68,278	242,453	310,731
Real Estate	54,548	63,890	--	118,438
Venture Capital and Alternative Investments	60,797	92,996	881	154,674
Security Lending Collateral	14,859	177,466	49,248	241,573
Capital Assets				
Furniture, Fixtures and Equipment (Net of Accumulated Depreciation of \$52)	--	43	--	43
TOTAL ASSETS	638,277	1,198,888	949,182	2,786,347
LIABILITIES				
Accounts Payable and Accrued Expenses	345	3,306	715	4,366
Benefits in Process of Payment	264	--	--	264
Due to Brokers	10,520	19,710	158,655	188,885
Obligations Under Securities				
Lending Transactions	14,859	177,466	49,248	241,573
Mortgage Loan Payable - Current	826	--	--	826
Mortgage Loan Payable - Noncurrent	14,880	--	--	14,880
TOTAL LIABILITIES	41,694	200,482	208,618	450,794
NET ASSETS				
Held in Trust for Postemployment Healthcare Benefits	<u>\$ 596,583</u>	<u>\$ 998,406</u>	<u>\$ 740,564</u>	<u>\$ 2,335,553</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, 2009
(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
ADDITIONS				
Contributions				
Employer	\$ 88,179	\$ 95,122	\$ 159,819	\$ 343,120
Other	215	--	--	215
Total Contributions	<u>88,394</u>	<u>95,122</u>	<u>159,819</u>	<u>343,335</u>
Investment Income				
Net Depreciation in Fair Value of Investments	(165,998)	(340,492)	(95,514)	(602,004)
Interest Income	6,642	16,649	16,649	39,940
Dividend Income	8,496	12,736	--	21,232
Securities Lending Income	250	2,273	520	3,043
Other Investment Income	522	742	--	1,264
Real Estate Operating Income, Net	632	1,536	--	2,168
Investment Loss	(149,456)	(306,556)	(78,345)	(534,357)
Investment Management Expense	(2,781)	(2,450)	(590)	(5,821)
Securities Lending Expense	(77)	(328)	(245)	(650)
Net Investment Loss	<u>(152,314)</u>	<u>(309,334)</u>	<u>(79,180)</u>	<u>(540,828)</u>
TOTAL ADDITIONS	<u>(63,920)</u>	<u>(214,212)</u>	<u>80,639</u>	<u>(197,493)</u>
DEDUCTIONS				
Benefit Payments	77,501	73,839	59,413	210,753
Administrative Expenses	687	2,569	299	3,555
TOTAL DEDUCTIONS	<u>78,188</u>	<u>76,408</u>	<u>59,712</u>	<u>214,308</u>
CHANGE IN NET ASSETS	(142,108)	(290,620)	20,927	(411,801)
Net Assets Held in Trust for Postemployment Healthcare Benefits, July 1	<u>738,691</u>	<u>1,289,026</u>	<u>719,637</u>	<u>2,747,354</u>
NET ASSETS HELD IN TRUST FOR POSTEMPLOYMENT HEALTHCARE BENEFITS, JUNE 30	<u>\$ 596,583</u>	<u>\$ 998,406</u>	<u>\$ 740,564</u>	<u>\$ 2,335,553</u>

CITY OF LOS ANGELES

Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2009
 (amounts expressed in thousands)

	Building and Safety	Internal Revenue Code Section 501 (c) Employee Benefits	Public Works	Other Agency Funds	Total
ASSETS					
Cash and Pooled Investments	\$ 12,770	\$ 15,932	\$ 34,766	\$ 209,030	\$ 272,498
Other Investments	--	--	--	2,074	2,074
Special Assessments Receivable	--	--	--	2,036	2,036
Investment Income Receivable	--	184	--	64	248
Advances to Other Funds	--	--	36,256	--	36,256
TOTAL ASSETS	<u>\$ 12,770</u>	<u>\$ 16,116</u>	<u>\$ 71,022</u>	<u>\$ 213,204</u>	<u>\$ 313,112</u>
LIABILITIES					
Fiduciary Liabilities	\$ --	\$ 16,116	\$ --	\$ 189,632	\$ 205,748
Deposits and Advances	12,770	--	71,022	23,572	107,364
TOTAL LIABILITIES	<u>\$ 12,770</u>	<u>\$ 16,116</u>	<u>\$ 71,022</u>	<u>\$ 213,204</u>	<u>\$ 313,112</u>

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>BUILDING AND SAFETY</u>				
ASSETS				
Cash and Pooled Investments	\$ 14,926	\$ 36,875	\$ 39,031	\$ 12,770
LIABILITIES				
Deposits and Advances	\$ 14,926	\$ 36,875	\$ 39,031	\$ 12,770
<u>INTERNAL REVENUE CODE SECTION 501(c)</u>				
<u>EMPLOYEE BENEFITS</u>				
ASSETS				
Cash and Pooled Investments	\$ 29,658	\$ 267,826	\$ 281,552	\$ 15,932
Investment Income Receivable	286	184	286	184
TOTAL ASSETS	\$ 29,944	\$ 268,010	\$ 281,838	\$ 16,116
LIABILITIES				
Fiduciary Liabilities	\$ 25,957	\$ 268,010	\$ 277,851	\$ 16,116
Obligations Under Securities Lending Transactions	3,987	--	3,987	--
TOTAL LIABILITIES	\$ 29,944	\$ 268,010	\$ 281,838	\$ 16,116
<u>PUBLIC WORKS</u>				
ASSETS				
Cash and Pooled Investments	\$ 71,326	\$ 64,034	\$ 100,594	\$ 34,766
Advances to Other Funds	15,414	48,294	27,452	36,256
TOTAL ASSETS	\$ 86,740	\$ 112,328	\$ 128,046	\$ 71,022
LIABILITIES				
Deposits and Advances	\$ 86,740	\$ 112,328	\$ 128,046	\$ 71,022
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 236,893	\$ 22,970,588	\$ 22,998,451	\$ 209,030
Other Investments	2,074	--	--	2,074
Special Assessments Receivable	2,377	2,036	2,377	2,036
Investment Income Receivable	71	64	71	64
TOTAL ASSETS	\$ 241,415	\$ 22,972,688	\$ 23,000,899	\$ 213,204
LIABILITIES				
Fiduciary Liabilities	\$ 227,750	\$ 22,741,163	\$ 22,779,281	\$ 189,632
Obligations Under Securities Lending Transactions	1,461	--	1,461	--
Deposits and Advances	12,204	231,525	220,157	23,572
TOTAL LIABILITIES	\$ 241,415	\$ 22,972,688	\$ 23,000,899	\$ 213,204

Continued...

CITY OF LOS ANGELES

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds - (Continued)
 For the Fiscal Year Ended June 30, 2009
 (amounts expressed in thousands)

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Pooled Investments	\$ 352,803	\$ 23,339,323	\$ 23,419,628	\$ 272,498
Other Investments	2,074	--	--	2,074
Special Assessments Receivable	2,377	2,036	2,377	2,036
Investment Income Receivable	357	248	357	248
Advances to Other Funds	15,414	48,294	27,452	36,256
TOTAL ASSETS	\$ 373,025	\$ 23,389,901	\$ 23,449,814	\$ 313,112
LIABILITIES				
Fiduciary Liabilities	\$ 253,707	\$ 23,009,173	\$ 23,057,132	\$ 205,748
Obligations Under Securities				
Lending Transactions	5,448	--	5,448	--
Deposits and Advances	113,870	380,728	387,234	107,364
TOTAL LIABILITIES	\$ 373,025	\$ 23,389,901	\$ 23,449,814	\$ 313,112

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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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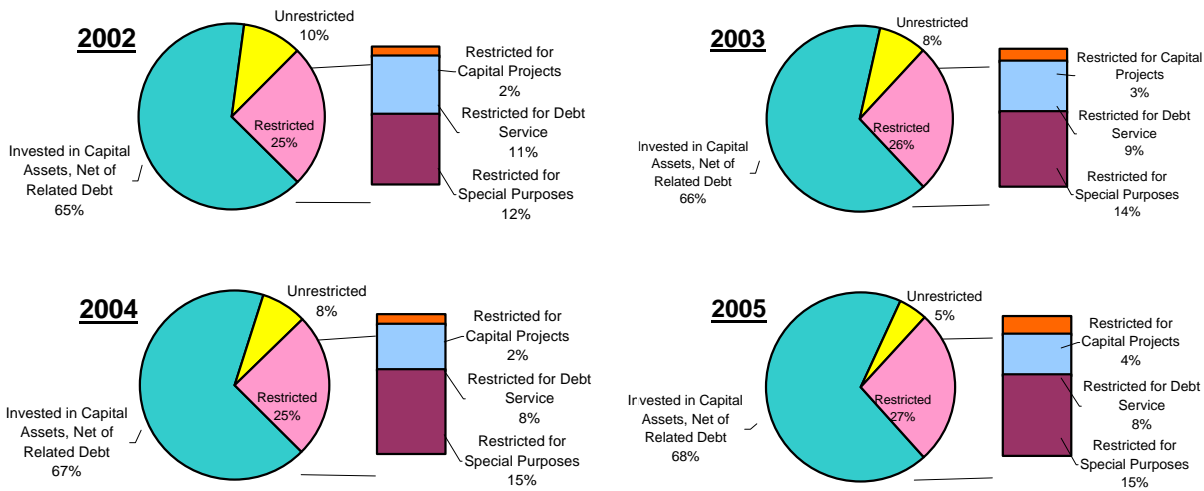
CITY OF LOS ANGELES

Net Assets by Category
Accrual Basis of Accounting
Last Eight Fiscal Years
(amounts expressed in thousands)

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 622,648	\$ 730,518	\$ 1,111,107	\$ 1,562,198
Restricted for:				
Capital Projects	160,466	178,644	152,433	94,725
Debt Service	112,385	155,079	176,584	195,334
Special Purposes	1,252,914	1,213,893	1,229,977	1,270,095
Unrestricted (Deficit)	(781,035)	(663,132)	(1,061,469)	(1,192,219)
Subtotal Governmental Activities Net Assets	1,367,378	1,615,002	1,608,632	1,930,133
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	7,655,053	7,996,013	8,317,620	8,405,535
Restricted for:				
Capital Projects	99,178	182,333	135,418	449,970
Debt Service	1,239,689	1,107,830	952,828	917,973
Special Purposes	337,632	643,609	815,979	915,466
Unrestricted	2,099,497	1,764,334	2,153,319	1,936,039
Subtotal Business-type Activities Net Assets	11,431,049	11,694,119	12,375,164	12,624,983
Primary Government				
Invested in Capital Assets, Net of Related Debt	8,277,701	8,726,531	9,428,727	9,967,733
Restricted for:				
Capital Projects	259,644	360,977	287,851	544,695
Debt Service	1,352,074	1,262,909	1,129,412	1,113,307
Special Purposes	1,590,546	1,857,502	2,045,956	2,185,561
Unrestricted	1,318,462	1,101,202	1,091,850	743,820
Total Primary Government Net Assets	\$12,798,427	\$13,309,121	\$13,983,796	\$14,555,116

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Primary Government- Net Assets by Category



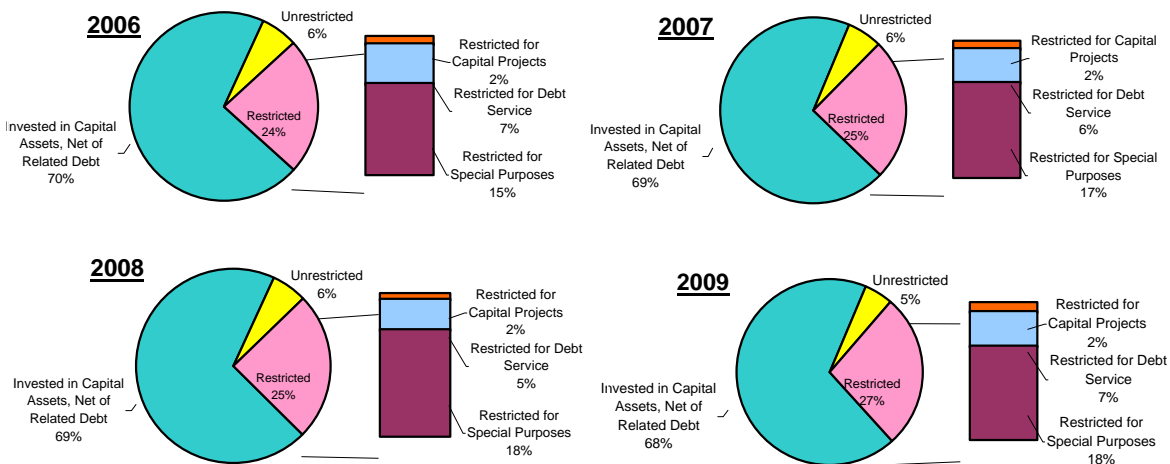
CITY OF LOS ANGELES

Net Assets by Category
Accrual Basis of Accounting (Continued)
Last Eight Fiscal Years
(amounts expressed in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 2,946,666	\$ 3,189,365	\$ 3,415,049	\$ 3,633,548
Restricted for:				
Capital Projects	104,715	123,082	132,583	138,237
Debt Service	231,421	237,597	209,072	216,751
Special Purposes	1,419,754	1,582,551	1,736,490	1,639,594
Unrestricted (Deficit)	<u>(1,019,029)</u>	<u>(1,223,123)</u>	<u>(1,455,537)</u>	<u>(1,707,447)</u>
Subtotal Governmental Activities Net Assets	<u>3,683,527</u>	<u>3,909,472</u>	<u>4,037,657</u>	<u>3,920,683</u>
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	8,777,029	8,974,991	9,372,493	9,148,381
Restricted for:				
Capital Projects	163,951	178,955	115,428	274,711
Debt Service	875,761	837,414	758,318	1,044,956
Special Purposes	1,102,949	1,375,876	1,606,749	1,750,093
Unrestricted	<u>2,103,362</u>	<u>2,311,450</u>	<u>2,527,916</u>	<u>2,657,431</u>
Subtotal Business-type Activities Net Assets	<u>13,023,052</u>	<u>13,678,686</u>	<u>14,380,904</u>	<u>14,875,572</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	11,723,695	12,164,356	12,787,542	12,781,929
Restricted for:				
Capital Projects	268,666	302,037	248,011	412,948
Debt Service	1,107,182	1,075,011	967,390	1,261,707
Special Purposes	2,522,703	2,958,427	3,343,239	3,389,687
Unrestricted	<u>1,084,333</u>	<u>1,088,327</u>	<u>1,072,379</u>	<u>949,984</u>
Total Primary Government Net Assets	<u>\$16,706,579</u>	<u>\$17,588,158</u>	<u>\$18,418,561</u>	<u>\$18,796,255</u>

Note: Data not available prior to fiscal year 2002

Primary Government- Net Assets by Category



CITY OF LOS ANGELES

**Changes in Net Assets
Accrual Basis of Accounting
Last Eight Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental Activities				
General Government	\$ 895,429	\$ 1,055,535	\$ 1,362,157	\$ 1,220,826
Protection of Persons and Property	1,965,190	1,761,748	1,965,205	2,156,914
Public Works	314,299	320,230	224,080	337,627
Health and Sanitation	316,980	293,573	334,229	298,777
Transportation	237,882	294,116	253,560	202,952
Cultural and Recreational Services	339,181	320,123	338,860	413,344
Community Development	501,467	336,611	404,800	318,119
Interest on Long-term Debt	128,043	142,946	142,758	181,113
Subtotal Governmental Activities Expenses	<u>4,698,471</u>	<u>4,524,882</u>	<u>5,025,649</u>	<u>5,129,672</u>
Business-type Activities				
Airports	485,848	508,649	564,131	599,483
Harbor	208,811	291,451	272,273	284,567
Power	2,038,255	2,068,098	2,178,837	2,233,084
Water	502,956	553,916	575,941	525,152
Sewer	432,123	477,630	444,973	480,392
Other- Convention Center	36,519	35,823	36,031	34,371
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>
Total Primary Government Expenses	<u>8,402,983</u>	<u>8,460,449</u>	<u>9,097,835</u>	<u>9,286,721</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	176,802	269,016	244,329	254,101
Protection of Persons and Property	254,436	263,394	226,009	281,451
Public Works	136,696	124,291	146,771	144,037
Health and Sanitation	182,446	190,243	211,981	242,681
Transportation	63,737	66,639	71,028	65,729
Cultural and Recreational Services	85,076	90,695	93,965	98,808
Community Development	42,315	46,257	74,237	64,435
Operating Grants and Contributions	821,688	744,819	677,536	710,146
Capital Grants and Contributions	86,989	91,041	56,657	81,402
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>
Business-type Activities				
Charges for Services				
Airports	566,969	622,877	679,063	736,535
Harbor	306,024	359,103	354,754	379,637
Power	2,416,840	2,295,357	2,401,011	2,378,108
Water	562,267	571,893	601,504	579,134
Sewer	402,779	425,951	430,263	437,996
Other- Convention Center	22,832	22,224	19,885	20,409
Operating Grants and Contributions	17,685	25,512	18,931	11,971
Capital Grants and Contributions	193,780	87,656	92,640	53,276
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>
Total Primary Government Program Revenues	<u>6,339,361</u>	<u>6,296,968</u>	<u>6,400,564</u>	<u>6,539,856</u>

Continued...

CITY OF LOS ANGELES

Changes in Net Assets
 Accrual Basis of Accounting - (Continued)
 Last Eight Fiscal Years
 (amounts expressed in thousands)

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental Activities				
General Government	\$ 921,672	\$ 1,429,922	\$ 1,570,377	\$ 1,507,318
Protection of Persons and Property	2,117,147	2,414,058	2,741,492	2,552,413
Public Works	374,293	300,817	261,917	451,141
Health and Sanitation	357,574	402,730	381,406	416,247
Transportation	286,741	367,198	392,748	406,464
Cultural and Recreational Services	336,264	382,523	446,051	413,119
Community Development	297,308	308,700	405,859	373,244
Interest on Long-term Debt	173,930	195,925	217,073	189,966
Subtotal Governmental Activities Expenses	<u>4,864,929</u>	<u>5,801,873</u>	<u>6,416,923</u>	<u>6,309,912</u>
Business-type Activities				
Airports	657,358	684,839	755,391	779,886
Harbor	340,656	326,368	342,148	382,168
Power	2,458,667	2,462,202	2,658,634	2,544,032
Water	543,574	605,181	704,529	762,802
Sewer	497,699	513,377	554,447	553,251
Other- Convention Center	34,939	35,741	38,753	38,718
Subtotal Business-type Activities Expenses	<u>4,532,893</u>	<u>4,627,708</u>	<u>5,053,902</u>	<u>5,060,857</u>
Total Primary Government Expenses	<u>9,397,822</u>	<u>10,429,581</u>	<u>11,470,825</u>	<u>11,370,769</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	250,111	256,524	260,540	278,800
Protection of Persons and Property	260,457	323,736	357,038	281,388
Public Works	138,345	160,213	173,774	166,387
Health and Sanitation	250,527	285,705	379,300	445,108
Transportation	76,785	79,961	90,588	94,832
Cultural and Recreational Services	133,073	130,399	116,853	119,180
Community Development	71,884	86,800	91,347	74,988
Operating Grants and Contributions	644,539	820,809	979,238	854,128
Capital Grants and Contributions	65,850	94,607	100,994	79,981
Subtotal Governmental Activities Program Revenues	<u>1,891,571</u>	<u>2,238,754</u>	<u>2,549,672</u>	<u>2,394,792</u>
Business-type Activities				
Charges for Services				
Airports	767,660	846,295	983,195	958,311
Harbor	433,223	458,785	467,161	424,036
Power	2,636,517	2,773,547	2,962,693	2,899,485
Water	614,620	698,773	777,110	798,664
Sewer	492,403	521,393	543,417	547,666
Other- Convention Center	24,261	26,449	26,162	26,798
Operating Grants and Contributions	17,281	11,776	10,490	--
Capital Grants and Contributions	130,885	150,991	201,299	153,142
Subtotal Business-type Activities Program Revenues	<u>5,116,850</u>	<u>5,488,009</u>	<u>5,971,527</u>	<u>5,808,102</u>
Total Primary Government Program Revenues	<u>7,008,421</u>	<u>7,726,763</u>	<u>8,521,199</u>	<u>8,202,894</u>

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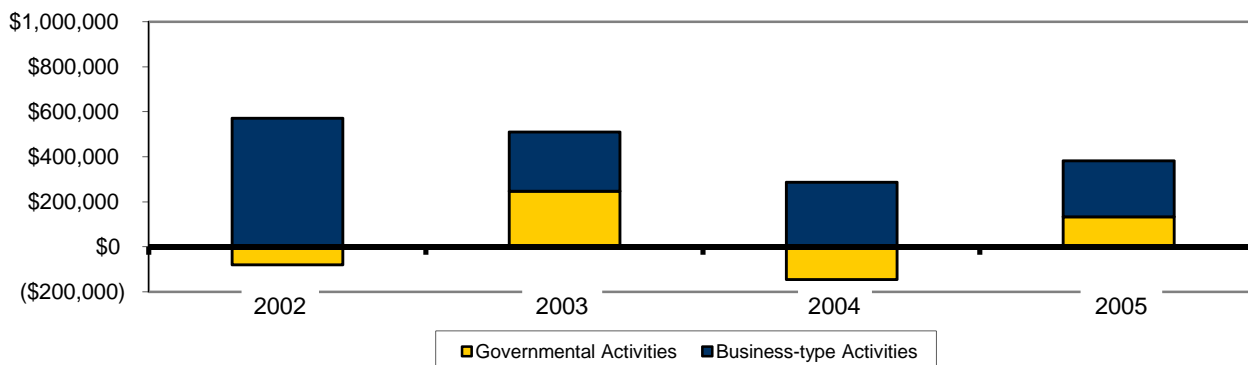
CITY OF LOS ANGELES

**Changes in Net Assets
Accrual Basis of Accounting - (Continued)
Last Eight Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year			
	2002	2003	2004	2005 ^(a)
Net (Expense)/Revenue				
Governmental Activities	\$(2,848,286)	\$(2,638,487)	\$(3,223,136)	\$(3,186,882)
Business-type Activities	784,664	475,006	525,865	440,017
Total Primary Government Net Expense	<u>(2,063,622)</u>	<u>(2,163,481)</u>	<u>(2,697,271)</u>	<u>(2,746,865)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property Taxes	742,602	787,048	884,665	1,236,559
Utility Users Taxes	476,416	521,148	572,018	578,542
Business Taxes	338,865	356,937	372,376	396,316
Other Taxes	306,798	335,779	417,714	447,397
Unrestricted Grants and Contributions				
Sales Taxes	343,953	367,112	381,090	303,954
Motor Vehicle In-lieu Taxes	212,413	219,694	176,853	90,944
Other Grants and Contributions	65,539	3,849	--	16,059
Unrestricted Investment Earnings	40,396	49,173	667	29,828
Other General Revenues	29,276	33,435	34,790	30,687
Transfers	213,152	211,936	238,237	190,198
Subtotal Governmental Activities	<u>2,769,410</u>	<u>2,886,111</u>	<u>3,078,410</u>	<u>3,320,484</u>
Business-type Activities				
Transfers	<u>(213,152)</u>	<u>(211,936)</u>	<u>(238,237)</u>	<u>(190,198)</u>
Total Primary Government General Revenues and Other Changes in Net Assets	<u>2,556,258</u>	<u>2,674,175</u>	<u>2,840,173</u>	<u>3,130,286</u>
Changes in Net Assets				
Governmental Activities	(78,876)	247,624	(144,726)	133,602
Business-type Activities	571,512	263,070	287,628	249,819
Total Primary Government Changes in Net Assets	<u>\$ 492,636</u>	<u>\$ 510,694</u>	<u>\$ 142,902</u>	<u>\$ 383,421</u>

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Changes in Net Assets



CITY OF LOS ANGELES

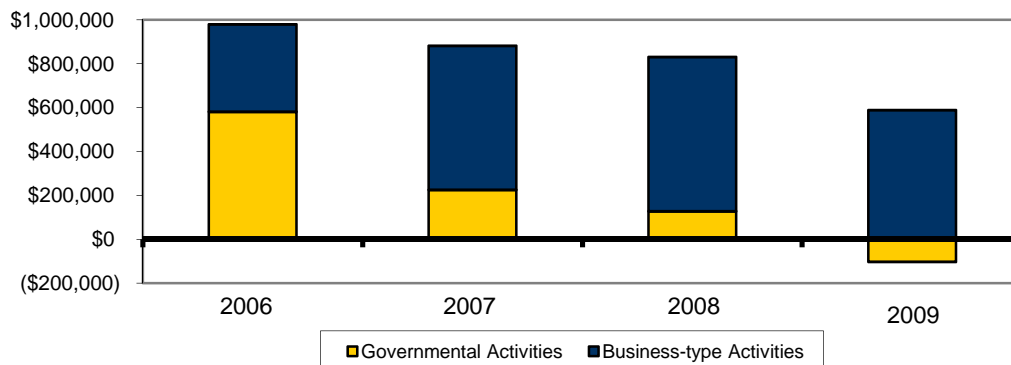
**Changes in Net Assets
Accrual Basis of Accounting - (Continued)
Last Eight Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year			
	2006	2007	2008	2009
Net (Expense)/Revenue				
Governmental Activities	\$(2,973,358)	\$(3,563,119)	\$(3,867,251)	\$(3,915,120)
Business-type Activities	583,957	860,301	917,625	747,245
Total Primary Government Net Expense	<u>(2,389,401)</u>	<u>(2,702,818)</u>	<u>(2,949,626)</u>	<u>(3,167,875)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property Taxes	1,377,063	1,501,605	1,602,386	1,714,892
Utility Users Taxes	606,617	606,624	631,716	646,165
Business Taxes	436,621	465,353	534,272	450,848
Other Taxes	521,451	512,410	497,455	399,851
Unrestricted Grants and Contributions				
Sales Taxes	329,169	333,386	337,313	300,585
Motor Vehicle In-lieu Taxes	24,120	24,568	--	13,764
Other Grants and Contributions	14,297	33,525	32,064	19,703
Unrestricted Investment Earnings	21,555	72,559	80,538	46,772
Other General Revenues	38,795	34,367	64,285	60,879
Transfers	185,888	204,667	215,407	159,150
Subtotal Governmental Activities	3,555,576	3,789,064	3,995,436	3,812,609
Business-type Activities				
Transfers	(185,888)	(204,667)	(215,407)	(159,150)
Total Primary Government General Revenues and Other Changes in Net Assets	<u>3,369,688</u>	<u>3,584,397</u>	<u>3,780,029</u>	<u>3,653,459</u>
Changes in Net Assets				
Governmental Activities	582,218	225,945	128,185	(102,511)
Business-type Activities	398,069	655,634	702,218	588,095
Total Primary Government Changes in Net Assets	<u>\$ 980,287</u>	<u>\$ 881,579</u>	<u>\$ 830,403</u>	<u>\$ 485,584</u>

Notes: Data not available prior to fiscal year 2002

^(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



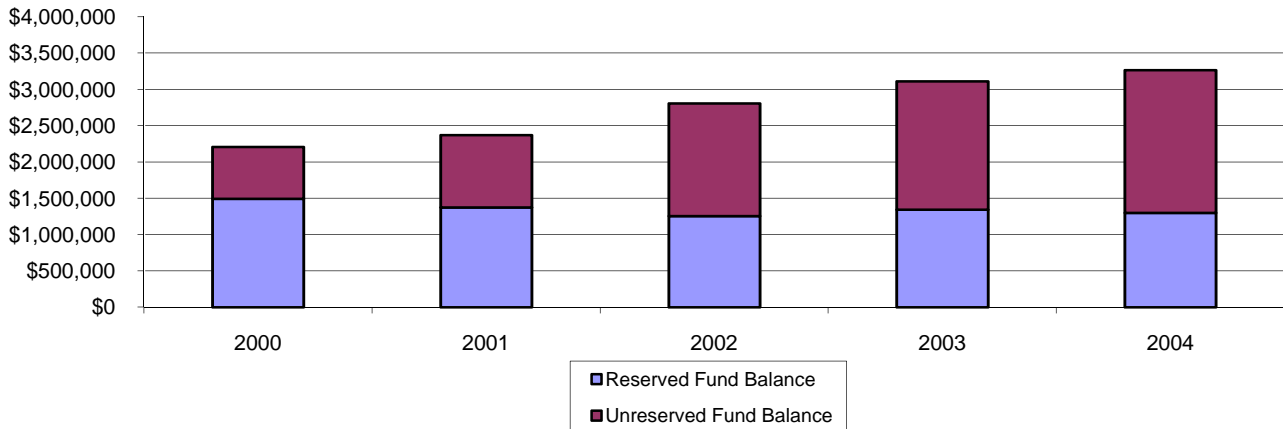
CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved for					
Encumbrances	\$ 93,339	\$ 126,970	\$ 122,132	\$ 105,309	\$ 110,727
Assets Not Available for Appropriation	35,292	35,499	35,598	40,795	36,410
Special Purposes	27,795	3,931	28,451	25,941	16,283
Unreserved					
Designated for Special Purposes	49,832	70,799	71,000	71,000	71,000
Undesignated	13,028	200,747	340,209	438,826	395,185
Subtotal General Fund	<u>219,286</u>	<u>437,946</u>	<u>597,390</u>	<u>681,871</u>	<u>629,605</u>
All Other Governmental Funds					
Reserved for					
Encumbrances	492,583	409,399	348,315	437,003	367,455
Assets Not Available for Appropriation	596,851	551,210	441,779	439,731	434,399
Debt Service	227,200	227,216	269,032	283,246	316,623
Special Purposes	20,381	18,512	12,316	12,358	16,143
Unreserved					
Undesignated - Special Revenue Funds	499,238	523,909	781,234	723,332	903,845
Undesignated - Capital Projects Funds	150,919	201,608	358,725	532,414	599,601
Subtotal All Other Governmental Funds	<u>1,987,172</u>	<u>1,931,854</u>	<u>2,211,401</u>	<u>2,428,084</u>	<u>2,638,066</u>
All Governmental Funds					
Reserved for					
Encumbrances	585,922	536,369	470,447	542,312	478,182
Assets Not Available for Appropriation	632,143	586,709	477,377	480,526	470,809
Debt Service	227,200	227,216	269,032	283,246	316,623
Special Purposes	48,176	22,443	40,767	38,299	32,426
Unreserved					
Designated for Special Purposes	49,832	70,799	71,000	71,000	71,000
Undesignated - General Fund	13,028	200,747	340,209	438,826	395,185
Undesignated - Special Revenue Funds	499,238	523,909	781,234	723,332	903,845
Undesignated - Capital Projects Funds	150,919	201,608	358,725	532,414	599,601
Total All Governmental Funds	<u><u>\$2,206,458</u></u>	<u><u>\$2,369,800</u></u>	<u><u>\$2,808,791</u></u>	<u><u>\$3,109,955</u></u>	<u><u>\$3,267,671</u></u>

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Fund Balances - Governmental Funds



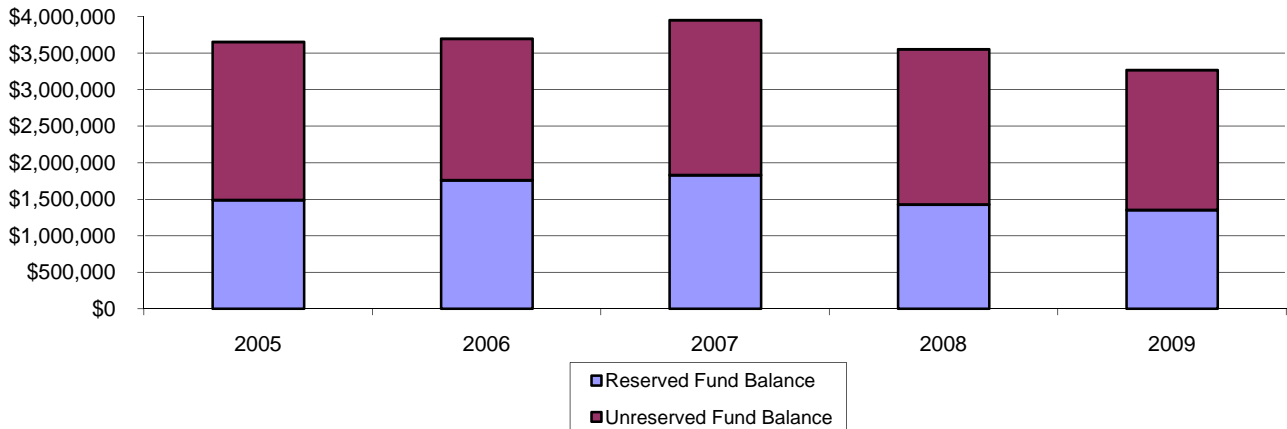
CITY OF LOS ANGELES

**Fund Balances - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved for					
Encumbrances	\$ 119,019	\$ 124,878	\$ 188,095	\$ 148,305	\$ 138,951
Assets Not Available for Appropriation	43,665	41,449	59,638	30,338	27,878
Special Purposes	68,001	47,860	24,866	601	168
Unreserved					
Designated for Special Purposes	88,942	118,468	132,039	162,827	159,784
Undesignated	489,964	452,735	303,272	255,876	156,670
Subtotal General Fund	809,591	785,390	707,910	597,947	483,451
All Other Governmental Funds					
Reserved for					
Encumbrances	486,248	761,633	659,443	395,720	339,626
Assets Not Available for Appropriation	416,559	407,069	449,744	474,137	484,975
Debt Service	344,081	361,151	423,367	370,973	356,501
Special Purposes	10,737	15,943	26,202	6,175	5,965
Unreserved					
Undesignated - Special Revenue Funds	759,517	867,988	1,174,152	1,233,120	1,090,202
Undesignated - Capital Projects Funds	826,907	497,408	513,551	476,333	507,807
Subtotal All Other Governmental Funds	2,844,049	2,911,192	3,246,459	2,956,458	2,785,076
All Governmental Funds					
Reserved for					
Encumbrances	605,267	886,511	847,538	544,025	478,577
Assets Not Available for Appropriation	460,224	448,518	509,382	504,475	512,853
Debt Service	344,081	361,151	423,367	370,973	356,501
Special Purposes	78,738	63,803	51,068	6,776	6,133
Unreserved					
Designated for Special Purposes	88,942	118,468	132,039	162,827	159,784
Undesignated - General Fund	489,964	452,735	303,272	255,876	156,670
Undesignated - Special Revenue Funds	759,517	867,988	1,174,152	1,233,120	1,090,202
Undesignated - Capital Projects Funds	826,907	497,408	513,551	476,333	507,807
Total All Governmental Funds	\$3,653,640	\$3,696,582	\$3,954,369	\$3,554,405	\$3,268,527

Notes: 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.

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				
	2000	2001	2002	2003	2004
Revenues					
Taxes	\$2,179,666	\$2,379,053	\$2,226,701	\$2,373,673	\$2,625,489
Licenses and Permits	38,452	36,798	38,779	40,969	39,627
Intergovernmental	761,005	836,890	997,165	935,583	884,704
Charges for Services	727,547	732,499	786,129	825,400	892,501
Fines	113,201	114,547	114,078	131,760	123,226
Special Assessments	86,568	94,253	93,156	92,568	97,429
Investment Earnings	97,836	154,906	114,342	159,059	13,504
Other	61,976	62,688	52,200	67,306	91,689
Total Revenues	<u>4,066,251</u>	<u>4,411,634</u>	<u>4,422,550</u>	<u>4,626,318</u>	<u>4,768,169</u>
Expenditures					
General Government	617,360	745,560	694,363	966,212	985,796
Protection of Persons and Property	1,683,571	1,646,335	1,711,968	1,710,438	1,851,489
Public Works	300,083	358,485	370,208	334,346	308,973
Health and Sanitation	262,554	264,077	297,771	285,370	328,407
Transportation	210,258	218,526	232,925	243,193	259,665
Cultural and Recreational Services	239,514	249,891	265,641	276,949	294,594
Community Development	295,966	386,113	528,504	373,147	430,768
Capital Outlay	463,124	404,657	403,703	558,493	522,256
Debt Service:					
Principal	166,416	213,928	193,886	190,716	186,024
Interest	118,242	132,853	125,352	143,784	136,651
Cost of Issuance	1,598	1,766	5,353	14,387	5,057
Advance Refunding Loan Escrow	--	1,494	--	23,076	3,253
Total Expenditures	<u>4,358,686</u>	<u>4,623,685</u>	<u>4,829,674</u>	<u>5,120,111</u>	<u>5,312,933</u>
Excess (Deficit) of Revenues over Expenditures	<u>(292,435)</u>	<u>(212,051)</u>	<u>(407,124)</u>	<u>(493,793)</u>	<u>(544,764)</u>
Other Financing Sources (Uses)					
Issuance of Long-term Debt	171,955	168,715	484,370	518,615	468,135
Discount on Issuance of Long-term Debt	--	(5,742)	--	--	--
Premium on Issuance of Long-term Debt	539	--	15,679	23,867	25,522
Issuance of Refunding Bonds	--	49,440	54,280	583,950	77,345
Premium on Issuance of Refunding Bonds	--	405	2,823	13,031	4,736
Payment to Refunded Bond Escrow Agent	--	--	--	--	--
Proceeds of Refunding Loan	--	--	--	--	--
Payment for Current Refunding of Loan	--	--	--	--	--
Loans from HUD	22,160	2,400	5,990	2,095	23,895
Transfers In	568,970	612,204	717,817	711,012	745,533
Transfers Out	(429,073)	(465,558)	(504,665)	(499,076)	(547,296)
Total Other Financing Sources (Uses)	<u>334,551</u>	<u>361,864</u>	<u>776,294</u>	<u>1,353,494</u>	<u>797,870</u>
Net Change in Fund Balances	<u>\$ 42,116</u>	<u>\$ 149,813</u>	<u>\$ 369,170</u>	<u>\$ 859,701</u>	<u>\$ 253,106</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>7.3%</u>	<u>8.3%</u>	<u>7.2%</u>	<u>8.0%</u>	<u>7.0%</u>

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				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$2,960,621	\$3,259,718	\$3,407,996	\$3,480,296	\$3,506,089
Licenses and Permits	46,979	55,260	59,443	61,047	51,084
Intergovernmental	773,137	649,969	775,771	852,376	838,722
Charges for Services	966,187	1,031,895	1,134,205	1,254,704	1,375,875
Fines	136,761	132,574	150,059	154,600	156,211
Special Assessments	95,293	97,193	100,872	103,782	104,149
Investment Earnings	102,198	71,714	231,677	255,254	134,830
Other	73,136	81,227	101,009	134,564	114,336
Total Revenues	<u>5,154,312</u>	<u>5,379,550</u>	<u>5,961,032</u>	<u>6,296,623</u>	<u>6,281,296</u>
Expenditures					
General Government	1,033,826	1,102,270	1,243,090	1,268,572	1,339,379
Protection of Persons and Property	1,944,897	2,089,451	2,366,956	2,573,006	2,599,294
Public Works	334,381	357,695	373,107	379,026	422,994
Health and Sanitation	321,322	348,258	373,644	398,152	467,392
Transportation	268,801	276,616	306,853	357,301	361,371
Cultural and Recreational Services	294,423	334,671	351,536	387,727	376,869
Community Development	345,368	322,683	347,319	435,768	402,152
Capital Outlay	472,648	547,787	730,117	934,999	641,363
Debt Service:					
Principal	219,144	241,142	340,091	391,585	495,258
Interest	166,367	177,756	181,677	206,675	188,552
Cost of Issuance	2,744	2,053	5,745	2,604	6,285
Advance Refunding Loan Escrow	--	1,878	--	41,311	--
Total Expenditures	<u>5,403,921</u>	<u>5,802,260</u>	<u>6,620,135</u>	<u>7,376,726</u>	<u>7,300,909</u>
Excess (Deficit) of Revenues over Expenditures	<u>(249,609)</u>	<u>(422,710)</u>	<u>(659,103)</u>	<u>(1,080,103)</u>	<u>(1,019,613)</u>
Other Financing Sources (Uses)					
Issuance of Long-term Debt	377,140	268,750	695,488	461,035	530,225
Discount on Issuance of Long-term Debt	--	--	--	--	(1,168)
Premium on Issuance of Long-term Debt	15,944	9,740	15,138	3,596	6,517
Issuance of Refunding Bonds	49,395	73,080	--	--	253,060
Premium on Issuance of Refunding Bonds	1,497	4,786	--	--	221
Payment to Refunded Bond Escrow Agent	--	--	--	--	(239,201)
Proceeds of Refunding Loan	--	--	--	24,110	--
Payment for Current Refunding of Loan	--	--	--	(24,110)	--
Loans from HUD	14,400	1	--	--	25,408
Transfers In	775,697	828,604	1,058,449	1,021,078	1,088,358
Transfers Out	(545,499)	(642,716)	(853,782)	(805,671)	(929,208)
Total Other Financing Sources (Uses)	<u>688,574</u>	<u>542,245</u>	<u>915,293</u>	<u>680,038</u>	<u>734,212</u>
Net Change in Fund Balances	<u>\$ 438,965</u>	<u>\$ 119,535</u>	<u>\$ 256,190</u>	<u>\$ (400,065)</u>	<u>\$ (285,401)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>7.8%</u>	<u>8.1%</u>	<u>8.9%</u>	<u>9.9%</u>	<u>10.3%</u>

Notes: Certain prior years' data were reclassified to conform to the fiscal year 2009 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.

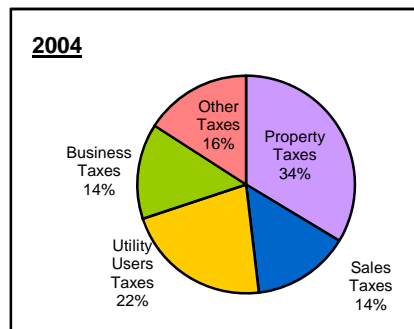
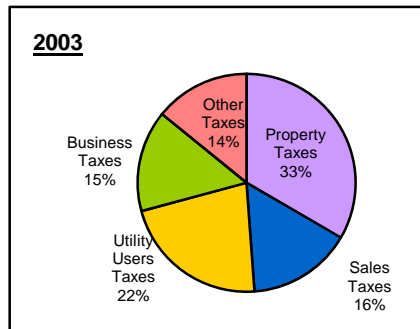
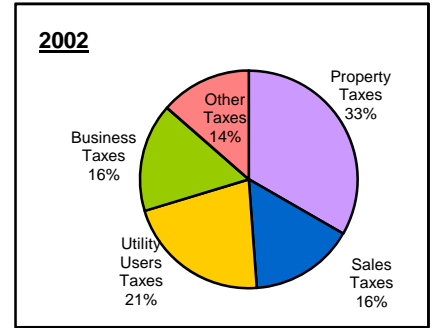
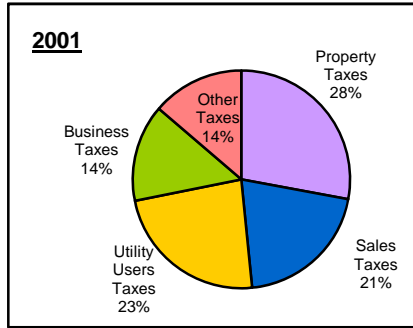
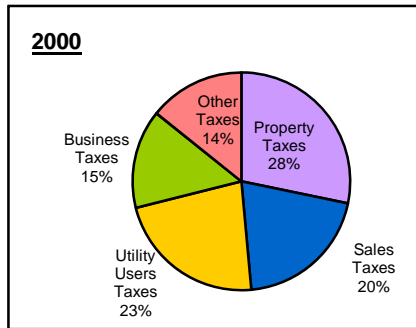
CITY OF LOS ANGELES

**Tax Revenues by Source - Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year				
	2000	2001^(a)	2002^(a)	2003	2004
Property Taxes	\$ 615,555	\$ 663,839	\$ 741,040	\$ 792,839	\$ 882,531
Sales Taxes	442,148	488,658	346,302	367,112	381,090
Utility Users Taxes	491,881	556,425	478,343	521,148	572,018
Business Taxes	319,231	344,170	358,865	356,937	372,376
Other Taxes	310,851	325,961	302,151	335,637	417,474
Total Revenues	\$2,179,666	\$2,379,053	\$2,226,701	\$2,373,673	\$2,625,489

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Tax Revenue By Source - Governmental Funds



CITY OF LOS ANGELES

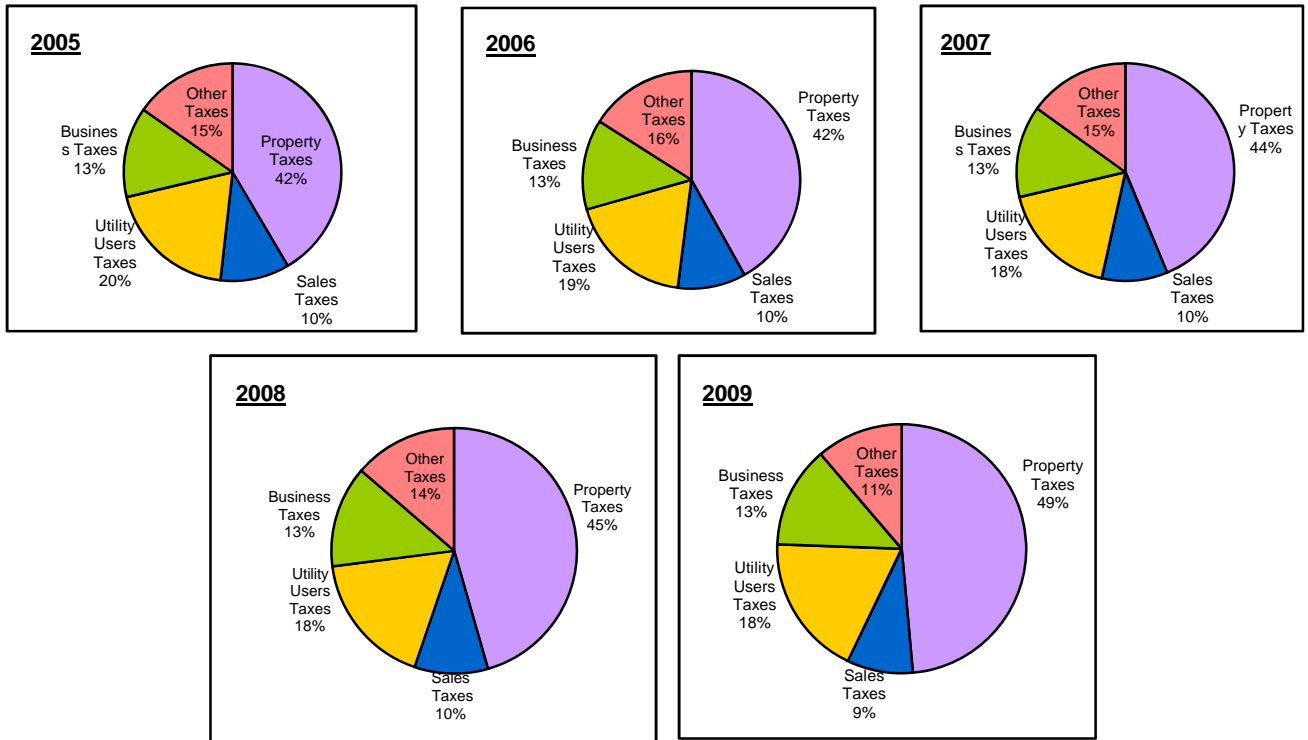
**Tax Revenues by Source - Governmental Funds
Modified Accrual Basis of Accounting - (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year					Change 2000 - 2009
	2005 ^(b)	2006	2007	2008	2009	
Property Taxes	\$1,229,381	\$1,365,860	\$1,490,223	\$1,585,229	\$1,702,884	177%
Sales Taxes	303,954	329,169	333,386	337,313	300,585	-32%
Utility Users Taxes	578,542	606,617	606,624	617,199	646,256	31%
Business Taxes	396,316	436,621	465,353	465,124	461,374	45%
Other Taxes	452,428	521,451	512,410	475,431	394,990	27%
Total Revenues	\$2,960,621	\$3,259,718	\$3,407,996	\$3,480,296	\$3,506,089	61%

(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 ⁽¹⁾			Average Annual Growth	Total Direct Tax Rate ⁽³⁾ (per \$1,000 of assessed value)	Assessed Value Per Capita
	Real Property ⁽²⁾ (\$ 000's)	Personal Property (\$ 000's)	Total (\$ 000's)			
2000	\$ 185,780,706	\$ 15,107,113	\$ 200,887,819	6.92%	\$ 1.031113	\$ 55
2001	198,860,259	15,986,311	214,846,570	6.95%	1.026391	57
2002	212,651,362	17,490,449	230,141,811	7.12%	1.040051	60
2003	227,593,072	16,806,678	244,399,750	6.20%	1.042312	63
2004	246,906,688	16,640,805	263,547,493	7.83%	1.050574	68
2005	268,163,573	16,304,721	284,468,294	7.94%	1.055733	72
2006	296,325,286	16,343,009	312,668,295	9.91%	1.051289	79
2007	331,032,179	15,950,614	346,982,793	10.97%	1.045354	87
2008	363,755,025	17,398,206	381,153,231	9.85%	1.038051	95
2009	392,197,205	18,938,019	411,135,224	7.87%	1.038541	101

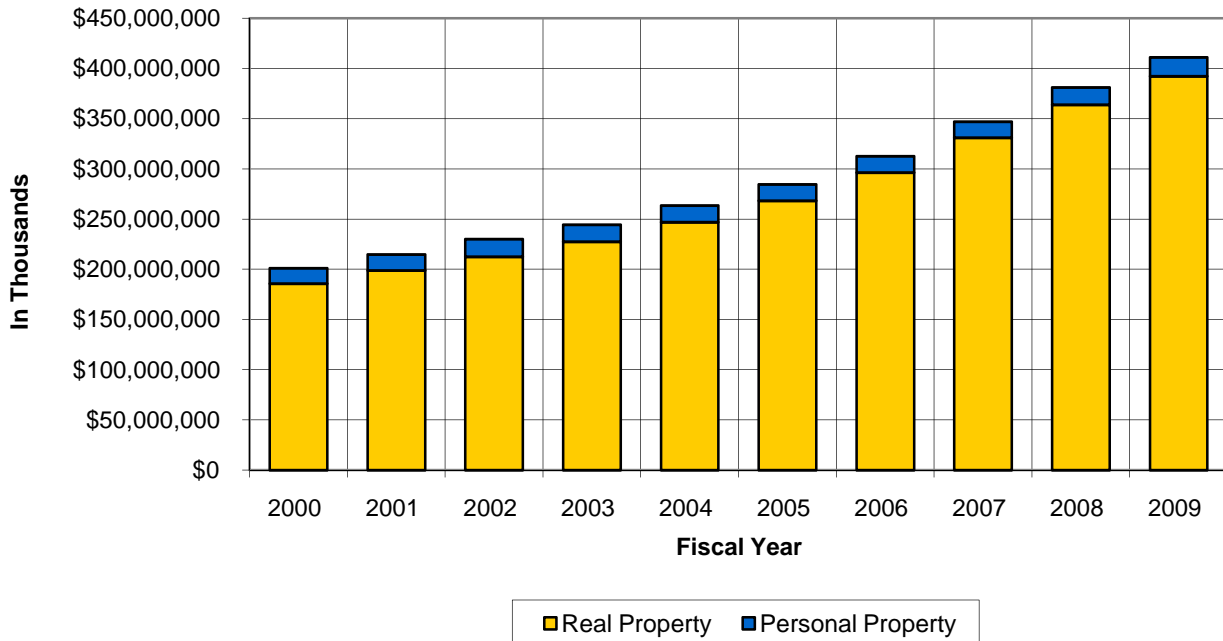
Source: Taxpayer's Guide - Auditor Controller, County of Los Angeles.

⁽¹⁾ Net of Homeowners' Exemption.

⁽²⁾ Assessed at 100% of estimated actual value.

⁽³⁾ Total Direct Tax Rate for Tax Rate Area # 4 is used as it applies to most properties within the City of Los Angeles. Since each property is subject to taxation by a number of taxing entities, the County groups all properties subject to taxation by the same entities into Tax Rate Areas (TRAs). There are over 274 TRAs in the City.

Total Assessed and Estimated Actual Value of Property



CITY OF LOS ANGELES

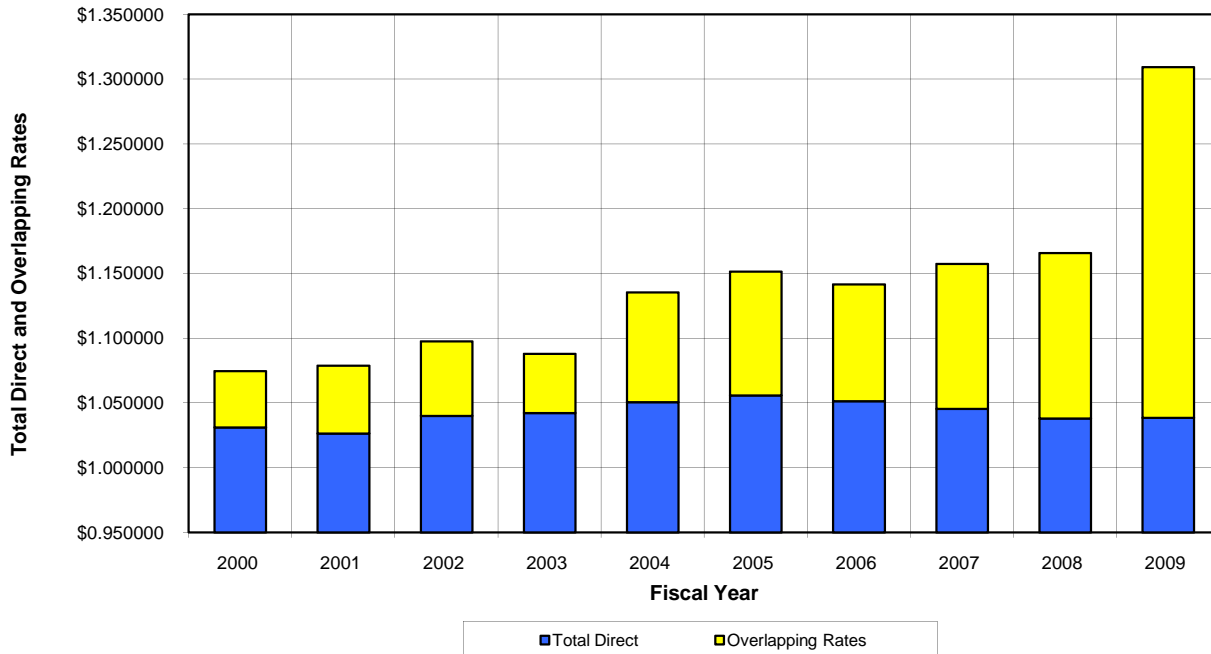
**Direct and Overlapping Property Tax Rates
Tax Rate Area No. 4 ^(a)
Last Ten Fiscal Years**

Fiscal Year	City Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Basic Rate	General Obligation Debt Service	Total Direct	Los Angeles County	L.A. Unified School District	L.A. Unified Flood Control District	Metropolitan Water District	
1999-00	\$ 1.000000	\$ 0.031113	\$ 1.031113	\$ 0.001422	\$ 0.031528	\$ 0.001765	\$ 0.008900	\$ 1.074728
2000-01	1.000000	0.026391	1.026391	0.001314	0.040765	0.001552	0.008800	1.078822
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

Source: Tax Rates, Los Angeles County Tax Collector.

^{a)} Tax Rate Area # 4 is used to illustrate the breakdown of a tax rate within the City and applies to most properties within the City of Los Angeles. Since each property is subject to taxation by a number of taxing entities, the County groups all properties subject to taxation by the same entities into Tax Rate Areas (TRAs). There are over 274 TRAs in the City.

Total City Direct and Overlapping Property Tax Rates



CITY OF LOS ANGELES

Ten Largest Property Taxpayers
Secured Assessed Valuation
Current and Nine Years Ago

Taxpayer	2009			2000		
	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	\$ 2,167,212,289	1	0.55 %	\$ 660,096,644	3	0.36 %
Anheuser Busch Inc	945,557,875	2	0.24	728,516,338	1	0.39
One Hundred Towers LLC	565,773,579	3	0.14	527,232,464	6	0.28
Arden Realty LP	474,123,632	4	0.12	433,697,222	8	0.23
Duesenberg Investment Company	469,684,090	5	0.12	--	--	--
Taubman-Beverly Center	447,466,946	6	0.11	--	--	--
Trizec 333 LA LLC	437,580,000	7	0.11	--	--	--
Century City Mall LLC	431,293,769	8	0.11	--	--	--
Topanga Plaza LP	430,593,417	9	0.11	--	--	--
Paramount Pictures Corp	416,123,939	10	0.11	--	--	--
Ultramar Inc	--	--	--	687,611,339	2	0.37
Shuwa Investments Corp	--	--	--	567,470,598	4	0.31
Tosco Corporation	--	--	--	544,435,372	5	0.29
Texaco Refining and Marketing Inc	--	--	--	451,640,049	7	0.24
Playa Capital Company LLC	--	--	--	401,707,674	9	0.22
MCA Inc	--	--	--	373,243,716	10	0.20
Total	<u>\$ 6,785,409,536</u>		<u>1.72 %</u>	<u>\$ 5,375,651,416</u>		<u>2.89 %</u>
Total City Secured Assessed Valuation	<u>\$ 392,147,329,618</u>			<u>\$ 185,614,217,680</u>		

Source: California Municipal Statistics Inc
Taxpayers' Guides, 2008-2009 and 1999-2000

CITY OF LOS ANGELES

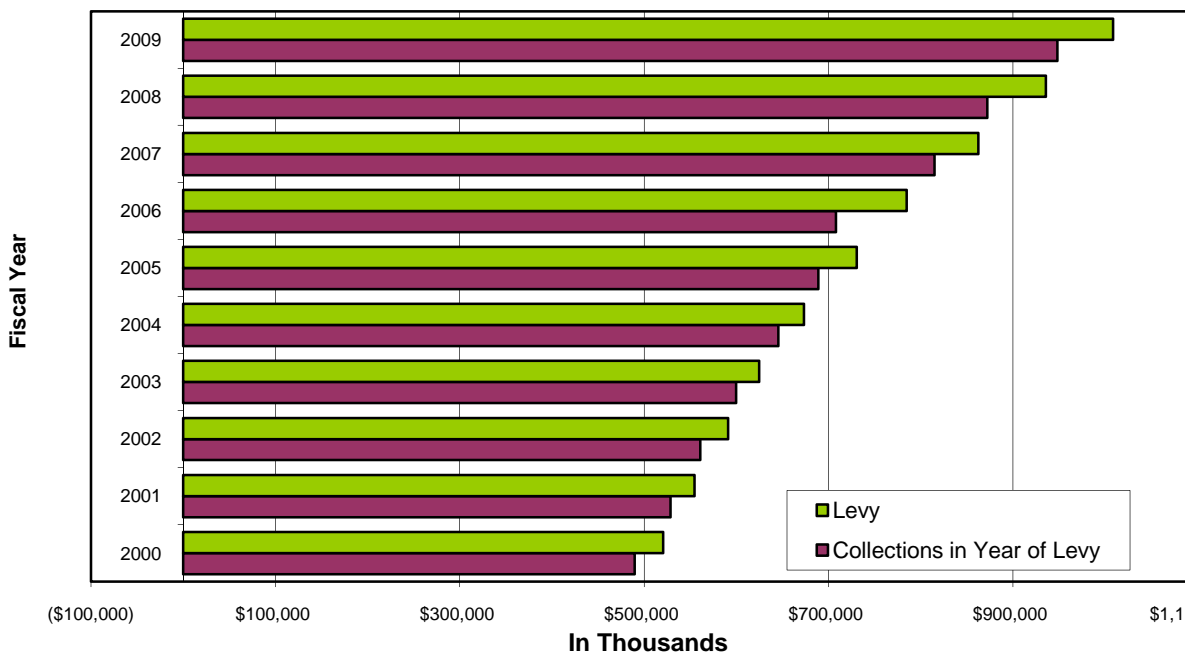
**Property Tax Levies and Collections
Last Ten Fiscal Years
(dollar amounts expressed in thousands)**

Fiscal Year	Total Tax Levy ^(a) for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^(b)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999-00	\$ 520,804	\$ 489,591	94.01%	\$ 21,793	\$ 511,384	98.19%
2000-01	554,825	528,543	95.26%	31,792	560,335	100.99%
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%

^(a) One percent basic levy only, which is a General Fund revenue; excludes City levy for debt service.

^(b) Includes collections on adjustments for undetermined prior fiscal year(s).

Property Tax Levies and Collections Within Fiscal Year of Levy



CITY OF LOS ANGELES

**Energy Sold by Type of Customer
Power Enterprise Fund
Last Ten Fiscal Years**

Fiscal Year	Sales of Energy (in thousands of megawatt hours)				Direct Rate per Kilowatt Hour	
	Commercial and			Total	Residential	Commercial and Industrial
	Residential	Industrial	All Other			
2000	6,372	15,399	5,464	27,235	0.10	0.09
2001	6,716	15,781	4,302	26,799	0.10	0.09
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

CITY OF LOS ANGELES

**Average Number of Customers for Energy Sales
Power Enterprise Fund
Last Ten Fiscal Years**

Fiscal Year	Average Number of Customers (in thousands)			
	Commercial and			Total
	Residential	Industrial	All Other	
2000	1,233	198	2	1,433
2001	1,261	189	2	1,452
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

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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
(dollar amounts expressed in thousands, except per capita)

Fiscal Year Ended June 30	Governmental Activities						
	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation	Special Assessment Bonds	Revenue Bonds	Notes Payable	HUD Loan
2000	\$ 551,220	\$ 121,500	\$ 829,100	\$ 14,400	\$ 682,300	\$ 700	\$ 157,200
2001	602,580	106,700	800,200	23,200	668,100	400	113,000
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

Continued...

CITY OF LOS ANGELES

**Ratios of Outstanding Debt By Type - (Continued)
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)**

Fiscal Year Ended June 30	Business-Type Activities					Total Primary Government	Percentage of Personal Income¹	Per Capita¹
	Revenue Bonds	Commercial Paper	Notes Payable	Loans Payable	Capital Leases			
2000	\$ 8,138,000	\$ 215,200	\$ 4,000	\$ 6,200	\$ 138,433	\$ 10,858,253	3.89%	\$ 2,939
2001	7,815,000	215,200	4,200	5,900	136,641	10,491,121	3.56%	2,801
2002	7,364,691	475,000	4,462	18,657	124,554	10,598,384	3.52%	2,786
2003	8,049,178	407,302	9,887	13,252	55,446	11,504,225	3.71%	2,984
2004	8,075,776	266,095	9,715	146,215	54,648	11,823,707	3.61%	3,031
2005	8,342,058	366,561	4,495	166,684	53,793	12,375,020	3.62%	3,148
2006	9,591,763	313,561	4,105	159,659	52,881	13,590,867	2.62%	3,429
2007	9,642,881	498,745	3,697	242,122	51,855	14,263,595	2.64%	3,579
2008	9,931,564	810,328	3,271	266,441	50,715	14,916,064	N/A	3,708
2009	11,557,118	446,989	2,826	255,723	49,518	16,243,834	N/A	3,995

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements beginning on page 121.

¹Population and personal income data can be found in the Statistical Section, Demographic and Economic Information.

N/A - Data not available

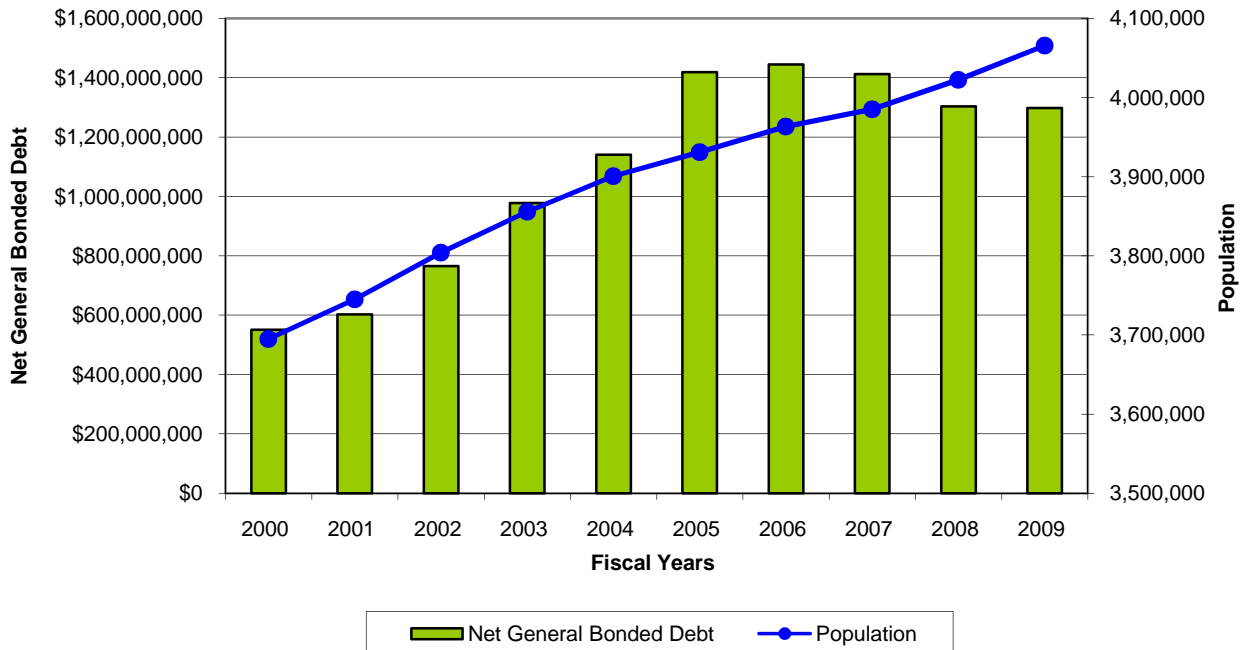
CITY OF LOS ANGELES

**Ratios of Net General Bonded Debt
to Assessed Value and Per Capita
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Net General Bonded Debt	Assessed Value⁽¹⁾	Net General Bonded Debt Ratio to Assessed Value	Population	Net General Bonded Debt Per Capita
2000	\$ 551,220,000	\$ 200,887,819,478	0.27%	3,694,742	\$ 149
2001	602,580,000	214,846,570,333	0.28%	3,744,931	161
2002	765,535,000	230,141,811,081	0.33%	3,804,052	201
2003	978,120,000	244,399,750,197	0.40%	3,855,838	254
2004	1,140,850,000	263,547,493,340	0.43%	3,900,448	292
2005	1,418,980,000	284,468,294,432	0.50%	3,930,931	361
2006	1,445,250,000	312,668,294,401	0.46%	3,963,146	365
2007	1,411,898,000	346,982,792,759	0.41%	3,985,099	354
2008	1,303,035,000	381,153,231,570	0.34%	4,022,450	324
2009	1,298,085,000	411,135,224,351	0.32%	4,065,585	319

⁽¹⁾ Net of homeowners exemptions.

Net General Bonded Debt and Population



CITY OF LOS ANGELES

**Direct and Overlapping Governmental Activities Debt
June 30, 2009**

	Debt Outstanding June 30, 2009	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt June 30, 2009
Debt repaid with property taxes			
Los Angeles Flood Control District	\$ 84,705,000	41.220 %	\$ 34,915,401
Metropolitan Water District of Southern California	293,425,000	20.481	60,096,374
Los Angeles Community College District	2,565,455,000	71.962	1,846,152,727
Beverly Hills Unified School District	198,769,540	0.187	371,699
Inglewood Unified School District	118,575,000	1.262	1,496,417
Las Virgenes Joint Unified School District	115,348,607	0.958	1,105,040
Los Angeles Unified School District	8,046,220,000	87.810	7,065,385,782
Los Angeles Unified School District State School Loan	285,328	87.810	250,547
Other School Districts	256,959,572	various	208,341
City of Los Angeles Community Facilities District Nos. 3 and 4	135,822,000	100.000	135,822,000
City of Los Angeles Assessment District No. 1	5,889,867	100.000	5,889,867
Mountains Recreation and Conservation Authority Assessment Districts	24,550,000	99.976 - 99.998	24,546,523
Los Angeles County Metropolitan Transit District Benefit Assessment Districts	22,170,000	100.000	22,170,000
Los Angeles County Regional Park and Open Space Assessment District	246,875,000	40.449	99,858,469
Other overlapping debt			
Los Angeles County General Fund Obligations	928,941,195	40.449	375,747,424
Los Angeles County Pension Obligations	235,690,861	40.449	95,334,596
Los Angeles County Superintendent of Schools Certificates of Participation	15,904,264	40.449	6,433,116
Los Angeles County Sanitation District Nos. 1, 3, 4, 5, 8 and 16 Authorities	124,614,381	0.001 - 15.355	9,405,552
Pasadena Area Community College District Certificates of Participation	2,890,000	0.001	29
Inglewood Unified School District Certificates of Participation	1,820,000	1.262	22,968
Las Virgenes Joint Unified School District Certificates of Participation	12,730,000	0.958	121,953
Los Angeles Unified School District Certificates of Participation	484,576,710	87.810	425,506,809
Less: Los Angeles Unified School District QZAB Bonds (supported by periodic payments to investment accounts)			<u>(28,276,348)</u>
Subtotal- overlapping debt			<u>10,182,565,286</u>
City of Los Angeles direct debt			
General Obligation Bonds			1,298,085,000
Special Assessment Bonds			27,685,000
Special Tax Obligation Bonds			98,945,000
Lease Obligation Bonds			1,884,395,000
Judgment Obligation Bonds			25,895,000
Subtotal- City of Los Angeles direct debt			<u>3,335,005,000</u>
Total direct and overlapping debt ⁽²⁾			<u><u>\$ 13,517,570,286</u></u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) 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
(dollar amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2000	2001	2002	2003	2004
Assessed Valuation Net of Homeowners' Exemptions	\$ 200,887,819	\$ 214,846,570	\$ 230,141,811	\$ 244,399,750	\$ 263,547,493
Add: Homeowners' Exemptions	<u>2,690,526</u>	<u>2,667,789</u>	<u>2,645,302</u>	<u>2,625,257</u>	<u>2,598,874</u>
Gross Assessed Valuation	<u><u>\$ 203,578,345</u></u>	<u><u>\$ 217,514,359</u></u>	<u><u>\$ 232,787,113</u></u>	<u><u>\$ 247,025,007</u></u>	<u><u>\$ 266,146,367</u></u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 30,536,752	\$ 32,627,154	\$ 34,918,067	\$ 37,053,751	\$ 39,921,955
Less: General Obligation Bonds Outstanding	<u>551,220</u>	<u>602,580</u>	<u>765,535</u>	<u>978,120</u>	<u>1,140,850</u>
Legal Debt Margin	<u><u>\$ 29,985,532</u></u>	<u><u>\$ 32,024,574</u></u>	<u><u>\$ 34,152,532</u></u>	<u><u>\$ 36,075,631</u></u>	<u><u>\$ 38,781,105</u></u>
Legal Debt Margin as a Percentage of the Debt Limit	98.19%	98.15%	97.81%	97.36%	97.14%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.27%	0.28%	0.33%	0.40%	0.43%
Population	3,694,742	3,744,931	3,804,052	3,855,838	3,900,448
General Obligation Bonds Outstanding Per Capita	\$149	\$161	\$201	\$254	\$292

Continued...

CITY OF LOS ANGELES

**Ratios of General Bonded Debt Outstanding and Legal Debt Margin - (Continued)
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Assessed Valuation Net of Homeowners' Exemptions	\$ 284,468,294	\$ 312,668,295	\$ 346,982,793	\$ 381,153,232	\$ 411,135,224
Add: Homeowners' Exemptions	<u>2,641,639</u>	<u>2,642,161</u>	<u>2,637,783</u>	<u>2,664,276</u>	<u>2,688,218</u>
Gross Assessed Valuation	<u><u>\$ 287,109,933</u></u>	<u><u>\$ 315,310,456</u></u>	<u><u>\$ 349,620,576</u></u>	<u><u>\$ 383,817,508</u></u>	<u><u>\$ 413,823,442</u></u>
Legal Debt Limit ^(a) (15% of assessed value)	\$ 43,066,490	\$ 47,296,568	\$ 52,443,086	\$ 57,572,626	\$ 62,073,516
Less: General Obligation Bonds Outstanding	<u>1,418,980</u>	<u>1,445,250</u>	<u>1,411,898</u>	<u>1,303,035</u>	<u>1,298,085</u>
Legal Debt Margin	<u><u>\$ 41,647,510</u></u>	<u><u>\$ 45,851,318</u></u>	<u><u>\$ 51,031,188</u></u>	<u><u>\$ 56,269,591</u></u>	<u><u>\$ 60,775,431</u></u>
Legal Debt Margin as a Percentage of the Debt Limit	96.71%	96.94%	97.31%	97.74%	97.91%
General Obligation Bonds Outstanding as a Percentage of Assessed Value	0.49%	0.46%	0.40%	0.34%	0.31%
Population	3,930,931	3,963,146	3,985,099	4,022,450	4,065,585
General Obligation Bonds Outstanding Per Capita	\$361	\$365	\$354	\$324	\$319

^(a) Debt limit provided in Section 43605 of the State of California Government Code.

CITY OF LOS ANGELES

**Pledged Revenue Coverage
Last Ten Fiscal Years
(dollar amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Operating Revenues ⁽¹⁾</u>	<u>Less: Operating Expenses ⁽²⁾</u>	<u>Net Available Revenue</u>	<u>Debt Service ⁽³⁾</u>	<u>Net Available Revenue Coverage</u>	<u>Net Operating Cash Flow</u>	<u>Net Operating Cash Flow Coverage ⁽⁴⁾</u>
<u>Airports Enterprise Fund Revenue Bonds and Notes</u>							
2000	\$ 464,932	\$ 320,202	\$ 144,730	\$ 53,299	2.7	\$ 159,993	3.0
2001	502,054	402,789	99,265	56,241	1.8	151,309	2.7
2002	488,360	361,015	127,345	46,054	2.8	105,275	2.3
2003	519,315	398,230	121,085	116,951	1.0	134,554	1.2
2004	561,377	442,263	119,114	46,435	2.6	33,285	0.7
2005	586,744	476,349	110,395	45,321	2.4	119,760	2.6
2006	632,394	520,433	111,961	44,511	2.5	73,404	1.6
2007	666,159	548,167	117,992	35,896	3.3	136,180	3.8
2008	784,830	595,408	189,422	39,802	4.8	196,534	4.9
2009	795,916	590,960	204,956	43,370	4.7	58,770	1.4
<u>Harbor Enterprise Fund Revenue Bonds and Notes</u>							
2000	\$ 249,089	\$ 83,994	\$ 165,095	\$ 53,336	3.1	\$ 167,228	3.1
2001	273,498	90,016	183,482	53,333	3.4	200,342	3.8
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
<u>Power Enterprise Fund Revenue Bonds and Notes</u>							
2000	\$ 2,508,213	\$ 1,636,106	\$ 872,107	\$ 369,659	2.4	\$ 775,215	2.1
2001	3,257,949	2,358,944	899,005	238,549	3.8	664,053	2.8
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

Continued...

CITY OF LOS ANGELES

**Pledged Revenue Coverage - (Continued)
Last Ten Fiscal Years
(dollar amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Operating Revenues ⁽¹⁾</u>	<u>Less: Operating Expenses ⁽²⁾</u>	<u>Net Available Revenue</u>	<u>Debt Service ⁽³⁾</u>	<u>Net Available Revenue Coverage</u>	<u>Net Operating Cash Flow</u>	<u>Net Operating Cash Flow Coverage ⁽⁴⁾</u>
<u>Water Enterprise Fund Revenue Bonds and Notes</u>							
2000	\$ 531,729	\$ 275,760	\$ 255,969	\$ 65,546	3.9	\$ 218,214	3.3
2001	555,840	324,563	231,277	64,124	3.6	190,160	3.0
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
<u>Sewer Enterprise Fund Revenue Bonds and Notes</u>							
2000	\$ 414,518	\$ 196,493	\$ 218,025	\$ 137,912	1.6	\$ 178,234	1.3
2001	441,235	179,898	261,337	139,545	1.9	235,733	1.7
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

- (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

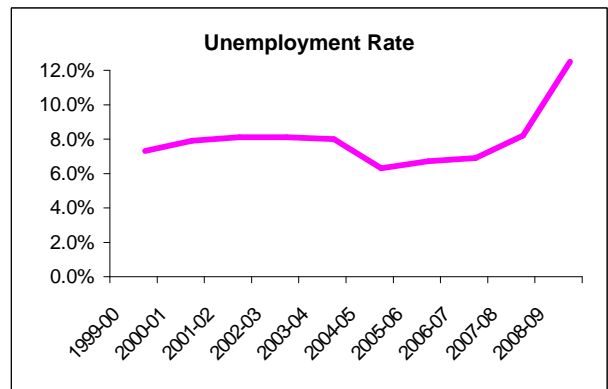
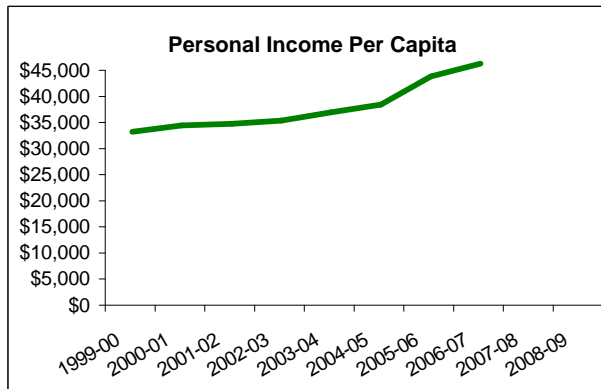
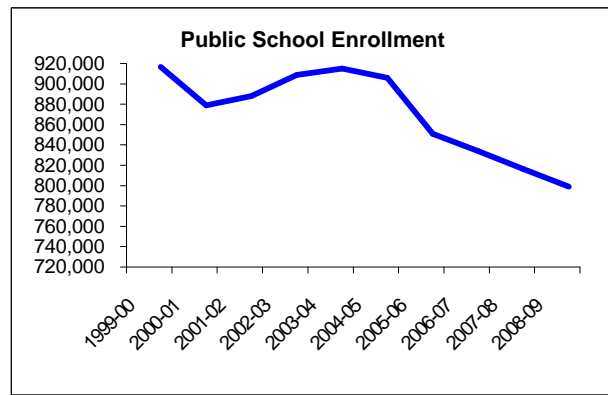
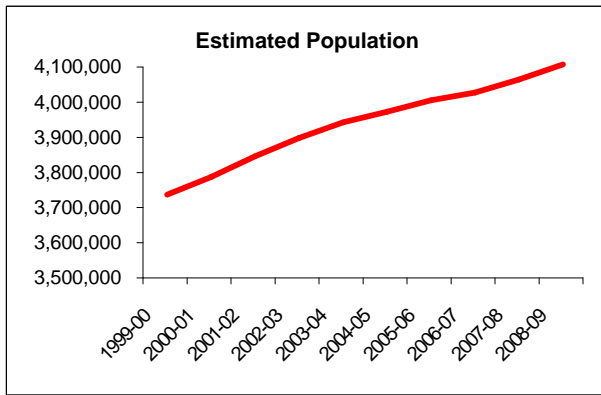
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

CITY OF LOS ANGELES

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Estimated Population ⁽¹⁾	Personal Income (in thousands) ⁽²⁾	Personal Income Per Capita ⁽²⁾	Median Age ⁽³⁾	Public School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
1999-00	3,694,742	\$ 279,049,532	\$ 29,226	31.9	902,135	6.1%
2000-01	3,744,931	294,508,314	30,478	31.8	864,225	6.7%
2001-02	3,804,052	301,002,945	30,789	32.5	873,560	6.9%
2002-03	3,855,838	309,827,072	31,416	33.0	894,183	6.9%
2003-04	3,900,448	327,362,646	33,008	33.4	900,436	6.8%
2004-05	3,930,931	342,231,121	34,426	34.0	891,252	5.1%
2005-06	3,963,146	518,757,773	39,880	33.4	836,301	5.5%
2006-07	3,985,099	540,510,195	42,278	34.5	819,268	5.7%
2007-08	4,022,450	n/a	n/a	33.9	801,838	7.0%
2008-09	4,065,585	n/a	n/a	n/a	784,457	11.3%

- (1) State Department of Finance estimates as of January 1 of each year.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/bea/regional/reis/drill.cfm>) Contains compiled data for Los Angeles-Long-Beach-Glendale CA Metropolitan Division Areas. Separate information for the City of Los Angeles not available. Additionally, beginning Fiscal Year 2005-2006 statistical reporting, the Bureau of Economic Analysis revised the Metropolitan Statistical Area (MSA) to Los Angeles-Long Beach-Santa Ana based on the definition issued by the Office of Management and Budget in November 2007.
- (3) Separate figures for the City are not compiled for Fiscal Years 1999-00 through 2006-07. 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) California Employment Development Department data for the City of Los Angeles
- n/a Not Available



CITY OF LOS ANGELES

**Principal Employers
Current Year and Nine Years Ago**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment ⁽¹⁾	Employees	Rank	Percentage of Total City Employment ⁽²⁾
City of Los Angeles	52,721	1	13.46%	44,193	1	11.23%
County of Los Angeles	46,830	2	11.95%	19,175	2	4.87%
University of California Los Angeles	14,050	3	3.59%	9,000	6	2.29%
University of Southern California	13,044	4	3.33%	10,403	4	2.64%
Cedars-Sinai Medical Center	11,000	5	2.81%	5,500	9	1.40%
Kaiser Foundation Hospitals	9,700	6	2.48%	20,300	3	5.16%
Fox Entertainment Group	7,310	7	1.87%	--	--	--
Farmers Insurance Group	6,867	8	1.75%	--	--	--
Team-One Employment Specialists LLC	5,000	9	1.28%	--	--	--
Northrop Grumman Corporation	3,975	10	1.01%	--	--	--
Veterans Health Administration	--	--	--	7,600	7	1.93%
United States Postal Service	--	--	--	7,000	8	1.78%
Boeing North American Inc.	--	--	--	10,000	5	2.54%
Times Mirror Company	--	--	--	5,100	10	1.30%
	<u>170,497</u>		<u>43.53%</u>	<u>138,271</u>		<u>35.14%</u>

⁽¹⁾ Based on a total city employment of 391,803

⁽²⁾ Based on a total city employment of 393,523

Sources: City of Los Angeles Detail of Department Programs and various City Departments
 County of Los Angeles, Chief Executive Office
 D&B Regional Business Directories Los Angeles County Area, 2009 and 2000
 University of Southern California, Office of Budget and Planning

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				
	2000	2001	2002	2003	2004
GOVERNMENTAL ACTIVITIES					
General Government					
City Administrative Officer	129	118	123	122	129
City Attorney	816	829	839	839	820
City Clerk ⁽¹⁾	409	126	133	140	139
City Ethics Commission	27	27	29	29	31
Commission on the Status of Women	12	12	13	15	15
Controller	164	171	183	183	183
Council	110	108	108	108	108
Employee Relations Board	8	8	8	8	8
General Services	1,539	1,673	1,857	1,861	1,871
Human Relations Commission	25	26	26	26	24
Information Technology Agency	744	745	774	825	764
Mayor	72	74	74	74	74
Neighborhood Empowerment ⁽²⁾	--	32	40	52	68
Office of Finance ⁽¹⁾	--	344	361	360	343
Personnel	379	372	405	405	394
Treasurer ⁽³⁾	37	--	--	--	39
Protection of Persons and Property					
Animal Services	231	247	313	309	304
Building & Safety	821	829	863	859	858
Emergency Preparedness/Management ⁽⁴⁾	--	11	17	14	14
Fire-Civilian	302	312	319	320	321
Fire-Sworn	3,008	3,300	3,389	3,460	3,530
Police- Civilian	3,605	3,596	3,562	3,609	3,595
Police- Sworn	10,045	10,054	10,196	10,190	10,212
Public Works					
Public Works- Accounting ⁽⁵⁾	83	84	--	--	--
Public Works- Board of Commissioners ⁽⁵⁾	58	63	59	59	59
Public Works- Contract Administration	331	331	353	356	347
Public Works- Engineering	980	976	981	972	969
Public Works- Management-Employee Services ⁽⁵⁾	24	24	111	107	109
Public Works- Street Lighting	206	213	214	218	224
Public Works- Street Services	1,225	1,241	1,304	1,318	1,318
Health and Sanitation					
Environmental Affairs	40	42	43	43	43
Public Works- Sanitation	2,496	2,421	2,582	2,652	2,695
Transportation	1,479	1,472	1,477	1,527	1,524

Continued...

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent - (Continued)
Last Ten Fiscal Years**

	Fiscal Year				
	2005	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES					
General Government					
City Administrative Officer	125	126	130	134	133
City Attorney	808	808	979	993	978
City Clerk ⁽¹⁾	137	138	147	151	154
City Ethics Commission	30	30	31	31	27
Commission on the Status of Women	12	12	8	6	3
Controller	180	186	214	238	233
Council	108	108	108	108	108
Employee Relations Board	8	8	3	3	3
General Services	1,923	2,120	2,276	2,323	2,271
Human Relations Commission	21	21	17	16	10
Information Technology Agency	748	767	809	797	792
Mayor	66	66	70	70	93
Neighborhood Empowerment ⁽²⁾	62	62	51	52	49
Office of Finance ⁽¹⁾	350	342	361	362	369
Personnel	440	440	526	523	531
Treasurer ⁽³⁾	39	38	40	40	40
Protection of Persons and Property					
Animal Services	296	296	428	438	380
Building & Safety	835	837	1,016	1,056	1,033
Emergency Preparedness/Management ⁽⁴⁾	14	14	16	24	24
Fire-Civilian	322	337	350	358	353
Fire-Sworn	3,423	3,571	3,661	3,706	3,676
Police- Civilian	3,592	3,678	3,634	3,778	3,786
Police- Sworn	10,213	10,245	10,310	10,466	10,551
Public Works					
Public Works- Accounting ⁽⁵⁾	--	--	--	--	--
Public Works- Board of Commissioners ⁽⁵⁾	153	152	158	158	133
Public Works- Contract Administration	335	309	349	458	399
Public Works- Engineering	950	946	1,010	1,018	987
Public Works- Management-Employee Services ⁽⁵⁾	--	--	--	--	--
Public Works- Street Lighting	231	231	263	257	236
Public Works- Street Services	1,285	1,285	1,500	1,466	1,431
Health and Sanitation					
Environmental Affairs	43	43	38	37	31
Public Works- Sanitation	2,762	2,821	2,899	2,940	3,013
Transportation	1,521	1,521	1,620	1,627	1,665

Continued...

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent - (Continued)
Last Ten Fiscal Years**

	Fiscal Year				
	2000	2001	2002	2003	2004
GOVERNMENTAL ACTIVITIES (Continued)					
Cultural and Recreational Services					
Cultural Affairs	87	91	98	97	94
El Pueblo de los Angeles Historical Monument	58	59	59	53	58
Library	1,093	1,102	1,154	1,184	1,194
Recreation and Parks	1,845	1,888	1,980	2,037	2,053
Zoo	221	231	236	241	272
Community Development					
Aging	48	48	48	48	48
Commission for Children, Youth and Their Families	41	41	42	42	37
Community Development Department	289	274	282	281	274
Disability	22	26	28	26	26
Los Angeles Housing	368	377	379	379	408
Planning	262	306	320	323	323
TOTAL GOVERNMENTAL ACTIVITIES	33,739	34,324	35,382	35,771	35,919
BUSINESS-TYPE ACTIVITIES					
Airports	2,426	2,705	2,665	2,824	3,116
Harbor	541	542	557	594	634
Los Angeles Convention Center	202	198	208	208	197
Water and Power	7,157	7,506	7,731	8,108	8,101
TOTAL BUSINESS-TYPE ACTIVITIES	10,326	10,951	11,161	11,734	12,048
PENSION SYSTEMS					
City Employees Retirement System	74	86	98	103	109
Fire and Police Pension System	54	53	66	78	84
TOTAL PENSION FUNDS	128	139	164	181	193
GRAND TOTAL	44,193	45,414	46,707	47,686	48,160

Continued...

CITY OF LOS ANGELES

**Number of City Government Employees by Function/Program
Full-Time Equivalent - (Continued)
Last Ten Fiscal Years**

	Fiscal Year				
	2005	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES (Continued)					
Cultural and Recreational Services					
Cultural Affairs	74	74	73	82	77
El Pueblo de los Angeles Historical	25	25	21	21	21
Library	1,138	1,141	1,189	1,186	1,181
Recreation and Parks	1,905	1,973	2,127	2,200	2,093
Zoo	256	256	263	269	259
Community Development					
Aging	42	43	51	51	57
Commission for Children, Youth and Their Families	24	24	15	25	25
Community Development Department	273	273	294	280	216
Disability	23	23	21	21	19
Los Angeles Housing	403	395	568	573	574
Planning	304	306	328	366	386
TOTAL GOVERNMENTAL ACTIVITIES	35,499	36,091	37,972	38,708	38,400
BUSINESS-TYPE ACTIVITIES					
Airports	3,343	3,481	3,542	3,732	3,725
Harbor	659	706	737	850	975
Los Angeles Convention Center	163	163	165	168	171
Water and Power	8,029	8,119	8,241	8,592	9,210
TOTAL BUSINESS-TYPE ACTIVITIES	12,194	12,469	12,685	13,342	14,081
PENSION SYSTEMS					
City Employees Retirement System	110	111	127	131	134
Fire and Police Pension System	86	87	96	106	106
TOTAL PENSION FUNDS	196	198	223	237	240
GRAND TOTAL	47,889	48,758	50,880	52,287	52,721

Notes:

- (1) The Office of Finance was created in fiscal year 2001 under the current Charter consolidating the Treasurer's Office and certain functions of the City Clerk, City Administrative Officer and Personnel Department.
- (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.

Sources: City of Los Angeles Detail of Department Programs with Financial Summaries and from the following departments: Fire, Airports, Harbor, Water and Power, Fire and Police Pension, and City Employees Retirement System.

CITY OF LOS ANGELES

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2000	2001	2002	2003	2004
General Government					
City Attorney					
Criminal Prosecution Program					
Combined criminal jury and court trials	1,126	762	850	716	584
Consumer cases concluded ⁽²⁾	170	177	185	198	707
Consumer protection-cases reviewed	--	--	--	--	--
Consumer protection-consumer complaints	--	--	--	--	--
Environmental cases concluded	91	140	125	60	30
Housing/rent control cases concluded	106	114	220	193	221
City Ethics Commission					
Whistle-blower complaints and investigations processed	320	480	380	400	410
Information Technology Agency					
3-1-1 Call Center Operations ⁽³⁾					
Number of calls received	--	--	--	356,079	403,386
Number of wireless calls	--	--	--	--	39,424
Office of Finance					
Total tax accounts audited	1,135	1,395	2,746	3,549	4,322
Revenue enhancement unit investigations ⁽⁴⁾	28,549	21,004	21,668	14,901	19,840
Refund claims processed	12,856	8,296	4,480	14,100	13,804
General Services					
Building Services Program					
Recycling Operations					
Tonnage Collected	2,000	1,898	1,865	1,503	1,650
Special Events					
Filmings coordinated	--	--	--	56	75
Building Maintenance and Repair					
Square feet of buildings	14,757,172	14,809,372	15,146,677	15,146,677	15,626,000
Neighborhood Empowerment					
Neighborhood councils certified ⁽⁵⁾	--	--	37	33	15
Protection of Persons and Property					
Animal Services					
Animal Shelter Operations Program					
Animals impounded ⁽⁶⁾	73,543	70,024	67,528	62,704	59,065
Animals adopted	12,726	15,490	17,880	18,708	18,741
Animals euthanized	53,445	42,800	37,640	34,002	29,554
Animal Licensing and Permitting Operations					
Dog licenses issued	152,675	137,889	130,060	143,603	131,522
Building and Safety					
Building Permits Issued	105,805	110,632	121,562	140,120	144,000
Fire					
Fire Suppression Program					
Actual Fires					
Structure fires	2,922	2,972	2,800	2,436	2,431
Non structure fires	10,074	10,060	10,000	8,866	8,362
Emergency responses					
Fires (includes automatic alarms)	108,467	112,522	120,500	114,346	118,394
Hazardous conditions	4,797	4,655	5,000	4,766	4,932
Rescues and others	22,465	31,898	34,100	25,057	25,934
Helicopter flight hours for brush and structure fires	581	418	450	526	560

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009 ⁽¹⁾
General Government					
City Attorney					
Criminal Prosecution Program					
Combined criminal jury and court trials	549	575	699	769	845
Consumer cases concluded ⁽²⁾	--	--	--	--	--
Consumer protection-cases reviewed	194	200	230	265	300
Consumer protection-consumer complaints	302	500	500	550	575
Environmental cases concluded	250	375	450	542	600
Housing/rent control cases concluded	320	400	176	300	250
City Ethics Commission					
Whistle-blower complaints and investigations processed	490	400	723	450	500
Information Technology Agency					
3-1-1 Call Center Operations ⁽³⁾					
Number of calls received	611,982	890,233	998,218	1,656,388	1,248,822
Number of wireless calls	60,191	178,964	286,772	335,979	393,626
Office of Finance					
Total tax accounts audited	4,187	5,545	5,880	6,320	6,900
Revenue enhancement unit investigations ⁽⁴⁾	24,463	27,738	52,441	25,000	25,000
Refund claims processed	13,555	14,240	19,374	24,225	29,100
General Services					
Building Services Program					
Recycling Operations					
Tonnage Collected	1,637	1,600	1,700	1,700	1,700
Special Events					
Filmings coordinated	75	101	82	83	83
Building Maintenance and Repair					
Square feet of buildings	16,228,700	16,370,578	16,867,229	17,775,611	19,067,108
Neighborhood Empowerment					
Neighborhood councils certified ⁽⁵⁾	1	2	2	--	--
Protection of Persons and Property					
Animal Services					
Animal Shelter Operations Program					
Animals impounded ⁽⁶⁾	57,923	57,063	55,570	53,915	52,297
Animals adopted	18,879	19,592	25,427	30,512	36,614
Animals euthanized	25,029	19,524	18,108	16,840	15,661
Animal Licensing and Permitting Operations					
Dog licenses issued	130,121	124,802	126,538	130,699	150,000
Building and Safety					
Building Permits Issued	141,000	141,403	139,220	127,700	121,600
Fire					
Fire Suppression Program					
Actual Fires					
Structure fires	3,222	3,406	3,327	3,800	4,026
Non structure fires	6,303	9,358	10,060	7,400	12,173
Emergency responses					
Fires (includes automatic alarms)	131,293	137,687	137,309	137,687	138,200
Hazardous conditions	5,464	5,730	5,567	5,730	5,700
Rescues and others	28,808	30,211	35,773	30,211	35,500
Helicopter flight hours for brush and structure fires	490	652	575	660	726

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2000	2001	2002	2003	2004
Protection of Persons and Property - (Continued)					
Fire - (Continued)					
Emergency Ambulance Services					
Emergency medical responses by					
Paramedic ambulances	181,702	190,659	204,000	168,846	180,927
EMT ambulances	73,682	73,174	78,300	87,806	93,856
Paramedic fire resources	34,762	34,400	36,800	53,700	57,671
EMT fire resources	147,381	163,588	175,000	217,457	232,944
Police					
Patrol Program					
Part I crimes reported	171,360	184,754	191,997	190,368	177,681
Selected Part II crimes reported	66,408	82,843	88,682	109,028	72,513
Total arrests	178,539	152,939	143,671	151,285	168,153
Traffic Control Program					
Traffic collisions investigated	46,485	48,873	49,534	48,357	47,798
Fatal and injury traffic accidents	22,415	24,203	24,811	23,647	23,270
Traffic citations issued	599,752	506,600	497,742	516,814	421,582
Technical Support Program					
Complaint board calls received (911)	1,874,065	1,775,787	1,803,579	1,852,500	1,817,331
Public Works					
Board of Commissioners					
Graffiti eradicated/square footage (per 1,000 sq. ft.) ⁽⁷⁾	21,877	25,083	30,926	29,375	22,907
Street Services					
Weed Abatement, Brush and Debris Clearance					
Land cleared/cleaned-private (million sq ft)	20	18	13	18	10
Land cleared/cleaned-public (million sq ft)	10	9	22	18	19
Debris removed (cubic yards)	144,000	160,000	250,000	245,000	276,696
Street Cleaning Program					
Completion frequency-posted routes	99%	98%	100%	97%	100%
Goal-posted routes	97%	97%	97%	97%	97%
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	1,607	4,776	4,615	4,200	4,068
Trees trimmed - City forces (broadhead)	41,000	40,718	48,844	40,000	41,000
Street Resurfacing and Reconstruction Program					
Streets resurfaced (miles)	259	273	274	232	123
Bus pads constructed	500	250	303	250	97
Curb ramps constructed	7,205	7,210	7,260	920	1,017
Sidewalks repaired (miles)	--	46	87	130	63
Health and Sanitation					
Sanitation					
Maintenance and Operation of Flood Control Facilities					
Catch Basin Cleaning	49,917	51,470	57,597	76,668	83,184
Maintenance and Operation of Wastewater Facilities					
HTP Wastewater Treatment (MGD)	355	345	343	342	339
HTP Wastewater Reclaimed (MGD)	22	33	38	25	23
TITP Wastewater Treatment (MGD)	16	16	15	16	15
TITP Wastewater Reclaimed (MGD)	--	--	1	1	1
LAG Wastewater Treatment (MGD)	18	20	18	16	16
LAG Water Reclaimed (MGD)	4	4	5	3	4
DCT Wastewater Treatment (MGD)	63	66	63	61	60
DCT Water Reclaimed (MGD)	34	28	28	24	25
WCSD Sewer Cleaning-1,000 Feet	10,202	11,885	18,678	13,248	14,953

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009 ⁽¹⁾
Protection of Persons and Property - (Continued)					
Fire - (Continued)					
Emergency Ambulance Services					
Emergency medical responses by					
Paramedic ambulances	175,423	249,666	252,426	260,000	262,000
EMT ambulances	91,001	100,995	116,823	125,000	120,000
Paramedic fire resources	55,916	77,088	77,467	78,000	84,000
EMT fire resources	225,857	259,582	266,438	235,000	260,000
Police					
Patrol Program					
Part I crimes reported	151,552	144,100	132,664	124,000	115,000
Selected Part II crimes reported	67,977	67,400	108,246	95,000	84,000
Total arrests	175,666	185,000	171,390	167,000	168,000
Traffic Control Program					
Traffic collisions investigated	51,643	54,225	52,190	55,000	58,000
Fatal and injury traffic accidents	24,776	26,014	23,755	25,000	26,000
Traffic citations issued	443,990	466,190	501,964	527,000	553,000
Technical Support Program					
Complaint board calls received (911)	1,752,555	1,726,179	2,104,658	2,303,000	2,520,000
Public Works					
Board of Commissioners					
Graffiti eradicated/square footage (per 1,000 sq. ft.) ⁽⁷⁾	21,441	22,000	30,503	30,500	30,500
Street Services					
Weed Abatement, Brush and Debris Clearance					
Land cleared/cleaned-private (million sq ft)	4	7	7	7	7
Land cleared/cleaned-public (million sq ft)	18	12	14	12	12
Debris removed (cubic yards)	180,000	237,474	206,051	190,000	190,000
Street Cleaning Program					
Completion frequency-posted routes	97%	98%	97%	97%	97%
Goal-posted routes	97%	98%	97%	97%	97%
Completion frequency-nonposted routes (weeks)	4	4	4	5	4
Goal-nonposted routes (weeks)	4	4	4	4	4
Street Tree and Parkway Maintenance Program					
Trees planted - City forces	4,200	3,889	5,578	4,200	4,200
Trees trimmed - City forces (broadhead)	40,000	44,514	48,555	45,000	45,000
Street Resurfacing and Reconstruction Program					
Streets resurfaced (miles)	135	234	213	187	225
Bus pads constructed	100	46	51	30	30
Curb ramps constructed	1,200	893	570	916	916
Sidewalks repaired (miles)	52	59	51	59	59
Health and Sanitation					
Sanitation					
Maintenance and Operation of Flood Control Facilities					
Catch Basin Cleaning	87,239	123,521	113,068	112,300	115,000
Maintenance and Operation of Wastewater Facilities					
HTP Wastewater Treatment (MGD)	358	337	342	350	350
HTP Wastewater Reclaimed (MGD)	24	23	32	35	35
TITP Wastewater Treatment (MGD)	16	16	16	16	16
TITP Wastewater Reclaimed (MGD)	1	1	3	4	5
LAG Wastewater Treatment (MGD)	16	13	21	20	20
LAG Water Reclaimed (MGD)	3	4	4	6	6
DCT Wastewater Treatment (MGD)	57	49	54	62	65
DCT Water Reclaimed (MGD)	26	25	25	30	32
WCSD Sewer Cleaning-1,000 Feet	19,150	25,328	26,030	26,300	26,400

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2000	2001	2002	2003	2004
Health and Sanitation (Continued)					
Sanitation (Continued)					
Household Refuse Collection Program					
Tons Collected:					
Refuse and Yard Trimmings					
Refuse	881,537	889,911	913,867	953,266	914,139
Yard Trimmings	446,211	442,610	450,958	471,669	491,422
Recyclables	188,878	184,469	193,759	191,532	186,992
Bulky Items	16,808	26,206	25,594	33,267	29,740
Recycling Contamination	53,371	61,744	64,323	72,945	76,754
Transportation					
Transportation					
Rate and Service Regulation					
Bandit drivers arrested	369	412	354	399	339
Bandit vehicles impounded	142	336	306	337	297
Transportation System Engineering Program					
Speed humps/tables constructed	459	221	308	433	550
Transportation System Operations					
Red curb miles reinstalled/installed	386	481	456	358	460
Thermoplastic longline striping installed/ reinstalled (previously lane miles)	976	747	839	748	760
New signs installed	32,544	57,227	11,872	9,320	11,000
Signs Replaced ⁽⁸⁾	--	--	30,708	26,674	20,000
Signs Maintained/Replaced	--	--	--	--	--
Parking Management and Intersection Control					
Citations written	3,075,617	3,071,298	2,949,881	3,248,081	3,152,691
Citations written per officer per eight-hour shift	36	37	37	35	36
Peak hour tows and other tows	10,099	11,995	10,038	10,549	10,000
Crossing guard assignments	373	393	403	511	518
Number of hours of intersection control	14,833	16,770	60,023	32,242	28,960
Abandoned vehicles abated	94,074	96,304	117,512	135,491	133,219
Abandoned vehicles impounded	10,253	10,055	14,276	11,719	12,036
Transit Operations					
Fixed transit routes in service	63	62	64	55	56
Fixed transit route passenger trips	20,449,633	24,146,629	23,200,000	24,997,011	29,175,688
Total transit vehicle passenger trips	21,780,119	25,429,889	24,438,948	25,154,903	29,368,124
Cultural and Recreational Services					
Cultural Affairs					
Community Arts					
Art exhibitions presented	63	66	58	66	66
Special events/festivals	77	100	104	104	104
Performing Arts					
Music/theatre programs presented	473	604	575	635	375
El Pueblo					
Art exhibitions presented	11	8	8	8	8
Special events/festivals held	4	15	30	32	35
Children's art workshops held	135	72	101	130	100
Cultural and historical tours given	750	965	1,061	1,100	1,200
Historic sites maintained	3	3	3	4	5
Library					
Public Library Services Program					
Items circulated	12,815,363	13,189,229	13,090,726	14,868,262	15,333,869
Books received:					
Volumes	355,506	377,479	468,636	368,255	275,000
Books cataloged	56,525	61,361	59,875	61,625	56,294
Registered Borrowers	1,272,174	1,343,596	1,418,519	1,571,346	1,496,250
Number of people visiting library facilities	12,009,547	12,151,013	12,312,418	12,046,053	13,533,822

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009 ⁽¹⁾
Health and Sanitation (Continued)					
Sanitation (Continued)					
Household Refuse Collection Program					
Tons Collected:					
Refuse and Yard Trimmings					
Refuse	1,009,618	955,092	932,196	1,034,429	1,034,429
Yard Trimmings	495,387	503,646	507,100	545,467	555,049
Recyclables	193,941	191,024	181,215	206,369	170,000
Bulky Items	31,150	33,038	33,047	33,146	33,146
Recycling Contamination	85,044	81,868	85,614	87,014	85,000
Transportation					
Transportation					
Rate and Service Regulation					
Bandit drivers arrested	400	211	420	500	500
Bandit vehicles impounded	390	193	130	150	170
Transportation System Engineering Program					
Speed humps/tables constructed	282	356	481	382	374
Transportation System Operations					
Red curb miles reinstalled/installed	500	526	476	600	500
Thermoplastic longline striping installed/ reinstalled (previously lane miles)	850	883	820	800	800
New signs installed	12,000	22,678	23,000	23,000	21,000
Signs Replaced ⁽⁸⁾	21,000	30,000	--	--	--
Signs Maintained/Replaced	--	94,818	96,000	96,000	90,000
Parking Management and Intersection Control					
Citations written	3,101,079	3,205,565	3,102,611	3,220,000	3,250,000
Citations written per officer per eight-hour shift	36	37	35	37	37
Peak hour tows and other tows	10,000	18,359	8,813	18,000	18,000
Crossing guard assignments	525	501	486	575	500
Number of hours of intersection control	84,262	56,837	79,415	61,000	80,000
Abandoned vehicles abated	131,768	122,731	142,041	132,000	143,000
Abandoned vehicles impounded	9,516	5,577	8,813	7,000	9,000
Transit Operations					
Fixed transit routes in service	57	55	55	54	56
Fixed transit route passenger trips	30,711,799	30,630,303	32,195,634	--	--
Total transit vehicle passenger trips	30,851,486	30,765,034	30,606,307	31,196,831	31,196,831
Cultural and Recreational Services					
Cultural Affairs					
Community Arts					
Art exhibitions presented	70	70	70	70	52
Special events/festivals	104	104	104	104	33
Performing Arts					
Music/theatre programs presented	292	400	390	--	--
El Pueblo					
Art exhibitions presented	10	10	12	9	10
Special events/festivals held	40	40	52	55	55
Children's art workshops held	110	110	110	130	130
Cultural and historical tours given	1,400	1,400	1,450	1,450	1,500
Historic sites maintained	7	7	7	--	--
Library					
Public Library Services Program					
Items circulated	15,744,303	15,639,485	15,800,000	15,900,000	15,925,000
Books received:					
Volumes	200,000	175,000	560,332	225,389	--
Books cataloged	50,915	50,000	50,000	--	--
Registered Borrowers	1,424,922	1,429,345	1,440,000	1,445,000	1,475,000
Number of people visiting library facilities	14,011,932	14,032,869	16,003,909	16,100,000	16,400,000

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2000	2001	2002	2003	2004
Cultural and Recreational Services - (Continued)					
Convention Center					
Scheduled exhibit hall events	132	105	81	75	83
Zoo					
Educational Exhibits					
Attendance	1,368,998	1,537,253	1,517,366	1,516,067	1,389,639
Recreation and Parks					
Educational Exhibits					
Observatory					
Attendance	1,833,139	1,833,000	1,000,000	195,000	--
Recreational Opportunities					
Aquatics					
Pool Attendance	1,820,000	1,820,000	2,002,000	2,650,000	2,300,000
Camps					
Camper days	52,000	52,000	52,000	48,000	48,000
Municipal Sports					
Team sports participants	66,550	66,550	67,320	71,400	72,000
Number of teams	4,880	4,880	4,950	5,200	5,200
Senior Citizens Services					
Sr. Citizens Clubs	225	225	225	180	180
Community Development					
Aging					
Senior Social Services Program					
Prop A - One-way transportation trips	125,930	143,567	143,567	143,567	133,779
Congregate meals served	1,049,866	1,047,044	1,047,044	940,430	891,128
Homebound meals served	823,403	754,342	754,342	750,431	845,287
Housing					
Housing Preservation and Production Programs					
Residential units preserved under the Housing					
Rehabilitation Program	--	--	313	267	350
Units financed by GAP under the Homeownership					
Program - Low Income	--	--	49	160	250
Units financed by MRB under the Homeownership					
Program	--	--	108	17	90
Compliance Monitoring					
Affordable units monitored	14,562	14,376	15,000	9,000	15,000
Code Enforcement Program					
Periodic inspections (units)	72,504	82,607	136,178	146,985	150,000
Urgent repair referrals	--	--	314	550	500
Rent Program					
Rent adjustments processed	186	468	517	517	563
Rental units registered	544,686	538,000	554,000	554,000	565,000
Tenant complaints processed	3,692	5,378	5,633	6,155	8,000
Disability					
Constituents served	840	760	760	703	702
Counseling sessions	500	341	148	120	202
Crisis intervention	270	265	88	105	90
Business Type Activities					
Airports					
Aircraft movements (thousands)	1,546	1,456	1,329	1,292	1,280
Passengers (millions)	73	74	63	62	65
Air cargo (thousand tons)	2,767	2,601	2,365	2,590	2,661

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009 ⁽¹⁾
Cultural and Recreational Services - (Continued)					
Convention Center					
Scheduled exhibit hall events	126	130	175	185	200
Zoo					
Educational Exhibits					
Attendance	1,396,538	1,523,469	1,564,674	1,600,000	1,600,000
Recreation and Parks					
Educational Exhibits					
Observatory					
Attendance	--	--	415,000	641,000	759,000
Recreational Opportunities					
Aquatics					
Pool Attendance	1,389,678	1,298,123	1,292,655	1,500,000	1,600,000
Camps					
Camper days	52,652	48,454	50,000	52,000	53,000
Municipal Sports					
Team sports participants	73,307	76,498	74,000	76,000	76,000
Number of teams	4,864	5,099	5,200	5,000	5,000
Senior Citizens Services					
Sr. Citizens Clubs	155	165	170	175	175
Community Development					
Aging					
Senior Social Services Program					
Prop A - One-way transportation trips	145,000	130,200	133,807	143,339	143,339
Congregate meals served	964,196	906,858	859,169	884,383	884,383
Homebound meals served	839,460	845,904	816,581	854,684	889,858
Housing					
Housing Preservation and Production Programs					
Residential units preserved under the Housing					
Rehabilitation Program	356	310	55	29	29
Units financed by GAP under the Homeownership					
Program - Low Income	90	125	120	133	57
Units financed by MRB under the Homeownership					
Program	90	120	95	0	0
Compliance Monitoring					
Affordable units monitored	15,000	17,000	17,476	18,000	18,000
Code Enforcement Program					
Periodic inspections (units)	153,000	180,000	180,000	180,000	0
Urgent repair referrals	600	650	497	564	564
Rent Program					
Rent adjustments processed	510	550	575	525	550
Rental units registered	600,000	600,000	518,658	518,000	518,000
Tenant complaints processed	8,000	8,000	7,404	8,100	8,900
Disability					
Constituents served	659	720	1,001	1,000	1,000
Counseling sessions	107	100	103	100	100
Crisis intervention	55	80	80	80	80
Business Type Activities					
Airports					
Aircraft movements (thousands)	1,270	1,220	1,225	1,249	1,049
Passengers (millions)	68	69	69	69	62
Air cargo (thousand tons)	2,718	2,677	2,631	2,519	2,018

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2000	2001	2002	2003	2004
Business Type Activities - (Continued)					
Harbor					
Miles of waterfront	35	35	43	43	43
Inbound tonnage (million tons)	71	80	87	94	104
Outbound tonnage (million tons)	31	34	37	53	58
Containerized cargo volume (in million of TEUs)	4	5	6	7	7
Vessel arrivals	3,060	2,899	2,778	2,845	2,812
Cruise passengers	1,110,053	1,073,357	1,099,552	1,057,293	803,308
Power					
Kilowatt hours sold (billions)	27	27	24	24	25
Customers-average number (thousands)	1,433	1,452	1,414	1,421	1,428
Energy production (billion kwh)	29	33	28	27	29
Net system capability (megawatts)	6	7	8	8	7
Water					
Gallons sold (billions)	218	214	198	193	203
Customers-average number (thousands)	576	578	655	659	662
Net water supply (billions of gallons)	219	218	220	217	225

Continued...

CITY OF LOS ANGELES

Operating Indicators by Function/Program - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009 ⁽¹⁾
Business Type Activities - (Continued)					
Harbor					
Miles of waterfront	43	43	43	43	43
Inbound tonnage (million tons)	102	113	118	105	94
Outbound tonnage (million tons)	60	69	72	65	66
Containerized cargo volume (in million of TEUs)	7	8	9	8	7
Vessel arrivals	2,646	2,771	2,920	2,467	2,322
Cruise passengers	1,097,204	1,205,947	1,194,984	1,191,449	990,965
Power					
Kilowatt hours sold (billions)	25	26	26	26	25
Customers-average number (thousands)	1,437	1,445	1,448	1,446	1,452
Energy production (billion kwh)	29	30	28	29	29
Net system capability (megawatts)	7	7	7	7	7
Water					
Gallons sold (billions)	191	194	207	199	189
Customers-average number (thousands)	664	670	667	666	666
Net water supply (billions of gallons)	266	203	216	210	197

(1) FY 2009 figures were based on estimates.

(2) Beginning in FY 2005, this category was broken into two: "Consumer Protection-cases reviewed" and "Consumer Protection-consumer complaints".

(3) The 3-1-1 Call Center Operations, which provides assistance on routine and non-emergency City services, began operations in November 2002.

(4) The revenue enhancement unit investigations data include the number of tax discovery cases resulting from the implementation of the new LATAX program.

(5) The Citywide system of neighborhood councils was adopted on May 25, 2001. No data available for FY 2008 and 2009.

(6) This category was formerly "Animals Rescued".

(7) The City offers free graffiti removal services through its Operation Clean Sweep Program.

(8) 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 and Library Dept's Volumes of Books Received, of which were provided by the departments, all indicators 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				
	2000	2001	2002	2003	2004
General Government					
Fiber optic cabling (fiber miles) ⁽¹⁾	--	--	9,291	9,835	9,843
Public office buildings	16	16	16	16	16
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire stations	103	103	103	103	103
Fire trucks	323	349	346	347	360
Patrol units	1,274	1,274	1,274	1,276	1,276
Police stations	20	20	20	20	20
Police training centers	3	3	3	3	3
Public Works					
Bridges	524	527	530	533	533
Street lights	239,198	240,419	250,000	242,885	242,000
Streets (miles)	7,300	7,300	7,300	7,300	7,221
Health and Sanitation					
Refuse collection trucks	674	697	686	710	734
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	33	35	36	39	42
Bike paths	13	13	14	14	14
Commuter buses	322	342	397	449	513
Traffic signals	1,808	2,102	2,501	2,902	3,403
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land (incl. beaches)	15,277	15,418	15,451	15,535	15,553
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	248	249	249	251	251
Children's play areas	369	371	371	372	372
Dog parks	6	6	7	8	8
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	93	94	94	94	95
Lakes	9	9	9	9	9
Libraries	68	68	68	68	71
Licensed child-care centers	18	18	20	21	23
Museums	7	7	7	7	7
Park sites	391	392	392	393	394
Pools	59	59	59	59	59
Recreational centers	172	172	173	175	176
Regional parks	5	5	5	5	5
Residential camps	7	7	7	7	7
Senior citizen centers	26	26	27	27	27
Skate parks	2	4	6	6	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				
	2005	2006	2007	2008	2009
General Government					
Fiber optic cabling (fiber miles) ⁽¹⁾	9,855	9,870	9,870	9,876	3,426
Public office buildings	17	17	17	18	18
Protection of Persons and Property					
Animal shelters	6	6	6	6	6
Fire stations	103	103	104	105	106
Fire trucks	360	360	360	360	362
Patrol units	1,276	1,276	1,374	1,374	1,374
Police stations	21	21	21	25	26
Police training centers	3	3	3	3	3
Public Works					
Bridges	533	533	507	507	509
Street lights	218,248	221,113	231,402	206,000	207,000
Streets (miles)	6,493	6,489	7,300	7,300	6,500
Health and Sanitation					
Refuse collection trucks	751	705	725	744	744
Refuse yards	7	7	7	7	7
Transportation					
Automated traffic signal and control systems	43	46	41	46	48
Bike paths	14	14	12	12	12
Commuter buses	516	535	488	440	468
Traffic signals	4,251	4,555	4,506	4,515	4,530
Cultural and Recreational Services					
Acres of beach land	232	232	232	232	232
Acres park land (incl. beaches)	15,704	15,822	15,944	15,710	15,786
Archery ranges	3	3	3	3	3
Baseball/softball diamonds	253	253	255	256	256
Children's play areas	374	377	377	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	9	9	11	11
Libraries	72	72	72	72	72
Licensed child-care centers	24	25	26	26	26
Museums	7	7	7	12	12
Park sites	396	397	398	404	417
Pools	59	60	60	60	60
Recreational centers	179	180	181	183	183
Regional parks	5	5	5	5	5
Residential camps	7	7	7	7	7
Senior citizen centers	30	30	30	31	31
Skate parks	7	7	7	9	9
Tennis courts	287	287	287	321	321
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				
	2000	2001	2002	2003	2004
Airports					
Number of airports	4	4	4	4	4
Harbor					
Number of major container terminals	7	7	8	8	8
Number of cargo terminals	30	30	27	27	26
Power					
Number of generating units ⁽²⁾	57	57	61	61	60
Transmission lines (miles)	3,620	3,620	3,620	3,631	3,631
Overhead distribution lines (miles)	6,100	6,100	6,161	6,223	6,949
Underground distribution lines (miles)	5,600	5,600	5,662	5,718	6,257
Water					
Aqueduct (miles)	571	571	571	571	571
Number of storage reservoirs and tanks	104	104	110	109	109
Distribution pipe (miles)	7,112	7,096	7,097	7,098	7,108
Service connections	699,732	699,389	706,490	709,112	706,789
Wastewater					
Sanitary sewers (miles)	6,500	6,500	6,500	6,500	6,500
Stormwater drains (miles)	1,232	1,261	1,200	1,261	1,500

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CITY OF LOS ANGELES

Capital Assets Information - (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
Airports					
Number of airports	4	4	4	4	4
Harbor					
Number of major container terminals	8	8	8	8	8
Number of cargo terminals	26	27	25	25	25
Power					
Number of generating units ⁽²⁾	60	67	50	51	50
Transmission lines (miles)	3,631	3,643	3,643	3,643	3,631
Overhead distribution lines (miles)	7,268	7,268	6,954	6,947	8,782
Underground distribution lines (miles)	6,115	6,115	6,061	6,095	3,235
Water					
Aqueduct (miles)	571	571	340	367	367
Number of storage reservoirs and tanks	107	107	108	104	114
Distribution pipe (miles)	7,119	7,137	7,229	7,227	7,248
Service connections	708,167	709,988	712,184	715,430	716,919
Wastewater					
Sanitary sewers (miles)	6,500	6,500	6,500	6,550	6,500
Stormwater drains (miles)	1,200	1,000	1,000	1,200	1,200

⁽¹⁾ Fiber optic cabling data were not available prior to fiscal year 2002.

⁽²⁾ Data changed to Department-owned generating units beginning fiscal year 2007.

Source: Various City departments

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