NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "MIG 1"
Standard & Poor's: "SP-1+"
Fitch: "F1+"
(See "RATINGS" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County of Los Angeles, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

$800,000,000
COUNTY OF LOS ANGELES
2016-17 Tax and Revenue Anticipation Notes
3.00% Priced to Yield 0.67%
CUSIP[†] No. 544657HT9

Dated: July 1, 2016 **Due: June 30, 2017**

The County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes") will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the fixed rate per annum specified above and will be priced as set forth above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Notes are being issued to provide moneys to help meet Fiscal Year 2016-17 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 10, 2016 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. In accordance with California law, the Notes are general obligations of the County, payable only from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2016-17 that will be available for the payment of the Notes. The Notes and the interest thereon are secured by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2016-17. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes. See "THE NOTES – Security for the Notes" herein.

The Notes are not subject to redemption prior to maturity.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by County Counsel and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 1, 2016.

Wells Fargo Securities **J.P. Morgan**

Academy Securities, Inc. **Blaylock Beal Van, LLC** **US Bancorp**

Dated: June 8, 2016.

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES

2016-17 TAX AND REVENUE ANTICIPATION NOTES

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Second District

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Board of Supervisors

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John Naimo
Auditor-Controller

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

$800,000,000
COUNTY OF LOS ANGELES
2016-17 Tax and Revenue Anticipation Notes

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the "County") of $800,000,000 in aggregate principal amount of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes"). The Notes will be issued as fixed rate notes bearing interest at the rate and maturing on the date set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2016-17 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 10, 2016 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution"). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. Pursuant to California law, the Notes and the interest thereon will be general obligations of the County payable from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2016-17 that will be available for the payment of the Notes as specified in the Resolution and the Financing Certificate. See "THE NOTES – Security for the Notes." The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information with respect to the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program's inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to $1,850,000,000. The Resolution authorizes the County to issue and sell up to $800,000,000 aggregate principal amount of its 2016-17 Tax and Revenue Anticipation Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may undertake interfund borrowing to fund shortages in the General Fund. See "THE NOTES – Security for the Notes," "– Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program."

THE NOTES

General

The Notes will be issued in the aggregate principal amount of $800,000,000. The Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interests in the Notes purchased. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated July 1, 2016, and will mature on the date set forth on the cover page of this Official Statement. The Notes are not subject to redemption prior to their maturity.

The Notes will be issued in denominations of $5,000 and any integral multiple thereof ("Authorized Denominations") and will bear interest at the rate set forth on the cover page hereof. Interest on the Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Notes.

Authority for Issuance

The Notes are being issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Financing Certificate.

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2016-17 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *County Pooled Surplus Investments*."

Security for the Notes

The Notes will be issued under and pursuant to the Resolution and the Financing Certificate and, subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and conditions set forth therein, will be secured by a pledge of "Pledged Revenues," which means, as of any date, the Unrestricted Revenues required by the Resolution and the Financing Certificate to be deposited in the 2016-17 TRANs Repayment Fund on or prior to that date. "Unrestricted Revenues" means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2016-17 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

Pursuant to the Resolution and the Financing Certificate, the County pledges to the payment of the 2016-17 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) the first $315,000,000 Unrestricted Revenues to be received by the County on and after December 20, 2016, plus an amount equal to the interest that will accrue on the 2016-17 TRANs;

(b) the first $315,000,000 Unrestricted Revenues to be received by the County on and after January 1, 2017; and

(c) the first $170,000,000 Unrestricted Revenues to be received by the County on and after April 1, 2017.

As provided in Section 53856 of the Act, the Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See "THE NOTES – Available Sources of Payment." As security for the payment of the Notes, the County covenants pursuant to the Resolution and the Financing Certificate to deposit or cause to be deposited in the Notes Repayment Fund (the "Repayment Fund"), in trust for the registered owners of the Notes, the Pledged Revenues to be so deposited, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit in the Notes Repayment Fund the Pledged Revenues. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit into the Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the Repayment Fund are pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (herein defined); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. Any amounts remaining in the Repayment Fund after repayment of all Notes and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments."

As more particularly described under the heading “THE NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow,” the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the Notes) is paid from such revenues.

Available Sources of Payment for the Notes

The Notes, in accordance with State law, are general obligations of the County, and to the extent not paid from the Pledged Revenues shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of the Notes. Pursuant to the Act, no obligations, including the Notes, may be issued thereunder if the principal of and interest on such obligations is in excess of 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of such principal and interest. See “THE NOTES – Security for the Notes.”

The County estimates that the total Unrestricted Revenues to be available for payment of the principal of and interest on the Notes, including the Pledged Revenues, will be in excess of $8.2 billion, as indicated in the table below. Except for Pledged Revenues, the Unrestricted Revenues will be expended during the course of Fiscal Year 2016-17, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled “County of Los Angeles Borrowable Resources – Fiscal Year 2016-17” on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2016-17. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County’s 2016-17 Budget, when adopted, the County’s actual revenues and expenditures, and actions by the State of California which could materially impact the County’s expenses and revenues.

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2016-17 (1)
(In Thousands)

SOURCES:	AMOUNT
Property Taxes	$4,998,518
Other Taxes	220,548
Homeowner’s Exemptions	19,244
Motor Vehicle (VLF) Realignment	362,165
Fines, Forfeitures and Penalties	192,034
Licenses, Permits and Franchises	58,950
Charges for Current Services	1,575,142
Investment and Rental Income	130,986
Other Revenue and Tobacco Settlement	630,357
Total:	$8,187,944
Less amount pledged for payment of the Notes:(2)	(823,933)
Net total in excess of Pledged Revenues:	$7,364,011

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2016-17. Information subject to change to reflect the impact of any revisions to the 2016-17 State Budget and other matters. See “THE NOTES – State of California Finances” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT”.

(2) Based on $800,000,000 aggregate principal amount of Notes, including the interest thereon.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2016-17 State Budget (the “2016-17 State Budget”) will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot reliably predict the ultimate impact of the 2016-17 State Budget on the County’s financial outlook. In the event the 2016-17 State Budget includes decreases in County revenues or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT.”

Governor’s Proposed 2016-17 State Budget. On January 7, 2016, the Governor released the 2016-17 Proposed State Budget, which projects Fiscal Year 2015-16 State General Fund revenues and transfers of $121.2 billion (inclusive $3.7 billion in fund balance from Fiscal Year 2014-15), total expenditures of $116.1 billion and a year-end surplus of $5.2 billion, of which $966 million would be reserved for the liquidation of encumbrances and $4.2 billion would be deposited in a reserve for economic uncertainties. The 2016-17 Proposed State Budget projects Fiscal Year 2016-17 State General Fund revenues and transfers of $125.8 billion (inclusive $5.2 billion in fund balance from Fiscal Year 2015-16), total expenditures of $122.6 billion and a year-end surplus of $3.2 billion, of which $966 million would be reserved for the liquidation of encumbrances and $2.2 billion would be deposited in a reserve for economic uncertainties. The 2016-17 Proposed State Budget states that, with California’s complicated budget, there will continue to be year-to-year fluctuations, risk and cost pressures, including from the federal government and ballot initiatives, and maintaining a balanced budget for the long term will be an ongoing challenge that requires fiscal restraint and prudence.

May Revision to the 2016-17 Proposed State Budget. On May 13, 2016, the Governor released his 2016-17 May Revision to the Fiscal Year 2016-17 Proposed State Budget (the "May Revision"), which projects Fiscal Year 2016-17 State General Fund total available resources of $124.9 billion (being revenues and transfers of $120.1 billion and prior year's balance of $4.8 billion), total expenditures of $122.2 billion and a year-end surplus of $2.8 billion ($966 million of which would be reserved for the liquidation of encumbrances and $1.8 billion of which would be deposited in a reserve for economic uncertainties), and $6.7 billion being on deposit in the Budget Stabilization Account. The May Revision states that, barring any significant changes, the State budget over the next two years will be in balance. However, by Fiscal Year 2019-20, the annual shortfall between State spending and revenues is forecast to be over $4 billion, which does not take into account the likelihood of an economic slowdown or recession or an extension of the Proposition 30 income tax rates, which will be decided by the voters in November 2016. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT - 2016-17 Proposed State Budget" for additional information on the Proposed 2016-17 State Budget and the May Revision.

LAO Overview of the May Revision. On May 15, 2016, the Legislative Analyst's Office (the "LAO") released a series of analyses of the May Revision entitled "The 2016-17 May Revision: LAO Analyses" (as originally released, the "LAO Analyses"). The LAO Analyses states that certain new ongoing budgetary commitments made by the State since January 2016 carry substantial ongoing costs for the State in future years and that these changes, together with reduced estimates of State revenues and reserves, result in less capacity to make additional budgetary commitments. The LAO Analyses also states that, relative to the State's budgetary position as set forth in the 2016-17 Proposed State Budget, the additional budgetary commitments leave the State budget more vulnerable to the next economic downturn. The LAO suggests that the State Legislature adopt a robust target for budget reserves for the end of Fiscal Year 2016-17, which may include a target for total reserves that is at least as large as the $8.5 billion amount (being the $1.8 billion year-end reserve for economic uncertainties surplus plus the $6.7 billion in the Budget Stabilization Account described above) in the Governor's May Revision.

Impact of Fiscal Year 2016-17 State Budget on the County. The Proposed 2016-17 State Budget and May Revision are not expected to result in a reduction in State funding for County programs and services. The May Revision includes, among other things, an adjustment to the base allocation for the AB 109/2011 Public Safety Realignment, which is expected to continue to provide sufficient funding for all County AB 109 programs. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2016-17 State Budget" attached hereto.

Additional Information. The Governor may release additional details of the proposals or updates to the Governor's Proposed 2016-17 State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2016-17 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury (so called "interfund borrowing") pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called "intrafund borrowing"). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the $900,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2015-16 and due June 30, 2016), all notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a repayment fund therefor, separate from the General Fund, to repay the outstanding 2015-16 tax and revenue anticipation notes due on June 30, 2016. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consist primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these "monies in transit" and ultimately receives more than 30% of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2011-12 through 2015-16" and "County of Los Angeles Borrowable Resources – Fiscal Year 2016-17" for the County's historical and projected borrowable resources for purposes of Intrafund Borrowing.

The following tables set forth for fiscal years 2011-12 through 2015-16 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2011-12 THROUGH 2015-16
(In Thousands)[1]

	2011-12	2012-13	2013-14	2014-15	2015-16
July	$1,522,684	$1,346,913	$1,194,935	$1,301,521	$1,901,844
August	1,319,842	830,197	844,344	994,697	1,626,863
September	909,737	332,888	177,920	563,608	1,254,727
October	419,044	39,289	43,694	215,745	868,460
November	229,984	(267,888)	(16,816)	(20,557)	414,234
December	440,436	378,664	358,844	231,055	1,022,814
January	511,073	291,248	797,772	600,670	1,299,857
February	182,090	270,061	689,240	552,198	1,409,218
March	(272,434)	(302,319)	(6,076)	335,074	1,080,343
April	297,983	208,117	396,747	426,895	1,162,078
May	564,069	806,070	1,074,220	1,079,020	906,567[2]
June	821,252	892,775	1,025,985	1,653,166	1,227,776[2]

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment funds relating to the short-term notes. Certain monthly periods reflect negative cash balances, which are covered by borrowable resources available to the County. See "THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

(2) Estimated.

BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2011-12 THROUGH 2015-16
(In Thousands)

	2011-12	2012-13	2013-14	2014-15	2015-16
July	$1,321,951	$1,525,334	$1,090,942	$1,308,097	$1,482,119
August	1,069,843	1,123,337	1,085,015	1,274,023	1,434,015
September	1,142,594	1,186,943	1,163,158	1,284,744	1,437,263
October	1,449,921	1,635,585	1,637,393	1,849,733	1,928,495
November	2,695,445	2,933,305	3,185,516	3,428,812	3,519,705
December	4,953,904	5,174,854	5,582,245	5,869,491	6,016,212
January	3,109,882	3,150,261	3,225,772	3,794,349	4,180,918
February	1,854,014	1,997,817	2,164,412	2,526,797	2,825,906
March	2,084,584	2,090,997	2,359,184	2,587,441	2,968,208
April	4,438,428	4,504,208	4,903,834	5,392,739	5,910,220
May	2,715,846	2,781,891	2,863,076	3,163,075	3,335,171[1]
June	1,740,788	1,127,721	1,262,316	1,472,289	1,451,891[1]

(1) Estimated.

The Auditor-Controller submits to the Board of Supervisors monthly reports that set forth summary cash flow and borrowable resources information, including actual cash flow amounts for the County's General Fund through the preceding month, projected cash flows for the County's General Fund through the end of the applicable fiscal year and monthly borrowable resources average daily balances. The monthly cash flow reports are available through the County's Investor Information website at http://ttc.lacounty.gov/Proptax/Investor.htm. Such information is not incorporated herein by this reference.

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2016-17 based on the 2016-17 Recommended Budget adopted by the Board of Supervisors on April 12, 2016 (the "2016-17 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2016-17 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2016-17. Although the County believes its Fiscal Year 2016-17 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 25 of 26 years, and has done so by an average of more than $500 million. For June 30, 2016, the County projects that its cash balance will be $866 million greater than the original May 2015 forecast of $362 million, ending the current fiscal year at a positive $1,228 million. There can be no assurances that actual results for Fiscal Year 2016-17 will not materially differ from the projections.

The Preliminary Official Statement, dated May 20, 2016, with respect to the Notes, included on pages 12-13 thereof a schedule of the average daily balances for Fiscal Year 2015-16. For this Official Statement, the referenced schedule has been updated to reflect the projected average daily balances for Fiscal Year 2016-17.

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2016-17 PROJECTION
(in thousands of $)

	July 2016	August 2016	September 2016	October 2016	November 2016
BEGINNING BALANCE	$ 1,227,776	$ 1,260,209	$ 834,352	$ 350,228	$ 316,456
RECEIPTS					
Property Taxes	$ 44,495	$ 101,632	0	0	$ 48,854
Other Taxes	14,540	22,052	16,251	15,503	15,522
Licenses, Permits & Franchises	3,845	5,111	3,472	3,661	2,533
Fines, Forfeitures & Penalties	27,668	17,112	10,167	10,247	15,501
Investment and Rental Income	13,953	9,312	11,120	7,497	13,896
Motor Vehicle (VLF) Realignment	0	25,910	41,573	33,516	46,604
Sales Taxes - Proposition 172	65,468	60,491	51,573	56,572	67,339
1991 Program Realignment	51,849	47,475	48,173	49,488	58,120
Other Intergovernmental Revenue	94,161	276,787	142,183	160,869	242,390
Charges for Current Services	120,454	158,604	94,980	141,649	87,487
Other Revenue & Tobacco Settlement	89,843	52,364	52,058	56,016	28,071
Transfers & Reimbursements	24,594	0	853	22,517	10,532
Hospital Loan Repayment*	44,597	148,883	222,272	866,727	42,299
Welfare Advances	329,028	251,775	484,256	388,598	348,779
Other Financing Sources/MHSA	51,167	26,949	0	20,969	20,373
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	800,000	0	0	0	0
Total Receipts	$ 1,775,662	$ 1,204,457	$ 1,178,931	$ 1,833,829	$ 1,048,300
DISBURSEMENTS					
Welfare Warrants	$ 194,900	$ 229,556	$ 228,503	$ 230,519	$ 214,307
Salaries	466,901	461,691	455,359	461,360	470,390
Employee Benefits	287,550	305,137	264,835	284,464	294,653
Vendor Payments	555,327	409,186	309,303	330,323	367,274
Loans to Hospitals*	0	17,114	399,383	474,835	126,840
Hospital Subsidy Payments	209,688	155,734	0	0	0
Transfer Payments	28,864	51,896	5,673	86,101	17,122
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,743,229	$ 1,630,314	$ 1,663,055	$ 1,867,601	$ 1,490,587
ENDING BALANCE	**$ 1,260,209**	**$ 834,352**	**$ 350,228**	**$ 316,456**	**$ (125,831)**
Borrowable Resources (Avg. Balance)	$ 1,493,634	$ 1,427,555	$ 1,439,351	$ 1,910,379	$ 3,408,162
Total Cash Available	$ 2,753,843	$ 2,261,907	$ 1,789,579	$ 2,226,835	$ 3,282,331

* The net change in the outstanding Hospital Loan Balance is a decrease of $36.26 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement show n above.

December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	2016-17
$ (125,831)	$ 264,093	$ 701,699	$ 902,614	$ 344,169	$ 617,596	$ 1,008,326	
$ 1,234,066	$ 1,189,773	$ 221,801	$ 14,789	$ 852,646	$ 1,106,251	$ 184,211	$ 4,998,518
13,709	44,552	13,216	12,891	18,950	10,311	23,051	220,548
4,698	2,431	8,383	5,161	9,494	5,062	5,097	58,950
9,067	9,436	17,489	14,611	16,404	30,975	13,356	192,034
15,839	11,334	9,634	11,840	9,042	8,450	9,069	130,986
34,184	30,632	30,871	32,394	32,130	31,174	23,177	362,165
60,093	52,884	79,561	51,550	49,762	69,463	60,994	725,750
51,758	51,591	54,123	49,291	48,303	55,710	47,260	613,141
219,203	177,051	221,401	161,252	153,309	196,883	202,985	2,248,475
199,554	137,385	127,833	138,344	108,815	105,952	154,087	1,575,142
25,485	40,612	41,842	47,450	100,211	41,346	55,059	630,357
39,121	8,138	13,457	10,143	5,671	10,277	17,232	162,536
42,299	277,633	411,349	73,981	435,133	71,664	29,534	2,666,369
549,739	440,454	381,577	477,381	296,886	308,247	405,443	4,662,162
27,677	21,737	43,318	26,938	24,506	26,241	23,983	313,858
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	800,000
$ 2,526,491	$ 2,495,644	$ 1,675,854	$ 1,128,016	$ 2,161,262	$ 2,078,006	$ 1,254,538	$ 20,360,991
$ 223,324	$ 223,787	$ 186,789	$ 251,936	$ 262,462	$ 240,020	$ 281,256	$ 2,767,359
495,534	499,497	488,805	471,574	491,331	479,527	434,364	5,676,331
261,850	330,059	298,344	268,958	315,551	310,931	275,702	3,498,034
370,300	370,562	317,035	366,382	437,967	464,774	449,564	4,747,998
454,330	233,288	148,372	324,063	132,827	124,657	194,405	2,630,113
0	0	0	0	0	0	0	365,422
16,229	85,845	35,593	3,548	77,697	67,367	14,263	490,198
315,000	315,000	0	0	170,000	0	0	800,000
0	0	0	0	0	0	0	0
$ 2,136,567	$ 2,058,038	$ 1,474,938	$ 1,686,461	$ 1,887,836	$ 1,687,276	$ 1,649,553	$ 20,975,456
$ 264,093	**$ 701,699**	**$ 902,614**	**$ 344,169**	**$ 617,596**	**$ 1,008,326**	**$ 613,311**	
5,844,525	$ 4,130,610	$ 2,787,513	$ 2,936,331	$ 5,786,754	$ 3,291,179	$ 1,447,891	
$ 6,108,618	$ 4,832,309	$ 3,690,127	$ 3,280,500	$ 6,404,350	$ 4,299,505	$ 2,061,202	

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: FISCAL YEAR 2016-17 FORECAST
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2016	August 2016	September 2016	October 2016	November 2016
PROPERTY TAX GROUP					
Tax Collector Trust Fund	$ 75,573	$ 36,731	$ 34,075	392,112	$ 1,350,245
Auditor Unapportioned Property Tax	177,229	39,008	118,073	152,847	686,356
Unsecured Property Tax	154,844	200,302	140,114	170,819	131,290
Miscellaneous Fees & Taxes	6,284	6,303	6,322	6,325	6,285
State Redemption Fund	29,524	41,358	38,760	49,493	35,646
Education Revenue Augmentation	335,161	352,258	317,444	317,802	333,348
State Reimbursement Fund	0	0	0	0	445
Sales Tax Replacement Fund	324	5,486	19,593	19,593	19,629
Vehicle License Fee Replacement Fund	1,736	29,429	105,107	105,107	105,811
Property Tax Rebate Fund	4,894	6,537	2,348	6,624	8,103
Utility User Tax Trust Fund	2,588	4,542	8,104	12,361	17,228
Subtotal	$ 788,157	$ 721,954	$ 789,940	$ 1,233,083	$ 2,694,386
VARIOUS TRUST GROUP					
Departmental Trust Fund	$ 520,334	$ 513,622	$ 466,429	493,827	$ 526,302
Payroll Revolving Fund	45,882	53,107	44,793	44,618	48,743
Asset Development Fund	43,137	43,154	43,213	43,237	43,256
Productivity Investment Fund	5,024	4,627	3,988	3,830	3,774
Motor Vehicle Capital Outlays	5,904	5,881	5,354	5,337	5,337
Civic Center Parking	322	86	186	164	82
Reporters Salary Fund	350	391	380	498	248
Cable TV Franchise Fund	12,641	12,340	12,339	12,590	12,415
Megaflex Long-Term Disability	13,947	13,888	13,738	13,712	13,550
Megaflex Long-Term Disability & Health	9,207	9,286	9,336	9,417	9,512
Megaflex Short-Term Disability	43,729	44,219	44,655	45,066	45,557
Subtotal	$ 700,477	$ 700,601	$ 644,411	$ 672,296	$ 708,776
HOSPITAL GROUP					
Harbor-UCLA Medical Center	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Olive View-UCLA Medical Center	1,000	1,000	1,000	1,000	1,000
LAC+USC Medical Center	1,000	1,000	1,000	1,000	1,000
MLK Ambulatory Care Center	1,000	1,000	1,000	1,000	1,000
Rancho Los Amigos Rehab Center	1,000	1,000	1,000	1,000	1,000
LAC+USC Medical Center Equipment	0	0	0	0	0
Subtotal	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
GRAND TOTAL	**$ 1,493,634**	**$ 1,427,555**	**$ 1,439,351**	**$ 1,910,379**	**$ 3,408,162**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
$ 3,455,733	$ 986,977	$ 518,992	$ 662,787	$ 2,433,901	$ 930,851	$ 170,993
601,474	1,101,787	793,524	687,674	1,498,366	689,780	187,045
69,667	58,061	59,599	54,588	44,491	94,621	128,200
6,431	6,411	6,353	6,264	6,262	9,198	8,868
31,315	22,726	22,874	24,080	25,912	34,647	25,268
779,132	551,398	220,824	177,992	450,172	79,607	168,583
8,500	19,832	1,309	1,309	3,385	29,269	11,261
20,672	44,043	36,493	42,725	43,470	81,348	0
126,239	583,956	436,102	558,153	572,744	574,415	0
11,145	13,605	16,539	11,056	5,718	0	0
22,807	17,872	5,390	12,918	8,680	7,261	11,403
$ 5,133,115	$ 3,406,668	$ 2,117,999	$ 2,239,546	$ 5,093,101	$ 2,530,997	$ 711,621
$ 522,861	$ 531,031	$ 468,439	$ 505,791	$ 501,429	$ 555,784	$ 542,645
48,388	49,792	57,197	44,553	47,762	62,091	51,560
43,275	43,286	43,310	43,362	43,380	44,000	44,000
4,248	6,258	6,105	6,287	6,193	6,000	6,000
5,300	5,261	5,449	7,105	5,237	6,000	6,000
25	230	259	257	261	239	143
276	418	365	558	464	559	413
12,973	13,039	12,970	13,168	12,896	13,000	13,000
13,475	13,469	13,464	13,309	13,257	14,893	14,893
9,597	9,662	9,694	9,746	9,830	9,306	9,306
45,992	46,496	47,262	47,649	47,944	43,310	43,310
$ 706,410	$ 718,942	$ 664,514	$ 691,785	$ 688,653	$ 755,182	$ 731,270
$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000	1,000	1,000
0	0	0	0	0	0	0
$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
$ 5,844,525	**$ 4,130,610**	**$ 2,787,513**	**$ 2,936,331**	**$ 5,786,754**	**$ 3,291,179**	**$ 1,447,891**

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

The following is a summary of certain provisions of the Resolution and the Financing Certificate. This summary is not to be considered a full statement of the terms of the Resolution or the Financing Certificate and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Financing Certificate.

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Notes to be issued under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the Notes. The pledge made in the Resolution and the Financing Certificate and the covenants and agreements set forth therein to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the Notes all of which shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to its Fiscal Year 2016-17 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Code (herein defined) necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the Notes proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

Notwithstanding any other provision of the Financing Certificate to the contrary, upon the County’s failure to observe or refusal to comply with the foregoing tax covenants, the Holders, and any adversely affected former Holders, shall be entitled to the rights and remedies provided to Holders under the Financing Certificate.

Negotiability, Transfer and Exchange of the Notes

The Holders of the Notes evidenced by registered certificates may transfer or exchange such Notes upon the books maintained by the Note Registrar, in accordance with the Financing Certificate.

The County and the Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor the Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Permitted Investments

Moneys on deposit in the Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments, as defined in the Financing Certificate ("Permitted Investments"), as more fully described below:

(1) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association; (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's, a Standard & Poor's Financial Services LLC business ("S&P"), or Fitch Ratings ("Fitch") and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt, as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(4) The Los Angeles County Treasury Pool (the "County Treasury Pool").

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of "A-1," "P-1," or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other nationally recognized securities rating agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a

parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer under the Financing Certificate may not exceed $500,000,000.

(9) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

Notwithstanding anything within the definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the Notes, to the extent Pledged Revenues are invested in Permitted Investments described in paragraphs (3), (5), (7) or (9) above, such investments must be rated by S&P at the respective S&P ratings described therein.

Repayment Fund Held by the Treasurer

Under the Resolution and the Financing Certificate, the County shall transfer to the Treasurer for deposit in the Repayment Fund the Pledged Revenues as set forth in the Financing Certificate. The Pledged Revenues may be invested in Permitted Investments; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. The Pledged Revenues shall be used to pay the Notes and the interest thereon when the same shall become due and payable and may not be used for any other purpose; provided that earnings on amounts in the Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the Repayment Fund after repayment of all the Notes and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any designee may direct.

Supplemental Financing Certificate and Supplemental Resolution

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a "Supplemental Financing Certificate"), with the written consent of the Holders of at least a majority in principal amount of the Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any particular Notes remain Outstanding, the consent of the Holders of such Notes will not be required. No such supplement or amendment shall (i) permit a change in the terms of maturity of the principal of any Notes or of the interest rate thereon or a reduction in the principal amount thereof without the consent of all of the Holders of the affected Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under "THE NOTES - Security for the Notes," without the consent of all of the Holders of the affected Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a "Supplemental Resolution") may be adopted, or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add to the covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing

Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to supplement or amend the Resolution or the Financing Certificate as required to obtain a rating for the Notes, or any portion thereof, from any rating agency, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders or (vi) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

Events of Default

Any one or more of the following will constitute an "Event of Default" under the Resolution and the Financing Certificate:

(1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;

(2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in aggregate principal amount of the outstanding Notes; or

(3) the County shall file petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders of the Notes, and any adversely affected former Holders of the Notes, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder's rights to payment of principal of and interest on such Holder's Notes.

Payment of Unclaimed Moneys to County

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Notes that remain unclaimed for a period of one year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such Notes from legally available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the Notes) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date may be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of certain Unrestricted Revenues that are pledged and will be set aside to repay Notes and these funds will be held a segregated account to be established and maintained by the County for the benefit of the owners of the Notes. The amounts in such segregated account will be invested for a period of time in the County Treasury Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Bankruptcy Code, a court might hold that the owners of the Notes do not have a valid and prior lien on the such pledged amounts where such amounts are deposited in the County Treasury Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Notes unless the owners could "trace" the funds from the Repayment Fund that have been deposited in the County Treasury Pool. There can be no assurance that the Owners could successfully so "trace" the pledged amounts.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix C – "Proposed Form of Opinion of Bond Counsel" hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Notes and the aggregate amount to be paid at maturity of the Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Notes if original issue discount treatment is elected.

Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient monies to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available monies (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from monies received or accrued during the 2016-17 Fiscal Year. To the extent that any rebate cannot be paid from such monies, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Notes may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the beneficial owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the beneficial owners to incur significant expense.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Notes in substantially the form appearing in APPENDIX C hereto. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed on for the County by County Counsel.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under the California Financial Code, the Notes are legal investments for commercial banks in the State, and under the California Government Code, the Notes are eligible to secure deposits of public moneys in the State.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2015, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by Independent Auditor with respect to any event subsequent to its report dated December 15, 2015.

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "MIG 1," "SP-1+" and "F1+" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes, and an opinion of the County Counsel to that effect will be furnished at the time of issuance of the Notes.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. The aggregate amount of the uninsured liabilities of the County which may result from all suits and claims will not, in the opinion of the County Counsel, materially impair the County's ability to repay the Notes. Note 18 of "Notes to the Basic Financial Statements" included in APPENDIX B sets forth this liability as of June 30, 2015. See also APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

FINANCIAL ADVISOR

Public Resources Advisory Group has served as Financial Advisor to the County in connection with the issuance of the Notes. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained herein.

UNDERWRITING

The Notes are being purchased for reoffering by Wells Fargo Bank, National Association, as representative of itself, J.P. Morgan Securities LLC and Academy Securities, Inc., Blaylock Beal Van, LLC and U.S. Bancorp Investments, Inc. (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $818,148,097.00 (representing the principal amount of the Notes of $800,000,000.00, plus original issue premium of $18,464,000.00, less Underwriters' discount of $315,903.00). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

Wells Fargo Bank, National Association, has provided the following sentences for inclusion: Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA") the senior underwriter of the Notes, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Notes with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Notes. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, acting through its Municipal Products Group.

J.P. Morgan Securities LLC has provided the following sentences for inclusion: J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Notes, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Notes that such firm sells.

U.S. Bancorp Investments, Inc. has provided the following sentence for inclusion: "US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as one of the Underwriters of the Notes.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various banking services for the County.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution, the Financing Certificate and the statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Appropriate County officials, acting in their official capacity, have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. An appropriate County official will execute a certificate to such effect upon delivery of the Notes. This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County.

CONTINUING DISCLOSURE

The County has agreed in a Disclosure Certificate to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. The notice events applicable to the Notes include: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (4) modifications to rights of Noteholders, if material and (5) rating changes.

The County's underlying rating was upgraded by S&P from "A+" to "AA-" in October 2012 in connection with the issuance of its Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds ") and disclosed in the Official Statement for the Series 2012 Bonds. The County did not file an event notice for the rating changes assigned to the County's other General Fund obligations. In addition, the County did not file notices of certain rating changes on bonds insured by a financial guaranty insurance company. The County has since filed notices setting forth the current ratings on each of its obligations.

In addition, the County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Holder of a Note may obtain a copy of any such report, as available, from the County. Such reports are not incorporated by this reference.

Additional information regarding this Official Statement and copies of the Resolution and the Financing Certificate may be obtained by contacting:

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-8359

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

COUNTY OF LOS ANGELES

CALIFORNIA

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,084 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of nearly 10.2 million in 2015, the County is the most populous of the 58 counties in California and has a larger population than 43 states.

As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes. The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

COUNTY GOVERNMENT

The County is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts to serve four-year terms. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving a maximum of three consecutive terms commencing as of December 2002.

On September 27, 2011, the Board of Supervisors adopted a Supervisorial District Boundary Plan based on the results of the 2010 census. The redistricting plan, which took effect on October 27, 2011, reduced the total variance in population among the five districts from 9.97% to 1.59% and moved approximately 277,600 residents to new supervisorial districts.

In March 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance, which was designed to improve the operational efficiency of County governance. The new governance structure delegated additional responsibilities for the administration of the County to the Chief Executive Office (the "CEO"), including the oversight, evaluation and recommendation for appointment and removal of specific department heads and County officers. The five departments that continued to report directly to the Board of Supervisors were the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. In May 2011, the Board of Supervisors further revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

The County has recently experienced significant changes to its elected leadership, senior management personnel and governance structure. In December 2014, the Supervisors for the First District and the Third District reached their term limits, with their successors elected by voters in the November 2014 election. The new Supervisors for the First and Third Districts commenced their first terms on December 1, 2014. In November 2014, voters also elected a new Assessor and a new Sheriff. Other key management changes to County departments include appointments by the Board of Supervisors of a new Auditor-Controller in October 2014, a new Treasurer and Tax Collector in January 2015, a new CEO in October 2015, and a new County Counsel in November 2015.

On July 7, 2015, the Board of Supervisors approved recommendations by the CEO to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance, and to establish a new governance structure. Under the new governance structure, all non-elected department heads report directly to the Board of Supervisors, and all Deputy CEO positions were eliminated. County departments continue to report to the CEO for day-to-day operations, and for administrative and budget matters. The CEO continues to function as the Board of Supervisor's agent to manage countywide policy objectives and departmental performance management. The new governance structure is designed to streamline County governance by improving communications with County departments, which will facilitate more effective decision making and greater responsiveness to the Board of Supervisors' policy objectives.

COUNTY SERVICES

The vast majority of the County population resides in the 88 incorporated cities located within its boundaries. The County provides some municipal services to these cities on a contract basis under the Contract Services Plan. Established in 1954, this plan was designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the Contract Services Plan, the County will provide various municipal services to a city on a cost recovery basis at the same level of service as provided in unincorporated areas, or at any higher service level that a city may choose.

Over one million people live in the unincorporated areas of the County. For the residents of these areas, the County Board of Supervisors functions as their "City Council," and County departments provide all of their municipal services, including law enforcement, fire protection, land use and zoning, building and business permits, road maintenance, animal care and control, and public libraries. Beyond the unincorporated areas, the County provides a wide range of services to all citizens who live within its boundaries.

Many of the County's core service functions are required by the County Charter, County ordinances, or by State or Federal mandate. State and Federal mandated programs, primarily related to social services and health care, are required to be maintained at certain minimum levels of service, which can limit the County's flexibility in these areas.

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol abuse prevention, and various other treatment programs. These services are provided at County facilities and through a network of contract providers.

While many of the patients receiving services at County facilities are indigent or covered by Medi-Cal (a State health insurance program), the County health care delivery system has been designed with the objective of providing quality health care services to the entire population. Through its affiliation with two medical schools and by operating its own school of nursing, the County Department of Health Services ("DHS") is a major provider of health care professionals throughout California.

Disaster Services

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 15 major dams, 131 debris basins, 86,500 catch basins, 42 sediment placement sites, and over 2,825 miles of storm drains and channels. County lifeguards monitor 31 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 18,000 inmates.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 4.1 million registered voters and maintains 5,000 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 7 major regional parks, 87 local and community regional parks, 31 public swimming pools, 344 miles of horse and hiking trails, and 19 golf courses. The County also maintains botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, providing County residents with a valuable educational resource.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 88.2% of the County workforce is represented by sixty-one (61) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which has twenty-four (24) collective bargaining units that represent 56.8% of County employees; the Coalition of County Unions ("CCU"), which includes twenty-five (25) collective bargaining units representing 23.5% of County employees; and the Independent Unions (the "Independent Unions"), which encompass twelve (12) collective bargaining units representing 7.9% of County employees. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division is responsible for negotiating sixty-one (61) individual collective bargaining agreements for wages and salaries and an additional two (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

With the exception of the bargaining units representing Building Trades and Supervising Building Trades, the Board of Supervisors has approved Memoranda of Understanding ("MOUs") with all of its collective bargaining units covering wages, salaries and fringe benefits. A summary of the current MOUs in effect for County employees is provided below.

On September 29, 2015, the Board of Supervisors approved successor agreements to five (5) MOUs covering wages and work rules for the collective bargaining units representing Deputy Probation Officers, Supervising Peace Officers, Public Defender Investigators, Beach Lifeguards and Supervising Beach Lifeguards. The five MOUs have three-year terms, with the MOUs for the Beach Lifeguards and Supervising Beach Lifeguards expiring on December 31, 2017, and the MOUs for Deputy Probation Officers, Supervising Peace Officers and Public Defender Investigators expiring on January 31, 2018. All five units received a 10% cost of living increase over the term of the agreements.

On November 13, 2015, the Board of Supervisors approved successor agreements to ten (10) MOUs covering wages and work rules for the collective bargaining units representing Peace Officers, Fire Fighters, Supervisory Fire Fighters, Criminalists/Forensic ID Specialists, Custody Assistants, Coroner Investigators, Supervising Coroner Investigators, Probation Directors, Supervising Child Support Officers and Assistant Deputy District Attorneys. The MOUs for these units also have three-year terms, which will expire on December 31, 2017 (Fire Fighters; Supervisory Fire Fighters), January 31, 2018 (Peace Officers, Criminalists/Forensic ID Specialists, Custody Assistants, Coroner Investigators, Supervising Coroner Investigators, Probation Directors) and September 30, 2018 (Supervising Child Support Officers and Assistant Deputy District Attorneys). Each bargaining unit received a 10% cost of living increase over the term of the agreements.

On December 8, 2015, the Board of Supervisors approved successor agreements to three (3) MOUs covering wages and work rules for the collective bargaining units representing Automotive and Equipment Maintenance, Agricultural Inspectors, Child Support Attorneys and the twenty-four (24) collective bargaining units representing SEIU Local 721. Also approved on the same date was an MOU covering fringe benefits for SEIU Local 721 members. All of the MOUs have a three-year term expiring on September 30, 2018, with each unit receiving a 10% cost of living increase over the term of the agreements.

On January 5, 2016, the Board of Supervisors approved successor agreements to the Fringe Benefit MOU for employees represented by the CCU. The MOU has a three-year term expiring on September 30, 2018.

On January 26, 2016, the Board of Supervisors approved successor agreements to eleven (11) MOUs covering wages and work rules for the collective bargaining units representing Appraisers, Supervising Appraisers, Pharmacists, Health Investigative & Support Services, Plant Operating Engineers, Professional Engineers, Supervising Professional Engineers, Engineering Technicians, Supervising Engineering Technicians, Psychiatric Social Workers and Supervising Psychiatric Social Workers. All of the MOUs have a three-year term expiring on September 30, 2018, with each unit receiving a 10% cost of living increase over the term of the agreements.

On February 23, 2016, the Board of Supervisors approved successor agreements to three (3) MOUs covering wages and work rules for the collective bargaining units representing Mental Health Psychiatrists/Dentists, Fire Specialists and Supervising Fire Specialists. All of the MOUs have a three-year term expiring on September 30, 2018 with each unit receiving a 10% cost of living increase over the term of the agreements.

On April 12, 2016, the Board of Supervisors approved successor agreements to two (2) MOUs covering wages and work rules for the collective bargaining units representing Physicians and Interns and Residents . Each of these MOUs has a three-year term expiring on September 30, 2018 with each unit receiving a 10% cost of living increase over the term of the agreements.

The new SEIU Local 721 and the CCU fringe benefit agreements include provisions to change the cafeteria plan contributions and subsidies for temporary and part-time employees, additional annual vacation leave of up to 40 hours after 24 years or more of service, an additional paid holiday in recognition of Cesar Chavez' birthday, a change in eligibility for sick personal leave for rehired retirees, and an expansion of bereavement leave provisions (SEIU Local 721 Fringe Benefit MOU only).

Non-represented employees also received the 10% cost of living increase that was agreed to with SEIU, CCU and the Independent Unions.

The County has received national recognition as one of the best large employers in the nation. In 2016, the County was ranked number 39 on the Forbes Magazine ("Forbes") list of the 500 Best Large Employers in America. Of the 500 employers on the Forbes list, the County was the highest rated county government and the fourth highest rated government entity.

RETIREMENT PROGRAM

General Information

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for employees of the County, the Los Angeles Superior Court and four minor participating agencies. The Superior Court and the other four non-County agencies account for approximately four (4%) of LACERA's membership.

LACERA is governed by the Board of Retirement, which is responsible for the administration of the Retirement Fund, the retiree healthcare program, and the review and processing of disability retirement applications. The Board of Retirement is comprised of four positions appointed by the Board of Supervisors, two positions elected by general LACERA members, two positions (one active and one alternate) elected by LACERA safety members and two positions (one active and one alternate) elected by retired LACERA members. The County Treasurer and Tax Collector is required by law to serve as an ex-officio member of the Board of Retirement.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification. Law enforcement officers, firefighters, foresters and lifeguards are classified as "safety" employees, with all other positions classified as "general" employees. County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C, D & G), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through G) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2015 was 167,409, consisting of 73,518 active vested members, 20,156 active non-vested members, 60,606 retired members and 13,129 terminated vested (deferred) members. Of the 93,674 active members (vested and non-vested), 81,228 are general members in General Plans A through G, and 12,446 are safety members in Safety Plans A through C.

Of the 60,606 retired members, 48,958 are general members in General Plans A through E, and 11,648 are safety members in Safety Plans A, B and C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of Plan A benefits, which were considerably more generous than other plan options currently available to County employees.

As of June 30, 2015, approximately 72% of active general members were enrolled in General Plan D, and over 99% of all active safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

2012 State Pension Reform

On September 12, 2012, the Governor signed AB 340 into law, which established the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension plans, effective January 1, 2013. For new employees hired on or after January 1, 2013, PEPRA includes pension caps, equal sharing of pension costs, changes to retirement age, and three-year final compensation provisions. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

PEPRA applies to all State and local public retirement systems, including county and district retirement systems created pursuant to the County Employees Retirement Law of 1937, independent public retirement systems, and to individual retirement plans offered by public employers. PEPRA only exempts the University of California system and certain charter cities and counties whose pension plans are not governed by State law. Because the County's retirement system is governed by the County Employees Retirement Law of 1937, LACERA is required to comply with the provisions of PEPRA.

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. Based on the June 30, 2015 Actuarial Valuation (the "2015 Actuarial Valuation"), the total employer contribution rate for new employees hired on and after January 1, 2013 is 16.07% for General Plan G and 21.93% for Public Safety Plan C. The new employer contribution rates are lower than the comparative rates of 16.19% for General Plan D participants and 22.97% for Public Safety Plan B participants. The basic benefit structure of Plan G using the PEPRA funding formula is "2.5% at 67" and provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions for members who retire at age 61 or older. For Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions beginning at age 50. Overall, the implementation of General Plan G and Safety Plan C is expected to result in a slight decrease to the total normal cost rate and an increase in the average member contribution rate, thus resulting in a decrease in the total employer contribution rate.

Contributions

Employers and members contribute to LACERA based on rates recommended by the independent actuary (using the Entry Age Normal Cost Funding Method) and adopted by the Board of Investments of LACERA (the "Board of Investments") and the County's Board of Supervisors. Contributory plan members are required to contribute between 5% and 15% of their annual covered salary. Employers and participating agencies are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual pre-funded contributions at actuarially determined rates. The annual contribution rates are based on the results of investments and various other factors set forth in the actuarial valuations and investigations of experience, which are described below.

Investment Policy

The Board of Investments has exclusive control of all Retirement Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Investment Policy Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

Actuarial Valuation

The Retirement Law requires the County to contribute to the Retirement Fund on behalf of employees using rates determined by the plan's independent actuary, which is currently Milliman Consultants and Actuaries ("Milliman"). Such rates are required under the Retirement Law to be calculated at least once every three years. LACERA presently conducts annual valuations to assess changes in the Retirement Fund's portfolio.

In June 2002, the County and LACERA entered into the Retirement Benefits Enhancement Agreement (the "2002 Agreement") to enhance certain retirement benefits in response to changes to State programs enacted in 2001 and fringe benefit changes negotiated in 2000. However, unlike other local governments in California, the County did not agree to major increases in pension benefits as part of its 2002 Agreement. The 2002 Agreement, which expired in July 2010, provided for a 30-year rolling amortization period for any unfunded actuarial accrued liability ("UAAL"). UAAL is defined as the actuarial accrued liability ("AAL") minus the actuarial value of the assets of LACERA at a particular valuation date.

When measuring assets to determine the UAAL, the County has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, then the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss.

In December 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (the "2009 Funding Policy"), which amended the terms of the 2002 Agreement. The impact of the 2009 Funding Policy on the LACERA plans was reflected in the June 30, 2009 Actuarial Valuation prepared by Milliman. The two most significant changes in the 2009 Funding Policy are described as follows:

- <u>Asset Smoothing Period</u>: The smoothing period to account for asset gains and losses increased from three years to five years. This initially resulted in a higher Funded Ratio (as determined by dividing the valuation assets by the AAL) and a lower contribution rate than would have been calculated under the previous three-year smoothing period.

- Amortization Period: The UAAL is amortized over a closed thirty-year layered period, compared to an open thirty-year period under the 2002 Agreement. If LACERA achieves a Funded Ratio in excess of 100%, the surplus funding position will be amortized over a thirty-year open period.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth. Based on the Investigation of Experience for the three-year period ended June 30, 2010, (the "2010 Investigation of Experience"), Milliman recommended that the Board of Investments consider the adoption of some key changes to the economic assumptions related to inflation and investment returns, and other minor changes to the demographic assumptions.

In October 2011, based on the 2010 Investigation of Experience, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return were adjusted to 7.7%, 7.6% and 7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively.

In December 2013, Milliman released the 2013 Investigation of Experience for Retirement Benefit Assumptions (the "2013 Investigation of Experience"). The 2013 Investigation of Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the June 30, 2013 Actuarial Valuation (the "2013 Actuarial Valuation"). The key changes to the actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.5% to 7.25%; reductions in the assumed rates for wage growth and price inflation from 3.75% and 3.25% to 3.5% and 3.0%, respectively; and a reduction in the mortality rate (increase in life expectancy) for all retirees. In December 2013, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions to be used in the 2013 Actuarial Valuation, with the exception of the assumed rate of return, which remained unchanged at 7.5%.

UAAL and Deferred Investment Returns

For the June 30, 2014 Actuarial Valuation (the "2014 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 16.8%, which was significantly higher than the 7.50% assumed rate of return. As a result of the strong investment performance, the market value of Retirement Fund Assets increased by $5.949 billion or 14.2% to $47.722 billion as of June 30, 2014. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $3.722 billion or 9.3% from $39.932 billion to $43.654 billion as of June 30, 2014. The 2014 Actuarial Valuation reported that the AAL increased by $1.695 billion to $54.942 billion, but the UAAL decreased by $2.027 billion to $11.288 billion from June 30, 2013 to June 30, 2014.

With the strong performance of Retirement Fund assets in Fiscal Year 2013-14 and the recognition of significant deferred actuarial investment gains, the Funded Ratio increased from 75.0% to 79.5% as of June 30, 2014.

The 2014 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2015. The County's required contribution rate decreased from 21.34% to 19.33% of covered payroll in Fiscal Year 2015-16. The decrease in the contribution rate is comprised of a decrease in the funding requirement to finance the UAAL over 30 years from 11.90% to 10.04%, and a decrease in the normal cost contribution rate from 9.44% to 9.29%.

The 2014 Actuarial Valuation did not include $3.569 billion of net deferred investment gains that will be partially recognized and available to offset future actuarial investment losses over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 86.0% as of June 30, 2014, and the required County contribution rate would have been 16.23% for Fiscal Year 2015-16.

For the June 30, 2015 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 4.3%, which was lower than the 7.50% assumed rate of return. As a result of the weaker than assumed investment performance, the market value of Retirement Fund Assets increased by $1.096 billion or 2.3% to $48.818 billion as of June 30, 2015. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $3.674 billion or 8.4% from $43.645 billion to $47.328 billion as of June 30, 2015. The 2015 Actuarial Valuation reported that the AAL increased by $1.877 billion to $56.819 billion, but the UAAL decreased by $1.797 billion to $9.490 billion from June 30, 2014 to June 30, 2015.

Due to the recognition of significant deferred actuarial investment gains, which more than offset the weaker than assumed investment performance, the Funded Ratio increased from 79.5% to 83.3% as of June 30, 2015.

After reaching a cyclical high of 94.5%, prior to the economic downturn, the Funded Ratio declined steadily from June 30, 2008 to June 30, 2013. The steady decline in the Funded Ratio over the five-year period was primarily driven by continuous growth in the AAL and the partial recognition of significant actuarial investment losses in Fiscal Years 2008-09 and 2011-12 (especially the losses in Fiscal Year 2008-09). The $10.428 billion of actuarial investment losses incurred in Fiscal Year 2008-09 were fully accounted for in the valuation of the Retirement Fund as of June 30, 2013. The increase in the Funded Ratio as of June 30, 2015, represents the second consecutive year of improved funding for the Retirement Fund since June 30, 2007.

The 2015 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2016. The County's required contribution rate will decrease from 19.33% to 17.77% of covered payroll in Fiscal Year 2016-17. The decrease in the contribution rate is comprised of a decrease in the funding requirement to finance the UAAL over 30 years from 10.04% to 8.49%, and a decrease in the normal cost contribution rate from 9.29% to 9.28%.

The 2015 Actuarial Valuation does not include $980 million of net deferred investment gains that will be partially recognized and available to offset any future actuarial investment losses over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 85.0% as of June 30, 2015, and the required County contribution rate would have been 16.97% for Fiscal Year 2016-17.

As of March 31, 2016, LACERA reported a -0.9% fiscal year to date return on Retirement Fund assets, which is significantly below the actuarial assumed investment rate of return of 7.5%. The asset allocation percentages for the Retirement Fund as of March 31, 2016 were 26.0% domestic equity, 22.6% international equity, 24.0% fixed income, 12.4% real estate, 9.5% private equity, 1.7% commodities, 2.4% hedge funds and 1.4% cash.

An eight-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio"), and a summary of investment returns for the prior eight years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page A-11.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual actuarially required contribution to LACERA. In Fiscal Years 2013-14 and 2014-15, the County's total contributions to the Retirement Fund were $1.263 billion and $1.430 billion, respectively. In Fiscal Year 2015-16, the County's required contribution payments are projected to decrease by over $44 million to $1.386 billion. For Fiscal Year 2016-17, the County is estimating retirement contribution payments to LACERA of $1.314 billion, which would represent a 5.2% or $72.0 million decrease from Fiscal Year 2015-16.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2017 is presented in Table 3 ("County Pension Related Payments") on page A-11.

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") was $470.71 million as of June 30, 2012. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve to fund the establishment of a trust to help address the County's substantial liability related to other post-employment benefits ("OPEB"). As of June 30, 2015, the remaining balance in the County Contribution Credit Reserve was $21.891 million, all of which is attributable to the Los Angeles County Superior Court.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2015, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2015 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would have increased from 17.77% to 18.28% for Fiscal Year 2016-17, and the Funded Ratio would have decreased from 83.3% to 82.2% as of June 30, 2015. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $35.7 million in Fiscal Year 2016-17.

Pension Obligation Securities

In California, the obligation of the County to fund the UAAL by making actuarially required contributions is an obligation imposed by State Law. The County previously issued pension obligation bonds and certificates in 1994 and transferred the proceeds to LACERA to finance its then-existing UAAL. All of the outstanding pension obligation bonds and certificates related to the 1994 financing were repaid in full as of June 30, 2011.

Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the previous pension accounting and reporting requirements for defined pension benefit plans such as LACERA, and employers such as the County. GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of GASB Statement No. 25 and is focused on pension plan administrators such as LACERA. GASB 67 was implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and expanded the pension-related note disclosures and supplementary information requirements. In accordance with GASB 67, LACERA reported a net pension liability ("Net Pension Liability") of $7.8 billion as of June 30, 2015, which was an increase of 6.9% from the $7.3 billion reported as of June 30, 2014.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, has replaced the requirements of GASB Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 has been implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 does not materially affect the existing process for calculating the UAAL, it requires the County to recognize its proportionate share of LACERA's Net Pension Liability directly on the Statement of Net Position (government-wide balance sheet). The new requirement to recognize a liability in the financial statements represents a significant and material change from the previous standards, which only required the disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional reporting requirements, which have expanded the pension-related note disclosures and supplementary information requirements.

The new GASB pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund pension benefits. For the Fiscal Year ended June 30, 2015, the County reported a Net Pension Liability of $6.957 billion.

Postemployment Health Care Benefits

LACERA administers a health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. The Board of Retirement reserves the right to amend or revise the medical plans and programs under the retiree health program at any time. County payments for postemployment benefits are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

In Fiscal Years 2013-14 and 2014-15, total payments from the County to LACERA for OPEB were $447.0 million and $450.2 million, respectively. In Fiscal Year 2015-16, payments to LACERA for OPEB are projected to increase by $57.5 million or 12.8% to $507.7 million. For Fiscal Year 2016-17, the County is projecting $530.1 million in OPEB payments to LACERA, which would represent a 4.4% or $22.4 million increase from Fiscal Year 2015-16.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") had previously issued two statements that address financial reporting requirements for OPEB, which is defined to include many post- retirement benefits other than pension-related benefits. Health care and disability benefits are the most significant of these benefits provided by the County.

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB 43"), established financial reporting standards for OPEBs in a manner similar to the standards that were previously in effect for pension benefits. GASB 43 was focused on the entity that administers such benefits (which, in the case of the County, is LACERA) and requires an actuarial valuation to determine the funded status of accrued benefits. LACERA has complied with GASB 43 requirements for all annual reporting periods beginning with the Fiscal Year ended June 30, 2008.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"), established financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 was focused on the County's financial statements, and related note disclosures. Starting with the June 30, 2008 Comprehensive Annual Financial Report ("CAFR"), the County implemented the requirements of GASB 45 in its financial reporting process. The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. GASB 45 did not require the funding of any OPEB liability related to the implementation of this reporting standard.

In June 2015, GASB issued Statement No. 74 and Statement No. 75, which will replace the existing OPEB accounting and reporting requirements for entities that administer OPEB plans (LACERA) and employers (the County).

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaces the requirements of GASB Statement No. 43 and is focused on the OPEB plan administrator (LACERA). GASB 74 will be implemented with the issuance of LACERA's Fiscal Year 2016-2017 financial statements and will expand the OPEB-related note disclosures and supplementary information contained therein.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of GASB Statement No. 45 and is focused on employers (the County) providing defined OPEB benefits. GASB 75 will be implemented with the issuance of the County's Fiscal Year 2017-2018 financial statements. Although GASB 75 is not expected to materially affect the existing process which computes the County's UAAL, it will require the County to recognize the full amount of net OPEB liabilities directly on the Statement of Net Position (government-wide balance sheet). The net OPEB liability is the difference between the total OPEB liability (the present value of projected OPEB benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay OPEB benefits. There are also new requirements which expand the existing OPEB-related note disclosures and supplementary information.

The new requirement to recognize the full amount of net OPEB liabilities in the financial statements is a substantive and material change to the existing standards. Current accounting standards only require recognition of OPEB liabilities to the extent that OPEB funding is less than the actuarially determined amount. As of June 30, 2015, the County's Statement of Net Position recognized $11.535 billion of OPEB liabilities. The new GASB OPEB standards are only applicable to accounting and reporting for OPEB benefits in the County's financial statements. Accordingly, there is no impact on the County's existing statutory obligations and policies to fund the OPEB benefits.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete actuarial valuations of OPEB liabilities for the LACERA plans. In their OPEB valuations, Milliman has provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups..

In May 2013, Milliman released the County's third OPEB actuarial valuation report ("the 2012 OPEB Valuation") as of July 1, 2012. In the 2012 OPEB Valuation, Milliman reported an AAL of $26.953 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability was $25.733 billion, which represented a 12.2% increase from the 2010 OPEB Valuation.

The OPEB ARC as of July 1, 2012 was estimated to be $2.126 billion, which represented 32.07% of the County's payroll costs and a 9.7% increase from the 2010 OPEB Valuation. The increase in the County's OPEB liability from 2010 to 2012 was the result of several offsetting factors, with the most significant factor being a reduction in the discount rate from 5% to 4.35%.

For the Fiscal Year ended June 30, 2013, the County reported an OPEB ARC of $2.162 billion, which represented a $174 million or 8.8% increase from June 30, 2012. The OPEB ARC was partially offset by $927.5 million in County payment contributions (including the $448.8 million transfer from the County Contribution Credit Reserve), which resulted in an increase in the net OPEB obligation of $1.235 billion in Fiscal Year 2012-13. The net OPEB obligation of $8.154 billion as of June 30, 2013 represented a 17.8% increase from the $6.919 billion obligation reported as of June 30, 2012. Excluding the transfer from the County Contribution Credit Reserve, the remaining "pay as you go" contribution of $478.7 million represented approximately 22% of the County's OPEB ARC, which was consistent with the funding level in Fiscal Year 2011-12.

For the Fiscal Year ended June 30, 2014, the County reported an OPEB ARC of $2.178 billion, which represented a $16 million or 0.74% increase from June 30, 2013. The OPEB ARC was partially offset by $484.3 million in County "pay as you go" contributions, which resulted in an increase in the net OPEB obligation of $1.694 billion in Fiscal Year 2013-14. The net OPEB obligation of $9.848 billion as of June 30, 2014 represents a 20.8% increase from the $8.154 billion obligation reported as of June 30, 2013. The "pay as you go" County contribution represents 22.2% of the County's OPEB ARC, which was consistent with the funding level in Fiscal Year 2012-13.

In June 2015, Milliman released the County's fourth OPEB actuarial valuation report ("the 2014 OPEB Valuation") as of July 1, 2014. In the 2014 OPEB Valuation, Milliman reported an AAL of $28.547 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $27.288 billion, which represents a 6.0% increase from the 2012 OPEB Valuation. The OPEB ARC as of July 1, 2014 is estimated to be $2.152 billion, which represents 31.82% of the County's payroll costs and a 1.2% increase from the 2012 OPEB Valuation. The increase in the County's OPEB liability from 2012 to 2014 was the result of several offsetting factors, with the most significant factors being a reduction in the discount rate from 4.35% to 3.75% and lower than expected increases in health insurance premiums.

For the Fiscal Year ended June 30, 2015, the County reported an OPEB ARC of $2.177 billion, which represents a $933,000 or 0.04% decrease from June 30, 2014. The OPEB ARC was partially offset by $490.0 million in County "pay as you go" contributions, which resulted in an increase in the net OPEB obligation of $1.687 billion in Fiscal Year 2014-15. The net OPEB obligation of $11.535 billion as of June 30, 2015 represents a 17.1% increase from the $9.848 billion obligation reported as of June 30, 2014. The "pay as you go" County contribution represents 22.5% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2013-14.

Funding for Other Postemployment Benefits

In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve for the initial funding of the OPEB Trust. The balance of the OPEB Trust as of June 30, 2015 was $488.4 million, consisting of $388.3 million in equity securities and $100.1 million in fixed income securities.

On June 22, 2015, the Board of Supervisors approved a multi-year plan to begin pre-funding the County's unfunded OPEB liability. The plan requires the County to begin the process to fully fund the OPEB ARC by incrementally increasing the annual contribution to the OPEB Trust. For Fiscal Year 2015-16, the County is projecting a contribution to the OPEB Trust in the amount of $22.692 million, which will be funded by a $10 million Net County Cost ("NCC") contribution from the General Fund and $12.692 million of subvention revenue received from Federal, State and other local government entities. In future fiscal years, the County expects to incrementally increase its OPEB funding by approximately $60 million per year, including an annual $25 million increase in the NCC contribution from the General Fund and a $35 million annual increase funded by subvention revenue. For Fiscal Year 2016-17, the County is projecting a deposit to the OPEB Trust in the amount of $61.175 million. Based on the 2014 OPEB Valuation, the County will need to increase its annual OPEB contribution to more than $1.7 billion from the current $500 million pay-as-you-go funding amount in order to fully fund its OPEB ARC on an annual basis. Given current projections for the funding plan, the OPEB ARC would be fully funded by Fiscal Year 2031-32.

In January 2016, LACERA transferred $50 million to the OPEB Trust from an excess retiree health premium reserve account. The transaction was initiated by LACERA, and is un-related to the County's multi-year funding plan for the OPEB Trust. As of March 31, 2016, the balance of the OPEB Trust was $541.7 million, consisting of $441.3 million in equity securities and $100.4 million in fixed income securities.

The County reached an agreement with CCU and SEIU to add a new tier of retiree healthcare benefits for employees who begin County service on or after July 1, 2014. Under the new agreement, the County will provide paid medical coverage at the retiree only premium level and not at the current level of full family coverage. The retiree will have the option to purchase coverage for dependents, but the County will only provide a financial subsidy to the retiree. In addition, Medicare-eligible retirees will be required to enroll in Medicare, with the County subsidy based on a Medicare supplement plan. The same vesting rights and years of service crediting formula of 40% after 10 years and 100% after 25 years will still apply to the new tier. The agreement will not affect current retirees or current employees hired prior to July 1, 2014. The new retiree healthcare benefit tier is projected to save an estimated $840 million over the next 30 years and reduce the unfunded liability for retiree healthcare by 20.8%. The agreement was approved by the Board of Retirement and by the Board of Supervisors in June 2014.

On April 30, 2014, the California Supreme Court declined to consider an appeal by a retired City of San Diego employee regarding changes to retirement healthcare benefits. The Supreme Court's denial of the appeal effectively upholds an appellate court ruling affirming the city's ability to modify non-vested retiree healthcare benefits, and further establishes a difference between the treatment of retiree healthcare benefits and pension benefits under State law. Public pension benefits in California have much stronger legal protection, and reform options are generally limited to lowering benefit formulas for future employees only. In contrast, California municipalities can reduce OPEB benefits provided that State collective bargaining laws are followed and that benefits were not established as vested contractual rights. The Supreme Court action is expected to provide California public entities with future budgetary flexibility to manage or change their OPEB liabilities.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long-term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

The County has determined that the liability related to long-term disability benefits is an additional OPEB obligation, which is reported as a component of the OPEB ARC in the CAFR. Following completion of the original OPEB Valuation, the County engaged Buck Consultants to prepare actuarial valuations of the long-term disability portion of its DBP as of July 1, 2009, July 1, 2011 (the "2011 LTD Valuation") and July 1, 2013 (the "2013 LTD Valuation"). In the 2013 LTD Valuation, the AAL for the County's long-term DBP was $946 million, which represents a 7.2% decrease from the $1.019 billion AAL reported in the 2011 LTD Valuation. Based on the 2013 LTD Valuation, the June 30, 2014 net OPEB obligation of $9.848 billion includes $231.5 million for long-term disability benefits. As of June 30, 2015, the County's net OPEB obligation of $11.535 billion includes $271.8 million for long-term disability benefits.

In Fiscal Years 2013-14 and 2014-15, the County made total DBP payments of $37.3 million and $39.9 million, respectively. For Fiscal Year 2015-16, the County is estimating total DBP payments of $38.3 million. For Fiscal Year 2016-17, the County is projecting total DBP payments in the amount of $43.9 billion. The annual "pay-as-you-go" DBP payments are accounted for as an offset to the OPEB obligation in the County's financial statements.

FEDERAL AUDIT

In February 2016, the Internal Revenue Service ("IRS") initiated a compliance examination of the County's 2014 payroll tax returns and Form 1099 submissions. The County expects the examination will include a comprehensive review of County salaries, employee benefits, and payments to vendors to determine compliance with federal tax laws and regulations. The County believes it is substantially in compliance with all tax regulations and that the outcome of the examination will not have a material effect on the County's financial condition.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending legal proceedings, as reported by the Office of the County Counsel. A further discussion of legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs ("ALADS") and the Los Angeles County Professional Peace Officers Association (the "PPOA"). In 2010, the County was able to successfully defeat the "class certification" in the PPOA lawsuit based on a recent decision from the Ninth Circuit in *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. Following the *Bamonte* decision, both ALADS and PPOA filed "class action grievances" under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such as preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, the number of claimants in the collective actions exceeded 3,000, and there is the potential that the number of claimants to the class grievances may include as many as 9,000 public safety personnel. The initial PPOA class action lawsuit settled for a total of $60,000. In August 2012, a Federal court granted the County's motion with regard to most of the plaintiffs' claims in the two remaining collective actions and granted the County's motion to decertify the collective classes, which resulted in the dismissal of all of the "opt-in" plaintiffs. Following the Federal court's ruling, the plaintiffs in the ALADS case dismissed that case in its entirety, leaving the remaining PPOA case with only three remaining plaintiffs and significantly reducing the County's liability exposure. The County filed a State court action challenging the proposed proceedings involving the class grievances. The State court granted the County's petition for writ of mandate, essentially precluding the cases from proceeding as class grievances. The balance of the State litigation is still in the early stages of the legal process.

Public Safety Cases

Two lawsuits were filed against the County in 2011 and another in 2013, related to allegations that each of the plaintiffs had been falsely convicted of murder and served over twenty years in prison. The Courts subsequently ordered new trials based on new evidence. In regard to the 2011 lawsuits, one case was re-tried and the plaintiff was acquitted, and in the other case, the District Attorney decided not to retry the plaintiff. In regard to the 2013 lawsuit, the District Attorney has not yet decided if the original case will be retried. The potential liability exposure to the County is estimated to be $15 million for both lawsuits.

On December 16, 2014, the Board of Supervisors entered into a settlement agreement in the *Rosas v. Baca, et al.* lawsuit. *Rosas v. Baca, et al* was a Federal court class action lawsuit filed by the American Civil Liberties Union alleging a pattern and practice of excessive use of force in the County jails.

Under the terms of the agreement, the Sheriff Department will implement various reforms recommended by the court-appointed *Rosas* Monitors. The settlement agreement requires that the Sheriff Department comply with various recommendations by specific target dates. The County continues to make progress toward compliance with these recommendations.

On June 4, 2014, the U.S. Department of Justice (the "DOJ") issued a public report alleging that systemic deficiencies related to suicide prevention and mental health care existed in the County jails, and that those deficiencies violated inmates' constitutional rights. The Sheriff's Department ("Department") and the Department of Mental Health ("DMH") have reached a proposed settlement with the DOJ concerning the DOJ's allegations that the County and Department are violating inmates' constitutional rights with respect to mental health services and suicide prevention in the County's jails ("Jails") as well as DOJ's concerns about the use of excessive force in the Jails. At this time, the cost of compliance for both this DOJ matter, and *Rosas* is still being evaluated.

Health and Social Services Cases

In February, 2014, Sutherland Health Care Solutions, a County contract provider that provides claim and billing services to the Department of Health Services was the victim of a commercial burglary in which a number of desktop computers were stolen. The burglary resulted in the breach of approximately 338,000 individual patient accounts. Four separate class action lawsuits were originally filed against the County and Sutherland Health Care Solutions: *A. Doe v. Sutherland Healthcare Solutions, et al., Harasim et al., v. County of Los Angeles, et al., Rogers, et al., v. Sutherland Healthcare Solutions, Inc. et al, and Kamon, et al, v. Sutherland Healthcare Solutions, Inc. et.al.* The Harasim plaintiff voluntarily dismissed its case, reducing the number of pending cases to three, which have been consolidated. Under the State's California Medical Information Act, the plaintiff can assert both nominal and actual damages, as well as seek attorney fees. While the plaintiffs may also assert punitive damages, the County would not be subject to payment on such claims. Nominal damages and attorney fees could exceed $700 million. Should the State exercise regulatory damages and civil penalties, those amounts could be $2,500 for each violation. The litigation is in the discovery stage. The County expects to be indemnified by Sutherland Health Care Solutions to the fullest extent possible.

In September 2015, Antelope Valley Hospital ("AVH"), a non-County public hospital which voluntarily contracts with the County as a participant in the County's trauma hospital network, sued the County alleging that AVH is experiencing significant financial difficulties as the result of the County failing to properly allocate certain local parcel tax funds, commonly known as "Measure B", or "trauma tax" funds to AVH. The County collects approximately $275 million annually pursuant to Measure B, which was a voter-approved initiative, and allocates those funds between the County's directly operated trauma hospitals and a network of 12 non-County trauma hospitals. Measure B funds are to be used for trauma services, emergency medical services and bioterrorism response, and the initiative does not specify how the funds are to be allocated. AVH is pursuing a writ, injunctive and declaratory relief as well as a claim for unspecified damages. The writ petition is set for hearing in early summer, 2016, and should be dispositive of all claims. However, should AVH be permitted to pursue its remaining claims, the County expects AVH will seek in excess of $50 million in damages.

Property Tax Cases

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et al.,* the school district alleged that the Auditor-Controller improperly calculated statutory pass through payments related to the Educational Revenue Augmentation Fund ("ERAF") that were payable to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's petition for review was denied by the California Supreme Court. On remand in January 2012, the trial court issued a decision in favor of the County regarding calculation of the statutory payments, which temporarily reduced the County's exposure. On September 7, 2012, LAUSD appealed the trial court's ruling. On June 26, 2013, the Court of Appeal reversed the trial court ruling and sided with LAUSD, holding that the statutory payments to LAUSD should have included a higher share of the ERAF revenue diverted by the "Triple Flip" and Vehicle License Fee swap legislation. The California Supreme Court denied the County's petition for review in October 2013. The Court of Appeal's decisions have resulted in higher statutory pass through payments to school districts and lower pass through payments to the County. Three other districts, Los Angeles Community College District, Montebello Unified School District, and Long Beach Unified School District, subsequently filed lawsuits with the same allegations litigated by LAUSD. The three cases were stayed until August 14, 2014 to allow for a settlement of all litigation concerning this issue. The estimated County General Fund exposure from the lawsuits by the three districts is $18 million. The estimated County General Fund exposure from the LAUSD lawsuit is $52 million. The total estimated County exposure (including separate agencies governed by the same County officials) is $80 million. The County has reserved $80 million for the expected resolution of these lawsuits. A partial settlement of the lawsuit is currently being negotiated. The next status conference is scheduled for June 24, 2016.

Other Litigation

In March, 2008, a lawsuit entitled Natural Resources Defense Council, Inc., et al., v. County of Los Angeles, et al., was filed against the County and the Los Angeles County Flood Control District (the "LACFCD") under the citizen suit provision of the Federal Clean Water Act. The plaintiffs sought injunctive relief, civil penalties and attorneys' fees for alleged violations of water quality standards contained in a municipal stormwater permit. The case was bifurcated to first determine liability and then remedies. The District Court found that the County and the LACFCD had violated water quality standards in the ocean near Malibu, California. A partial summary judgment was granted to the County and LACFCD on all other claims, which plaintiffs appealed to the Ninth Circuit. After multiple appellate proceedings, the Ninth Circuit partially overturned the District Court's ruling, finding the County and LACFCD liable for water quality violations on two out of four watershed claims, and remanded the case to the District Court for further proceedings on the three total claims for which the County and LACFCD have been found to be liable.

The District Court dismissed plaintiffs' prayer for injunctive relief as moot, determined that the County is liable for 224 violations and the LACFCD for 274 violations, and set a trial date to determine an appropriate award of civil penalties and attorneys' fees. The maximum civil penalty that can be awarded for each violation ranges from $27,500 to $37,500 depending on the date of the violation. The County estimates the maximum award of statutory penalties to be approximately $7.6 million for the County and approximately $9.2 million for the LACFCD, but that penalties would likely be significantly lower due to mitigating factors. The plaintiffs will also be entitled to substantial attorneys' fees. The plaintiffs claim the current amount of their attorneys' fees exceeds $6 million, but the County and the LACFCD are disputing that amount. The plaintiffs have filed a notice of appeal of the dismissal of the request for injunctive relief and the District Court has stayed further trial proceedings pending resolution of the appeal. Any award against the County will be paid from the County General Fund, and any award against the LACFCD will be paid from a separate fund attributable to the LACFCD.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt obligations.

TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO
(in thousands)

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2008	$38,724,671	$39,662,361	$41,975,631	$2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%
06/30/2011	39,452,011	39,193,627	48,598,166	9,404,539	80.65%
06/30/2012	38,306,756	39,039,364	51,320,699	12,281,335	76.07%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%
06/30/2014	47,722,277	43,654,462	54,942,453	11,287,991	79.45%
06/30/2015	48,818,350	47,328,270	56,819,215	9,490,945	83.30%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2015.

TABLE 2: INVESTMENT RETURN ON RETIREMENT PLAN ASSETS
(in thousands)

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2007-08	$33,724,671	-1.5%	90.1%
2008-09	30,498,981	-18.3%	66.8%
2009-10	33,433,888	11.8%	69.9%
2010-11	39,452,011	20.4%	79.4%
2011-12	38,306,756	0.3%	73.7%
2012-13	41,773,519	12.1%	77.6%
2013-14	47,722,277	16.8%	86.0%
2014-15	48,818,350	4.3%	85.0%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2015.

TABLE 3: COUNTY PENSION AND OPEB PAYMENTS
(in thousands)

	Payments to LACERA					
Fiscal Year	Retirement Func	OPEB (PAYGO)	OPEB (Prefund)	Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2009-10	$802,500	$384,034	$0	$358,165	$1,544,699	3.6%
2010-11	898,803	406,937	0	372,130	1,677,870	8.6%
2011-12	1,026,867	424,030	0	0	1,450,897	-13.5%
2012-13	1,118,514	441,062	0	0	1,559,576	7.5%
2013-14	1,262,754	446,979	0	0	1,709,733	9.6%
2014-15	1,430,462	450,202	0	0	1,880,664	10.0%
2015-16	1,386,208 *	507,690 *	22,692 *	0	1,916,590	1.9%
2016-17	1,313,753 *	530,064 *	61,175 *	0	1,904,992	-0.6%

Source: Milliman Actuarial Valuations (of LACERA), Los Angeles County CAFRs and County of Los Angeles Chief Executive Office.
* Estimated

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd of each year. The CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the State budget, and other projected revenue and expenditure trends. Expanding on this forecast, the CEO prepares a target County budget for the ensuing fiscal year, and projected resources are tentatively allocated to the various County programs and services.

The CEO normally presents the Recommended County Budget to the Board of Supervisors in April. The Board of Supervisors is required to adopt a Recommended Budget no later than June 30th. If a final County Budget is not adopted by June 30th, the appropriations approved in the Recommended Budget, with certain exceptions, become effective for the new fiscal year until the final budget is approved.

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors is required to adopt the Final County Budget by October 2nd of each year.

Throughout the remainder of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes are often subject to change which may affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of eight fund groups through which the County's resources are allocated and controlled. These groups include the General Fund and Hospital Enterprise Fund (which represents the General County Budget), Special Revenue Funds, Capital Project Special Funds, Special District Funds, Other Enterprise Funds, Internal Services Fund, and Agency Fund.

The General County Budget accounts for approximately 77.9% of the 2016-17 Recommended Budget and appropriates funding for programs that are provided on a mostly county-wide basis *(e.g.*, health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis *(e.g.*, law enforcement, planning and engineering).

Special Revenue Funds represent approximately 10.4% of the 2016-17 Recommended Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, and specific automation projects.

Capital Project Special Funds account for approximately 1.3% of the 2016-17 Recommended Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 8.0% of the 2016-17 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.4% of the 2016-17 Recommended Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the "Full Cash Value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes required to pay debt service on voter-approved general obligation bonds. Full Cash Value is defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

The Full Cash Value is subject to annual adjustment to reflect inflation at a rate not to exceed 2%, or a reduction as shown in the consumer price index (or comparable local data), or a decline in property value caused by damage, destruction or other factors. The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on certain types of indebtedness approved by the voters.

Article XIIIB of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2015-16 is $20,799,777,985. The 2015-16 Adopted Budget included proceeds from taxes of $7,850,480,333, which is substantially below the statutory limit.

Proposition 62

Proposition 62, a 1986 ballot initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California.

Proposition 218

Proposition 218, a 1996 ballot initiative that added Articles XIIIC and XIIID to the California Constitution, established the following requirements on all taxes and property-related assessments, fees, and charges:

- precluded special purpose districts or agencies, including school districts, from levying general taxes;
- precluded any local government from imposing, extending or increasing any general tax unless such tax is approved by a majority of the electorate;
- precluded any local government from imposing, extending or increasing any special purpose tax unless such tax is approved by two-thirds of the electorate; and
- ensured that voters may reduce or repeal local taxes, assessments, or fees through the initiative process.

An Appellate Court decision determined that Proposition 218 did not supersede Proposition 62. Consequently, voter approval alone may not be sufficient to validate the imposition of general taxes adopted, increased or extended after January 1, 1995.

Proposition 218 also expressly extends to voters the power to reduce or repeal local taxes, assessments, and fees through the initiative process, regardless of the date such charges were imposed. SB 919, the Proposition Omnibus Implementation Act, was enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions to comply with Proposition 218. SB 919 states that the initiative power provided for in Proposition 218 shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

In the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations, and could be subject to restrictions imposed by the contract clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County's General Fund. In addition, "fees" and "charges" are not defined by Article XIIIC or SB 919, and the scope of the initiative power under Article XIIIC could include all sources of General Fund revenue not received from or imposed by the Federal or State government or derived from investment income.

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease Vehicle License Fee ("VLF") revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years. The State is further prohibited from reallocating local property tax revenues on more than two occasions within a ten-year period.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and repealed State laws that were in conflict with the measure, unless they were approved again by two-thirds of each house of the State Legislature.

In terms of its direct fiscal impact on the County, Proposition 26 is likely to result in the loss of approximately $61 million in annual State tax revenue to County road districts, which are separate legal entities responsible for the operation and maintenance of streets and roads in the unincorporated areas of the County. Since the County is unlikely to backfill any reduction in State revenue to the road districts, there is no projected fiscal impact to the County General Fund.

Future Initiatives

Propositions 13, 62, 218, 1A 2004 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting County revenues or the County's ability to expend revenues.

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" on page A-24 of this Appendix A, $4.466 billion of the $22.170 billion 2016-17 Recommended General County Budget is received from the Federal government and $5.815 billion is funded by the State. The remaining $11.889 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 46% of General County funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

The overall Federal budget outlook for the County is positive for the remainder of Fiscal Year 2015-16 and through Fiscal Year 2016-17. The County receives most of its Federal revenue through Medicaid and Title IV-E Foster Care and Adoption Assistance, which are open-ended entitlements that do not require the enactment of Federal legislation for continued funding. Most of the County's remaining Federal revenue is received through the Temporary Assistance for Needy Families Program (CalWORKs in California), Child Support Enforcement, and the Supplemental Nutrition Assistance Program (CalFresh in California), which are mandatory spending programs with funding levels that are not established through annual appropriations bills, thus providing more stable and secure sources of Federal revenue.

In addition, the County expects the risk of any significant reduction in the County's remaining Federal revenues that are received through appropriated discretionary programs to be minimal in the current session of Congress. This is especially true with the enactment of the Bipartisan Budget Act of 2015, which increased the non-defense discretionary spending cap by $25 billion in Federal Fiscal Year (FFY) 2016 and $15 billion in FFY 2017, thus resulting in an increase in the total pool of funds available for discretionary programs through which the County receives funding.

Although the County does not expect Congress to enact legislation in the current session that would significantly reduce its Federal revenue, any future legislative action in regard to Federal spending or the Affordable Care Act, and its fiscal impact to future County budgets, cannot be predicted at this time.

STATE BUDGET PROCESS

Over the past twenty-five years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 recession and subsequent recovery, and the most recent economic downturn that started in 2008. With the steady improvement in the State economy since the 2008 recession and the passage of Proposition 30 in the November 2012 election, the State has experienced significant improvement to its budget stability and overall financial condition. The State's budgetary decisions in response to the changing economic environment will continue to have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

In Fiscal Year 1991-92, the State and county governments collectively developed a program realignment system (the "1991-92 Realignment Program") that removed State funding for certain health and welfare programs, and provided counties with additional flexibility to administer such programs. Under the 1991-92 Realignment Program, certain health and welfare services are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the State to redirect certain 1991-92 Realignment Program health care funding to social service programs. With California electing to implement a state-run Medicaid expansion pursuant to the Affordable Care Act, the State anticipates that the cost to counties for providing health care services to the indigent population will decrease as this population becomes eligible for coverage through Medi-Cal or the State-run health insurance exchange. The impact of the AB 85 legislation to the County is discussed in further detail in the Health Services Budget section

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax revenue and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which authorized a constitutional amendment prohibiting the Legislature from removing AB 109 funding.

The Fiscal Year 2015-16 State Budget Act (the "2015-16 State Budget Act") estimated base AB 109 funding at $1.108 billion. The California State Association of Counties (CSAC) has submitted a recommendation to the State for a long-term funding distribution formula among the counties. Based on this funding formula, the County expects to receive approximately $378.6 million in Fiscal Year 2015-16, which will provide funding for all County AB 109 programs. In addition, the County Board of Supervisors has authorized the use of AB 109 reserves, accumulated from prior-year unused AB 109 funding, to fund pilot programs designed to reduce recidivism and long-term incarceration costs among inmates with mental health illness and substance abuse disorders.

Redevelopment Agencies

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

- Continue making payments on existing legal obligations without incurring any additional debt.
- Wind down the affairs of the former redevelopment agencies and return the funds of liquidated assets to the county Auditor-Controller, who will in turn distribute these funds to the appropriate local taxing entities.

Under ABx1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes", are to be distributed as property tax revenue to the appropriate local taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453 million in Fiscal Year 2009-10. In Fiscal Years 2012-13, 2013-14 and 2014-15, the County General Fund received $100.8 million, $118.6 million and $151.1 million of residual taxes, respectively. The estimated residual tax revenue for Fiscal Year 2015-16 is $141.3 million, while the 2016-17 Recommended Budget includes a projected $171.4 million of residual tax revenue for the General Fund.

The County's direct involvement in redevelopment activities was limited to unincorporated areas of the County and to a small number of projects. The successor agency for these activities is the County's Community Development Commission. The dissolution of County related projects is not expected to have a material impact, if any, to the financial condition of the County.

2015-16 STATE BUDGET

On June 24, 2015, Governor Brown signed the 2015-16 State Budget Act, which projected a beginning fund balance surplus from Fiscal Year 2014-15 of $2.423 billion, total revenues and transfers of $115.033 billion, total expenditures of $115.369 billion, and a year-end surplus of $2.087 billion for Fiscal Year 2015-16. Of the projected year-end surplus, $971 million will be allocated to the Reserve for Liquidation of Encumbrances and $1.116 billion will be deposited to the Special Fund for Economic Uncertainties. The 2015-16 State Budget Act provides for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $3.460 billion, which remains unchanged from the May Budget Revision.

Throughout the Fiscal Year 2015-16 State budget process, from the release of the Proposed State Budget to the 2015-16 State Budget Act, total revenues and transfers increased by $1.653 billion or 1.46%, and total expenditures increased by $2.071 billion or 1.83%. The total revenues and transfers of $115.033 million in the 2015-16 State Budget Act represent a $9.545 billion, or 9.0% increase from the Fiscal Year 2014-15 State Budget Act (the "2014-15 State Budget Act"), and reflects the continued improvement in the financial condition of the State.

The 2015-16 State Budget Act is not expected to result in any loss of funding for County-administered programs, and includes a number of proposals that are favorable to the County. The State Budget Act includes the repayment of $765 million statewide in pre-2004 deferred State mandate payments owed to local governments, which will effectively payoff the State's remaining pre-2004 deferred mandate payments owed to local governments. The County's estimated share of this repayment in Fiscal Year 2015-16 is $134.7 million. The 2015-16 State Budget Act includes a base allocation for the AB 109/2011 Public Safety Realignment of $1.108 billion, which will provide funding for all County AB 109 programs. The County estimates that the 2015-16 State Budget Act will result in a $101.3 million redirection of 1991-92 Realignment Program funding from the County to the State, which remains unchanged from the May Budget Revision, but is a significant reduction from the $238.3 million redirection for Fiscal Year 2014-15. The 2015-16 State Budget Act appropriates $245.3 million of total statewide funding for Medi-Cal administration to assist counties in managing the increased caseload from patients transitioning to Medi-Cal under the Affordable Care Act. The County expects to receive a significant share of the statewide funding amount.

2016-17 STATE BUDGET

On January 7, 2016, Governor Brown released his Fiscal Year 2016-17 Proposed State Budget (the "Proposed State Budget"), The Proposed State Budget projects a beginning fund balance surplus from Fiscal Year 2015-16 of $5.172 billion, total revenues and transfers of $120.633 billion, total expenditures of $122.609 billion, and a year-end surplus of $3.196 billion for Fiscal Year 2016-17. Of the projected year-end surplus, $966 million would be allocated to the Reserve for Liquidation of Encumbrances and $2.230 billion would be deposited to the Special Fund for Economic Uncertainties. In accordance with the 2014-15 State Budget Act, the Proposed State Budget continued to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $8.011 billion. The Proposed State Budget was not expected to result in any loss of funding for County programs and services.

On May 13, 2016, Governor Brown released the Fiscal Year 2016-17 May Budget Revision (the "May Budget Revision"), The May Budget Revision projects a beginning fund balance surplus from Fiscal Year 2015-16 of $4.829 billion, total revenues and transfers of $120.080 billion, total expenditures of $122.155 billion, and a year-end surplus of $2.754 billion for Fiscal Year 2016-17. Of the projected year-end surplus, $966 million will be allocated to the Reserve for Liquidation of Encumbrances and $1.788 billion will be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision continues to provide for a deposit into the State's Budget Stabilization Account in the amount of $6.713 billion, which represents a significant increase of $3.253 billion from the 2015-16 State Budget Act. However, with lower than projected income and sales tax receipts through April 2016, the State reduced its tax revenue forecast for Fiscal Year 2016-17 by approximately $1.9 billion. As a result of the lower revenue projection, the May Budget Revision reflects an $896 million reduction in the total resources available to fund State operations, a $454 million reduction in total expenditures and a $1.298 billion reduction in the projected deposit to the Budget Stabilization Account, in comparison to the Proposed State Budget.

Based on a preliminary review, the May Budget Revision does not include any specific proposals that would negatively impact County programs and services. The May Budget Revision includes a redirection of 1991-92 Realignment Program funding from the County to the State in the amount of $80.2 million, and an increase in the base allocation for the AB 109/2011 Public Safety Realignment to $1.193 billion, which will continue to provide sufficient funding for all County AB 109 programs. The May Budget Revision also includes a number of proposals supported by the County, including the "No Place Like Home" initiative to provide statewide funding to construct supportive housing facilities for the homeless, statewide funding to extend Medi-Cal benefits to undocumented children, and additional statewide funding for Medi-Cal administration. The May Budget Revision re-affirms the Governor's commitment to continue working with the County to create a more collaborative and efficient State and local corrections system. Although the May Budget Revision did not include any specific proposals, the County will continue to work with the State to secure additional funding for correctional facility expansion, infrastructure improvements and treatment programs for inmates.

RECENT COUNTY BUDGETS

General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. As a result of the previous economic downturn, which started to impact the budget in Fiscal Year 2008-09, the County experienced a "cyclical" budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn had a significant impact on the Net County Cost (NCC) budget gap, which reached a peak of $491.6 million in Fiscal Year 2010-11. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues).

In order to manage the budget gaps, the County used a balanced approach of curtailing departmental budgets, and using reserves and capital funding appropriations to achieve a balanced budget. To control costs, the County achieved significant savings through its efficiency initiative program, and the implementation of a hiring freeze and a freeze on non-essential services, supplies and equipment, which ended as of July 1, 2013. The County eliminated 2,735 budgeted positions from Fiscal Year 2009-10 to Fiscal Year 2011-12, and the County's employee labor groups agreed to zero cost-of-living adjustments and no salary increases for a five-year period beginning in Fiscal Year 2008-09. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The measured approach to managing budgetary challenges, including the use of one-time funding sources, enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

Property Tax Revenue

Property tax revenue represents the largest source of ongoing discretionary revenue for the County. The reliability of property tax revenue is due in large part to Proposition 13, which helps insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that is not reflected on the property tax rolls, which helped to offset a significant decrease in property values during the most recent economic downturn.

To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 ($562,346) to a low in January 2012 ($290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.5% and 1.9% in Fiscal Year 2009-10 and 2010-11, respectively. After the most recent economic downturn, and with the ongoing recovery in the real estate market, the County has experienced a steady pattern of accelerating growth in assessed valuation, with increases in the Net Local Roll of 1.4%, 2.2%, 4.7%, 5.47% and 6.13% in Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16, respectively.

For Fiscal Year 2015-16, the Assessor reported a Net Local Roll of $1.265 trillion, which represents an increase of 6.13% or $73.1 billion from Fiscal Year 2014-15. The Fiscal Year 2015-16 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the fifth consecutive year of accelerated growth in assessed valuation. The largest factors contributing to the increase in assessed valuation in Fiscal Year 2015-16 are transfers in ownership ($38.5 billion), decline-in-value restorations ($9.3 billion), and an increase in the consumer price index ($20.7 billion).

For the Fiscal Year 2015-16 tax roll, the Assessor estimates that approximately 12.0% of all single-family residential parcels, 12.4% of all residential income parcels and 15.3% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

On May 13, 2016, the Assessor released the Assessment Roll Forecast for Fiscal Year 2016-17. The Assessment Roll Forecast reflects a 5.05% or $63.8 billion increase over Fiscal Year 2015-16, resulting in a projected Net Local Roll value of $1.329 trillion for Fiscal Year 2016-17. The primary factors driving the increase in the Net Local Roll value are property transfers ($38.4 billion) and a 1.525% increase in the consumer price index ($17.4 billion).

With the downturn in the real estate market that started in 2007, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations helped to insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2008-09 Assessment Roll, the Assessor initiated a review of the 552,000 parcels to determine if the reductions in assessed value were still warranted under Proposition 13. Based on this review, the Assessor has fully restored approximately 363,000 parcels to their Proposition 13 base year value, with 189,000 parcels still eligible for potential restorations in value.

The Assessor is currently reviewing parcels in the Porter Ranch area due to the Aliso Canyon natural gas leak and in Vernon due to the apparent spread of toxic lead dust from Exide Technologies battery recycling plant. This review, which includes 12,000 parcels in total, is to determine if the parcels have suffered a decline-in-value due to the respective situations.

FISCAL YEAR 2015-16 FINAL ADOPTED BUDGET

The Fiscal Year 2015-16 Final Adopted Budget (the "2015-16 Final Adopted Budget") was approved by the Board of Supervisors on September 29, 2015. The 2015-16 Final Adopted Budget appropriates $28.195 billion, which reflects a $1.054 billion or 3.9% increase in total funding requirements from the Fiscal Year 2014-15 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $21.729 billion, which represents a $781 million or 3.7% increase from the Fiscal Year 2014-15 Final Adopted Budget. The 2015-16 Final Adopted Budget appropriates $6.466 billion for Special Funds/District, reflecting a $273 million or 4.4% increase from the Fiscal Year 2014-15 Final Adopted Budget.

The primary changes to the NCC component of the 2015-16 Final Adopted Budget are outlined in the following table.

Fiscal Year 2015-16 NCC Budget Changes

Public Assistance Changes	$ (2,928,000)
Unavoidable Cost Increases	
Health Insurance Subsidy	29,667,000
Pension Costs	(42,399,000)
Employee Salaries	165,907,000
Prefund Retiree Healthcare Benefits	10,000,000
Various Cost Changes	(190,000)
Program Changes	
Rosas Settlement	64,470,000
Mental Health Services in County Jails	23,456,000
County Jails ADA Settlement	1,208,000
Sheriff DOJ AV Settlement	2,251,000
Sheriff Special Victims Bureau	2,203,000
Sheriff Citizens Commission on Jail Violence	4,227,000
Diversion - Inmate Treatment Program	10,000,000
Curtailment Restoration	7,434,000
All Other Program Changes	19,658,000
Fiscal Policies	
Appropriation for Contingency	15,919,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**315,883,000**
Revenue Changes	
Property Taxes	273,892,000
Property Taxes - CRA Dissolution Residual	25,000,000
Public Safety Sales Tax	17,742,000
Various Revenue Changes	(751,000)
Total Locally Generated Revenues	**315,883,000**
Total Projected Budget Gap	$ -

Public Assistance Changes

With the decline in the unemployment rate in the County and the improving local economy, the number of residents seeking General Relief aid has declined, which has helped reduce the overall cost of providing public assistance by $14.8 million. The decrease will be partially offset by an $11.9 million increase in wages for In-Home Supportive Services workers.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of previously approved salaries and employee benefits increases as well as salary and employee benefits increases that were approved subsequent to the adoption of the 2015-16 Final Adopted Budget. The County has successfully completed contract negotiations with all but two (2) collective bargaining units. The labor agreements provide for a 10% increase over three (3) years along with various market-based inequity adjustments that were negotiated in support of recruitment and retention efforts and certain differentials or special pay practices that were adjusted or newly established.

Prefund Retiree Healthcare Benefits – This expenditure adds $10.0 million in NCC, which will be supplemented by a projected $12.692 million of subvention revenue received from Federal, State and other local government entities. The total projected contribution of $22.692 million is the first step in a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

County Jails Excessive Use of Force – This expenditure reflects $64.5 million in ongoing funding and $10.5 million in one-time funding, for a total of $75.0 million to be set aside in the Provisional Financing Uses (PFU) budget to address allegations of excessive use of force in the jails. In January 2012, the American Civil Liberties Union (ACLU) filed the Alex Rosas Federal court class action lawsuit alleging a pattern and practice of excessive use of force in the County jails. The settlement agreement presented to the Board of Supervisors on December 16, 2014, requires the Sheriff's Department to implement various reforms recommended by the court-appointed Rosas Monitors. On October 14, 2014, the Monitors submitted to the Court their final Implementation Plan containing their recommendations for reforms in the jails. The Implementation Plan delineates 21 areas of proposed reforms with a total of 106 recommendations, many of which expand upon those of the Citizens' Commission on Jail Violence and have already been implemented. The settlement agreement required the Sheriff's Department to achieve specific compliance objectives related to the Implementation Plan by June 30, 2015, December 31, 2015 and December 31, 2016.

County Jails Mental Health Needs – This expenditure adds $23.5 million in ongoing funding to the PFU budget. This amount, along with $10.0 million in ongoing funding included in the 2014-15 Final Adopted Budget, brings the total ongoing funding amount to $33.5 million for mental health issues at County jails. The Sheriff and DMH are continuing to identify priorities and develop action plans to address the 53 remedial measures outlined in the June 4, 2014 DOJ report, some of which will require additional funding and staff to address certain recommendations.

Comprehensive Diversion Inmate Treatment Program – Supplements $20.0 million in one-time funding in the PFU budget unit with $10.0 million of ongoing funding for this program.

Fiscal Policies

The County budget policy (the "Budget Policy") requires the establishment of a Rainy Day Fund as a hedge against future economic uncertainties, with a target funding amount equivalent to 10% of ongoing locally generated revenues. The current balance of the Rainy Day Fund is $337.7 million, which is approximately 6.2% of discretionary revenues. On June 30, 2015, the County received $109.4 million from the State for pre-2004 deferred State mandate payments owed to local governments. An additional interest payment of approximately $25.9 million related to the deferred mandates was received in Fiscal Year 2015-16. In August 2015, the CEO recommended that the Board of Supervisors approve a supplemental deposit to the Rainy Day Fund in the amount of $50 million, which was funded with the pre-2004 deferred mandate payment received from the State.

On September 30, 2014, the County updated the Budget Policy to require that between 5% to 10% of new ongoing discretionary revenues be set aside during the budget process in the Appropriation for Contingency as a hedge against unforeseen budget issues that may occur during any fiscal year. As part of the 2015-16 Adopted Budget, $15.9 million was set aside in the Appropriation for Contingency, which reflects 5% of discretionary revenues. In addition, the revised Budget Policy requires that $5.0 million be allocated annually for deferred maintenance needs as part of the Recommended Budget.

Revenue Changes

As a result of improving economic conditions, the County's primary revenue sources are expected to show continued growth in Fiscal Year 2015-16. The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. The County Assessor is reported a 6.13% increase in the Net Local Roll for Fiscal Year 2015-16, which provides the basis for the $273.9 million of additional property tax revenue included in the 2015-16 Final Adopted Budget.

Based on current trends and a survey of local economic forecasts, the County has assumed a 5% growth factor in its overall sales tax projection for the 2015-16 Adopted Budget. Based on the 5% growth rate, the County is projecting a $27.9 million increase in Proposition 172 Sales Tax in Fiscal Year 2015-16.

2016-17 RECOMMENDED BUDGET

The Fiscal Year 2016-17 Recommended Budget (the "2016-17 Recommended Budget") was approved by the Board of Supervisors on April 12, 2016. The 2016-17 Recommended Budget appropriates $28.477 billion, which reflects a $282.1 million or 1.0% increase in total funding requirements from the 2015-16 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $22.170 billion, which represents a $441.6 million or 2.0% increase from the 2015-16 Final Adopted Budget. The 2016-17 Recommended Budget appropriates $6.307 billion for Special Funds/District, reflecting a $159.5 million or 2.5% decrease from the Fiscal Year 2015-16 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2016-17 Recommended Budget are outlined in the following table.

Fiscal Year 2016-17 NCC Budget Changes

Public Assistance Changes	$ 21,135,000
Unavoidable Cost Increases	
Health Insurance Subsidy	16,656,000
Employee Salaries	95,227,000
Prefund Retiree Healthcare Benefits	15,000,000
Various Cost Changes	6,754,000
Program Changes	
Public Social Services - CalFresh Match Waiver	7,173,000
Other Public Social Services Program Changes	1,907,000
Public Works - Stormwater	7,000,000
Other Community & Municipal Services Changes	4,232,000
Health Services Program Changes	8,434,000
Mental Health - Department of Justice	8,482,000
Other Public Safety Program Changes	17,380,000
Affordable Housing	5,000,000
Countywide Economic Development Initiatives	2,500,000
All Other Program Changes	51,611,000
Fiscal Policies	
Appropriation for Contingency	10,423,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**283,914,000**
Revenue Changes	
Property Taxes	222,737,000
Property Taxes - CRA Dissolution Residual	31,400,000
Public Safety Sales Tax	19,679,000
Various Revenue Changes	10,098,000
Total Locally Generated Revenues	**283,914,000**
Total Projected Budget Gap	$ -

Public Assistance Change

The increase in funding for Public Assistance in Fiscal Year 2016-17 is primarily the result of projected funding increases to the In-Home Supportive Services Program (the "IHSS Program") in the amount of $20.6 million. In addition to funding increases for the IHSS Program, the County is expecting a $5.5 million increase in a variety of other Public Assistance programs. The cost increases for Public Assistance are partially offset by an expected $5.0 million decrease in General Relief.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases for salaries and employee benefits are primarily the result of previously approved increases as well as salary and employee benefits increases that were approved subsequent to the adoption of the 2015-16 Final Adopted Budget. The County has successfully completed contract negotiations with all but two (2) collective bargaining units. The labor agreements provide for a 10% increase over three (3) years along with various market-based inequity adjustments that were negotiated in support of recruitment and retention efforts and certain differentials or special pay practices that were adjusted or newly established.

Prefund Retiree Healthcare Benefits – The 2016-17 Recommended Budget appropriates $61.175 million in pre-funding contributions to the OPEB Trust Fund. This expenditure is comprised of $25.0 million in NCC and $36.2 million in projected subvention revenue received from Federal, State and other local government entities. This is the second year of a multi-year plan approved by the Board of Supervisors on June

22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

The 2016-17 Recommended Budget includes $113.7 million of adjustments to various programs in the 2015-16 Final Adopted Budget, including increases for public safety, social services and health and mental services.

Fiscal Policies

The Budget Policy requires the establishment of a Rainy Day Fund as a hedge against future economic uncertainties, with a target funding amount equivalent to 10% of ongoing locally generated revenues. The current balance of the Rainy Day Fund is $337.7 million, which is approximately 5.9% of discretionary revenues.

On September 30, 2014, the County updated the Budget Policy to require that between 5% to 10% of new ongoing discretionary revenues be set aside during the budget process in the Appropriation for Contingency as a hedge against unforeseen budget issues that may occur during any fiscal year. As part of the 2016-17 Recommended Budget, $26.3 million was set aside in the Appropriation for Contingency, which reflects 10% of discretionary revenues. In addition, the revised Budget Policy requires that an additional $5.0 million be allocated for deferred maintenance needs as part of the annual Recommended Budget.

Revenue Changes

As the local economy continues to improve, the County's primary revenue sources are expected to experience continued growth in Fiscal Year 2016-17. The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. The CEO, in consultation with the County Assessor, is forecasting a 5.0% increase in the Net Local Roll for Fiscal Year 2016-17. The projected increase in the Net Local Roll provides the basis for the $222.7 million of additional property tax revenue included in the 2016-17 Recommended Budget. The County is also forecasting a $31.4 million increase in property tax residual from the dissolution of redevelopment agencies.

Based on current trends and a survey of local economic forecasts, the County has assumed a 4% growth factor in its overall statewide sales tax projection for the 2016-17 Recommended Budget. Based on the 4% growth rate, the County is projecting a $19.7 million increase in Proposition 172 Sales Tax in 2016-17.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, eleven community health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,000 physician residents on an annual basis.

As a safety net provider, the County is the medical provider of last resort for indigent County residents. Historically, the cost of providing health services exceeded the combined total of DHS revenues and the annual subsidies from the County General Fund, which resulted in an ongoing structural deficit for DHS. DHS has been able to cover its structural deficits by developing new revenue sources, implementing operational efficiencies and hiring freezes, and using one-time reserve funds.

More recently, DHS' fiscal outlook has improved from prior years, primarily due to new revenues that were

part of the previous five-year Section 1115 Hospital Financing Waiver (the "Waiver"), which became effective in November 2010, and the implementation of the Affordable Care Act (the "ACA"), effective January 1, 2014. As a result of the ACA implementation, DHS has experienced a significant reduction in the number of uninsured patients, providing an overall fiscal benefit. Since the ACA has resulted in an expanded revenue base for DHS, the budgetary pressures on DHS have been significantly reduced. Furthermore, as explained below, Assembly Bill (AB) 85 establishes a sum certain for the maintenance of effort ("MOE") requirement for the County's contribution to DHS, as well as providing additional revenue sources.

Section 1115 Hospital Financing Waiver

On December 30, 2015, the Federal Centers for Medicaid and Medicare Services (CMS) approved Medi-Cal 2020 – a five year renewal of the Waiver, which could provide the State with over $6.2 billion in new Federal funding.

The renewed Waiver features new programs that are designed to improve care for the State's Medi-Cal and remaining uninsured patients, and may result in additional Federal funding for the County over the five-year term of the new Waiver. The primary features of the new Waiver include:

- Public Hospital Redesign and Incentives in Medi-Cal (PRIME) is a pay-for-performance delivery system transformation and alignment program.
- Global Payment Program is a payment reform program for services provided to uninsured patients in California's Public Health Care system.
- Whole Person Care is a series of pilot programs designed to provide more integrated care to the highest-risk and most vulnerable patients. The pilot programs will be chosen based on a competitive application process. The applications are due in July 2016 and the successful applicants will be notified by September 2016. The maximum amount of annual funding that any county can receive from Whole Person Care is $90 million.

Affordable Care Act

The ACA provided the framework for the prior Waiver by allowing an early implementation of some of the law's coverage expansion provisions, which resulted in early enrollment for many uninsured DHS patients. The ACA's Medicaid Coverage Expansion ("MCE") program provides Medi-Cal coverage for citizens or legal residents, and uninsured adults (ages 19-64) with incomes at or below 138% of the Federal poverty level. As the Affordable Care Act became effective on January 1, 2014, the early enrollees were automatically transitioned to coverage under the MCE program. The MCE program has significantly improved DHS' payer mix and provided additional revenues as previously uninsured patients have transitioned to Medi-Cal coverage.

Assembly Bill 85

Based on the implementation of the ACA and the expected reduction in the number of uninsured patients, the State proposed a restructuring of its relationship to the counties in terms of the State's funding of health care and human services programs that have been in place since the 1991-92 Realignment Program. Negotiations between the State and the counties regarding the State's proposed reductions ultimately resulted in the enactment of AB 85 (amended by SB 98). This legislation details the methodology that will be used to determine the amount of realignment revenue that will be "redirected" from the County's Realignment Revenue Health Subaccount to the County's Family Support Subaccount, which benefits social services programs. The County was able to negotiate its own agreement with the State and a formula that is different than that of the other counties in the State.

The County's unique formula takes into account the entire DHS budget and includes cost caps, revenue requirements, specific sharing ratios, and a County MOE. A mathematical formula is used to determine whether there are "excess" funds available for "redirection" of 1991-92 Realignment Program revenue back to the State. The amount of revenue redirection will be reconciled to the formula two years after the close of each respective fiscal year. If there are "excess" funds resulting from the formula calculation, the sharing ratio for the excess amount of health care realignment revenue will be 80% State and 20% County.

As a result of AB 85, the State redirected $87.5 million of 1991-92 Realignment Program revenue from the County for Fiscal Year 2013-14, $238.3 million for Fiscal Year 2014-15, and $101.3 million for Fiscal Year 2015-16. For Fiscal Year 2016-17, the State's proposed redirection amount is $80.2 million. DHS believes that the State has overestimated the amount of excess funds available for redirection, which may be subject to future adjustments upon final reconciliation by the State two-years after the close of the fiscal year. The 2016-17 Recommended Budget does not include the State's proposed redirection amount for Fiscal Year 2016-17, nor any expected receipt of funds from the State upon final reconciliation of the Fiscal Year 2013-14 redirection amount.

In addition, AB 85 established an MOE funding requirement for the County's General Fund contribution in the amount of $323.0 million, which the County is currently meeting. The MOE funding requirement is based on Fiscal Year 2012-13 funding levels and will increase by one percent each subsequent fiscal year. The MOE is expected to provide a stable and ongoing source of funding for DHS from the County General Fund.

DHS Reserve Funds

In Fiscal Year 2014-15, DHS closed the year with a fund balance of $350 million, and is expected to close Fiscal Year 2015-16 with a similar fund balance. DHS is planning to allocate $84.4 million of its fund balance for the Fiscal Year 2016-17 budget. The remaining fund balance is available to fund DHS operations in the future, as needed.

Managed Care Rule

On April 25, 2016, CMS released the final version of a revised rule governing Medicaid Managed Care (the "Managed Care Rule") in the United States. Given that most individuals with full scope Medicaid in California are in managed care, the Managed Care Rule will impact how Medicaid programs are operated and financed in the County. DHS is currently evaluating the Managed Care Rule, and due to the breadth and complexity of the issues covered, cannot yet determine the fiscal impact of the changes. With the Managed Care Rule scheduled to go into effect in Fiscal Year 2017-18, there will be no fiscal impact to DHS in Fiscal Years 2015-16 and 2016-17.

General Fund Contributions

After the NCC contribution to DHS peaked in Fiscal Year 2007-08 at 18.2% of the total DHS budget, it declined steadily through Fiscal Year 2014-15, and has stabilized at approximately 13% of DHS appropriations. DHS has been able to fund increases in net appropriations and reduce its reliance on County support through enhanced revenue streams, improved patient demographics, and more efficient hospital operations. In Fiscal Year 2015-16, the County is expecting to contribute $635.5 million of NCC to support health care operations, which represents 13.0% of the total DHS budget. For Fiscal Year 2016-17, the NCC contribution to DHS is projected to be $652.9 million, which represents 12.8% of the total DHS budget. The NCC contribution will be funded from multiple sources, including the County General Fund ($319.2 million), VLF Revenues ($273.7 million) and Tobacco Settlement Revenue ($60 million).

General Fund Advances and Cash Flow

The County maintains separate Enterprise Funds to account for hospital and ambulatory care services in various regions of the County, commonly referred to as the Hospital Funds. The County's General Fund provides cash advances to each of the Hospital Funds to provide for the net cash flow requirements of the hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in a manner designed to provide the Hospital Funds with a minimal daily cash position of approximately $10.0 million.

The Federal and State governments are the primary sources of revenue for the Hospital Funds. The Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of March 31, 2016, the balance of General Fund cash advances to the Hospital Funds was $535.1 million.

In addition to the funding sources described above, the County's General Fund has also advanced cash to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based

Reimbursement Clinics ("CBRC") program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. The last audit completed by the State was for Fiscal Year 2010-11. As of June 30, 2015, the overall receivable balance was $155.1 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable, since it is not currently available to fund the County's budgetary requirements. The CBRC receivable balance for Fiscal Year 2015-16 will be determined during the fiscal year-end closing process.

Martin Luther King Jr. Hospital

The County-operated Martin Luther King, Jr. Hospital (the "MLK Hospital") was closed in 2007 and converted to a Multi-Service Ambulatory Care Center. Since the closing of the previous MLK Hospital, the County and the University of California (the "UC") established an independent, non-profit 501(c)(3) entity to operate a new hospital at the previous MLK Hospital site. A seven-member MLK Hospital Board of Directors was appointed by the County and the UC in August 2010 to oversee MLK-LA Healthcare, the new 501(c)(3) private, non-profit MLK Hospital. The new 131-bed MLK Hospital will serve as a safety-net community hospital providing services to a high volume of Medi-Cal and uninsured patients from the surrounding community. The MLK Hospital completed licensing activities and began treating patients in July 2015.

To assist with the opening of the MLK Hospital, the County has provided MLK-LA with $50.0 million of coordination start-up funds, $39.1 million of grant funding, and $82 million of long-term loan funding, which includes a 30-year loan in the amount of $50 million, a 10-year revolving line of credit in the amount of $20 million, and a 2-year loan in the amount of $12 million. On January 5, 2016, the Board of Supervisors approved an additional short-term revolving loan in the amount of $40 million to assist MLK-LA with post-hospital opening expenses. Although the short-term revolving loan is due and payable by June 30, 2016, the County and MLK-LA are currently in the process of negotiating an extension of the loan to September 30, 2016. In addition, the DHS has committed to make ongoing annual payments of $18 million for indigent care support, and $50.0 million of intergovernmental transfers for the benefit of the new MLK Hospital.

For use of the County-owned hospital facility, MLK-LA will make annual lease payments to the County in the amount of $18.0 million. The County initially financed the construction of the MLK Hospital with $284.3 million of short-term lease-revenue notes. The County refinanced the MLK Hospital and redeemed the short-term notes with proceeds from the issuance of long-term lease-revenue bonds in March 2016.

Los Angeles County Health Agency

In August 2015, the Board of Supervisors approved the establishment of the Los Angeles County Health Agency (the "Health Agency") to integrate the operations of DHS and the Departments of Mental Health (DMH) and Public Health (DPH) into a single unified healthcare agency. The consolidation of health service delivery is a major priority for the Board of Supervisors under the new County governance structure, and the new Health Agency is expected to streamline the delivery of integrated healthcare services to the most vulnerable populations across the County. The new Health Agency is expected to result in future additional revenue from Medi-Cal reimbursements, a more efficient use of the County's healthcare facilities, increased use of information technology to facilitate integrated service delivery, and greater County influence over State and Federal health policy issues.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. In accordance with the terms of the MSA, the annual TSRs are subject to numerous adjustments, offsets and recalculation. While the County's share of the State settlement was initially expected to average approximately $100 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County has fluctuated significantly from year to year. Factors that impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represented the initial year for the payment of debt service on the Tobacco Bonds. The proceeds from the sale of the Tobacco Bonds were used to finance a portion of the construction costs related to the LAC+USC Medical Center, as well as to partially insure against the risk of a significant reduction of the County's ongoing TSRs as a result of the various factors described above. The use of this fixed percentage of TSRs as security for the repayment of the Tobacco Bonds is not expected to materially impact the DHS programs that rely on such revenues for funding.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, previous actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Specifically, a portion of the settlement payments were withheld or made under protest. In March 2013, an arbitrated settlement among certain MSA participants (including California), which included a new method for calculating future payment adjustments, resolved the status of the disputed payments from 2003 to 2012. However, given the terms of the MSA, the fiscal impact to the County of future protests and payment adjustments to the MSA cannot be predicted at this time.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. In Fiscal Year 2014-15, the County received $63.4 million in TSRs from the participating manufacturers. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds. As of June 30, 2015, the County has received approximately $1.600 billion in TSRs and accrued interest, with approximately $1.554 billion of the collected proceeds disbursed, and $46.2 million remaining in reserves and available for future appropriations. While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that will help improve the operational efficiency of the health system.

BUDGET TABLES

The 2016-17 Recommended Budget is supported by $5.020 billion in property tax revenue, $4.466 billion in Federal funding, $5.815 billion in State funding, $117 million in cancelled obligated fund balance, $1.423 billion in Fund Balance and $5.329 billion from other funding sources. The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2016-17 Recommended Budget with the 2015-16 Final Adopted Budget.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16	Recommended 2016-17
General Fund	$ 16,750,817	$ 17,206,258	$ 17,782,636	$ 18,532,749	$ 18,855,669
Hospital Enterprise Fund	2,592,117	2,803,170	3,165,359	3,195,948	3,314,649
Total General County Budget	$ 19,342,934	$ 20,009,428	$ 20,947,995	$ 21,728,697	$ 22,170,318

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources

	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16	Recommended 2016-17
Requirements					
Social Services	$ 5,572,820	$ 5,846,911	$ 6,206,407	$ 6,446,374	$ 6,605,383
Health	5,952,459	6,208,232	6,373,399	6,590,413	6,950,491
Justice	4,985,441	5,146,062	5,442,540	5,674,407	5,847,748
Other	2,832,214	2,808,223	2,925,649	3,017,503	2,766,696
Total	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,170,318**
Revenue Sources					
Property Taxes	$ 3,814,906	$ 4,177,683	$ 4,467,240	$ 4,765,596	$ 5,019,733
State Assistance	5,168,427	5,024,219	5,366,757	5,542,998	5,815,242
Federal Assistance	5,008,928	4,342,123	4,184,128	4,236,481	4,465,552
Other	5,350,673	6,465,403	6,929,870	7,183,622	6,869,791
Total	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,170,318**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16	Recommended 2016-17
Financing Requirements					
Salaries & Employee Benefits	$ 9,322,969	$ 9,671,291	$ 10,353,404	$ 10,988,705	$ 11,382,114
Services & Supplies	6,869,576	7,138,148	7,362,617	7,696,979	7,742,958
Other Charges	3,734,605	3,901,664	4,082,120	3,878,926	4,073,549
Capital Assets	1,025,119	982,969	946,383	864,488	773,862
Other Financing Uses	615,357	619,569	263,903	595,100	519,305
Appropriations for Contingencies	-	-	5,000	15,919	26,342
Interbudget Transfers[1]	(1,476,794)	(1,417,786)	(1,054,758)	(1,411,193)	(1,354,840)
Gross Appropriation	$ 20,090,832	$ 20,895,855	$ 21,958,669	$ 22,628,924	$ 23,163,290
Less: Intrafund Transfers	942,276	944,775	990,638	1,008,980	1,038,071
Net Appropriation	$ 19,148,556	$ 19,951,080	$ 20,968,031	$ 21,619,944	$ 22,125,219
Provision for Obligated Fund Balance					
General Reserve	$ -	$ -	$ -	$ -	$ -
Assigned for Rainy Day Funds	10,000	35,033	24,274	31,414	-
Committed Fund Balance	184,378	23,315	(44,310)	77,339	45,099
Total Financing Requirements	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,170,318**
Available Financing					
Fund Balance	$ 1,565,502	$ 1,497,581	$ 1,566,263	$ 1,750,126	$ 1,423,373
Cancel Provision for Obligated Fund Balance	208,484	239,852	143,419	282,930	117,299
Property Taxes: Regular Roll	3,778,085	4,123,069	4,414,842	4,705,966	4,959,902
Supplemental Roll	36,821	54,614	52,398	59,630	59,831
Revenue	13,754,042	14,094,312	14,771,073	14,930,045	15,609,913
Total Available Financing	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**	**$ 22,170,318**

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.4 billion in 2016-17, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to $23.5 billion.

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2015-16 FINAL ADOPTED TO 2016-17 RECOMMENDED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2015-16 Adopted (1)	2016-17 Recommended (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 1,127,634	$ 955,235	$ (172,399)	-15.29%
General Services	839,057	879,594	40,537	4.83%
Public Buildings	776,418	723,095	(53,323)	-6.87%
Total General	$ 2,743,109	$ 2,557,924	$ (185,185)	-6.75%
Public Protection				
Justice	$ 5,334,342	$ 5,480,827	$ 146,485	2.75%
Other Public Protection	192,298	194,344	2,046	1.06%
Total Public Protection	$ 5,526,640	$ 5,675,171	$ 148,531	2.69%
Health and Sanitation	$ 6,586,249	$ 6,941,721	355,472	5.40%
Public Assistance	6,330,105	6,525,176	195,071	3.08%
Recreation and Cultural Services	344,762	331,525	(13,237)	-3.84%
Insurance and Loss Reserve	73,160	67,360	(5,800)	-7.93%
Provision for Obligated Fund Balance	108,753	45,099	(63,654)	-58.53%
Appropriations for Contingencies	15,919	26,342	10,423	65.48%
Total Requirements	**$ 21,728,697**	**$ 22,170,318**	**$ 441,621**	**2.03%**
AVAILABLE FUNDS				
Property Taxes	$ 4,765,596	$ 5,019,733	$ 254,137	5.33%
Fund Balance	1,750,126	1,423,373	(326,753)	-18.67%
Cancelled Prior-Year Reserves	282,930	117,299	(165,631)	-58.54%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 335,042	$ 354,872	$ 19,830	5.92%
Homeowners' Exemption	19,000	19,000	-	0.00%
Public Assistance Subventions	807,966	837,550	29,584	3.66%
Other Public Assistance	1,998,418	2,044,441	46,023	2.30%
Public Protection	1,206,729	1,229,591	22,862	1.89%
Health and Mental Health	1,040,118	1,187,340	147,222	14.15%
Capital Projects	102,617	102,179	(438)	-0.43%
Other State Revenues	33,108	40,269	7,161	21.63%
Total State Revenues	$ 5,542,998	$ 5,815,242	$ 272,244	4.91%
Federal Revenues				
Public Assistance Subventions	$ 2,637,251	$ 2,703,493	$ 66,242	2.51%
Other Public Assistance	196,319	192,147	(4,172)	-2.13%
Public Protection	120,524	115,436	(5,088)	-4.22%
Health and Mental Health	1,241,398	1,429,502	188,104	15.15%
Capital Projects	917	980	63	6.87%
Other Federal Revenues	40,072	23,994	(16,078)	-40.12%
Total Federal Revenues	$ 4,236,481	$ 4,465,552	$ 229,071	5.41%
Other Governmental Agencies	39,252	27,383	(11,869)	-30.24%
Total Intergovenmental Revenues	$ 9,818,731	$ 10,308,177	$ 489,446	
Fines, Forfeitures and Penalties	$ 218,396	$ 216,944	(1,452)	-0.66%
Licenses, Permits and Franchises	53,760	56,947	3,187	5.93%
Charges for Services	3,540,706	3,784,177	243,471	6.88%
Other Taxes	209,479	226,564	17,085	8.16%
Use of Money and Property	159,529	154,862	(4,667)	-2.93%
Miscellaneous Revenues	636,618	496,820	(139,798)	-21.96%
Operating Contribution from General Fund	292,826	365,422	72,596	24.79%
Total Available Funds	**$ 21,728,697**	**$ 22,170,318**	**$ 441,621**	**2.03%**

(1) Reflects the 2015-16 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2015
(2) Reflects the 2016-17 Recommended General County Budget approved by the Board of Supervisors on April 12, 2016

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2015-16 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,127,634	$ -	$ 1,127,634
General Services	839,057	-	839,057
Public Buildings	776,418	-	776,418
Total General	$ 2,743,109	$ -	$ 2,743,109
Public Protection			
Justice	$ 5,334,342	$ -	$ 5,334,342
Other Public Protection	192,298	-	192,298
Total Public Protection	$ 5,526,640	$ -	$ 5,526,640
Health and Sanitation	$ 3,390,301	$ 3,195,948	$ 6,586,249
Public Assistance	6,330,105	-	6,330,105
Recreation and Cultural Services	344,762	-	344,762
Insurance and Loss Reserve	73,160	-	73,160
Provision for Obligated Fund Balance	108,753	-	108,753
Appropriation for Contingency	15,919	-	15,919
Total Requirements	**$ 18,532,749**	**$ 3,195,948**	**$ 21,728,697**
AVAILABLE FUNDS			
Property Taxes	$ 4,765,596	$ -	$ 4,765,596
Fund Balance	1,750,126	-	1,750,126
Cancel Provision for Obligated Fund Balance	60,001	222,929	282,930
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 335,042	$ -	$ 335,042
Homeowners' Exemption	19,000	-	19,000
Public Assistance Subventions	807,966	-	807,966
Other Public Assistance	1,998,418	-	1,998,418
Public Protection	1,206,729	-	1,206,729
Health and Mental Health	996,540	43,578	1,040,118
Capital Projects	102,617	-	102,617
Other State Revenues	33,108	-	33,108
Total State Revenues	5,499,420	43,578	5,542,998
Federal Revenues			
Public Assistance Subventions	$ 2,612,878	$ 24,373	$ 2,637,251
Other Public Assistance	196,319	-	196,319
Public Protection	120,524	-	120,524
Health and Mental Health	928,659	312,739	1,241,398
Capital Projects	917	-	917
Other Federal Revenues	40,072	-	40,072
Total Federal Revenues	$ 3,899,369	$ 337,112	$ 4,236,481
Other Governmental Agencies	39,252	-	39,252
Total Intergovenmental Revenues	$ 9,438,041	$ 380,690	$ 9,818,731
Fines, Forfeitures and Penalties	$ 218,121	$ 275	$ 218,396
Licenses, Permits and Franchises	53,634	126	53,760
Charges for Services	1,695,388	1,845,318	3,540,706
Other Taxes	209,479	-	209,479
Use of Money and Property	159,452	77	159,529
Miscellaneous Revenues	182,911	453,707	636,618
Operating Contribution from General Fund	-	292,826	292,826
Total Available Funds	**$ 18,532,749**	**$ 3,195,948**	**$ 21,728,697**

(1) Reflects the 2015-16 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2015

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2016-17 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 955,235	$ -	$ 955,235
General Services	879,594	-	879,594
Public Buildings	723,095	-	723,095
Total General	$ 2,557,924	$ -	$ 2,557,924
Public Protection			
Justice	$ 5,480,827	$ -	$ 5,480,827
Other Public Protection	194,344	-	194,344
Total Public Protection	$ 5,675,171	$ -	$ 5,675,171
Health and Sanitation	$ 3,627,072	$ 3,314,649	$ 6,941,721
Public Assistance	6,525,176	-	6,525,176
Recreation and Cultural Services	331,525	-	331,525
Insurance and Loss Reserve	67,360	-	67,360
Provision for Obligated Fund Balance	45,099	-	45,099
Appropriation for Contingency	26,342	-	26,342
Total Requirements	**$ 18,855,669**	**$ 3,314,649**	**$ 22,170,318**
AVAILABLE FUNDS			
Property Taxes	$ 5,019,733	$ -	$ 5,019,733
Fund Balance	1,423,373	-	1,423,373
Cancel Provision for Obligated Fund Balance	32,937	84,362	117,299
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 354,872	$ -	$ 354,872
Homeowners' Exemption	19,000	-	19,000
Public Assistance Subventions	837,550	-	837,550
Other Public Assistance	2,044,441	-	2,044,441
Public Protection	1,229,591	-	1,229,591
Health and Mental Health	1,151,299	36,041	1,187,340
Capital Projects	102,179	-	102,179
Other State Revenues	40,269	-	40,269
Total State Revenues	5,779,201	36,041	5,815,242
Federal Revenues			
Public Assistance Subventions	$ 2,690,977	$ 12,516	$ 2,703,493
Other Public Assistance	192,147	-	192,147
Public Protection	115,436	-	115,436
Health and Mental Health	979,677	449,825	1,429,502
Capital Projects	980	-	980
Other Federal Revenues	23,994	-	23,994
Total Federal Revenues	$ 4,003,211	$ 462,341	$ 4,465,552
Other Governmental Agencies	27,383	-	27,383
Total Intergovenmental Revenues	$ 9,809,795	$ 498,382	$ 10,308,177
Fines, Forfeitures and Penalties	216,669	275	216,944
Licenses, Permits and Franchises	56,821	126	56,947
Charges for Services	1,733,097	2,051,080	3,784,177
Other Taxes	226,564	-	226,564
Use of Money and Property	154,786	76	154,862
Miscellaneous Revenues	181,894	314,926	496,820
Operating Contribution from General Fund	-	365,422	365,422
Total Available Funds	**$ 18,855,669**	**$ 3,314,649**	**$ 22,170,318**

(1) Reflects the 2016-17 Recommended General County Budget approved by the Board of Supervisors on April 12, 2016

COUNTY OF LOS ANGELES
CALIFORNIA

FINANCIAL SUMMARY

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured”, and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. Any property on the secured roll with delinquent taxes as of July 1 is declared tax-defaulted. Such property taxes may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2015-16 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $41,002,110,582 which constitutes only 3.37% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2015-16
Southern California Edison Co.	$83,825,944
Douglas Emmett Residential	44,943,811
EQR / ERP Limited	43,985,397
Tesoro Refining and Marketing Co.	31,938,226
Universal Studios LLC	25,980,101
AT&T / Pacific Bell Telephone Co.	22,753,547
Southern California Gas Company	22,685,241
Chevron USA Inc./ Texaco / Unocal	21,639,653
Maguire Properties	20,628,369
Trizec Wilshire Center LLC	20,015,082
Verizon / MCI Communications Ser. Inc.	18,941,906
Exxon / Mobil Oil Corporation	18,283,355
Prologis / AMB	18,032,598
Conoco Phillips Inc.	16,870,853
Essex Portfolio LP	15,152,238
LA Live Properties LLC	14,176,309
Macerich / Westside Pavilion	14,145,931
Participants in Long Beach Unit	13,705,392
Boeing / Hughes Aircraft / McDonnell Douglas Corp.	11,151,238
Kaiser Foundation	11,107,275
	$489,962,466

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the full cash values, property tax levies and collections from Fiscal Years 2011-12 through 2015-16.

COUNTY OF LOS ANGELES COMPARISON OF FULL CASH VALUE PROPERTY TAXATION AND COLLECTIONS FISCAL YEARS 2011-12 THROUGH 2015-16				
Fiscal Year	**Full Cash Value [1]**	**General Fund Secured Property Tax Levies**	**General Fund Secured Property Tax Collections [2]**	**Current Collection As a Percent of Levies %**
2011-12	$1,013,260,968,402	$2,471,700,694	$2,423,125,703	98.03%
2012-13	1,035,518,346,306	2,534,711,363	2,495,317,019	98.45%
2013-14	1,085,743,685,894	2,662,214,197	2,623,480,895	98.55%
2014-15	1,146,946,428,176	2,814,475,757	2,773,124,193	98.53%
2015-16	1,218,549,285,645	2,951,107,847	2,907,748,821 (3)	98.53%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".

(2) Reflects collection within the fiscal year originally levied.

(3) Preliminary estimate based on FY 2014-15 collections.

REDEVELOPMENT AGENCIES

Pursuant to ABX1 26 (the "Redevelopment Dissolution Act"), all redevelopment agencies were dissolved effective February 1, 2012. ABX1 26 bars redevelopment agencies from engaging in new business, provides for their eventual wind down and dissolution, and requires that successor agencies be created to take over from the former agencies. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County was approximately $453.0 million. A more detailed discussion of the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2011-12 through 2015-16.

COMMUNITY REDEVELOPMENT AGENCY (CRA) PROJECTS IN THE COUNTY OF LOS ANGELES FULL CASH VALUE AND TAX ALLOCATIONS FISCAL YEARS 2011-12 THROUGH 2015-16		
Fiscal Year	**Full Cash Value Increments [1]**	**Total Tax Allocations [2]**
2011-12	$137,243,985,288	$1,187,749,842
2012-13	141,074,221,344	1,189,455,554
2013-14	149,910,987,097	1,282,940,191
2014-15	159,180,996,812	1,327,755,469
2015-16	171,855,943,160	(3)

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.

(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.

(3) Data for 2015-16 CRA Tax Allocations is not available.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenue follow an uneven pattern, primarily as a result of unpredictable delays in payments from other governmental agencies and the significant amount of secured property tax revenue received close to the December and April due dates for the first and second installments, respectively.

As a result of the uneven pattern of revenue receipts, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund's management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and replaced it with a program to manage its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of "intrafund borrowing" for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies. All intrafund borrowings used for General Fund purposes, and all notes issued in connection with the County's cash management program have been repaid in accordance with their required maturity dates.

2015-16 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 12, 2015, the County issued the 2015-16 TRANs with an aggregate principal amount of $900,000,000 due on June 30, 2016. The 2015-16 TRANs are general obligations of the County attributable to Fiscal Year 2015-16 and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2015-16 for the purpose of repaying the 2015-16 TRANs on the June 30, 2016 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2015-16 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2015	$315,000,000
January, 2016	315,000,000
April, 2016	314,875,000
Total	$944,875,000

* Includes $900,000,000 of 2015-16 TRANs principal and 5.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2011-12.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2011-12	2012-13	2013-14	2014-15	2015-16 Estimate
Property Taxes	$3,725,324	$4,276,875	$4,337,915	$4,581,797	$4,707,771
Other Taxes	172,703	167,054	203,396	204,173	198,323
Licenses, Permits and Franchises	58,642	61,268	65,260	58,488	58,950
Fines, Forfeitures and Penalties	218,380	226,737	212,676	197,663	192,034
Investment and Rental Income	111,506	107,105	104,422	131,053	153,894
State In-Lieu Taxes	366,352	335,310	344,971	407,316	357,388
State Homeowner Exemptions	21,505	21,101	19,715	20,277	19,244
Charges for Current Services	1,678,238	1,546,370	1,582,791	1,577,165	1,532,189
Other Revenue*	392,137	552,414	525,570	610,250	613,067
TOTAL UNRESTRICTED RECEIPTS	$6,744,787	$7,294,234	$7,396,716	$7,788,182	$7,832,860

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office
* Includes Tobacco Settlement Revenue

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. If the County determines that it is necessary to utilize interfund borrowing, then such borrowing may not occur after the last Monday in April of each fiscal year and must be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also included in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate significantly throughout the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of revenue deposits from the State and the receipt of welfare advances on the last business day of the month.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al*.

The tables at the end of this Financial Summary Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2014-15 and Fiscal Year 2015-16.

General Fund Cash Flow Statements

The Fiscal Year 2014-15 and Fiscal Year 2015-16 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2014-15, the County had an ending General Fund cash balance of $1.653 billion. In Fiscal Year 2015-16, the County is estimating an ending cash balance in the General Fund of $1.228 billion.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of March 31, 2016, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$11.431
Schools and Community Colleges	12.732
Independent Public Agencies	2.309
Total	$26.472

Of these entities, the discretionary participants accounted for 8.72% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 29, 2016, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated May 2, 2016, the book value of the Treasury Pool as of March 31, 2016 was approximately $26.472 billion and the corresponding market value was approximately $26.489 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Internal Controls Branch (ICB) operates independently from the Investment Office, and reconciles cash and investments to fund balances on a daily basis. ICB staff also reviews each investment trade for accuracy and compliance with the Board of Supervisor's adopted Investment Policy. On a quarterly basis, the County's external independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy, and reviews investment transactions to ensure compliance with the Investment Policy.

The following table identifies the types of securities held by the Treasury Pool as of March 31, 2016:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	57.22
Certificates of Deposit	13.70
Commercial Paper	28.67
Bankers Acceptances	0.00
Municipal Obligations	0.22
Corporate Notes & Deposit Notes	0.19
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2016, approximately 36.72% of the investments mature within 60 days, with an average of 554 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well-established practice of market research and due diligence. The Treasury Pool did not experience a single investment loss as a result of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages.

FINANCIAL STATEMENTS-GAAP BASIS

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments, with annual audits performed by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2015, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2015-16 Final Adopted Budget included an available General Fund balance of $1,750,126,000 as of June 30, 2015.

The 2015-16 Final Adopted Budget uses the fund balance language of the County Budget Act, which has been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The major areas of difference are described as follows:

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

- General Fund obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis of accounting, the bond proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB Statements No. 48 and No. 65. This matter is discussed in further detail in Note 11 to the 2014-15 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis of accounting, property tax revenues are recognized to the extent that they are collectible within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis of accounting, the effects of such fair value changes have been recognized as a component of investment income.

- In conjunction with the implementation of GASB Statement No. 45, the County determined that certain assets were held by LACERA (as the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis of accounting, the expenditures are adjusted to recognize the OPEB Agency assets as of June 30, 2015.

The tables below provide a reconciliation of the General Fund's June 30, 2015 fund balance on a budgetary and GAAP basis, and a summary of the audited Balance Sheets and Statements of Revenues and Expenditures and Changes in Fund Balance from Fiscal Year 2010-11 to Fiscal Year 2014-15.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2015 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$1,750,126
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	138,101
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	174,097
Accrual of liabilities for accrued compensated absences not required by GAAP	60,107
Change in revenue accruals related to encumbrances	(82,699)
Deferral of property tax receivables	(69,099)
Unamortized balance of sale of tobacco settlement revenue	(237,055)
Change in fair value of Investments	(4,452)
Reserve for "Rainy Day" Fund	306,319
Unassigned Fund Balance - GAAP Basis	$2,035,445

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES

BALANCE SHEET AT JUNE 30, 2011, 2012, 2013, 2014 and 2015
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
ASSETS					
Pooled Cash and Investments	$2,151,267	$2,010,858	$1,637,765	$1,933,794	$2,678,685
Other Investments	16,589	11,109	5,676	4,810	4,655
Taxes Receivable	210,914	186,830	171,919	169,141	157,215
Other Receivables	1,763,649	1,586,097	1,777,034	1,996,683	1,888,537
Due from Other Funds	356,860	407,604	391,605	283,255	460,987
Advances to Other Funds	1,063,061	703,512	754,376	885,314	434,849
Inventories	54,145	51,616	47,375	56,790	48,186
Total Assets	$5,616,485	$4,957,626	$4,785,750	$5,329,787	$5,673,114
LIABILITIES					
Accounts Payable	$286,597	$354,119	$321,509	$516,410	$410,671
Accrued Payroll	289,546	303,615	309,926	331,045	356,579
Other Payables	1,039,126	525,438	89,852	111,019	115,998
Due to Other Funds	464,170	390,153	461,480	158,626	271,800
Deferred Revenue*	382,897	346,488	302,656	0	0
Advances Payable	411,508	379,847	404,975	575,567	853,441
Third-Party Payor Liability	20,198	16,015	15,702	26,207	39,693
Total Liabilities	$2,894,042	$2,315,675	$1,906,100	$1,718,874	$2,048,182
DEFERRED INFLOWS OF RESOURCES*				$508,105	$435,109
FUND BALANCES					
Nonspendable	259,127	$259,597	$253,836	$272,007	$272,384
Restricted	35,377	55,115	59,786	40,577	55,694
Committed		332,255	528,865	482,740	334,346
Assigned	763,038	405,285	376,181	538,078	491,954
Unassigned	1,664,901	1,589,699	1,660,982	1,769,406	2,035,445
Total Fund Balances	2,722,443	2,641,951	2,879,650	3,102,808	3,189,823
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,616,485	$4,957,626	$4,785,750	$5,329,787	$5,673,114

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2011, 2012, 2013, 2014 and 2015.
*The County implemented GASB Statement 65 "Items Previously Reported as Assets and Liabilities" in FY 2013-14. As of June 30, 2014, deferred inflows and outflows of resources are reported in the new required GASB 65 format.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2010-11 THROUGH 2014-15 (in thousands of $)

	2010-11	2011-12	2012-13	2013-14	2014-15
REVENUES:					
Taxes	$3,843,366	$3,980,409	$4,267,858	$4,520,755	$4,772,762
Licenses, Permits & Franchises	56,656	57,144	61,412	59,886	61,561
Fines, Forfeitures and Penalties	244,787	217,972	222,226	207,094	207,684
Use of Money and Property	130,140	103,029	89,841	128,501	141,816
Aid from Other Government	7,506,492	7,632,814	8,182,687	8,395,672	8,574,288
Charges for Services	1,641,399	1,700,540	1,565,937	1,743,447	1,491,656
Miscellaneous Revenues	145,414	134,071	216,977	152,663	204,966
TOTAL	$13,568,254	$13,825,979	$14,606,938	$15,208,018	$15,454,733
EXPENDITURES					
General	$883,854	$983,077	$979,989	$998,438	$1,155,070
Public Protection	4,401,985	4,538,075	4,694,982	4,843,148	5,136,461
Health and Sanitation	2,476,524	2,689,192	2,779,870	3,204,177	2,931,257
Public Assistance	5,217,560	5,108,516	5,247,031	5,430,398	5,682,198
Recreation and Cultural Services	263,046	255,818	272,835	282,660	304,895
Debt Service	278,477	24,602	30,816	28,928	27,060
Capital Outlay	32,598	20,106	8,065	2,398	866
Total	$13,554,044	$13,619,386	$14,013,588	$14,790,147	$15,237,807
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$14,210	$206,593	$593,350	$417,871	$216,926
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($340,128)	($306,002)	($359,171)	($197,219)	($131,647)
Sales of Capital Assets	9,027	3,789	740	770	870
Capital Leases	43,523	15,128	2,780	1,736	866
OTHER FINANCING SOURCES (USES)-Net	($287,578)	($287,085)	($355,651)	($194,713)	($129,911)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	(273,368)	(80,492)	237,699	223,158	87,015
Beginning Fund Balance	2,995,811	2,722,443	2,641,951	2,879,650	3,102,808
Ending Fund Balance	$2,722,443	$2,641,951	$2,879,650	$3,102,808	$3,189,823

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2011, 2012, 2013, 2014 and 2015.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2014-15: 12 MONTHS ACTUAL
2015-16: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2014-15
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 82,785	$ 61,674	$ 54,634	$ 522,524	$ 1,309,694	$ 2,614,653
Auditor Unapportioned Property Tax	175,528	81,191	99,379	151,115	944,396	1,724,574
Unsecured Property Tax	125,354	126,980	131,810	155,178	124,293	73,563
Miscellaneous Fees & Taxes	8,065	7,790	7,455	6,455	6,420	6,287
State Redemption Fund	37,442	70,308	49,316	55,960	43,389	23,851
Education Revenue Augmentation	162,659	168,222	142,225	142,225	159,499	555,922
State Reimbursement Fund	0	0	0	0	2,265	9,052
Sales Tax Replacement Fund	93	4,798	17,660	17,660	17,660	19,949
Vehicle License Fee Replacement Fund	501	25,739	94,741	94,741	94,741	107,019
Property Tax Rebate Fund	545	915	1,060	1,016	5,085	3,971
Utility User Tax Trust Fund	1,484	3,757	6,735	12,439	17,194	21,796
Subtotal	$ 594,456	$ 551,374	$ 605,015	$ 1,159,313	$ 2,724,636	$ 5,160,637
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 554,127	$ 514,454	$ 490,506	$ 510,278	$ 512,868	$ 518,825
Payroll Revolving Fund	48,464	49,721	49,450	47,916	46,736	49,949
Asset Development Fund	43,251	43,236	43,254	43,281	43,294	43,446
Productivity Investment Fund	4,385	4,213	4,196	5,949	6,333	6,408
Motor Vehicle Capital Outlays	1,074	6,016	6,027	5,982	5,930	5,930
Civic Center Parking	56	249	216	155	47	255
Reporters Salary Fund	437	257	604	305	125	535
Cable TV Franchise Fund	12,554	12,250	12,744	12,911	12,768	13,186
Megaflex Long-Term Disability	15,436	15,302	15,110	14,844	14,637	14,580
Megaflex Long-Term Disability & Health	8,460	8,511	8,584	8,645	8,699	8,769
Megaflex Short-Term Disability	38,580	38,909	39,176	39,466	39,884	40,313
Subtotal	$ 726,824	$ 693,118	$ 669,867	$ 689,732	$ 691,321	$ 702,196
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 482	$ 7,757	$ 978	$ 2,416	$ 2,010	$ 653
Olive View-UCLA Medical Center	(1,026)	4,753	1,820	447	2,479	849
LAC+USC Medical Center	(13,221)	16,881	5,869	(3,066)	7,621	5,010
MLK Ambulatory Care Center	453	452	453	453	452	452
Rancho Los Amigos Rehab Center	129	(312)	742	438	293	(306)
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (13,183)	$ 29,531	$ 9,862	$ 688	$ 12,855	$ 6,658
GRAND TOTAL	**$ 1,308,097**	**$ 1,274,023**	**$ 1,284,744**	**$ 1,849,733**	**$ 3,428,812**	**$ 5,869,491**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	
						PROPERTY TAX GROUP
$ 797,754	$ 485,268	$ 702,363	$ 2,437,989	$ 855,364	$ 159,682	**Tax Collector Trust Fund**
1,220,545	815,557	602,181	1,413,848	634,539	161,737	**Auditor Unapportioned Property Tax**
62,588	63,165	55,450	47,658	70,732	101,552	**Unsecured Property Tax**
6,295	6,249	6,278	6,336	6,222	6,312	**Miscellaneous Fees & Taxes**
27,263	26,506	22,668	24,261	22,638	18,851	**State Redemption Fund**
376,436	244,042	213,066	472,760	223,295	322,140	**Education Revenue Augmentation**
20,065	1,109	1,109	2,166	21,155	7,953	**State Reimbursement Fund**
81,132	19,768	37,033	39,454	89,460	0	**Sales Tax Replacement Fund**
455,995	105,755	204,300	218,117	506,265	0	**Vehicle License Fee Replacement Fund**
9,784	9,716	6,450	9,458	9,641	5,449	**Property Tax Rebate Fund**
26,938	33,672	14,099	2,852	8,635	13,411	**Utility User Tax Trust Fund**
$ 3,084,795	$ 1,810,807	$ 1,864,997	$ 4,674,899	$ 2,447,946	$ 797,087	**Subtotal**
						VARIOUS TRUST GROUP
$ 523,483	$ 512,255	$ 522,276	$ 540,877	$ 524,905	$ 491,619	**Departmental Trust Fund**
46,349	61,240	62,729	45,329	45,182	40,957	**Payroll Revolving Fund**
43,611	43,693	43,814	43,962	44,039	43,397	**Asset Development Fund**
6,418	6,479	6,154	5,808	5,758	5,665	**Productivity Investment Fund**
5,930	5,921	5,882	5,904	5,904	5,904	**Motor Vehicle Capital Outlays**
136	103	115	132	226	149	**Civic Center Parking**
342	345	568	533	296	470	**Reporters Salary Fund**
13,200	12,778	13,146	13,115	12,694	13,155	**Cable TV Franchise Fund**
14,494	14,466	14,320	14,277	14,151	14,058	**Megaflex Long-Term Disability**
8,851	8,894	8,948	8,999	9,075	9,159	**Megaflex Long-Term Disability & Health**
40,579	41,013	41,644	42,110	42,712	43,311	**Megaflex Short-Term Disability**
$ 703,393	$ 707,187	$ 719,596	$ 721,046	$ 704,942	$ 667,844	**Subtotal**
						HOSPITAL GROUP
$ 3,116	$ 1,924	$ (42)	$ 735	$ 1,714	$ 1,383	**Harbor-UCLA Medical Center**
4,729	2,071	869	2,224	3,047	3,151	**Olive View-UCLA Medical Center**
(2,825)	4,503	1,351	(8,347)	4,818	1,834	**LAC + USC Medical Center**
454	452	430	429	429	429	**MLK Ambulatory Care Center**
687	(147)	240	1,753	179	561	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 6,161	$ 8,803	$ 2,848	$ (3,206)	$ 10,187	$ 7,358	**Subtotal**
$ 3,794,349	**$ 2,526,797**	**$ 2,587,441**	**$ 5,392,739**	**$ 3,163,075**	**$ 1,472,289**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2015-16
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 79,551	$ 38,664	$ 35,868	$ 412,749	$ 1,421,311	$ 3,637,614
Auditor Unapportioned Property Tax	177,229	39,008	118,073	152,847	686,356	601,474
Unsecured Property Tax	154,844	200,302	140,114	170,819	131,290	69,667
Miscellaneous Fees & Taxes	6,284	6,303	6,322	6,325	6,285	6,431
State Redemption Fund	29,524	41,358	38,760	49,493	35,646	31,315
Education Revenue Augmentation	335,161	352,258	317,444	317,802	333,348	779,132
State Reimbursement Fund	0	0	0	0	445	8,500
Sales Tax Replacement Fund	324	5,486	19,593	19,593	19,629	20,672
Vehicle License Fee Replacement Fund	1,736	29,429	105,107	105,107	105,811	126,239
Property Tax Rebate Fund	4,894	6,537	2,348	6,624	8,103	11,145
Utility User Tax Trust Fund	2,588	4,542	8,104	12,361	17,228	22,807
Subtotal	$ 792,135	$ 723,887	$ 791,733	$ 1,253,720	$ 2,765,452	$ 5,314,996
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 520,334	$ 513,622	$ 466,429	$ 493,827	$ 526,302	$ 522,861
Payroll Revolving Fund	45,882	53,107	44,793	44,618	48,743	48,388
Asset Development Fund	43,137	43,154	43,213	43,237	43,256	43,275
Productivity Investment Fund	5,024	4,627	3,988	3,830	3,774	4,248
Motor Vehicle Capital Outlays	5,904	5,881	5,354	5,337	5,337	5,300
Civic Center Parking	322	86	186	164	82	25
Reporters Salary Fund	350	391	380	498	248	276
Cable TV Franchise Fund	12,641	12,340	12,339	12,590	12,415	12,973
Megaflex Long-Term Disability	13,947	13,888	13,738	13,712	13,550	13,475
Megaflex Long-Term Disability & Health	9,207	9,286	9,336	9,417	9,512	9,597
Megaflex Short-Term Disability	43,729	44,219	44,655	45,066	45,557	45,992
Subtotal	$ 700,477	$ 700,601	$ 644,411	$ 672,296	$ 708,776	$ 706,410
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ (1,870)	$ 1,271	$ 1,400	2,502	$ 16,660	$ (2,609)
Olive View-UCLA Medical Center	(545)	1,191	1,873	866	11,307	(2,566)
LAC+USC Medical Center	(8,244)	7,330	(3,690)	(4,169)	16,183	230
MLK Ambulatory Care Center	429	359	-	0	0	0
Rancho Los Amigos Rehab Center	(263)	(624)	1,536	3,280	1,327	(249)
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (10,493)	$ 9,527	$ 1,119	$ 2,479	$ 45,477	$ (5,194)
GRAND TOTAL	**$ 1,482,119**	**$ 1,434,015**	**$ 1,437,263**	**$ 1,928,495**	**$ 3,519,705**	**$ 6,016,212**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2016	February 2016	March 2016	April 2016	Estimated May 2016	Estimated June 2016	
						PROPERTY TAX GROUP
$ 1,038,923	$ 546,307	$ 697,670	$ 2,562,001	$ 979,843	$ 179,993	**Tax Collector Trust Fund**
1,101,787	793,524	687,674	1,498,366	689,780	187,045	**Auditor Unapportioned Property Tax**
58,061	59,599	54,588	44,491	94,621	128,200	**Unsecured Property Tax**
6,411	6,353	6,264	6,262	9,198	8,868	**Miscellaneous Fees & Taxes**
22,726	22,874	24,080	25,912	34,647	25,268	**State Redemption Fund**
551,398	220,824	177,992	450,172	79,607	168,583	**Education Revenue Augmentation**
19,832	1,309	1,309	3,385	29,269	11,261	**State Reimbursement Fund**
44,043	36,493	42,725	43,470	81,348	0	**Sales Tax Replacement Fund**
583,956	436,102	558,153	572,744	574,415	0	**Vehicle License Fee Replacement Fund**
13,605	16,539	11,056	5,718	0	0	**Property Tax Rebate Fund**
17,872	5,390	12,918	8,680	7,261	11,403	**Utility User Tax Trust Fund**
$ 3,458,614	$ 2,145,314	$ 2,274,429	$ 5,221,201	$ 2,579,989	$ 720,621	**Subtotal**
						VARIOUS TRUST GROUP
$ 531,031	$ 468,439	$ 505,791	$ 501,429	$ 555,784	$ 542,645	**Departmental Trust Fund**
49,792	57,197	44,553	47,762	62,091	51,560	**Payroll Revolving Fund**
43,286	43,310	43,362	43,380	44,000	44,000	**Asset Development Fund**
6,258	6,105	6,287	6,193	6,000	6,000	**Productivity Investment Fund**
5,261	5,449	7,105	5,237	6,000	6,000	**Motor Vehicle Capital Outlays**
230	259	257	261	239	143	**Civic Center Parking**
418	365	558	464	559	413	**Reporters Salary Fund**
13,039	12,970	13,168	12,896	13,000	13,000	**Cable TV Franchise Fund**
13,469	13,464	13,309	13,257	14,893	14,893	**Megaflex Long-Term Disability**
9,662	9,694	9,746	9,830	9,306	9,306	**Megaflex Long-Term Disability & Health**
46,496	47,262	47,649	47,944	43,310	43,310	**Megaflex Short-Term Disability**
$ 718,942	$ 664,514	$ 691,785	$ 688,653	$ 755,182	$ 731,270	**Subtotal**
						HOSPITAL GROUP
$ 2,424	$ 12,292	$ 3,827	$ 4,222	0	0	**Harbor-UCLA Medical Center**
1,745	8,241	(603)	1,380	0	0	**Olive View-UCLA Medical Center**
(1,907)	(6,884)	(1,435)	(5,089)	0	0	**LAC + USC Medical Center**
0	0	0	0	0	0	**MLK Ambulatory Care Center**
1,100	2,429	205	(147)	0	0	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 3,362	$ 16,078	$ 1,994	$ 366	$ 0	$ 0	**Subtotal**
$ 4,180,918	**$ 2,825,906**	**$ 2,968,208**	**$ 5,910,220**	**$ 3,335,171**	**$ 1,451,891**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2014-15: 12 MONTHS ACTUAL
2015-16: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2014-15
(in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014
BEGINNING BALANCE	$ 1,025,985	$ 1,301,521	$ 994,697	$ 563,608	$ 215,745
RECEIPTS					
Property Taxes	$ 27,651	$ 103,162	0	$ 96	$ 45,898
Other Taxes	10,069	18,381	12,868	10,718	13,517
Licenses, Permits & Franchises	2,610	3,285	4,185	3,182	2,532
Fines, Forfeitures & Penalties	20,663	21,395	10,623	12,645	18,196
Investment and Rental Income	14,624	9,613	8,670	11,970	7,458
Motor Vehicle (VLF) Realignment	0	34,418	55,791	25,789	38,077
Sales Taxes - Proposition 172	66,705	55,919	45,254	61,560	78,022
1991 Program Realignment	72,036	23,628	9,198	47,389	58,241
Other Intergovernmental Revenue	152,891	294,683	133,741	205,981	174,871
Charges for Current Services	144,728	134,476	91,504	115,466	99,988
Other Revenue & Tobacco Settlement	66,681	52,802	73,283	39,172	31,624
Transfers & Reimbursements	25,849	517	736	36,993	11,247
Hospital Loan Repayment*	45,993	260,499	145,337	203,511	187,282
Welfare Advances	370,897	222,153	350,312	489,894	447,018
Other Financing Sources/MHSA	54,602	48,165	0	19,590	30,068
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	900,000	0	0	0	0
Total Receipts	$ 1,975,999	$ 1,283,096	$ 941,502	$ 1,283,956	$ 1,244,039
DISBURSEMENTS					
Welfare Warrants	$ 193,200	$ 196,633	$ 246,948	$ 192,696	$ 243,472
Salaries	412,315	408,609	404,933	406,654	413,009
Employee Benefits	264,126	255,478	226,942	261,634	264,174
Vendor Payments	616,481	401,673	320,690	366,879	382,576
Loans to Hospitals*	88,526	136,561	170,272	313,388	166,165
Hospital Subsidy Payments	104,899	130,865	340	9,309	0
Transfer Payments	20,916	60,101	2,466	81,259	10,945
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,700,463	$ 1,589,920	$ 1,372,591	$ 1,631,819	$ 1,480,341
ENDING BALANCE	**$ 1,301,521**	**$ 994,697**	**$ 563,608**	**$ 215,745**	**$ (20,557)**
Borrowable Resources (Avg. Balance)	$ 1,308,097	$ 1,274,023	$ 1,284,744	$ 1,849,733	$ 3,428,812
Total Cash Available	$ 2,609,618	$ 2,268,720	$ 1,848,352	$ 2,065,478	$ 3,408,255

* The net change in the outstanding Hospital Loan Balance is a decrease of $451.1 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	Total 2014-15
$ (20,557)	$ 231,055	$ 600,670	$ 552,198	$ 335,074	$ 426,895	$ 1,079,020	
$ 1,103,659	$ 1,049,118	$ 202,036	$ 18,856	$ 799,010	$ 1,015,133	$ 217,178	$ 4,581,797
11,837	12,687	10,797	35,097	28,217	12,251	27,734	204,173
3,204	4,090	2,552	5,638	12,773	11,167	3,270	58,488
10,228	10,587	21,116	16,671	12,468	31,493	11,578	197,663
13,001	9,123	8,777	9,413	10,016	16,657	11,731	131,053
31,482	29,730	28,025	28,541	63,863	32,288	39,312	407,316
53,006	53,274	77,158	43,484	48,613	67,895	52,135	703,025
30,331	30,892	55,410	26,973	26,850	46,988	30,509	458,445
184,144	238,352	111,392	205,291	177,227	244,408	318,379	2,441,360
155,869	170,027	85,530	107,062	121,405	98,565	252,545	1,577,165
72,220	7,120	(8,961)	46,750	105,092	26,387	110,159	622,329
48,295	7,449	6,824	11,400	10,403	(171)	21,647	181,189
75,489	143,308	359,454	202,662	254,788	237,733	513,560	2,629,616
280,807	490,283	326,534	439,770	317,828	322,406	483,862	4,541,764
31,413	12,239	14,472	23,191	20,531	34,607	0	288,878
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	900,000
$ 2,104,985	$ 2,268,279	$ 1,301,116	$ 1,220,799	$ 2,009,084	$ 2,197,807	$ 2,093,599	$ 19,924,261
$ 217,958	$ 214,960	$ 215,406	$ 217,895	$ 247,656	$ 226,717	$ 270,443	$ 2,683,984
422,307	436,989	429,261	417,606	429,981	422,434	427,783	5,031,881
240,428	283,219	277,427	242,609	279,313	275,827	237,331	3,108,508
410,662	349,375	308,645	370,823	338,291	340,739	363,153	4,569,987
236,986	210,184	110,505	167,570	202,608	184,249	191,493	2,178,507
0	0	0	(2,163)	0	(200)	8,940	251,990
10,032	88,937	8,344	23,583	135,951	95,916	20,310	558,760
315,000	315,000	0	0	283,463	0	0	913,463
0	0	0	0	0	0	0	0
$ 1,853,373	$ 1,898,664	$ 1,349,588	$ 1,437,923	$ 1,917,263	$ 1,545,682	$ 1,519,453	$ 19,297,080
$ 231,055	**$ 600,670**	**$ 552,198**	**$ 335,074**	**$ 426,895**	**$ 1,079,020**	**$ 1,653,166**	
5,869,491	$ 3,794,349	$ 2,526,797	$ 2,587,441	$ 5,392,739	$ 3,163,075	$ 1,472,289	
$ 6,100,546	$ 4,395,019	$ 3,078,995	$ 2,922,515	$ 5,819,634	$ 4,242,095	$ 3,125,455	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2015-16
(in thousands of $)

	July 2015	August 2015	September 2015	October 2015	November 2015
BEGINNING BALANCE	$ 1,653,166	$ 1,901,844	$ 1,626,863	$ 1,254,727	$ 868,460
RECEIPTS					
Property Taxes	$ 42,262	$ 97,194	0	0	$ 46,344
Other Taxes	12,434	18,810	13,649	13,232	12,926
Licenses, Permits & Franchises	3,454	4,591	3,119	3,288	2,275
Fines, Forfeitures & Penalties	28,677	17,736	10,538	10,621	16,066
Investment and Rental Income	13,049	8,800	22,330	7,060	13,136
Motor Vehicle (VLF) Realignment	2,000	25,402	40,758	32,859	45,690
Sales Taxes - Proposition 172	63,581	58,748	50,087	54,942	65,399
1991 Program Realignment	66,068	31,843	46,010	65,890	61,288
Other Intergovernmental Revenue	94,333	290,990	137,106	229,708	213,697
Charges for Current Services	117,542	160,888	82,696	120,439	67,874
Other Revenue & Tobacco Settlement	109,843	177,364	172,058	318	(86,929)
Transfers & Reimbursements	24,594	0	853	7,521	10,532
Hospital Loan Repayment*	69,051	277,728	1,216	332,615	175,437
Welfare Advances	320,351	243,808	471,437	377,286	341,340
Other Financing Sources/MHSA	77,518	26,949	0	37,974	14,248
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	900,000	0	0	0	0
Total Receipts	$ 1,944,757	$ 1,440,851	$ 1,051,857	$ 1,293,753	$ 999,323
DISBURSEMENTS					
Welfare Warrants	$ 194,827	$ 228,927	$ 227,800	$ 229,492	$ 213,762
Salaries	441,377	436,452	430,466	436,139	444,676
Employee Benefits	270,381	286,918	249,022	267,479	277,060
Vendor Payments	551,564	406,413	307,207	328,084	364,785
Loans to Hospitals*	12,651	125,806	192,694	333,097	128,254
Hospital Subsidy Payments	196,890	180,670	11,268	0	(11,698)
Transfer Payments	28,389	50,646	5,536	85,729	36,710
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,696,079	$ 1,715,832	$ 1,423,993	$ 1,680,020	$ 1,453,549
ENDING BALANCE	**$ 1,901,844**	**$ 1,626,863**	**$ 1,254,727**	**$ 868,460**	**$ 414,234**
Borrowable Resources (Avg. Balance)	$ 1,482,119	$ 1,434,015	$ 1,437,263	$ 1,928,495	$ 3,519,705
Total Cash Available	$ 3,383,963	$ 3,060,878	$ 2,691,990	$ 2,796,955	$ 3,933,939

* The net change in the outstanding Hospital Loan Balance is an increase of $195.72 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2015	January 2016	February 2016	March 2016	April 2016	Estimated May 2016	Estimated June 2016	Total 2015-16
$ 414,234	$ 1,022,814	$ 1,299,857	$ 1,409,218	$ 1,080,343	$ 1,162,078	$ 906,567	
$ 1,170,743	$ 1,099,871	$ 210,107	$ 14,033	$ 837,869	$ 1,048,696	$ 203,652	$ 4,770,771
11,380	39,878	10,857	10,774	29,636	7,236	17,511	198,323
4,220	2,184	7,530	4,636	16,575	3,527	3,551	58,950
9,397	9,780	18,126	15,144	10,714	31,607	13,628	192,034
14,870	26,379	9,071	11,180	10,036	8,545	9,438	153,894
33,514	30,032	28,266	31,759	36,763	29,962	20,383	357,388
58,361	51,360	77,268	50,065	48,699	66,536	52,790	697,837
52,769	44,917	71,837	43,597	42,062	49,431	35,833	611,545
240,529	175,779	261,244	165,596	162,930	193,880	131,966	2,297,758
215,711	154,426	124,921	135,141	104,098	80,084	168,369	1,532,189
17,327	120,612	(52,158)	47,450	69,987	21,836	57,201	654,909
39,121	19,338	13,152	5,157	30,018	5,010	18,011	173,307
95,224	50,537	401,021	144,947	60,754	10,606	873,981	2,493,117
535,875	428,185	372,405	462,682	396,086	270,981	376,726	4,597,162
27,677	13,841	43,318	0	25,445	25,726	21,162	313,858
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	900,000
$ 2,526,718	$ 2,267,119	$ 1,596,965	$ 1,142,161	$ 1,881,672	$ 1,853,664	$ 2,004,202	$ 20,003,042
$ 222,629	$ 223,111	$ 186,168	$ 250,819	$ 210,841	$ 239,057	$ 268,694	$ 2,696,128
468,445	472,192	462,084	445,795	457,067	456,187	455,150	5,406,030
246,215	310,352	280,530	252,899	290,453	295,682	262,181	3,289,172
367,791	368,051	314,887	363,899	313,381	447,197	357,562	4,490,821
282,620	215,891	199,199	172,628	114,412	585,905	325,677	2,688,834
(400)	0	0	(18,467)	4,111	0	0	362,374
15,838	85,479	44,736	3,463	94,797	85,146	13,729	550,198
315,000	315,000	0	0	314,875	0	0	944,875
0	0	0	0	0	0	0	0
$ 1,918,138	$ 1,990,076	$ 1,487,604	$ 1,471,036	$ 1,799,937	$ 2,109,175	$ 1,682,993	$ 20,428,432
$ 1,022,814	**$ 1,299,857**	**$ 1,409,218**	**$ 1,080,343**	**$ 1,162,078**	**$ 906,567**	**$ 1,227,776**	
$ 6,016,212	$ 4,180,918	$ 2,825,906	$ 2,968,208	$ 5,910,220	$ 3,335,171	$ 1,451,891	
$ 7,039,026	$ 5,480,775	$ 4,235,124	$ 4,048,551	$ 7,072,298	$ 4,241,738	$ 2,679,667	

COUNTY OF LOS ANGELES

CALIFORNIA

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of government buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2015, approximately $1.634 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $585 million of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Fund, and Hospital Enterprise Funds secure the remaining $1.049 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2015-16.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2015-16 Payments

Funding Source	2015-16 Payment
Total 2015-16 Payment Obligations	$172,833,552
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	72,107,436
Courthouse Construction Funds	25,635,249
Special Districts/Special Funds	2,775,617
Net 2015-16 General Fund Obligations	$72,315,250

Source: Los Angeles County Auditor-Controller

As of May 1, 2016, the County had $1.081 billion of outstanding short-term obligations, which include $900 million in TRANs, $57.0 million in Bond Anticipation Notes, and $124 million in Lease Revenue Tax-exempt Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2016 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$900,000
Bond Anticipation Notes	57,000
Lease Revenue Notes	124,040
Intermediate & Long-Term Obligations	1,793,511
Total Outstanding Principal	$2,874,551

Source: Los Angeles County Treasurer and Tax Collector and Auditor-Controller

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 12, 2015, the County issued $900 million of 2015-16 TRANs on July 1, 2015. The 2015-16 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2015-16, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2015-16 Tax and Revenue Anticipation Notes" of this Appendix A.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2016, $57.0 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before July 1, 2017.

Lease Revenue Note Program

In April 2016, the County restructured its Lease Revenue Note Program (the "Note Program"). The short-term notes issued through the Note Program will continue to provide the County with a flexible and cost-effective source of financing to provide interim funding during the construction phase of various capital projects throughout the County. Upon completion of a capital project, the short-term notes issued to fund the construction of the project will be refinanced with the issuance of long-term lease-revenue bonds. Under the restructured Note Program, the maximum authorized principal amount was reduced from $600 million to $500 million. The restructured Note Program consists of two Irrevocable Direct-Pay Letters of Credit in the aggregate principal amount of $300 million issued by Bank of the West (Series A - $100 million), and U.S. Bank (Series B - $200 million); and a Direct Placement Revolving Credit Facility with Wells Fargo (Series C - $200 million). The Note Program is secured by a lease-revenue financing structure with LAC-CAL, and a portfolio of sixteen County-owned properties pledged as collateral to secure the credit facilities. The three credit facilities in the Note Program, which have 3-year terms expiring in April 2019, will continue to provide credit enhancement and liquidity support to facilitate the issuance of both tax-exempt, and taxable short-term notes. As of May 1, 2016, $124.040 million of tax-exempt commercial paper notes issued through the Note Program were outstanding.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2015, approximately $1.634 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The Fiscal Year 2015-16 Adopted Budget contains sufficient appropriations to fund the County's lease payment obligations in Fiscal Year 2015-16. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Roll") decreased from 0.132% in Fiscal Year 2014-15 to 0.129% in Fiscal Year 2015-16. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Roll over the past ten years.

COUNTY OF LOS ANGELES
OUTSTANDING DEBT TO ASSESSED VALUATION AS OF JULY 1

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
2006-07	$1,786,504,365	$913,572,838,291	0.196%
2007-08	1,441,826,104	997,789,741,224	0.145%
2008-09	1,180,113,183	1,067,594,451,410	0.111%
2009-10	972,937,056	1,062,174,404,954	0.092%
2010-11	805,297,030	1,042,339,975,681	0.077%
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%
2014-15	1,576,510,029	1,191,806,972,618	0.132%
2015-16	1,633,835,517	1,264,906,464,546	0.129%

Source: Los Angeles County Assessor and Auditor-Controller

OTHER DEBT OBLIGATIONS

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual Tobacco Settlement Revenues (the "TSRs") paid by the tobacco companies participating in the Master Settlement Agreement. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

DPSS Lease Obligations

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate the construction of the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations is $244.9 million as of May 1, 2016.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2015

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF MAY 1, 2016

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2015-16	$ 72,315,251	$ 72,107,436	$ 25,635,249	$ 2,775,617	$ 172,833,552
2016-17	61,264,107	60,406,931	21,865,780	2,773,553	146,310,370
2017-18	56,080,330	52,205,857	16,975,475	2,771,892	128,033,554
2018-19	54,348,579	50,467,524	16,976,475	2,772,901	124,565,479
2019-20	55,256,836	50,471,921	16,965,725	2,772,114	125,466,595
2020-21	55,266,453	50,429,239	16,957,350	2,770,155	125,423,196
2021-22	56,251,172	50,423,184	16,954,300	2,772,727	126,401,383
2022-23	53,263,521	50,420,052	16,951,625	2,770,179	123,405,377
2023-24	30,534,101	50,410,165	16,943,875	2,771,524	100,659,665
2024-25	30,525,496	50,403,888	16,933,500	2,772,880	100,635,764
2025-26	30,521,622	50,395,048	16,929,000	2,772,804	100,618,474
2026-27	30,513,982	50,391,691	16,918,875	2,772,537	100,597,085
2027-28	30,428,517	50,383,353	16,906,750	2,771,073	100,489,692
2028-29	30,122,362	50,371,753	16,905,750	2,773,632	100,173,497
2029-30	29,905,736	50,364,260	16,893,613	2,770,541	99,934,149
2030-31	29,895,916	50,345,701	9,432,600	2,770,790	92,445,007
2031-32	29,890,532	50,341,280	9,431,488	2,771,350	92,434,650
2032-33	29,884,456	50,331,926	6,918,000	2,770,272	89,904,654
2033-34	29,873,635	50,315,721	6,918,750	2,772,755	89,880,860
2034-35	29,866,297	50,309,705	-	2,774,794	82,950,796
2035-36	29,859,296	50,294,766	-	2,769,980	82,924,043
2036-37	29,852,038	50,283,745	-	2,774,430	82,910,213
2037-38	29,841,344	50,278,866	-	2,772,883	82,893,094
2038-39	29,832,619	50,259,691	-	2,773,883	82,866,194
2039-40	29,824,294	50,246,289	-	2,773,659	82,844,243
2040-41	29,817,185	50,237,761	-	2,772,601	82,827,547
2041-42	9,194,250	19,945,100	-	2,774,050	31,913,400
2042-43	9,198,250	19,948,218	-	2,774,482	31,920,950
2043-44	9,196,875	-	-	808,250	10,005,125
2044-45	9,194,250	-	-	809,750	10,004,000
Total	$ 1,041,819,301	$ 1,382,791,070	$ 300,414,180	$ 79,248,058	$ 2,804,272,607

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2015-16	$ 584,562,610	$ 822,959,297	$ 183,573,679	$ 42,739,931	$ 1,633,835,517
2016-17	551,399,430	775,945,856	180,113,100	42,212,308	1,549,670,693
2017-18	526,141,095	741,266,802	178,385,000	41,463,167	1,487,256,064
2018-19	507,664,063	723,352,176	170,020,000	40,686,165	1,441,722,404
2019-20	491,151,443	706,347,922	161,225,000	39,872,265	1,398,596,630
2020-21	473,991,942	688,476,303	151,990,000	39,017,435	1,353,475,679
2021-22	448,814,023	669,817,455	142,290,000	38,120,777	1,299,042,255
2022-23	413,303,559	650,368,047	132,110,000	37,175,498	1,232,957,104
2023-24	379,087,302	630,069,623	121,425,000	36,184,357	1,166,766,281
2024-25	366,254,815	608,863,906	110,200,000	35,141,008	1,120,459,729
2025-26	352,841,357	586,643,269	98,410,000	34,042,763	1,071,937,389
2026-27	338,786,235	563,319,690	86,020,000	32,888,277	1,021,014,202
2027-28	324,060,089	538,830,160	73,005,000	31,674,859	967,570,108
2028-29	308,702,909	513,114,829	59,335,000	30,400,717	911,553,455
2029-30	292,901,152	486,115,239	44,965,000	29,058,609	853,040,000
2030-31	276,531,720	457,762,435	29,895,000	27,650,845	791,840,000
2031-32	259,349,828	427,999,539	21,735,000	26,170,633	735,255,000
2032-33	241,310,098	396,740,964	13,170,000	24,613,939	675,835,000
2033-34	222,370,124	363,916,356	6,750,000	22,978,519	616,015,000
2034-35	202,489,529	329,453,785	-	21,256,686	553,200,000
2035-36	181,610,780	293,295,333	-	19,448,887	494,355,000
2036-37	159,676,347	255,401,290	-	17,562,363	432,640,000
2037-38	136,632,750	215,683,273	-	15,583,977	367,900,000
2038-39	112,486,190	174,133,219	-	13,515,591	300,135,000
2039-40	87,251,097	130,747,077	-	11,346,826	229,345,000
2040-41	60,888,169	85,416,324	-	9,070,508	155,375,000
2041-42	33,345,000	38,047,845	-	6,682,155	78,075,000
2042-43	25,625,000	19,481,371	-	4,173,629	49,280,000
2043-44	17,505,000	-	-	1,540,000	19,045,000
2044-45	8,970,000	-	-	790,000	9,760,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 15,230,000	$ 15,230,000			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,055,087			$ 1,055,087	
Sheriffs Training Academy	871,000	$ 871,000			
San Fernando Court	1,458,863			1,458,863	
Total 2002 Lease Rev Bonds Ser B	$ 3,384,950	$ 871,000	$ 0	$ 2,513,950	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 751,316	$ 751,316			
Burbank Courthouse	737,573			$ 737,573	
Martin Luther King Medical Center - Trauma Center	6,059,461		$ 6,059,461		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,283,418		4,283,418		
Rancho Los Amigos Medical Center - Parking Structure	1,598,837		1,598,837		
San Fernando Valley Juvenile Hall	947,231	947,231			
LAC/USC Medical Center Marengo Street Parking Garage	2,529,417		2,529,417		
LAX Area Courthouse	6,740,982			6,740,982	
San Fernando Valley Courthouse (Chatsworth)	5,351,563			5,351,563	
Total 2005 Lease Rev Refg Bonds Ser A	$ 28,999,798	$ 1,698,547	$ 14,471,134	$ 12,830,117	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,486,084	$ 3,486,084			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 844,588			$ 844,588	
Lynwood Regional Justice Center	3,136,500	$ 3,136,500			
Men's Central Jail - Twin Towers	3,009,000	3,009,000			
Van Nuys Courthouse	2,529,600			2,529,600	
Total 2006 Lease Rev Refg Bonds Ser A	$ 9,519,688	$ 6,145,500	$ 0	$ 3,374,188	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 6,916,994			$ 6,916,994	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 732,678	$ 732,678			
Patriotic Hall Renovation	1,183,143	1,183,143			
Olive View Medical Center ER/TB Unit	1,363,290		$ 1,363,290		
Olive View Medical Center Seismic	561,622		561,622		
Harbor/UCLA Surgery/ Emergency	8,543,011		8,543,011		
Harbor/UCLA Seismic Retrofit	1,317,369		1,317,369		
Hall of Justice Rehabilitation	6,107,999	6,107,999			
Total 2010 Multiple Capital Projects I, Series A	$ 19,809,112	$ 8,023,820	$ 11,785,292	$ 0	$ 0
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,166,023	$ 1,166,023			
Patriotic Hall Renovation	1,882,916	1,882,916			
Olive View Medical Center ER/TB Unit	2,169,611		$ 2,169,611		
Olive View Medical Center Seismic	893,795		893,795		
Harbor/UCLA Surgery/ Emergency	13,595,795		13,595,795		
Harbor/UCLA Seismic Retrofit	2,096,529		2,096,529		
Hall of Justice Rehabilitation	9,720,589	9,720,589			
Total 2010 Multiple Capital Projects I, Series B	$ 31,525,258	$ 12,769,528	$ 18,755,731	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 1,588,737	$ 1,588,737			
2012 Refg COPs: Disney Parking Project	$ 2,533,750	$ 2,533,750			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,840,156		$ 8,840,156		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,761,354		10,761,354		
Martin Luther King Jr. Data Center	341,769		341,769		
Fire Station 128	296,909				$ 296,909
Fire Station 132	480,219				480,219
Fire Station 150	744,855				744,855
Fire Station 156	442,137				442,137
Total 2012 Multiple Capital Projects II, Series 2012	$ 21,907,400	$ 0	$ 19,943,279	$ 0	$ 1,964,121
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 9,240,285	$ 9,240,285			
Manhattan Beach Library	811,496				$ 811,496
Total 2015 Multiple Capital Projects, Series A	$ 10,051,781	$ 9,240,285	$ 0	$ 0	$ 811,496
Total Long-Term Obligations	$ 154,953,553	$ 61,587,251	$ 64,955,436	$ 25,635,249	$ 2,775,617
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 8,468,625	$ 5,081,175	$ 3,387,450		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 9,411,375	$ 5,646,825	$ 3,764,550		
Total Intermediate-Term Obligations	$ 17,880,000	$ 10,728,000	$ 7,152,000	$ 0	$ 0
Total Obligations	$ 172,833,553	$ 72,315,251	$ 72,107,436	$ 25,635,249	$ 2,775,617

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2015

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 17,095,289	$ 17,095,289			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,988,643			$ 1,988,643	
Sheriffs Training Academy	1,641,671	$ 1,641,671			
San Fernando Court	2,749,686			2,749,686	
Total 2002 Lease Rev Bonds Ser B	$ 6,380,000	$ 1,641,671	$ 0	$ 4,738,329	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 1,995,523	$ 1,995,523			
Burbank Courthouse	1,963,485			$ 1,963,485	
Martin Luther King Medical Center - Trauma Center	18,191,147		$ 18,191,147		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	11,366,685		11,366,685		
Rancho Los Amigos Medical Center - Parking Structure	4,242,763		4,242,763		
San Fernando Valley Juvenile Hall	2,849,160	2,849,160			
LAC/USC Medical Center Marengo Street Parking Garage	6,719,371		6,719,371		
LAX Area Courthouse	48,791,371			48,791,371	
San Fernando Valley Courthouse (Chatsworth)	38,640,494			38,640,494	
Total 2005 Lease Rev Refg Bonds Ser A	$ 134,760,000	$ 4,844,684	$ 40,519,967	$ 89,395,350	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 21,550,000	$ 21,550,000			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,860,000			$ 1,860,000	
Lynwood Regional Justice Center	3,075,000	$ 3,075,000			
Men's Central Jail - Twin Towers	2,950,000	2,950,000			
Van Nuys Courthouse	2,480,000			2,480,000	
Total 2006 Lease Rev Refg Bonds Ser A	$ 10,365,000	$ 6,025,000	$ 0	$ 4,340,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 85,100,000			$ 85,100,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,243,569	$ 3,243,569			
Patriotic Hall Renovation	5,237,779	5,237,779			
Olive View Medical Center ER/TB Unit	6,035,289		$ 6,035,289		
Olive View Medical Center Seismic	2,486,302		2,486,302		
Harbor/UCLA Surgery/ Emergency	37,819,937		37,819,937		
Harbor/UCLA Seismic Retrofit	5,831,995		5,831,995		
Hall of Justice Rehabilitation	27,040,128	27,040,128			
Total 2010 Multiple Capital Projects I, Series A	$ 87,695,000	$ 35,521,476	$ 52,173,524	$ 0	$ 0
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Olive View Medical Center ER/TB Unit	47,349,441		$ 47,349,441		
Olive View Medical Center Seismic	19,506,113		19,506,113		
Harbor/UCLA Surgery/ Emergency	296,713,674		296,713,674		
Harbor/UCLA Seismic Retrofit	45,754,510		45,754,510		
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Total 2010 Multiple Capital Projects I, Series B	$ 688,005,000	$ 278,681,262	$ 409,323,738	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 8,825,228	$ 8,825,228			
2012 Refg COPs: Disney Parking Project	$ 50,675,000	$ 50,675,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 136,689,639		$ 136,689,639		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	166,395,883		166,395,883		
Martin Luther King Jr. Data Center	5,284,548		5,284,548		
Fire Station 128	4,590,920				$ 4,590,920
Fire Station 132	7,425,313				7,425,313
Fire Station 150	11,517,220				11,517,220
Fire Station 156	6,836,478				6,836,478
Total 2012 Multiple Capital Projects II, Series 2012	$ 338,740,000	$ 0	$ 308,370,069	$ 0	$ 30,369,931
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 140,845,000	$ 140,845,000			
Manhattan Beach Library	12,370,000				$ 12,370,000
Total 2015 Multiple Capital Projects, Series A	$ 153,215,000	$ 140,845,000	$ 0	$ 0	$ 12,370,000
Total Long-Term Obligations	$ 1,602,405,517	$ 565,704,610	$ 810,387,297	$ 183,573,679	$ 42,739,931
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 10,970,000	$ 6,582,000	$ 4,388,000		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 20,460,000	$ 12,276,000	$ 8,184,000		
Total Intermediate-Term Obligations	$ 31,430,000	$ 18,858,000	$ 12,572,000	$ 0	$ 0
Total Obligations	$ 1,633,835,517	$ 584,562,610	$ 822,959,297	$ 183,573,679	$ 42,739,931

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF MAY 1, 2016

Title	Outstanding Principal	Total Future Payments		2015-16 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 13,818,098	$ 78,265,000		$ 0
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	3,285,000	3,482,100		98,550
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	1,070,000	1,108,788		0
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	71,780,000	79,088,594		0
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,199,024,935	(1)	0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	7,322,595	7,777,104	(1)	0
2012 Refg COPs: Disney Parking Project	50,675,000	65,898,000		0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	332,855,000	591,644,900		0
2015 Multiple Capital Projects, Series A	153,215,000	293,902,850		3,793,125
2015 Lease Revenue Refunding Bonds Series B	115,360,000	179,719,250		2,884,000
2015 Lease Revenue Refunding Bonds Series C (Taxable) (2)	77,530,000	88,941,900		1,006,041
2016 Lease Revenue Bonds Series D	255,855,000	475,259,619		0
Total Long-Term Obligations	$ 1,770,770,693	$ 3,064,113,038		$ 7,781,716
Intermediate-Term Obligations				
Equipment				
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 6,775,000	$ 7,018,000		$ 3,999,375
2014 Lease Rev Bonds Series A - LAC-CAL Equipment Program	15,965,000	16,574,375		4,609,475
Total Intermediate-Term Obligations	$ 22,740,000	$ 23,592,375		$ 8,608,850
Total Obligations	$ 1,793,510,693	$ 3,087,705,413		$ 16,390,566

COPs = Certificates of Participation

(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.

(2) The 2015 Lease Revenue Refunding Bonds Series C has advance refunded the 2006 Lease Revenue Bonds Series B with a Call Date of September 1, 2016

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2016
2015-16 Assessed Valuation: $1,290,133,105,428: (includes unitary valuation)

	Applicable %		Debt as of 5/1/16	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT				
Los Angeles County Flood Control District	100.000 %	$	12,630,000	
Metropolitan Water District	48.368		44,895,584	
Los Angeles Community College District	100.000		3,671,000,000	
Other Community College Districts	Various (1)		2,677,931,365	
Arcadia Unified School District	100.000		187,723,308	
Beverly Hills Unified School District	100.000		263,394,622	
Glendale Unified School District	100.000		210,564,986	
Long Beach Unified School District	100.000		751,995,702	
Los Angeles Unified School District	100.000		10,551,660,000	
Pasadena Unified School District	100.000		310,945,000	
Pomona Unified School District	100.000		221,161,813	
Redondo Beach Unified School District	100.000		228,093,358	
Santa Monica-Malibu Unified School District	100.000		339,223,144	
Torrance Unified School District	100.000		424,988,171	
Other Unified School Districts	Various (1)		3,139,188,581	
High School and School Districts	Various (1)		1,734,198,015	
City of Los Angeles	100.000		790,385,000	
City of Industry	100.000		104,940,000	
Other Cities	100.000		58,390,000	
Palmdale Water District Water Revenue Bonds	100.000		52,790,091	(2)
Palos Verdes Library District	100.000		1,245,000	
Community Facilities Districts	100.000		720,542,768	
Los Angeles County Regional Park & Open Space Assessment District	100.000		50,610,000	
1915 Act and Benefit Assessment Bonds - Estimate	100.000		88,979,700	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$	26,637,476,208	
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues			(33,785,658)	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			26,603,690,550	
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT				
Los Angeles County General Fund Obligations	**100.000 %**	**$**	**2,038,435,694**	
Los Angeles County Office of Education Certificates of Participation	100.000		7,944,360	
Community College District Certificates of Participation	Various (3)		54,591,737	
Baldwin Park Unified School District Certificates of Participation	100.000		28,770,000	
Compton Unified School District Certificates of Participation	100.000		20,850,000	
Los Angeles Unified School District Certificates of Participation	100.000		273,805,000	
Paramount Unified School District Certificates of Participation	100.000		28,900,000	
Other Unified School District Certificates of Participation	Various (3)		148,888,665	
High School and Elementary School District General Fund Obligations	Various (3)		123,500,972	
City of Beverly Hills General Fund Obligations	100.000		162,875,000	
City of Los Angeles General Fund and Judgment Obligations	100.000		1,563,679,584	
City of Long Beach General Fund Obligations	100.000		179,140,000	
City of Long Beach Pension Obligations	100.000		35,915,000	
City of Pasadena General Fund Obligations	100.000		456,841,949	
City of Pasadena Pension Obligations	100.000		119,460,000	
Other Cities' General Fund Obligations	100.000		1,197,824,483	
Los Angeles County Sanitation Districts Financing Authority	100.000		157,821,308	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	6,599,243,752	
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation			(13,526,614)	
Cities' self-supporting bonds			(514,269,337)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	6,071,447,801	
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$	4,235,233,366	
TOTAL DIRECT DEBT		$	2,038,435,694	
TOTAL GROSS OVERLAPPING DEBT		$	35,433,517,632	
TOTAL NET OVERLAPPING DEBT		$	34,871,936,023	
GROSS COMBINED TOTAL DEBT		$	37,471,953,326	(4)
NET COMBINED TOTAL DEBT		$	36,910,371,717	

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
(2) Palmdale Water District Water Revenue Bonds are partially supported by the 1% ad valorem property tax levy
(3) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2015-16 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	2.06 %
Total Net Overlapping Tax and Assessment Debt	2.06 %
Total Direct Debt ($2,038,435,694))	0.16 %
Gross Combined Total Debt	2.90 %
Net Combined Total Debt	2.86 %
Ratios to Redevelopment Sucessor Agency Incremental Valuation ($172,121,575,526):	
Total Overlapping Tax Increment Debt	2.46 %

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2015 Gross Product of $664.2 billion, Los Angeles County's economy is larger than that of 44 states and all but 20 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced moderate growth in 2015 with an increase in economic output of 3.7%, as measured by Gross Product, and an increase in total taxable sales of 2.9%. The economic recovery is expected to continue in 2016, with several sectors of the local economy experiencing growth.

The County's unemployment rate fell to 6.9% in 2015, which reflects the ongoing improvement in the job market, and the lowest rate of the post-recession period. In 2016 and 2017, the positive trend in the job market is expected to continue, with a projected decline in the average unemployment rate to 6.2% and 5.9%, respectively. The significant job losses which occurred during the recession of 2008 and 2009 were partially offset by the positive impact of major public and private construction projects. With over $16 billion in voter-approved general obligation bond measures, historically low interest rates and cost-effective financing programs and incentives provided by the Federal government, local governments and school and community college districts have undertaken major capital construction projects.

The increase in sales tax revenue ensuing from the 2008 voter-approved Measure R provides funding for major highway and transit projects that are currently underway throughout the County. In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach), the expansion of the Los Angeles International Airport ("LAX"), and the expansion of the Metro Light Rail System have provided continued support to an improving job market in the County.

In terms of its industrial base, diversity continues to be the County's greatest strength, with wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and the Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with over 361,600 workers employed in this sector in 2015. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked as the ninth largest among the world's port facilities. The County's vibrant technology sector known as Silicon Beach has become a large and growing source of highly compensated jobs in the local economy. According to the Los Angeles Economic Development Corporation ("LAEDC"), the County's technology sector employed 195,800 in 2015.

Quality of Life

Higher Education

The County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental College and Claremont College; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

The County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios, video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.

The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. The County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

The County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, the Huntington Library and the new Broad Museum of Contemporary Art, which opened in October 2015. The Broad Museum is located adjacent to the iconic Walt Disney Concert Hall, and will further strengthen and help establish downtown Los Angeles as a premiere cultural destination on the west coast.

Recreation

With its geographic size, location, topography, mild climate, and an average of 329 days of sunshine per year, Los Angeles County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 31 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade & Rose Bowl game, Long Beach Grand Prix, Grammy Awards, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, X Games, BCS College Football National Championship, and the Super Bowl.

Population

The County is the most populous county in the U.S. with over 10 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 26.2% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 48.1% Hispanic, 27.2% White, 13.8% Asian, 8.0% African American and 2.9% other. The County is home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 102 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 76.8% of the adult population has a high school diploma or higher, and 29.9% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

After the recent economic downturn, which started in late 2007 and had a significant adverse impact on the local economy, the County has continued to experience a steady recovery in the job market since 2010. The average unemployment rate increased from 5.1% in 2007 to 12.5% in 2010, but gradually decreased over the last five years to 6.9% in 2015. In comparison, the average unemployment rates for the State of California and the nation in 2015 were 6.2% and 5.3%, respectively. The employment situation in the County showed further signs of improvement in 2015, with estimated total net job growth of 94,700 among the various sectors of the local economy. In 2016, total non-farm employment is projected to grow by 1.7% or 73,400 jobs, resulting in a lower unemployment rate of 6.2%. Table F details the non-agricultural employment statistics by sector for the County from 2011 through 2015.

Personal Income

Total personal income grew in the County by an estimated 4.5% in 2015. The 2015 total personal income of $521.9 billion represents an estimated 25.3% of the total personal income generated in California. The LAEDC is projecting continued growth in personal income of 4.4% for 2016 and 5.3% for 2017. Table C provides a summary of the personal income statistics for the County from 2011 through 2015.

Consumer Spending

As the most populous county in the nation with a vibrant and diverse economy, Los Angeles County is recognized as a national leader in consumer spending. As forecasted by LAEDC, the County experienced a 2.9% increase in total taxable sales in 2015, with stronger growth of 5.5% and 6.8% projected for 2016 and 2017, respectively. The $151.4 billion of total taxable sales in the County in 2015 represents 23.8% of the total taxable sales in California, which underscores the significant importance of the County to the economic health of California. Table D provides a summary of total taxable sales activity in the County from 2011 through 2015.

Industry

With an estimated annual economic output of $664.2 billion in 2015, the County continues to rank among the world's largest economies. The County's 2015 Gross Product represents approximately 27.3% of the total economic output in California and 3.7% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2011 through 2015.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $357.1 billion in 2008. After suffering a substantial decrease in 2009, the value of two-way trade in the LACD has experienced strong growth over the last several years. From 2009 to 2013, the value of two-way trade at LACD increased by 47% which surpassed the record level attained in 2008. LACD experienced moderate growth in 2014, handling approximately $418 billion worth of international trade, which represents a 1% increase from 2013. The decline in the rate of growth was partially the result of a labor strike that slowed loading activities at both ports during the fourth quarter of 2014. As a result of the resolution of the labor strike during the first quarter of 2015, the LACD is expected to experience moderate growth in 2015 with stronger growth returning in 2016. Based on the latest available LAEDC projections, international trade was expected to grow by 1.0% in 2015 to approximately $422 billion, with stronger growth of 3.0% to nearly $435 billion projected for 2016. The LACD maintained its ranking as the top customs district in the nation for international trade in 2014, with China, Japan, South Korea, Taiwan and Germany being the top trading partners.

Transportation/Infrastructure

The County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the fifth busiest airport in the world and second in the United States for passenger traffic. In 2015, LAX served 74.9 million passengers, representing a 6.0% increase from the previous year. The 2.1 million tons of air cargo handled at LAX in 2015, and the corresponding value of $94.2 billion, represents an increase of 6.6% from 2014 levels. A $4.1 billion capital improvement project is currently underway at LAX, which is expected to generate approximately 40,000 local jobs. The Bob

Hope Airport is currently in the planning stage to replace its passenger concourse with a new state of the art facility. Construction is scheduled to begin on the new concourse in late 2016.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been one of the fastest growing port facility in the United States, and is the busiest port complex in the U.S. and western hemisphere, and the ninth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. In 2014, the port complex experienced a 3.8% increase in the volume of cargo from 2013. In 2015, the port complex experienced slower growth of 1.3% compared to 2014 levels.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2014, it was ranked as the busiest container port in the United States for the fourteenth consecutive year, and the nineteenth busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 27 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2015, the Port handled over 8.1 million TEUs, which represents a 2.2% decrease in container volume from 2014.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the twenty-first busiest in the world in 2013. The Port of Long Beach covers over 3,000 acres with 10 separate piers, 80 berths, 66 cranes and 22 shipping terminals. In 2015, the Port of Long Beach handled nearly 7.2 million TEUs of container cargo, which represents an increase of 5.4% from 2014.

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. With over 480 million in annual boardings, the Metro System is the third largest public transportation system in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for the County. The Fiscal Year 2015-16 operating budget for the MTA is $5.6 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2015, the Los Angeles region hosted a record high 30.2 million overnight visitors, representing a 2.2% increase from 2014. According to the Los Angeles Convention and Visitors Bureau, a record high of 6.7 million foreign residents visited the region in 2015, which represents a 3.4% increase compared to 2014. Of all foreign countries visiting the region, China displayed the fastest growth of any international market with 13.6% more visitors than in 2014. Recently constructed hotels in downtown Los Angeles, Beverly Hills and Hollywood are attracting additional business and leisure travelers to the County.

Real Estate and Construction

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market has experienced a strong and steady recovery since 2012. The average median price for new and existing homes, decreased by nearly 46% from a peak of $532,281 in 2007 to a cyclical low of $290,015 in January 2012. However, the real estate market stabilized in 2012 and began a strong recovery as the average median home price increased by 48% from 2012 to 2015.

In 2015, the real estate market continued to experience strong growth, as the average median home price increased by 7% to $490,279 in 2015. After a record high of 105,433 in 2009, notices of default recorded decreased by 83% to 17,422 in 2015 equaling a rate of approximately 1,450 notices per month, which represents a slight improvement over 2014 when the rate averaged 1,490 notices per month. Foreclosures, as measured by the number of trustees deeds recorded, has experienced a significant decrease of over 89% from a cyclical high of 39,774 in 2008 to 4,366 in 2015. The number of trustees deeds recorded in 2015 represents a 15% decrease from 2014 (5,124 to 4,366).

The County's residential housing market continued to experience improvement in the first quarter of 2016. Average median home price increased by 5.4% from the first quarter of 2015 to the first quarter of 2016 ($472,523 to $498,129). Notices of default recorded decreased by 4.3% from the first quarter of 2015 to the first quarter of 2016 (4,258 to 4,075). The number of trustees deeds recorded decreased from 1,131 in the first quarter of 2015 to 951 in the first quarter of 2016.

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained stable assessed valuations. The stability of the property tax base is primarily due to the significant amount "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2015-16, the County Assessor reported a Net Local Roll of $1.265 trillion, which represents a 6.13% increase from the Net Local Roll of $1.192 trillion in Fiscal Year 2014-15. The Net Local Roll in Fiscal Year 2015-16 represents a 21.4% increase from Fiscal Year 2010-11, and the fifth consecutive year of accelerated growth in assessed valuation after the recent economic downturn.

The commercial real estate sector continued to experience modest improvement in 2015. Construction lending experienced a strong increase of 11% from $8.750 billion in 2014 to $9.711 billion in 2015. Office market vacancy rates improved slightly from 2014 to 2015, with the average vacancy rate decreasing to 14.5% from 15.0%, which is still significantly higher than the 9.7% rate in 2007, prior to the economic downturn. Industrial market vacancy rates experienced modest improvement in 2015, decreasing from 1.5% in 2014 to 0.9% in 2015, which is slightly lower than the 1.5% vacancy rate in 2007 prior to the economic downtown.

Construction continued on the new Wilshire Grand Center in Downtown Los Angeles, which will become the tallest building in the western United States when completed in 2017. The 73-story, 1,100-foot tall structure, which will include an InterContinental hotel, office space and condominiums, represents a $1 billion private investment in Downtown Los Angeles. This Wilshire Grand Center will generate nearly $80 million in tax revenue through the construction phase and an additional $16 million annually in tax revenue upon opening. The University of Southern California recently broke ground on a new mixed-use complex adjacent to its main campus, which is located just south of Downtown Los Angeles. The complex, which will include six residence halls for 2,700 students, a grocery store, a fitness center, a drugstore and 115,000 square feet of additional retail space is expected to cost the university approximately $1.1 billion to construct. The new complex is expected to be completed in 2018 and is projected to generate 12,000 new jobs during construction.

In January 2016, National Football League (NFL) team owners voted to allow the St. Louis Rams to move to Los Angeles for the 2016 NFL season. The future home of the Los Angeles Rams is currently under construction and will feature a new 70,000 seat glass-roofed stadium on a 298 acre site in Inglewood, CA. The new stadium is part of a larger privately financed multibillion-dollar entertainment, retail and housing complex located on the former site of Hollywood Park. The Rams' new stadium is projected to open for the 2019 NFL season at a cost expected to exceed $2 billion. The Rams will play their home games in the Los Angeles Coliseum until their new stadium is completed.

COUNTY OF LOS ANGELES
ECONOMIC AND DEMOGRAPHIC STATISTICAL TABLES

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2011	2012	2013	2014	2015
Los Angeles County	$557,500	$577,500	$583,100	$640,700	$664,200
State of California	1,958,900	2,045,700	2,202,700	2,311,600	2,430,300
United States	15,094,000	15,653,370	16,768,100	17,420,700	17,968,200
Los Angeles County as a % of California	28.46%	28.23%	26.47%	27.72%	27.33%

Source: Los Angeles Economic Development Corporation - 2016-2017 Economic Forecast & Industry Outlook February 2016

TABLE B: POPULATION LEVELS

	2011	2012	2013	2014	2015
Los Angeles County	9,902,600	9,946,900	10,056,400	10,123,700	10,192,400
State of California	37,676,000	38,037,900	38,366,500	38,725,100	39,071,300
Los Angeles County as a % of California	26.28%	26.15%	26.21%	26.14%	26.09%

Source: Los Angeles Economic Development Corporation - 2016-2017 Economic Forecast & Industry Outlook February 2016

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2011	2012	2013	2014	2015
Los Angeles County	$441,700	$475,900	$478,400	$499,200	$521,900
Orange County	154,500	165,000	165,900	173,800	183,500
Riverside and San Bernardino Counties	132,500	136,900	141,000	147,700	156,600
San Diego County	148,000	156,000	160,800	167,900	177,300
Ventura County	38,200	40,400	40,900	42,700	44,500
State of California	1,691,000	1,812,300	1,849,500	1,939,500	2,060,300
Los Angeles County as a % of California	26.12%	26.26%	25.87%	25.74%	25.33%

Source: Los Angeles Economic Development Corporation - 2016-2017 Economic Forecast & Industry Outlook February 2016

TABLE D: TOTAL TAXABLE SALES IN LOS ANGELES COUNTY (in millions of $)

	2011	2012	2013	2014	2015
Los Angeles County	$126,400	$135,300	$140,100	$147,100	$151,400
State of California	520,600	558,400	586,800	615,500	636,200
Los Angeles County as a % of California	24.28%	24.23%	23.88%	23.90%	23.80%

Source: Los Angeles Economic Development Corporation - 2016-2017 Economic Forecast & Industry Outlook February 2016

TABLE E: UNEMPLOYMENT RATES

	2011	2012	2013	2014	2015
Los Angeles County	12.2%	10.9%	9.8%	8.3%	6.9%
State of California	11.7%	10.4%	8.9%	7.5%	6.2%
United States	8.9%	8.1%	7.4%	6.2%	5.3%

Source: Los Angeles Economic Development Corporation - 2016-2017 Economic Forecast & Industry Outlook February 2016

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2011	2012	2013	2014	2015
Wholesale & Retail Trade	598.8	612.9	624.7	638.0	653.7
Health Care & Social Assistance	528.9	558.6	599.8	625.3	647.1
Government	565.5	556.8	551.2	556.7	566.7
Leisure & Hospitality	394.7	415.4	439.3	464.6	484.2
Manufacturing	366.9	367.4	368.2	364.9	361.6
Professional, Scientific & Technical Services	255.8	269.0	278.1	282.9	288.7
Administrative & Support Services	232.9	245.9	258.4	267.0	271.9
Information	192.0	191.5	196.4	195.9	195.8
Transportation & Utilities	151.8	154.5	157.5	162.7	166.0
Finance & Insurance	137.0	138.8	137.1	133.3	132.4
Educational Services	114.3	115.7	119.8	122.8	126.3
Construction	105.1	109.2	116.2	120.2	127.3
Real Estate	71.6	72.2	74.7	76.4	78.2
Management of Enterprises	55.3	56.7	58.2	59.4	61.1
Other	141.0	145.9	150.2	156.3	160.1
Total	3,911.6	4,010.5	4,129.8	4,226.4	4,321.1

Source: Los Angeles Economic Development Corporation - 2016-2017 Economic Forecast and Industry Outlook February 2016

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2011	2012	2013	2014	2015
International Air Cargo (Tons)					
Los Angeles International Airport	1,080.7	1,135.8	1,119.5	1,176.3	1,284.7
As Percentage of Total Air Cargo	57.80%	57.85%	58.12%	58.78%	60.25%
Total Air Cargo (Tons)					
Los Angeles International Airport	1,869.6	1,963.2	1,926.1	2,001.2	2,132.5
Long Beach Airport	25.4	24.4	24.4	25.5	25.0
Bob Hope Airport (Burbank)	43.9	47.4	52.9	56.3	54.8
Total	1,938.9	2,035.0	2,003.4	2,082.9	2,212.2
International Air Passengers					
Los Angeles International Airport	16,731.3	17,152.9	17,852.1	19,105.7	20,740.1
As Percentage of Total Passengers	27.05%	26.93%	26.78%	27.04%	27.68%
Total Air Passengers					
Los Angeles International Airport	61,862.5	63,688.1	66,667.6	70,662.2	74,936.3
Long Beach Airport	3,115.4	3,206.9	2,942.9	2,824.0	2,523.7
Bob Hope Airport (Burbank)	3,942.3	3,725.5	3,844.4	3,861.2	3,943.6
Total	68,920.2	70,620.5	73,454.9	77,347.4	81,403.6
Container Volume (TEUs)					
Port of Los Angeles	7,940.5	8,077.7	7,868.6	8,340.1	8,160.5
Port of Long Beach	6,061.1	6,045.7	6,730.6	6,820.8	7,192.1
Total	14,001.6	14,123.4	14,599.2	15,160.9	15,352.5

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Long Beach Airport - Statistics; Port of Los Angeles - Statistics; Port of Long Beach - Statistics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2010	2011	2012	2013	2014
Los Angeles, CA	$347,900	$387,500	$403,900	$414,700	$418,000
New York, NY	$326,800	$388,400	$381,900	$379,200	$387,100
Laredo, TX	$185,700	$216,300	$239,100	$253,200	$280,000
Detroit, MI	$219,200	$245,100	$253,200	$244,900	$260,400
Houston, TX	$211,400	$268,400	$274,000	$251,900	$253,300
New Orleans, LA	$194,400	$234,500	$243,600	$235,000	$234,600
Chicago, IL	$161,400	$176,600	$187,500	$192,500	$210,500
Seattle, WA	$111,100	$128,600	$138,800	$152,700	$152,500
Savannah, GA	$109,100	$126,500	$132,400	$129,500	$141,900
Cleveland, OH	$94,600	$109,400	$118,500	$122,500	$131,500

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2010	2011	2012	2013	2014
Los Angeles-Long Beach, CA	193,591	199,509	201,706	207,228	210,435
Tacoma, WA	27,507	28,428	30,975	31,820	34,970
Oakland, CA	29,475	30,285	30,305	30,901	30,543
Seattle, WA	31,337	29,856	25,549	18,118	14,405
Portland, OR	19,661	19,140	17,948	13,516	14,627
Kalama, WA	11,653	11,570	10,199	9,305	9,725
San Diego, CA	4,074	4,287	4,822	5,168	5,359
Port Hueneme	3,356	4,095	4,520	4,921	5,248
Vancouver, WA	6,110	6,198	4,915	2,001	2,855

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)

Port	2010	2011	2012	2013	2014
Los Angeles-Long Beach, CA	14,095	14,002	14,124	14,600	15,161
New York, NY	5,292	5,503	5,530	5,467	5,772
Savannah, GA	2,825	2,945	2,966	3,034	3,346
Oakland, CA	2,330	2,343	2,344	2,347	2,394
Norfolk, VA	1,895	1,918	2,106	2,224	2,393
Tacoma, WA	977	1,022	1,265	1,445	2,040
Houston, TX	1,812	1,866	1,922	1,950	1,951
Charleston, SC	1,280	1,381	1,515	1,601	1,792
Seattle, WA	2,126	2,017	1,853	1,564	1,388

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2011	2012	2013	2014	2015
1. Construction Lending (in millions)	$ 3,258	$ 4,601	$ 6,379	$ 8,750	$ 9,711
2. Residential Purchase Lending (in millions)	$ 20,469	$ 23,675	$ 27,910	$ 31,441	$ 48,819
3. New & Existing Median Home Prices	$ 316,469	$ 330,463	$ 412,795	$ 458,677	$ 490,279
4. New & Existing Home Sales	74,216	83,686	84,229	76,348	81,481
5. Notices of Default Recorded	64,490	49,354	20,970	17,883	17,422
6. Unsold New Housing (at year-end)	1,517	845	561	552	620
7. Office Market Vacancy Rates	17.0%	16.7%	16.7%	15.0%	14.5%
8. Industrial Market Vacancy Rates	2.9%	2.1%	1.8%	1.5%	0.9%

Source: Real Estate Research Council of Southern California - 4th Quarter 2015

TABLE L: BUILDING PERMITS AND VALUATIONS

	2011	2012	2013	2014	2015
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	2,370	2,756	3,599	4,286	4,297
b. Multi-Family	8,033	7,950	12,631	14,595	18,638
Total Residential Building Permits	10,403	10,706	16,230	18,881	22,935
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 1,032	$ 1,128	$ 1,507	$ 1,740	$ 1,868
b. Multi-Family	1,222	1,416	1,921	2,310	2,877
c. Alterations and Additions	1,122	674	1,193	1,429	1,591
Residential Building Valuations Subtotal	$ 3,376	$ 3,218	$ 4,621	$ 5,479	$ 6,336
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 156	$ 38	$ 246	$ 269	$ 347
b. Retail Buildings	223	115	385	829	472
c. Hotels and Motels	24	5	145	359	327
d. Industrial Buildings	136	169	128	122	85
e. Alterations and Additions	1,774	1,095	2,012	3,155	2,629
f. Other	806	381	669	1,507	1,025
Non-Residential Building Valuations Subtotal	$ 3,119	$ 1,803	$ 3,585	$ 6,241	$ 4,885
Total Building Valuations (in millions)	$ 6,495	$ 5,021	$ 8,207	$ 11,721	$ 11,221

Source: Real Estate Research Council of Southern California - 4th Quarter 2015

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2014 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	35,771	174,415
2	University of Southern California	Education-Private University	Los Angeles, CA	18,629	18,797
3	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	17,000	64,300
4	Target Corp.	Retailer	Minneapolis, MN	15,000	347,000
5	Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	N/A
6	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	13,000	216,700
7	Providence Health & Services	Health Care	Renton, WA	15,000	70,357
8	Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	11,701	132,000
9	AT&T Inc.	Telecommunications	Dallas, TX	11,700	275,000
10	UPS	Transportation and Freight	Atlanta, GA	10,768	435,000
11	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,600	300,000
12	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	10,500	168,466
13	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,250	10,250
14	Walt Disney Co.	Entertainment	Burbank, CA	10,200	180,000
15	Wells Fargo	Diversified Financial Services	San Francisco, CA	9,282	265,000
16	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,500	118,000
17	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,100	9,100
18	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,700	246,000
19	Edison International	Electric Utility	Rosemead, CA	7,650	13,365
20	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	7,400	N/A
21	Universal Services of America	Security Systems	Santa Ana, CA	6,554	60,000
22	Dignity Health	Hospitals	San Francisco, CA	6,100	60,000
23	American Apparel, Inc.	Apparel Manufacturer and Retailer	Los Angeles, CA	6,000	10,000
24	Costco Warehouse	Membership Chain of Warehouse Stores	Issaquah, WA	5,800	195,000
25	SoCalGas	Natural Gas Utility	Los Angeles, CA	5,600	8,483

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, September 2015

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Independent Auditor's Report

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Development Commission (CDC) (discretely presented component unit), Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA) (discretely presented component unit) and the Los Angeles County Employees' Retirement Association (LACERA), which represent the following percentages of the assets, net position/fund balances, and revenues/additions of the following opinion units:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/Additions
Discretely presented component units	100%	100%	100%
Aggregate remaining fund information	71%	73%	9%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for CDC, First 5 LA, and LACERA, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Macias Gini & O'Connell LLP
777 S. Figueroa Street, Suite 2500
Los Angeles, CA 90017

www.mgocpa.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District Fund, Flood Control District Fund, Public Library Fund, and Regional Park and Open Space District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, effective July 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* The implementation of these statements resulted in a restatement of net position as of July 1, 2014 in the amount of $7,835,193,000, $1,322,777,000, and $21,142,000 for governmental activities, business-type activities, and the CDC, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 24, the schedule of net pension liability and related ratios, the schedule of County's contributions and the schedules of funding progress – Other Postemployment Benefits on pages 139 through 141 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Macias Gini & O'Connell LLP

Los Angeles, California
December 15, 2015

This section of the County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of financial activities for the year ended June 30, 2015. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

At the end of the current year, the net position (total assets and deferred outflows of resources, reduced by total liabilities and deferred inflows of resources) of the County was positive $286 million. However, net position is classified into three categories and the unrestricted component is negative $20.043 billion. During the current year, the County implemented Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB 68) and Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB 68" (GASB 71). GASB 68 and 71 had a material effect on the County's beginning net position, which was restated and reduced by $9.158 billion. See further discussion in Notes 2 and 8 to the basic financial statements.

During the current year, the County's net position decreased by a total of $291 million. Net position related to governmental activities decreased by $358 million, while net position related to business-type activities increased by $67 million.

At the end of the current year, the County's General Fund reported a total fund balance of $3.190 billion. The fund balance categories and amounts consisted of nonspendable fund balance of $272 million, restricted fund balance of $56 million, committed fund balance of $334 million, assigned fund balance of $492 million, and $2.036 billion of unassigned fund balance.

The County's capital asset balances were $19.159 billion at year-end and increased by $65 million during the year.

During the current year, the County's total long-term debt increased by $11 million. Newly issued and accreted long-term debt of $568 million exceeded long-term debt maturities of $557 million.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also includes other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources, which represent net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

The government-wide financial statements report the following different types of programs or activities:

- Governmental Activities - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities, which include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and interest on long-term debt.

- Business-type Activities - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, and the Aviation Funds represent the County's business activities.

- Discretely Presented Component Units - Component units are separate entities for which the County is financially accountable. The Community Development Commission and First 5 LA are displayed as discretely presented in the financial statements.

FUND FINANCIAL STATEMENTS

The fund financial statements contain information regarding major individual funds. A fund is a fiscal and accounting entity with a balanced set of accounts. The County uses separate funds to ensure compliance with fiscal and legal requirements.

The County's funds are classified into the following three categories:

- Governmental Funds - These funds are used to account for essentially the same services that were previously described as governmental activities above. However, the fund 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 evaluating the County's near-term financing requirements. 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 funds with similar 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. Governmental funds include the General Fund, as well as Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds.

- Proprietary Funds - These funds are used to account for functions that were classified as "business-type activities" in the government-wide financial statements. The County's Internal Service Funds are also reported within the proprietary fund section. The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds) and it is displayed with the other major enterprise funds.

- Fiduciary Funds - These funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the County's programs. The Pension and Other Postemployment Benefit Trust Funds, the Investment Trust Funds, and Agency Funds are reported in this fund category, using the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The 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 the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's net pension liability and related ratios, County's pension contributions and progress in funding its obligation to provide pension benefits and other postemployment benefits to employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $286 million at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2015 and 2014 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (1)	2015	2014 (1)	2015	2014 (1)
Current and other assets	$ 9,196,361	$ 8,509,325	$ 1,620,252	$ 1,302,031	$ 10,816,613	$ 9,811,356
Capital assets	16,152,897	16,091,301	3,005,864	3,002,176	19,158,761	19,093,477
Total assets	25,349,258	24,600,626	4,626,116	4,304,207	29,975,374	28,904,833
Deferred outflows of resources	1,267,447	20,243	211,805		1,479,252	20,243
Current and other liabilities	1,982,863	1,732,192	418,664	384,084	2,401,527	2,116,276
Long-term liabilities	20,960,211	13,474,871	4,829,855	3,501,717	25,790,066	16,976,588
Total liabilities	22,943,074	15,207,063	5,248,519	3,885,801	28,191,593	19,092,864
Deferred inflows of resources	2,550,590	97,031	426,559		2,977,149	97,031
Net position:						
Net investment in capital assets	14,846,719	14,789,236	2,298,915	2,271,730	17,145,634	17,060,966
Restricted	3,098,677	2,727,379	84,672	76,908	3,183,349	2,804,287
Unrestricted (deficit)	(16,822,355)	(8,199,840)	(3,220,744)	(1,930,232)	(20,043,099)	(10,130,072)
Total net position	$ 1,123,041	$ 9,316,775	$ (837,157)	$ 418,406	$ 285,884	$ 9,735,181

(1) The 2014 amounts were not restated for GASB 68.

Significant changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources included the following:

Current and Other Assets

Current and other assets increased by $687 million for governmental activities and by $318 million for business-type activities. For governmental activities, there was an increase of $1.232 billion in pooled cash and investments, largely due to the improved cash position of the County's General Fund, which grew by $745 million over the prior year. Other receivables decreased by $111 million and were primarily attributable to lower receivables associated with the administration of the managed care program. For business-type activities, current and other assets increased as the negative amount of "internal balances" was reduced by $408 million, largely due to lower amounts of cash flow advances from the County's General Fund to the various Hospital Enterprise Funds.

Deferred Outflows of Resources

Deferred outflows of resources grew substantially, from $20 million in the prior year to $1.479 billion in the current year. Under GASB 68 and 71, employer pension contributions made subsequent to the measurement date (June 30, 2014) of the net pension liability are recognized as deferred outflows of resources. The County made employer contributions of $1.438 billion subsequent to the measurement date and this amount is reflected within the current year's deferred outflows of resources. Additional information is provided in Note 8 to the basic financial statements.

Liabilities

Current and other liabilities increased by $251 million for governmental activities. The largest component of this increase is $363 million for advances payable, largely due to higher advances for mental health and children's services programs. This amount was offset by a $93 million reduction of accounts payable. For business-type activities, a net increase of $35 million in current and other liabilities was primarily due to increases in accounts payable for intergovernmental transfer expenses associated with the hospitals.

Long-term liabilities increased by $7.485 billion for governmental activities and by $1.328 billion for business-type activities. Pension liabilities were recognized in the current year for the first time and were not restated. The cumulative effect of such liabilities was $6.957 billion, of which $5.964 billion pertained to governmental activities and $993 million to business-type activities. Liabilities for other postemployment benefits (OPEB) increased for both governmental and business-type activities by $1.384 billion and $303 million, respectively. Specific disclosures related to pension liabilities, OPEB and other changes in long-term liabilities are discussed and referenced in Notes 8, 9, and 11 to the basic financial statements, respectively.

Deferred Inflows of Resources

Deferred inflows of resources were substantially higher in the current period, rising from $97 million to $2.977 billion. GASB 68 and 71 requires that the net difference between projected and actual earnings on pension plan investments be recognized as deferred inflows of resources. The amount of actual prior year pension plan earnings in excess of projected earnings was $2.884 billion and this amount is newly recognized in the County's current year financial statements as deferred inflows of resources, and is discussed in Note 8 to the basic financial statements. There were also $93 million of deferred inflows of resources recognized in the current year, and this amount is associated with the present value of installment payments due to service concession arrangements with private operators of twenty County golf courses, as discussed in Note 7 to the basic financial statements.

The County's total net position consists of the following three components:

Net Investment in Capital Assets

The largest portion of the County's net position, $17.146 billion, represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt and related deferred outflows of resources used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was $3.183 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

The County's total unrestricted net position is negative $20.043 billion. Both governmental and business-type activities reported deficits in this category of $16.822 billion and $3.221 billion, respectively. OPEB related liabilities of $11.535 billion continued to be the most significant factor associated with the reported deficits. Newly recognized pension liabilities totaling $6.957 billion were also a significant factor, which contributed to the deficit amount.

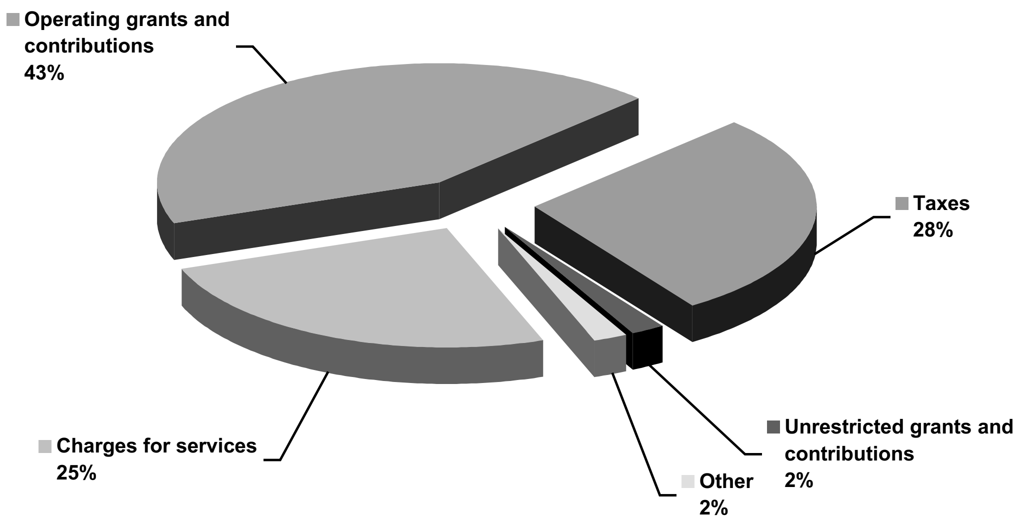
The following table details identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2015 and 2014
(in thousands)

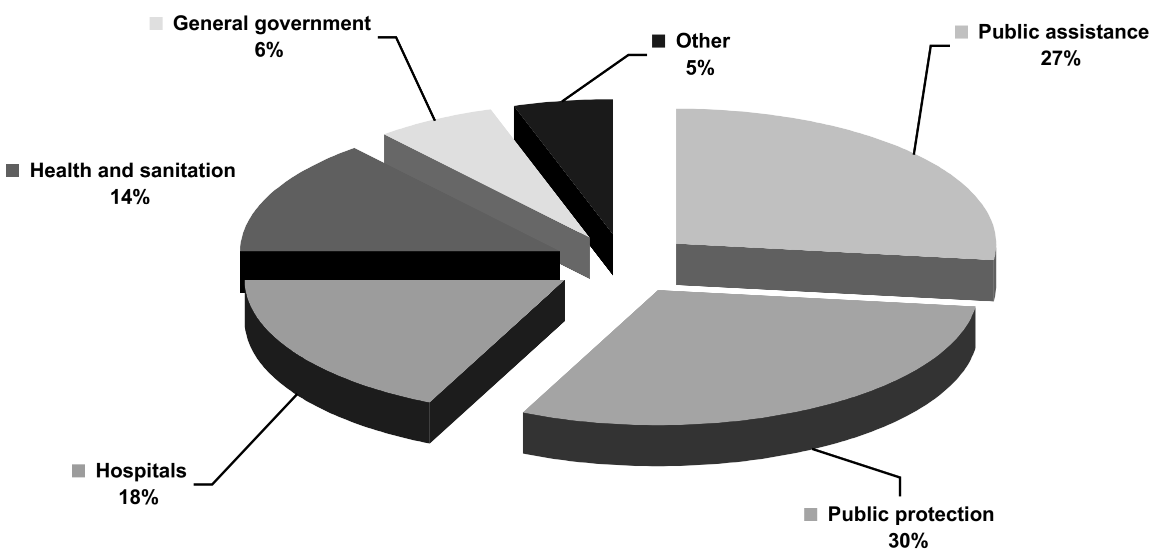
	Governmental Activities		Business-type Activities		Total	
	2015	2014 (1)	2015	2014 (1)	2015	2014 (1)
Revenues:						
Program revenues:						
Charges for services	$ 2,505,007	$ 2,751,505	$ 3,037,826	$ 2,534,565	$ 5,542,833	$ 5,286,070
Operating grants and contributions	8,976,986	8,579,502	500,840	485,888	9,477,826	9,065,390
Capital grants and contributions	35,685	12,850	2,353	3,156	38,038	16,006
General revenues:						
Taxes	6,161,188	5,840,175	4,919	4,681	6,166,107	5,844,856
Unrestricted grants and contributions	512,079	513,458		33	512,079	513,491
Investment earnings	74,220	64,354	1,289	3,908	75,509	68,262
Miscellaneous	181,119	134,611	26,012	19,101	207,131	153,712
Total revenues	18,446,284	17,896,455	3,573,239	3,051,332	22,019,523	20,947,787
Expenses:						
General government	1,429,897	1,307,001			1,429,897	1,307,001
Public protection	6,638,192	6,682,960			6,638,192	6,682,960
Public ways and facilities	415,586	366,582			415,586	366,582
Health and sanitation	3,136,924	3,557,523			3,136,924	3,557,523
Public assistance	6,007,973	5,830,165			6,007,973	5,830,165
Education	107,336	119,037			107,336	119,037
Recreation and cultural services	365,755	278,459			365,755	278,459
Interest on long-term debt	99,400	97,777			99,400	97,777
Hospitals			4,017,633	3,838,574	4,017,633	3,838,574
Waterworks			85,479	84,499	85,479	84,499
Aviation			6,675	6,402	6,675	6,402
Total expenses	18,201,063	18,239,504	4,109,787	3,929,475	22,310,850	22,168,979
Excess (deficiency) before transfers	245,221	(343,049)	(536,548)	(878,143)	(291,327)	(1,221,192)
Transfers	(603,762)	(731,152)	603,762	731,152		
Changes in net position	(358,541)	(1,074,201)	67,214	(146,991)	(291,327)	(1,221,192)
Net position – beginning, as restated for 2015	1,481,582	10,390,976	(904,371)	565,397	577,211	10,956,373
Net position – ending	$ 1,123,041	$ 9,316,775	$ (837,157)	$ 418,406	$ 285,884	$ 9,735,181

(1) The 2014 amounts were not restated for GASB 68.

REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015



EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015



Governmental Activities

Revenues from governmental activities increased by $550 million (3.1%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by $397 million. Of this total, $139 million is attributable to new State grant funding designed to improve local probation supervision practices and capacities. An additional $72 million provided increased funding for a variety of public safety initiatives. Revenue associated with the State Mental Health Services Act (Proposition 63) increased by $138 million due to growth in dedicated State income taxes, which is the State's source of funding for this program.

- Taxes, the County's largest general revenue source, were $321 million higher than the prior year due almost entirely to increased property taxes, which grew by $297 million. The County's assessed property tax roll grew for the fourth consecutive year and was 5.47% higher in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "Pass through" payments from redevelopment dissolution were $223 million and increased by $21 million from the prior year. Redevelopment dissolution also provides residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was $190 million, an increase of $30 million compared to the prior year.

- Charges for services decreased by a total of $246 million, primarily attributable to a $278 million decrease in revenues associated with clients who were enrolled in managed care pursuant to the County's implementation of the Affordable Care Act (ACA). In the prior year, the County was responsible for processing and paying the out-of-network claims and out-of-network pass through payments to private hospitals, on behalf of managed care enrollees. In the current year, enrollment responsibilities shifted to independent local agencies, which specialize in providing managed health care services.

For the second consecutive year, pursuant to Assembly Bill 85 (AB85), the State withheld revenues known as "1991 County Health Realignment Funds." The withheld amount in the current year, $238 million, represents an increase of $150 million over the $88 million withheld in the prior year. The amounts withheld are based on an assumption that County healthcare costs for the indigent population will decrease. The funds will be reconciled and trued-up, two years after the fiscal year in which the amounts were withheld. The County anticipates that the final amount withheld will be less than or equal to the cumulative withheld amount of $326 million. It is subject to the State's review and approval, and the financial impact of the potential redirection of realignment funding in future years is not yet known. Accordingly, any revenues associated with the amount withheld are uncertain and have not been recorded in the financial statements.

Governmental Activities-Continued

Expenses related to governmental activities decreased by $38 million (0.2%) during the current year. Within this net change, there were significant individual areas where costs were both higher and lower. Cost increases were most significant for salaries and wages, which grew by $304 million. There were general salary increases during the current year, which became effective for most employees at rates ranging from 2% to 4%, with staggered effective dates throughout the fiscal year. Expenses for employee benefits, excluding pension costs, grew by $195 million, led by increases in compensated absences and workers compensation of $54 and $52 million, respectively. Expenses were also higher by $117 million for non-salary cost increases associated with public assistance programs, as operating and assistance costs increased, particularly for the In-Home Assistance Services Program. Funding grants made to other agencies grew by $86 million and depreciation expense was $35 million higher in the current year.

The implementation of GASB 68 and 71 in the current year affected comparative pension costs, reported at $561 million, a reduction of $523 million for governmental activities. As discussed previously, responsibility for certain managed care activities shifted from the County to other local entities and expenses were $268 million lower due to this change.

Business-type Activities

Revenues from business-type activities saw a net increase in comparison to the prior year of $522 million (17.1%) and nearly all of this amount was related to charges for services, which increased by $503 million. As discussed in Note 14 to the basic financial statements, County Hospital revenues are derived from a wide range of federal and State funding sources. The ACA was initiated midway during the prior year, and the current year represented the first full year of operations under the ACA. The principal funding source derived from the ACA is known as "Medicaid Coverage Expansion" and it increased by $458 million in the current year, and included rate supplement revenues.

Expenses related to business-type activities increased from the previous year by a net total of $180 million (4.6%), of which $179 million was associated with the County's hospitals. Specifically, intergovernmental transfer expenses related to various hospital funding sources were higher by $51 million. Spending increases of $55 million and $31 million were also noted in salaries and employee benefits, and interest expense, respectively. For all Hospital facilities, the average patient census during the current year was 1,212 patients per day, which was nearly identical in comparison with 1,213 for the prior year.

Financial Analysis of the County's Funds

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

Governmental Funds

The focus of the County'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 County's financing requirements. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and the Permanent Funds.

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of $6.759 billion, an increase of $482 million in comparison with the prior year. Of the total fund balances, $286 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional $3.297 billion is classified as restricted, $446 million as committed, and $694 million as assigned. The remaining balance of $2.036 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were $18.435 billion, an increase of $567 million (3.2%) from the previous year. Expenditures for all governmental funds in the current year were $17.849 billion, an increase of $520 million (3.0%) from the previous year. In addition, other financing uses exceeded other financing sources by $103 million as compared to $369 million in the prior year.

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by $87 million (2.8%). At the end of the current fiscal year, the General Fund's total fund balance was $3.190 billion. Of this amount, $272 million is classified as nonspendable, $56 million as restricted, $334 million as committed, $492 million as assigned and the remaining $2.036 billion is classified as unassigned.

General Fund revenues during the current year were $15.455 billion, an increase of $247 million (1.6%) from the previous year. General Fund expenditures during the current year were $15.238 billion, an increase of $448 million (3.0%) from the previous year. Other financing sources/uses-net was negative $130 million in the current year as compared to negative $195 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by $252 million and property taxes comprised $233 million of this increase. Residual property tax revenues, which are associated with redevelopment dissolution, were $162 million in the current year, or $28 million higher than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were $20 million higher in the current year.

Governmental Funds-Continued

- Intergovernmental revenues increased by $179 million overall, and were primarily associated with federal revenue increases of $144 million. Federal revenue growth was attributable to higher levels of reimbursable program and administrative costs for public assistance and children and family services programs. State revenues grew by $54 million, while Other Intergovernmental revenues were lower by $19 million. State revenue growth of $46 million was associated with a program referred to as Senate Bill 90, which reimburses the County for performing State-mandated activities.

- Charges for services decreased by a total of $252 million. As previously mentioned, there was a $278 million decrease in revenues associated with clients who were initially enrolled in managed care pursuant to the County's implementation of the ACA in the prior year. This was partially offset by a $27 million increase in revenues for services provided by the Sheriff's Department, primarily for services rendered to the County's independently operated transportation agency and the Superior Court.

- General fund expenditures increased by a total of $448 million, or 3.0%. Within this total, current expenditures increased by $451 million, and debt service and capital outlay expenditures decreased by $2 million and $1 million, respectively. The most significant increase in current expenditures was reflected in public protection programs, where spending grew by $293 million, of which $234 million pertained to salaries and employee benefits, largely due to negotiated salary increases. Public assistance expenditures were higher by $252 million, of which salary and benefit increases were nearly $137 million with the remaining increase associated with higher spending on public assistance benefits. General government spending increases were $157 million and this growth was related to funding grants to other agencies of $86 million, capital improvements of $34 million, and wage growth of $40 million. Health and sanitation program expenditures were $273 million lower, and this was primarily due to the significant changes in managed care responsibilities, as previously discussed.

The Fire Protection District reported a year-end fund balance of $243 million, which represented an increase of $19 million from the previous year. Revenues increased by $49 million, of which $37 million was related to property taxes and primarily associated with growth in assessed property values. Expenditures were also higher by $19 million, nearly all of which was related to salaries and benefits.

The Flood Control District reported a year-end fund balance of $374 million, which was $68 million higher than the previous year. Total pooled cash and investments increased by $79 million over the prior year's balance. Revenues and expenditures grew by $8 million and $3 million, respectively, from the previous year.

Governmental Funds-Continued

The Public Library Fund reported a year-end fund balance of $62 million, which was $1 million higher than the previous year. Revenue growth of $3 million from higher property taxes was offset by higher expenditures, which also grew by $3 million.

The Regional Park and Open Space District reported a year-end fund balance of $330 million, which was $7 million higher than the previous year. Current year revenues were higher by $4 million and were associated with increased charges for services, while expenditures were lower by $10 million.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's principal proprietary funds consist of four hospital enterprise funds and each one is reported as a major fund. All of the aforementioned funds incurred a net loss prior to contributions and transfers.

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year as discussed in Note 15 to the basic financial statements. The amount of subsidy, per facility, ranged from $33 million for Rancho Los Amigos National Rehabilitation Center to $208 million for the Harbor-UCLA Medical Center. The total subsidy amount was $377 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was $522 million. The ACA was in effect for the entire current year and the County's hospital operations experienced higher levels of patient care revenues.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund ("Measure B Fund"). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center ($117 million), Harbor-UCLA Medical Center ($54 million), and Olive-View UCLA Medical Center ($40 million). The total current year amount of $211 million in Measure B transfers was higher than the prior year amount of $209 million.

Waterworks Funds reported year-end net position of $810 million, a $6 million reduction from the previous year. Current year operating revenues of $74 million, and operating expenses of $85 million were similar to prior year amounts, as operating revenues were lower by $1 million and operating expenses were higher by $1 million.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 16 to the basic financial statements. There are approximately 100 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of $184 million in the General Fund's available (unassigned) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund revenues and other financing sources (in thousands):

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive (Negative)
Taxes	$ 50,770	$ 4,712,736	$ 4,770,549	$ 57,813
Intergovernmental revenues	168,813	9,334,432	8,551,356	(783,076)
Charges for services	(24,098)	1,622,157	1,496,543	(125,614)
All other revenues	48,796	591,792	613,225	21,433
Other sources and transfers in	24,375	735,846	379,089	(356,757)
Total	$ 268,656	$ 16,996,963	$ 15,810,762	$ (1,186,201)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately $269 million. The most significant changes occurred in the following areas:

Changes from Amounts Originally Budgeted-Continued

- Estimated intergovernmental revenues increased by $169 million. Of this amount, $72 million was used to augment federal and State funds budgeted for a variety of health and mental health programs. There was also an increase of $12 million from Federal funds for the Help America Vote Act. Net additions of $11 million were made to budgeted intergovernmental revenues associated with redevelopment dissolution revenues. Budgeted federal revenues for capital projects, emergency and disaster recovery were increased by $70 million to reflect additional grant funding. There were other net additions to budgeted intergovernmental revenues of $4 million.
- The budget for tax revenues increased by $51 million. The $51 million increase was associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues.
- The budget for all other revenues increased by $49 million. Of this increase, $33 million was associated with revenue received for the General Fund's health services administration activities. The remaining variance of $16 million was from rents and concessions revenue of $4 million and miscellaneous revenue of $12 million.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $15.811 billion. This amount was $1.186 billion, or 7%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, charges for services, and "other sources and transfers in."

- Actual intergovernmental revenues were $783 million lower than the amount budgeted. Budgeted intergovernmental revenues of $193 million were not realized for various capital improvements, disaster recovery programs and emergency preparedness projects, as these initiatives were not completed prior to year-end. Approximately $296 million was associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Mental health programs accounted for approximately $143 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The Sheriff's Department under-realized revenues of $44 million due to lower than expected reimbursement of salaries, services and supplies. Public health related programs experienced budgeted revenue shortfalls of $51 million, most of which was associated with federal grants and offset by a comparable amount of cost savings. The Registrar-Recorder did not realize $23 million of federal funds (Help America Vote Act) due to lower than anticipated eligible costs and delay in implementing a new voting system. The remaining variance of $33 million was related to a variety of other programs.

Actual Revenues/Financing Sources Compared with Final Budget Amounts-Continued

- The actual amount of "other sources and transfers in" was $357 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were $224 million lower than budgeted. In addition, "transfers in" totaling $90 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Probation and Sheriff's Department programs funded by the Other Public Protection Special Revenue Funds were $35 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of $8 million.

- Actual charges for services were $126 million lower than the amount budgeted. Of this amount, $89 million was associated with health, mental health, and public health program revenues, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. The estimated costs of servicing a large telecommunication system and other projects were $18 million less than the budget. The remaining variance of $19 million was related to a variety of other charges for services.

Budgetary Summary - Expenditures/Other Financing Uses

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund expenditures, transfers out, and changes in fund balance components (in thousands):

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive
General government	$ (39,525)	$ 1,984,708	$ 1,110,563	$ 874,145
Public protection	71,091	5,432,617	5,188,548	244,069
Health and sanitation	(52,847)	3,486,984	3,024,533	462,451
Public assistance	39,755	6,142,607	5,716,044	426,563
All other expenditures	15,617	1,176,442	464,688	711,754
Transfers out	136,189	399,947	388,051	11,896
Contingencies	43,924	48,924		48,924
Fund balance changes-net	54,452	(109,003)	(265,528)	156,525
Total	$ 268,656	$ 18,563,226	$ 15,626,899	$ 2,936,327

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately $269 million. The most significant increases occurred in the following areas:

- Appropriations for "transfers out" were increased by $136 million. Of this amount, $92 million was appropriated to augment the amount of fund transfers from the General Fund to various hospital funds. An additional $44 million of one-time federal and State disaster reimbursements funds were allocated to fund transfers for purposes of redeeming long-term debt obligations and for library and dock improvements.
- Public Protection appropriations were increased by $71 million. Of this amount, $48 million was appropriated to implement the Jail Reform initiatives in the Sheriff's department. In addition, there was a $12 million increase in appropriations for homeland security and emergency management programs. Various increases in public protection programs appropriations comprised the remaining $11 million.
- Net budgetary changes of $54 million had the effect of increasing the available (unassigned) fund balance component. At the end of the year, the nonspendable fund balance for long-term receivables was reduced by $57 million, as collections were received from the State for health services and various mandated services. These changes were offset by $3 million of decreases to other fund balance categories.
- Health and sanitation appropriations were decreased by $53 million. Of this amount, a $67 million decrease in appropriation was from budgetary savings in the administration of health and managed care services. The difference was attributable to a net increase in other health and sanitation appropriations of $14 million.
- General government appropriations decreased by $40 million. Of this amount, appropriations not associated with specific County departments, such as provisional appropriations, decreased by $78 million and transferred to other functional categories to fund the Sheriff's jail reform initiatives, various capital improvements and deferred maintenance projects expenditures. This was offset by an increase of appropriations of $29 million for project and facility development expenditures and various increases to general government expenditures by $9 million.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were $2.936 billion lower (15.8%) than the final total budget of $18.563 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount-Continued

- The general government function reported actual expenditures that were $874 million less than the amount budgeted. Of this amount, $641 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. The remaining $233 million was spread across County departments comprising general government and was mostly related to savings in the areas of salaries and services and supplies.

- The category referred to as "all other expenditures" reflected actual spending of $712 million less than the budgeted amount. Of this variance, $696 million was in the capital outlay category, related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been reestablished in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.

- Overall expenditures for the health and sanitation category were $462 million less than the budgeted amount. Appropriations related to mental health services exceeded actual expenditures by $313 million, primarily due to lower than anticipated costs for contracted services and some salary savings. The public health program recognized budgetary savings of $132 million, with $86 million due to lower than expected services and supplies costs and approximately $46 million in salaries and benefits savings. The remaining variance of $17 million was associated with managed care health programs.

- Actual public assistance expenditures were $427 million lower than the final budget. Of this amount, $376 million was concentrated in social service and children and family programs. Administrative costs in these areas were lower than anticipated due to overall cost containment efforts, vacant positions, and delays in implementing new technology initiatives. There were also direct program savings associated with lower than anticipated caseloads. There were $33 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of $18 million was related to other public assistance programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2015 were $19.159 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, software, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 6 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was $65 million, as shown in the following table.

Changes in Capital Assets, Net of Depreciation
Primary Government - All Activities
(in thousands)

	Current Year	Prior Year	Increase (Decrease)
Land and easements	$ 7,513,257	$ 7,542,257	$ (29,000)
Buildings and improvements	5,239,777	4,649,013	590,764
Infrastructure	4,798,885	4,925,897	(127,012)
Equipment	539,429	524,218	15,211
Software	338,281	294,937	43,344
Capital assets, in progress	729,132	1,157,155	(428,023)
Total	$ 19,158,761	$ 19,093,477	$ 65,284

The County's major capital asset initiatives during the current year continued to focus on new facilities and major improvements for the Hospitals. Six significant construction-in-progress (CIP) projects were completed toward the end of the current year and reclassified from CIP to buildings and improvements for the following facilities: $275 million for the Martin Luther King, Jr. Inpatient Tower facility, $205 million for the Hall of Justice building, $42 million for the Harbor/UCLA Medical Center facility, $24 million for the Medical Examiner Biological building, $21 million for the Manhattan Beach Library, and $17 million for the Pathfinder Park Community Center. As of June 30, 2015, there were $339 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by $11 million, as newly issued debt and accretions of $568 million exceeded debt maturities of $557 million. Specific changes related to governmental and business-type activities are presented in Note 11 (Long-Term Obligations) to the basic financial statements.

During the current year, significant long-term debt transactions were as follows:

- Lease revenue obligation notes (LRON) of $342 million were issued for governmental and business-type activities in the amounts of $309 million and $33 million, respectively. For governmental activities, debt was issued to finance a new family support center, library, animal care, and fire department facilities. For business-type activities, debt was issued to finance hospital improvements.

- New debt of $40 million was issued to finance the acquisition of equipment. Equipment debt totaling $19 million was redeemed during the year in accordance with maturity schedules.

- New governmental activities debt of $153 million was issued to finance a multi-department service center and library and to redeem LRON.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $900 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2015. The General Fund also relied upon periodic borrowing from available agency funds.

Bond Ratings

The County's debt is rated by Moody's, Standard & Poor's, and Fitch. The following is a schedule of ratings assigned by the respective rating agencies:

	Moody's	Standard & Poor's	Fitch
General Obligation Bonds	Aa2	AA+	AA-
Facilities	A1	AA	A+
Equipment/Non-Essential Leases	A2	AA	A+
Operating/Non-Essential Leases	A2	AA	A
Short-Term	MIG1	SP-1+	F1+
Flood Control District Revenue Bonds	Aaa	AA	AAA
Regional Park and Open Space District Bonds	Aa1	AA	AAA

During the current year, the County's bond ratings remained the same as the previous year.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2015-16 Budget on June 22, 2015. The Budget was adopted based on estimated fund balances that would be available at the end of 2014-2015. The Board updated the Budget on September 29, 2015 to reflect final 2014-2015 fund balances and other pertinent financial information. For the County's General Fund, the 2015-2016 Budget utilized $1.750 billion of fund balance, which exceeded the previously estimated fund balance of $1.336 billion. Of the additional fund balance of $414 million, $144 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining $270 million was used to fund $91 million of capital improvement projects, $75 million for Diversion and Reentry programs, $51 million for Homeless and Housing programs, $31 million to augment the County's "Rainy Day Reserve," and various other program initiatives of $22 million.

The County's 2015-2016 Budget anticipates the continuation of moderate growth, as assessed property values and unemployment levels continue to trend favorably. The County's experience with the ACA has transitioned in a favorable manner and the health care system remains financially stable. Among the County's fiscal challenges is the ongoing implementation of the Department of Justice recommendations on mental health issues in the County jail system, unfunded liabilities for retiree healthcare benefits, and addressing outdated technology systems, significant deferred maintenance, and capital improvement needs.

The County is actively participating in negotiations to renew the agreement with the federal government, known as "California's Bridge to Reform" or "Health Waiver," which expired on October 31, 2015. The Health Waiver affects Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State draws down federal matching funds. Although the ACA is now well underway, the Health Waiver provides necessary funding sources for the County to continue implementing its healthcare delivery system and quality of care reforms. The County is working very closely with the State Department of Health Care Services to finalize negotiated terms and conditions for a Health Waiver extension with the federal government that is expected to become effective soon and remain in effect until 2020.

The County's budget outlook, while favorable, continues to depend on the fiscal condition and outlook of the State of California. In this regard, the State Legislative Analyst's Office (LAO) reports that the State budget is better prepared for an economic downturn that it has been at any point in decades. The LAO also projects that the State's primary revenue sources will exceed FY 2015-16 budget assumptions by $3.6 billion, with most of the gain to be used to augment the State's "rainy day fund." For FY 2016-17, the LAO estimates that, if no new State budget commitments are made, additional reserves of $11.5 billion are achievable. This forecast for the State reflects continuing improvement in the State's financial condition and should enable the County to more reliably develop its own financial forecast and spending plans for the near future.

Obtaining Additional Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

COUNTY OF LOS ANGELES
CALIFORNIA

BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
JUNE 30, 2015 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	PRESENTED COMPONENT UNITS
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 5,262,794	86,888	$ 5,349,682	$ 691,490
Other	1,109,772	27,949	1,137,721	
Total pooled cash and investments	6,372,566	114,837	6,487,403	691,490
Other investments (Note 5)	55,525		55,525	212,111
Taxes receivable	225,304	717	226,021	
Accounts receivable - net (Note 14)		1,483,537	1,483,537	29,733
Interest receivable	20,098	337	20,435	527
Other receivables	2,083,363	211,206	2,294,569	73,452
Internal balances (Note 15)	360,059	(360,059)		
Inventories	69,899	23,443	93,342	19,065
Restricted assets (Note 5)	9,547	146,234	155,781	
Capital assets: (Notes 6 and 10)				
Capital assets, not being depreciated	8,003,660	238,729	8,242,389	96,965
Capital assets, net of accumulated depreciation	8,149,237	2,767,135	10,916,372	91,059
Total capital assets	16,152,897	3,005,864	19,158,761	188,024
TOTAL ASSETS	25,349,258	4,626,116	29,975,374	1,214,402
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	1,267,447	211,805	1,479,252	2,282
LIABILITIES				
Accounts payable	480,328	300,563	780,891	65,791
Accrued payroll	413,805	86,392	500,197	
Other payables	120,991	10,946	131,937	1,164
Accrued interest payable	21,795	19,983	41,778	
Advances payable	945,944	780	946,724	186
Long-term liabilities: (Note 11)				
Due within one year	1,049,490	170,170	1,219,660	5,328
Due in more than one year	19,910,721	4,659,685	24,570,406	70,483
TOTAL LIABILITIES	22,943,074	5,248,519	28,191,593	142,952
DEFERRED INFLOWS OF RESOURCES (Note 20)	2,550,590	426,559	2,977,149	13,322
NET POSITION				
Net investment in capital assets	14,846,719	2,298,915	17,145,634	157,556
Restricted for:				
Capital projects	53,606		53,606	
Debt service	56,492	4,873	61,365	
Permanent funds - nonspendable	2,185		2,185	
Permanent funds - spendable	203		203	
General government	548,975		548,975	
Public protection	795,294		795,294	
Public ways and facilities	439,462	79,799	519,261	
Health and sanitation	857,040		857,040	
Recreation	336,133		336,133	
Community development				321,943
First 5 LA				543,522
Other	9,287		9,287	
Unrestricted (deficit)	(16,822,355)	(3,220,744)	(20,043,099)	37,389
TOTAL NET POSITION (DEFICIT) (Note 3)	$ 1,123,041	(837,157)	$ 285,884	$ 1,060,410

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

FUNCTIONS PRIMARY GOVERNMENT:	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
General government	$ 1,429,897	469,598	47,673	8,792
Public protection	6,638,192	1,246,654	1,688,784	11,073
Public ways and facilities	415,586	30,484	222,275	5,515
Health and sanitation	3,136,924	535,836	2,219,799	
Public assistance	6,007,973	12,512	4,796,186	993
Education	107,336	3,129	132	1,780
Recreation and cultural services	365,755	206,794	2,137	7,532
Interest on long-term debt	99,400			
Total governmental activities	18,201,063	2,505,007	8,976,986	35,685
Business-type activities:				
Hospitals	4,017,633	2,960,080	499,825	
Waterworks	85,479	73,499	275	45
Aviation	6,675	4,247	740	2,308
Total business-type activities	4,109,787	3,037,826	500,840	2,353
Total primary government	$ 22,310,850	5,542,833	9,477,826	38,038
DISCRETELY PRESENTED COMPONENT UNITS	$ 618,889	52,195	509,410	

GENERAL REVENUES:
Taxes:
Property taxes
Utility users taxes
Voter approved taxes
Documentary transfer taxes
Other taxes
Sales and use taxes, levied by the State
Grants and contributions not restricted
to special programs
Investment income
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET POSITION
NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
NET POSITION (DEFICIT), JUNE 30, 2015

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

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION				
PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		FUNCTIONS
				PRIMARY GOVERNMENT:
				Governmental activities:
$ (903,834)		$ (903,834)		General government
(3,691,681)		(3,691,681)		Public protection
(157,312)		(157,312)		Public ways and facilities
(381,289)		(381,289)		Health and sanitation
(1,198,282)		(1,198,282)		Public assistance
(102,295)		(102,295)		Education
(149,292)		(149,292)		Recreation and cultural services
(99,400)		(99,400)		Interest on long-term debt
(6,683,385)		(6,683,385)		Total governmental activities
				Business-type activities:
	(557,728)	(557,728)		Hospitals
	(11,660)	(11,660)		Waterworks
	620	620		Aviation
	(568,768)	(568,768)		Total business-type activities
(6,683,385)	(568,768)	(7,252,153)		Total primary government
			$ (57,284)	DISCRETELY PRESENTED COMPONENT UNITS
				GENERAL REVENUES:
				Taxes:
5,528,417	4,919	5,533,336		Property taxes
61,135		61,135		Utility users taxes
361,662		361,662		Voter approved taxes
79,938		79,938		Documentary transfer taxes
30,346		30,346		Other taxes
99,690		99,690		Sales and use taxes, levied by the State
512,079		512,079		Grants and contributions not restricted to special programs
74,220	1,289	75,509	9,571	Investment income
181,119	26,012	207,131	1,173	Miscellaneous
(603,762)	603,762			TRANSFERS - NET
6,324,844	635,982	6,960,826	10,744	Total general revenues and transfers
(358,541)	67,214	(291,327)	(46,540)	CHANGE IN NET POSITION
1,481,582	(904,371)	577,211	1,106,950	NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
$ 1,123,041	(837,157)	$ 285,884	$ 1,060,410	NET POSITION (DEFICIT), JUNE 30, 2015

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 1,648,529	225,595	411,413	62,097
Other	1,030,156	17,813	12,812	1,456
Total pooled cash and investments	2,678,685	243,408	424,225	63,553
Other investments (Notes 4 and 5)	4,655			118
Taxes receivable	157,215	37,531	11,207	5,769
Interest receivable	12,192	460	922	158
Other receivables	1,876,345	33,013	3,773	1,753
Due from other funds (Note 15)	460,987	3,870	19,742	4,643
Advances to other funds (Note 15)	434,849		6,047	
Inventories	48,186	10,419		1,443
TOTAL ASSETS	5,673,114	328,701	465,916	77,437
DEFERRED OUTFLOWS OF RESOURCES (Note 20)				
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,673,114	328,701	465,916	77,437
LIABILITIES				
Accounts payable	$ 410,671	4,795	2,310	1,189
Accrued payroll	356,579	36,605		3,710
Other payables	115,998	2,393		451
Due to other funds (Note 15)	271,800	13,827	22,562	5,257
Advances payable	853,441		58,735	
Third party payor (Notes 11 and 14)	39,693			
TOTAL LIABILITIES	2,048,182	57,620	83,607	10,607
DEFERRED INFLOWS OF RESOURCES (Note 20)	435,109	28,259	8,398	4,462
FUND BALANCES (Note 21)				
Nonspendable	272,384	10,419		1,443
Restricted	55,694	232,403	373,812	11,004
Committed	334,346			
Assigned	491,954		99	49,921
Unassigned	2,035,445			
TOTAL FUND BALANCES	3,189,823	242,822	373,911	62,368
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 5,673,114	328,701	465,916	77,437

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

	REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 328,968	2,530,273		$ 5,206,875
Other	1,231	39,970		1,103,438
Total pooled cash and investments	330,199	2,570,243		6,310,313
Other investments (Notes 4 and 5)		133,632	(82,880)	55,525
Taxes receivable	2,012	11,570		225,304
Interest receivable	828	5,258		19,818
Other receivables	5,383	55,342		1,975,609
Due from other funds (Note 15)	9	141,607		630,858
Advances to other funds (Note 15)		12,172		453,068
Inventories				60,048
TOTAL ASSETS	338,431	2,929,824	(82,880)	9,730,543
DEFERRED OUTFLOWS OF RESOURCES (Note 20)		237,055		237,055
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 338,431	3,166,879	(82,880)	$ 9,967,598
LIABILITIES				
Accounts payable	$ 265	55,597		$ 474,827
Accrued payroll		105		396,999
Other payables		36		118,878
Due to other funds (Note 15)	2,033	425,172		740,651
Advances payable		32,773		944,949
Third party payor (Notes 11 and 14)		538		40,231
TOTAL LIABILITIES	2,298	514,221		2,716,535
DEFERRED INFLOWS OF RESOURCES (Note 20)	5,889	9,886		492,003
FUND BALANCES (Note 21)				
Nonspendable		2,185		286,431
Restricted	330,244	2,376,290	(82,880)	3,296,567
Committed		112,034		446,380
Assigned		152,263		694,237
Unassigned				2,035,445
TOTAL FUND BALANCES	330,244	2,642,772	(82,880)	6,759,060
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 338,431	3,166,879	(82,880)	$ 9,967,598

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015 (in thousands)

Fund balances - total governmental funds (page 29)			$ 6,759,060
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not reported in governmental funds:			
Land and easements	$	7,328,764	
Construction-in-progress		674,896	
Buildings and improvements - net		3,316,311	
Equipment - net		288,365	
Intangible software - net		306,110	
Infrastructure - net		4,105,581	16,020,027
Deferred outflows and inflows of resources reported in the statement of net position, but not recognized in the governmental funds:			
Deferred outflows from losses on refunding of debt	$	17,530	
Deferred outflows from pension contributions		1,183,888	
Deferred outflows from changes in proportionate share of contributions		19,813	
Deferred inflows from service concession arrangements		(93,233)	
Deferred inflows from net difference between projected and actual earnings on investments		(2,364,323)	(1,236,325)
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues when earned in governmental activities:			
Deferred inflows from property taxes	$	170,344	
Deferred inflows from long-term receivables		84,604	254,948
Other long-term asset transactions are not available for the current period and are not recognized in governmental funds:			
Payables and receivables related to capital assets	$	(97)	
Accrued interest on long-term receivables		127	30
Installment receivables from service concession arrangements.			93,233
Accrued interest payable is not recognized in governmental funds.			(21,633)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Bonds and notes	$	(1,530,728)	
Unamortized premiums on bonds and notes		(51,085)	
Accreted interest on bonds and notes		(167,904)	
Capital lease obligations		(166,320)	
Accrued compensated absences		(1,242,752)	
Workers' compensation		(1,856,914)	
Litigation and self-insurance		(169,242)	
Pollution remediation obligations		(20,058)	
Net pension liability		(5,747,517)	
OPEB obligation		(9,193,679)	(20,146,199)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.			(600,100)
Net position of governmental activities (page 25)			$ 1,123,041

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

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	PUBLIC LIBRARY
REVENUES				
Taxes	$ 4,772,762	746,178	124,862	78,885
Licenses, permits and franchises	61,561	12,755	848	
Fines, forfeitures and penalties	207,684	3,225	1,024	458
Revenue from use of money and property:				
Investment income (Note 5)	42,909	1,574	3,508	650
Rents and concessions (Note 10)	98,356	99	9,966	14
Royalties	551		949	
Intergovernmental revenues:				
Federal	3,371,661	8,134	925	9
State	5,158,726	17,037	3,762	564
Other	43,901	1,572	1,796	344
Charges for services	1,491,656	188,462	115,430	2,191
Miscellaneous	204,966	1,410	708	765
TOTAL REVENUES	15,454,733	980,446	263,778	83,880
EXPENDITURES				
Current:				
General government	1,155,070			
Public protection	5,136,461	952,688	189,653	
Public ways and facilities				
Health and sanitation	2,931,257			
Public assistance	5,682,198			
Education				123,683
Recreation and cultural services	304,895			
Debt service:				
Principal	8,633	832		
Interest and other charges	18,427	42		
Capital outlay	866			
TOTAL EXPENDITURES	15,237,807	953,562	189,653	123,683
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	216,926	26,884	74,125	(39,803)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 15)	391,287	546		47,623
Transfers out (Note 15)	(522,934)	(9,076)	(5,795)	(6,374)
Issuance of debt (Note 11)				
Bond premium proceeds (Note 11)				
Capital leases (Note 10)	866			
Sales of capital assets	870	225	107	19
TOTAL OTHER FINANCING SOURCES (USES)	(129,911)	(8,305)	(5,688)	41,268
NET CHANGE IN FUND BALANCES	87,015	18,579	68,437	1,465
FUND BALANCES, JULY 1, 2014	3,102,808	224,243	305,474	60,903
FUND BALANCES, JUNE 30, 2015	$ 3,189,823	242,822	373,911	62,368

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

REGIONAL PARK AND OPEN SPACE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				REVENUES
$	355,762		$ 6,078,449	Taxes
	16,915		92,079	Licenses, permits and franchises
815	66,040		279,246	Fines, forfeitures and penalties
				Revenue from use of money and property:
3,330	26,993	(4,998)	73,966	Investment income (Note 5)
	24,773		133,208	Rents and concessions (Note 10)
	3		1,503	Royalties
				Intergovernmental revenues:
	31,489		3,412,218	Federal
	832,573		6,012,662	State
	21,599		69,212	Other
48,356	176,979		2,023,074	Charges for services
	51,617		259,466	Miscellaneous
52,501	1,604,743	(4,998)	18,435,083	TOTAL REVENUES
				EXPENDITURES
				Current:
	17,028		1,172,098	General government
	75,090		6,353,892	Public protection
	378,345		378,345	Public ways and facilities
	143,154		3,074,411	Health and sanitation
	6,315		5,688,513	Public assistance
	40		123,723	Education
45,110	7,453		357,458	Recreation and cultural services
				Debt service:
	484,950	(30,735)	463,680	Principal
	84,406	(4,998)	97,877	Interest and other charges
	138,362		139,228	Capital outlay
45,110	1,335,143	(35,733)	17,849,225	TOTAL EXPENDITURES
7,391	269,600	30,735	585,858	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
	318,441		757,897	Transfers in (Note 15)
	(809,567)		(1,353,746)	Transfers out (Note 15)
	461,811		461,811	Issuance of debt (Note 11)
	27,354		27,354	Bond premium proceeds (Note 11)
			866	Capital leases (Note 10)
	1,201		2,422	Sales of capital assets
	(760)		(103,396)	TOTAL OTHER FINANCING SOURCES (USES)
7,391	268,840	30,735	482,462	NET CHANGE IN FUND BALANCES
322,853	2,373,932	(113,615)	6,276,598	FUND BALANCES, JULY 1, 2014
$ 330,244	2,642,772	(82,880)	$ 6,759,060	FUND BALANCES, JUNE 30, 2015

COUNTY 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 YEAR ENDED JUNE 30, 2015 (in thousands)

Net change in fund balances - total governmental funds (page 33)		$ 482,462
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay 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:		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	$ 454,502	
Less - current year depreciation expense	(408,252)	46,250
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net position differs from the change in fund balance.		(2,661)
Contribution of capital assets is not recognized in the governmental funds.		27,686
Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds.		(2,713)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		(67,948)
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	$ 120	
Change in unamortized premiums	4,177	4,297
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(490,031)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation and bonds	$ 56,523	
Notes, loans, and lease revenue obligation notes	366,957	
Assessment bonds	30,735	
Other long-term notes, loans and capital leases	9,465	463,680
Some expenses reported in the accompanying statement of activities do not require (or provide) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in workers' compensation	$ (35,800)	
Change in litigation and self-insurance	667	
Change in pollution remediation obligations	(1,864)	
Change in accrued compensated absences	(52,030)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	638,395	
Change in OPEB obligation	(1,324,470)	
Change in accrued interest payable	(2,254)	
Change in accretion of bonds and notes	5,482	
Change in accretion of tobacco settlement bonds	(2,803)	
Transfer of capital assets from governmental fund to enterprise fund	(14,945)	(789,622)
The portion of internal service funds that is reported with governmental activities.		(29,941)
Change in net position of governmental activities (page 27)		$ (358,541)

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 4,661,966	4,712,736	4,770,549	57,813
Licenses, permits and franchises	48,305	48,309	61,561	13,252
Fines, forfeitures and penalties	214,948	214,948	207,684	(7,264)
Revenue from use of money and property:				
Investment income	26,483	26,844	32,995	6,151
Rents and concessions	98,758	105,278	98,356	(6,922)
Royalties	1,075	1,075	551	(524)
Intergovernmental revenues:				
Federal	3,820,940	3,948,302	3,373,530	(574,772)
State	5,318,819	5,328,295	5,135,789	(192,506)
Other	25,860	57,835	42,037	(15,798)
Charges for services	1,646,255	1,622,157	1,496,543	(125,614)
Miscellaneous	153,427	195,338	212,078	16,740
TOTAL REVENUES	16,016,836	16,261,117	15,431,673	(829,444)
EXPENDITURES				
Current:				
General government	2,024,233	1,984,708	1,110,563	874,145
Public protection	5,361,526	5,432,617	5,188,548	244,069
Health and sanitation	3,539,831	3,486,984	3,024,533	462,451
Public assistance	6,102,852	6,142,607	5,716,044	426,563
Recreation and cultural services	322,583	329,131	313,022	16,109
Debt service-				
Interest	2,129	2,129	2,129	
Capital outlay	836,113	845,182	149,537	695,645
TOTAL EXPENDITURES	18,189,267	18,223,358	15,504,376	2,718,982
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,172,431)	(1,962,241)	(72,703)	1,889,538
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	307	307	870	563
Transfers in	711,164	735,539	378,219	(357,320)
Transfers out	(263,758)	(399,947)	(388,051)	11,896
Appropriations for contingencies	(5,000)	(48,924)		48,924
Changes in fund balance	163,455	109,003	265,528	156,525
OTHER FINANCING SOURCES (USES) - NET	606,168	395,978	256,566	(139,412)
NET CHANGE IN FUND BALANCE	(1,566,263)	(1,566,263)	183,863	1,750,126
FUND BALANCE, JULY 1, 2014 (Note 16)	1,566,263	1,566,263	1,566,263	
FUND BALANCE, JUNE 30, 2015 (Note 16)	$		1,750,126	1,750,126

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 726,929	739,206	747,600	8,394
Licenses, permits and franchises	13,167	13,167	12,755	(412)
Fines, forfeitures and penalties	3,830	3,830	3,225	(605)
Revenue from use of money and property:				
Investment income	700	700	900	200
Rents and concessions	85	85	99	14
Intergovernmental revenues:				
Federal	19,685	19,685	8,134	(11,551)
State	16,767	16,767	17,037	270
Other			1,572	1,572
Charges for services	184,164	184,507	188,462	3,955
Miscellaneous	1,077	1,077	1,410	333
TOTAL REVENUES	966,404	979,024	981,194	2,170
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	852,040	856,941	842,420	14,521
Services and supplies	143,429	138,728	113,090	25,638
Other charges	6,468	6,768	3,453	3,315
Capital assets	36,558	36,252	19,105	17,147
TOTAL EXPENDITURES	1,038,495	1,038,689	978,068	60,621
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(72,091)	(59,665)	3,126	62,791
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	762	762	225	(537)
Transfers in	234	546	546	
Transfers out	(6,374)	(7,135)	(7,135)	
Appropriation for contingencies		(12,277)		12,277
Changes in fund balance	28,682	28,982	37,218	8,236
OTHER FINANCING SOURCES (USES) - NET	23,304	10,878	30,854	19,976
NET CHANGE IN FUND BALANCE	(48,787)	(48,787)	33,980	82,767
FUND BALANCE, JULY 1, 2014 (Note 16)	48,787	48,787	48,787	
FUND BALANCE, JUNE 30, 2015 (Note 16)	$		82,767	82,767

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 102,006	121,726	124,994	3,268
Licenses, permits and franchises	707	707	848	141
Fines, forfeitures and penalties	1,487	1,487	1,024	(463)
Revenue from use of money and property:				
Investment income	1,579	1,579	2,439	860
Rents and concessions	7,346	7,346	9,966	2,620
Royalties	1,000	1,000	949	(51)
Intergovernmental revenues:				
Federal			925	925
State	2,570	2,570	3,762	1,192
Other	726	726	1,796	1,070
Charges for services	113,356	113,356	115,589	2,233
Miscellaneous	1,043	1,043	708	(335)
TOTAL REVENUES	231,820	251,540	263,000	11,460
EXPENDITURES				
Current-Public protection:				
Services and supplies	205,208	208,208	176,921	31,287
Other charges	7,579	7,579	4,428	3,151
Capital assets	511	511	159	352
Capital outlay	58,443	55,443	3,857	51,586
TOTAL EXPENDITURES	271,741	271,741	185,365	86,376
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,921)	(20,201)	77,635	97,836
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	20	20	107	87
Transfers out	(7,779)	(7,779)	(2,711)	5,068
Appropriations for contingencies		(19,720)		19,720
Changes in fund balance	(81,737)	(81,737)	(68,222)	13,515
OTHER FINANCING SOURCES (USES) - NET	(89,496)	(109,216)	(70,826)	38,390
NET CHANGE IN FUND BALANCE	(129,417)	(129,417)	6,809	136,226
FUND BALANCE, JULY 1, 2014 (Note 16)	129,417	129,417	129,417	
FUND BALANCE, JUNE 30, 2015 (Note 16)	$		136,226	136,226

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
PUBLIC LIBRARY
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	PUBLIC LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 77,079	77,396	79,334	1,938
Fines, forfeitures and penalties			458	458
Revenue from use of money and property:				
Investment income	400	400	450	50
Rents and concessions	15	15	14	(1)
Intergovernmental revenues:				
Federal			9	9
State	666	666	564	(102)
Other	165	165	344	179
Charges for services	3,169	3,169	2,191	(978)
Miscellaneous	958	958	765	(193)
TOTAL REVENUES	82,452	82,769	84,129	1,360
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	91,330	91,330	79,765	11,565
Services and supplies	74,847	71,894	46,763	25,131
Other charges	137	4,137	38	4,099
Capital assets	600	650	450	200
TOTAL EXPENDITURES	166,914	168,011	127,016	40,995
DEFICIENCY OF REVENUES OVER EXPENDITURES	(84,462)	(85,242)	(42,887)	42,355
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	19	6
Transfers in	47,494	52,031	47,623	(4,408)
Transfers out	(2,734)	(6,374)	(6,374)	
Appropriation for contingencies		(317)		317
Changes in fund balance	(1,486)	(1,286)	(642)	644
OTHER FINANCING SOURCES (USES) - NET	43,287	44,067	40,626	(3,441)
NET CHANGE IN FUND BALANCE	(41,175)	(41,175)	(2,261)	38,914
FUND BALANCE, JULY 1, 2014 (Note 16)	41,175	41,175	41,175	
FUND BALANCE, JUNE 30, 2015 (Note 16)	$		38,914	38,914

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
REGIONAL PARK AND OPEN SPACE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	$ 826	826	815	(11)
Revenue from use of money and property-				
Investment income	1,950	1,950	2,148	198
Charges for services	80,279	80,279	80,340	61
TOTAL REVENUES	83,055	83,055	83,303	248
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	10,414	12,299	6,714	5,585
Other charges	276,890	275,103	56,180	218,923
TOTAL EXPENDITURES	287,304	287,402	62,894	224,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(204,249)	(204,347)	20,409	224,756
OTHER FINANCING SOURCES (USES)				
Transfers in	106,178	110,807	112,016	1,209
Transfers out	(142,484)	(147,015)	(143,750)	3,265
Changes in fund balance	4,453	4,453	8,893	4,440
OTHER FINANCING SOURCES (USES) - NET	(31,853)	(31,755)	(22,841)	8,914
NET CHANGE IN FUND BALANCE	(236,102)	(236,102)	(2,432)	233,670
FUND BALANCE, JULY 1, 2014 (Note 16)	236,272	236,272	236,272	
FUND BALANCE, JUNE 30, 2015 (Note 16)	$ 170	170	233,840	233,670

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
ASSETS				
Current assets:				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 1,599	656	1,587	276
Other	7,835	4,674	11,216	2,095
Total pooled cash and investments	9,434	5,330	12,803	2,371
Taxes receivable				
Accounts receivable - net (Note 14)	473,023	207,961	515,700	274,183
Interest receivable	62	33	30	11
Other receivables	14,035	12,146	26,303	5,338
Due from other funds (Note 15)	93,780	68,107	151,392	24,757
Advances to other funds (Note 15)				
Inventories	7,994	4,377	9,948	1,124
Total current assets	598,328	297,954	716,176	307,784
Noncurrent assets:				
Restricted assets (Note 5)	87,772	38,757	4,873	10,130
Other receivables (Note 14 and 15)	43,695	23,818	70,028	15,843
Capital assets: (Notes 6 and 10)				
Land and easements	3,276	16,426	18,183	217
Buildings and improvements	896,796	336,234	1,080,000	187,180
Equipment	87,300	66,146	110,554	22,761
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	611	348		29,819
Less accumulated depreciation	(234,864)	(147,548)	(329,205)	(124,083)
Total capital assets - net	770,040	285,965	900,236	121,510
Total noncurrent assets	901,507	348,540	975,137	147,483
TOTAL ASSETS	1,499,835	646,494	1,691,313	455,267
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	63,506	41,859	87,299	19,141
LIABILITIES				
Current liabilities:				
Accounts payable	103,601	42,872	124,642	26,062
Accrued payroll	26,827	15,979	36,523	7,063
Other payables	4,113	1,969	3,507	1,096
Accrued interest payable	14,804	4,940	48	111
Due to other funds (Note 15)	89,494	55,634	76,457	42,664
Advances from other funds (Note 15)	176,412	12,131	99,716	144,156
Advances payable			738	18
Current portion of long-term liabilities (Note 11)	60,744	16,910	39,721	42,591
Total current liabilities	475,995	150,435	381,352	263,761
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	57,513	31,291	76,067	14,486
Bonds and notes (Note 11)	546,066	208,411		
Premiums on bonds and notes payable (Note 11)	18,196	14,708		
Workers' compensation (Notes 11 and 18)	67,212	23,398	108,999	21,190
Litigation and self-insurance (Notes 11 and 18)	22,194	1,316	45,962	
Net pension liability (Notes 8 and 11)	297,426	196,023	409,439	89,957
OPEB obligation (Notes 9 and 11)	546,487	371,316	837,515	175,078
Third party payor (Notes 11 and 14)	85,038	97,256	236,412	32,987
Total noncurrent liabilities	1,640,132	943,719	1,714,394	333,698
TOTAL LIABILITIES	2,116,127	1,094,154	2,095,746	597,459
DEFERRED INFLOWS OF RESOURCES (Note 20)	128,045	84,412	175,688	38,414
NET POSITION				
Net investment in capital assets	295,505	112,385	898,224	94,336
Restricted:				
Debt service			4,873	
Public ways and facilities				
Unrestricted (deficit)	(976,336)	(602,598)	(1,395,919)	(255,801)
TOTAL NET POSITION (DEFICIT) (Note 3)	$ (680,831)	(490,213)	(492,822)	(161,465)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				ASSETS
				Current assets:
				Pooled cash and investments: (Notes 1 and 5)
$ 71,034	8,624	$ 83,776	$ 59,031	Operating
1,967	159	27,946	6,337	Other
73,001	8,783	111,722	65,368	Total pooled cash and investments
717		717		Taxes receivable
11,918	752	1,483,537		Accounts receivable - net (Note 14)
173	18	327	164	Interest receivable
		57,822	13,856	Other receivables
2,338	48	340,422	78,148	Due from other funds (Note 15)
1,347		1,347		Advances to other funds (Note 15)
		23,443	9,851	Inventories
89,494	9,601	2,019,337	167,387	Total current assets
				Noncurrent assets:
		141,532	14,249	Restricted assets (Note 5)
		153,384		Other receivables (Note 14 and 15)
				Capital assets: (Notes 6 and 10)
11,699	134,692	184,493		Land and easements
119,091	37,907	2,657,208		Buildings and improvements
1,076	1,325	289,162	308,363	Equipment
1,322		58,922		Intangible - software
1,194,490	55,044	1,249,534		Infrastructure
22,550	908	54,236		Construction in progress
(611,563)	(62,710)	(1,509,973)	(153,211)	Less accumulated depreciation
738,665	167,166	2,983,582	155,152	Total capital assets - net
738,665	167,166	3,278,498	169,401	Total noncurrent assets
828,159	176,767	5,297,835	336,788	TOTAL ASSETS
		211,805	46,216	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
				LIABILITIES
				Current liabilities:
3,089	141	300,407	5,657	Accounts payable
		86,392	16,806	Accrued payroll
	261	10,946	2,113	Other payables
		19,903	242	Accrued interest payable
4,932	239	269,420	39,357	Due to other funds (Note 15)
		432,415	22,000	Advances from other funds (Note 15)
24		780	234	Advances payable
1,828	92	161,886	33,918	Current portion of long-term liabilities (Note 11)
9,873	733	1,282,149	120,327	Total current liabilities
				Noncurrent liabilities:
		179,357	46,718	Accrued compensated absences (Note 11)
8,236	1,908	764,621	54,540	Bonds and notes (Note 11)
		32,904		Premiums on bonds and notes payable (Note 11)
		220,799	37,037	Workers' compensation (Notes 11 and 18)
		69,472		Litigation and self-insurance (Notes 11 and 18)
		992,845	216,720	Net pension liability (Notes 8 and 11)
		1,930,396	410,730	OPEB obligation (Notes 9 and 11)
		451,693		Third party payor (Notes 11 and 14)
8,236	1,908	4,642,087	765,745	Total noncurrent liabilities
18,109	2,641	5,924,236	886,072	TOTAL LIABILITIES
		426,559	93,034	DEFERRED INFLOWS OF RESOURCES (Note 20)
				NET POSITION
730,251	167,166	2,297,867	90,809	Net investment in capital assets
				Restricted:
		4,873		Debt service
79,799		79,799		Public ways and facilities
	6,960	(3,223,694)	(686,911)	Unrestricted (deficit)
$ 810,050	174,126	(841,155)	$ (596,102)	TOTAL NET POSITION (DEFICIT) (Note 3)
		3,998		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ (837,157)		NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
OPERATING REVENUES:				
Net patient service revenues (Note 14)	$ 871,755	592,091	1,327,361	191,406
Rentals				
Charges for services				
Other (Note 14)	130,576	45,446	213,164	114,015
TOTAL OPERATING REVENUES	1,002,331	637,537	1,540,525	305,421
OPERATING EXPENSES:				
Salaries and employee benefits	668,329	392,569	918,075	173,746
Services and supplies	164,627	97,796	220,127	27,248
Other professional services	183,908	122,990	360,138	44,804
Depreciation and amortization (Note 6)	22,656	10,471	26,461	3,675
Medical malpractice	2,655	883	5,588	139
Rent	10,953	3,544	3,062	1,964
TOTAL OPERATING EXPENSES	1,053,128	628,253	1,533,451	251,576
OPERATING INCOME (LOSS)	(50,797)	9,284	7,074	53,845
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income	306	64	101	27
Interest expense	(35,172)	(12,056)	(1,020)	(1,528)
Intergovernmental transfers expense (Note 14)	(155,738)	(88,422)	(228,135)	(29,161)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(190,604)	(100,414)	(229,054)	(30,662)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(241,401)	(91,130)	(221,980)	23,183
Capital contributions	5,040	4,123	3,864	1,918
Transfers in (Note 15)	262,033	113,571	236,128	33,108
Transfers out (Note 15)	(17,749)	(18,289)		(21,520)
CHANGE IN NET POSITION	7,923	8,275	18,012	36,689
NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)	(688,754)	(498,488)	(510,834)	(198,154)
NET POSITION (DEFICIT), JUNE 30, 2015	$ (680,831)	(490,213)	(492,822)	(161,465)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				OPERATING REVENUES:
$		$ 2,982,613	$	Net patient service revenues (Note 14)
	3,883	3,883	28,035	Rentals
73,499	364	73,863	475,620	Charges for services
103		503,304		Other (Note 14)
73,602	4,247	3,563,663	503,655	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		2,152,719	419,603	Salaries and employee benefits
59,824	4,220	573,842	44,435	Services and supplies
3,083	521	715,444	38,825	Other professional services
22,374	1,934	87,571	36,132	Depreciation and amortization (Note 6)
		9,265		Medical malpractice
		19,523		Rent
85,281	6,675	3,558,364	538,995	TOTAL OPERATING EXPENSES
(11,679)	(2,428)	5,299	(35,340)	OPERATING INCOME (LOSS)
				NONOPERATING REVENUES (EXPENSES):
4,919		4,919		Taxes
696	71	1,265	158	Investment income
(198)		(49,974)	(1,760)	Interest expense
		(501,456)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
43	700	743		State
120	40	160		Federal
112		112		Other
5,692	811	(544,231)	(1,602)	TOTAL NONOPERATING REVENUES (EXPENSES)
(5,987)	(1,617)	(538,932)	(36,942)	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
45	2,308	17,298		Capital contributions
103		644,943	8,536	Transfers in (Note 15)
(63)		(57,621)	(9)	Transfers out (Note 15)
(5,902)	691	65,688	(28,415)	CHANGE IN NET POSITION
815,952	173,435		(567,687)	NET POSITION (DEFICIT), JULY 1, 2014, AS RESTATED (Note 2)
$ 810,050	174,126		$ (596,102)	NET POSITION (DEFICIT), JUNE 30, 2015
		1,526		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ 67,214		CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 27)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from patient services	$ 824,133	638,843	1,361,574	90,987
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	130,576	45,446	213,164	114,015
Cash received for services provided to other funds	27,010	24,068	42,628	938
Cash paid for salaries and employee benefits	(603,849)	(362,521)	(822,811)	(158,404)
Cash paid for services and supplies	(14,650)	(11,290)	176	(251)
Other operating expenses	(200,212)	(128,142)	(371,429)	(46,913)
Cash (paid) returned for services from other funds	(93,270)	(66,275)	(145,504)	3,285
Net cash provided by operating activities	69,738	140,129	277,798	3,657
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received/returned from other funds	657,400	399,377	930,368	192,224
Cash advances paid/returned to other funds	(745,103)	(538,066)	(1,174,905)	(171,542)
Interest paid on advances	(388)	(217)	(456)	(203)
Intergovernmental transfers	(155,738)	(88,422)	(228,135)	(29,161)
Intergovernmental receipts				
Transfers in	262,033	113,571	236,128	33,108
Transfers out	(17,749)	(18,289)		(21,520)
Net cash provided by (required for) noncapital financing activities	455	(132,046)	(237,000)	2,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	616		7	32,641
Interest paid on capital borrowing	(35,394)	(11,868)	(710)	(1,664)
Principal payments on bonds and notes	(13,502)	(1,478)	(40,147)	(17,544)
Acquisition and construction of capital assets	(36,107)	(723)	(5,721)	(14,227)
Net cash required for capital and related financing activities	(84,387)	(14,069)	(46,571)	(794)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	327	66	102	27
Net increase (decrease) in cash and cash equivalents	(13,867)	(5,920)	(5,671)	5,796
Cash and cash equivalents, July 1, 2014	111,073	50,007	23,347	6,705
Cash and cash equivalents, June 30, 2015	$ 97,206	44,087	17,676	12,501

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				CASH FLOWS FROM OPERATING ACTIVITIES
$		$ 2,915,537	$	Cash received from patient services
	3,883	3,883	7	Rentals received
			28,468	Rentals received from other funds
73,550	1,104	74,654	51,713	Cash received from charges for services
103		503,304		Other operating revenues
		94,644	426,345	Cash received for services provided to other funds
		(1,947,585)	(381,053)	Cash paid for salaries and employee benefits
(59,776)	(4,250)	(90,041)	(30,065)	Cash paid for services and supplies
(1,566)	(521)	(748,783)	(38,825)	Other operating expenses
		(301,764)		Cash (paid) returned for services from other funds
12,311	216	503,849	56,590	Net cash provided by operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
24		2,179,393	234	Cash advances received/returned from other funds
(29)		(2,629,645)		Cash advances paid/returned to other funds
		(1,264)		Interest paid on advances
		(501,456)		Intergovernmental transfers
275	740	1,015		Intergovernmental receipts
103		644,943	8,536	Transfers in
(63)		(57,621)	(9)	Transfers out
310	740	(364,635)	8,761	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
4,952		4,952		Proceeds from taxes
	2,308	2,308		Capital contributions
758	2,000	36,022	40,000	Proceeds from bonds and notes
(198)		(49,834)	(1,758)	Interest paid on capital borrowing
(350)		(73,021)	(18,620)	Principal payments on bonds and notes
(9,097)	(5,089)	(70,964)	(49,437)	Acquisition and construction of capital assets
(3,935)	(781)	(150,537)	(29,815)	Net cash required for capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
680	76	1,278	126	Investment income
9,366	251	(10,045)	35,662	Net increase (decrease) in cash and cash equivalents
63,635	8,532	263,299	43,955	Cash and cash equivalents, July 1, 2014
$ 73,001	8,783	$ 253,254	$ 79,617	Cash and cash equivalents, June 30, 2015

Continued…

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor UCLA Medical Center	Olive View UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (50,797)	9,284	7,074	53,845
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	22,656	10,471	26,461	3,675
(Increase) decrease in:				
Accounts receivable - net	(4,933)	39,018	97,714	(94,847)
Other receivables	8,770	13,732	7,075	16,794
Due from other funds	(30,665)	(30,200)	(29,231)	(18,628)
Inventories	64	167	(82)	100
Increase (decrease) in:				
Accounts payable	1,454	2,673	25,308	(260)
Accrued payroll	2,152	782	2,680	519
Other payables	40	22	48	19
Accrued compensated absences	2,262	937	5,156	516
Due to other funds	55,189	17,391	49,573	30,442
Advances payable			(222)	(23)
Workers' compensation	3,504	1,042	5,535	819
Litigation and self-insurance	(727)	(175)	(7,981)	(6)
Net pension liability and related changes in deferred outflows and inflows of resources	(34,575)	(22,792)	(47,438)	(10,373)
OPEB obligation	90,951	50,517	137,375	24,328
Third party payor	4,393	47,260	(1,247)	(3,263)
TOTAL ADJUSTMENTS	120,535	130,845	270,724	(50,188)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 69,738	140,129	277,798	3,657
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-				
Capital contributions	$ 5,040	4,123	3,864	1,918
TOTAL	$ 5,040	4,123	3,864	1,918
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	$ 9,434	5,330	12,803	2,371
Restricted assets	87,772	38,757	4,873	10,130
TOTAL	$ 97,206	44,087	17,676	12,501

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:
$ (11,679)	(2,428)	$ 5,299	$ (35,340)	Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
22,374	1,934	87,571	36,132	Depreciation and amortization
				(Increase) decrease in:
1,372	787	39,111		Accounts receivable - net
		46,371	(4,370)	Other receivables
(1,251)	(47)	(110,022)	6,397	Due from other funds
3		252	798	Inventories
				Increase (decrease) in:
(98)	30	29,107	(1,172)	Accounts payable
		6,133	1,080	Accrued payroll
	132	261	58	Other payables
		8,871	1,720	Accrued compensated absences
143	(192)	152,546	14,744	Due to other funds
(70)		(315)	(340)	Advances payable
		10,900	2,702	Workers' compensation
1,517		(7,372)	(250)	Litigation and self-insurance
		(115,178)	(25,121)	Net pension liability and related changes in deferred outflows and inflows of resources
		303,171	59,552	OPEB obligation
		47,143		Third party payor
23,990	2,644	498,550	91,930	TOTAL ADJUSTMENTS
$ 12,311	216	$ 503,849	$ 56,590	NET CASH PROVIDED BY OPERATING ACTIVITIES
				NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES-
$ 45		$ 14,990	$	Capital contributions
$ 45		$ 14,990	$	TOTAL
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
$ 73,001	8,783	$ 111,722	$ 65,368	Pooled cash and investments
		141,532	14,249	Restricted assets
$ 73,001	8,783	$ 253,254	$ 79,617	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	$ 85,364	$ 15,486,371	$ 1,709,773
Other investments: (Note 5)		120,928	30,806
Short-term investments	1,305,372		
Equity	25,077,955		
Fixed income	12,881,582		
Private equity	4,346,854		
Real estate	5,480,795		
Hedge funds	691,537		
Cash collateral on loaned securities	1,033,471		
Taxes receivable			222,616
Interest receivable	99,786	37,010	50,288
Other receivables	880,099		
TOTAL ASSETS	51,882,815	15,644,309	2,013,483
LIABILITIES			
Accounts payable	1,471,192		
Other payables (Note 5)	1,104,914		
Due to other governments			2,013,483
TOTAL LIABILITIES	2,576,106		2,013,483
NET POSITION			
Net position restricted for pension benefits and other purposes	$ 49,306,709	$ 15,644,309	$

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

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS
ADDITIONS		
Contributions:		
Pension and OPEB trust contributions:		
Employer	$ 1,945,115	$
Member	441,258	
Contributions to investment trust funds		43,181,150
Total contributions	2,386,373	43,181,150
Investment earnings:		
Investment income	2,422,176	120,526
Net decrease in the fair value of investments	(326,375)	
Securities lending income (Note 5)	6,551	
Total investment earnings	2,102,352	120,526
Less - Investment expenses-		
Expense from investing activities	108,307	
Net investment earnings	1,994,045	120,526
Miscellaneous	1,695	
TOTAL ADDITIONS	4,382,113	43,301,676
DEDUCTIONS		
Salaries and employee benefits	46,090	
Services and supplies	16,653	
Benefit payments	3,193,139	
Distributions from investment trust funds		41,151,532
Miscellaneous	25,623	
TOTAL DEDUCTIONS	3,281,505	41,151,532
CHANGE IN NET POSITION	1,100,608	2,150,144
NET POSITION, JULY 1, 2014	48,206,101	13,494,165
NET POSITION, JUNE 30, 2015	$ 49,306,709	$ 15,644,309

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2015 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments- (Notes 1 and 5)			
Operating	$ 170,722	520,768	$ 691,490
Other investments (Note 5)	212,111		212,111
Accounts receivable - net	29,733		29,733
Interest receivable		527	527
Other receivables	9,988	63,464	73,452
Inventories	19,065		19,065
Capital assets: (Notes 6 and 10)			
Capital assets, not being depreciated	94,926	2,039	96,965
Capital assets, net of accumulated depreciation	81,213	9,846	91,059
Total capital assets	176,139	11,885	188,024
TOTAL ASSETS	617,758	596,644	1,214,402
DEFERRED OUTFLOWS OF RESOURCES	2,282		2,282
LIABILITIES			
Accounts payable	25,148	40,643	65,791
Other payables	1,148	16	1,164
Advances payable	186		186
Long-term liabilities: (Note 11)			
Due within one year	5,252	76	5,328
Due in more than one year	69,981	502	70,483
TOTAL LIABILITIES	101,715	41,237	142,952
DEFERRED INFLOWS OF RESOURCES	13,322		13,322
NET POSITION			
Net investment in capital assets	145,671	11,885	157,556
Restricted for:			
Community development	321,943		321,943
First 5 LA		543,522	543,522
Unrestricted	37,389		37,389
TOTAL NET POSITION	$ 505,003	555,407	$ 1,060,410

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2015 (in thousands)

	COMMUNITY DEVELOPMENT COMMISSION	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expense	$ (418,918)	(199,971)	$ (618,889)
Program revenues:			
Charges for services	52,195		52,195
Operating grants and contributions	404,955	104,455	509,410
Net program (expenses) revenues	38,232	(95,516)	(57,284)
GENERAL REVENUES:			
Investment income	3,515	6,056	9,571
Miscellaneous	1,069	104	1,173
Total general revenues	4,584	6,160	10,744
CHANGE IN NET POSITION	42,816	(89,356)	(46,540)
NET POSITION, JULY 1, 2014, AS PREVIOUSLY STATED	483,329	644,763	1,128,092
Net pension liabilty adjustment	(21,142)		(21,142)
NET POSITION, JULY 1, 2014, AS RESTATED	462,187	644,763	1,106,950
NET POSITION, JUNE 30, 2015	$ 505,003	$ 555,407	$ 1,060,410

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

COUNTY OF LOS ANGELES
CALIFORNIA

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Los Angeles (County), which was established in 1850, is a legal subdivision of the State of California (State) charged with general governmental powers. The County's powers are exercised through an elected five member Board of Supervisors (Board), which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles (GAAP), these basic financial statements include both those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations. The data from these units are combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements.

Blended Component Units

While each of the component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County's Board acting as the governing board for each of the component units and its ability to impose its will or an existence of a financial benefit/burden relationship. County management has determined that the following related entities should be included in the basic financial statements as blended component units:

- Fire Protection District
- Flood Control District
- Garbage Disposal Districts
- Improvement Districts
- Regional Park and Open Space District
- Sewer Maintenance Districts
- Street Lighting Districts
- Waterworks Districts
- Los Angeles County Capital Asset Leasing Corporation (a Non Profit Corporation) (NPC)
- Various Joint Powers Authorities (JPAs)
- Los Angeles County Employees Retirement Association (LACERA)
- Los Angeles County Securitization Corporation (LACSC)

The various districts are included primarily because the Board is also their governing board and the County has operational responsibilities for the districts except for LACERA. As such, the Board establishes policy, appoints management and exercises budgetary control. The NPC and JPAs have been included because their sole purpose is to finance and construct County capital assets and because they are dependent upon the County for funding. LACERA is reported in the Pension and Other Postemployment Benefit (OPEB) Trust Funds on the Statement of Net Position - Fiduciary Funds of the basic financial statements and has been included because its operations are dependent upon County funding and because its operations, almost exclusively, benefit the County. Separate financial statements are issued by LACERA.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Blended Component Units-Continued

The LACSC is a California public benefit corporation created by the County Board of Supervisors in January 2006. Three directors, the County's Auditor-Controller, Treasurer and Tax Collector, and an independent party designated by at least one of the County directors, govern the LACSC. The LACSC purpose is to acquire the County's rights in relation to future tobacco settlement payments and to facilitate the issuance of long-term bonds secured by the County Tobacco Assets. The LACSC provides service solely to the County and is reported as a blended component unit of the County.

Discretely Presented Component Units

Community Development Commission (CDC) of the County of Los Angeles

CDC, established on July 1, 1982 by ordinance of the Board of Supervisors, is responsible for:

- Directing the County's housing programs, including planning, housing finance, production and conservation, and management of the County's public housing developments;
- Financing community improvements such as resurfacing streets, rehabilitating homes and businesses, and removing graffiti;
- Providing economic development and business revitalization services;
- Redeveloping housing, business, and industry in designated areas; and
- Providing comprehensive planning systems for housing and economic development.

While its Board members are the same as the County Board of Supervisors, CDC does not meet the criteria for blending due to the following: 1) there is no financial burden or benefit relationship with the County nor does management of the County have operational responsibilities over it; 2) the CDC does not provide services entirely or almost entirely to the County; and 3) the CDC total debt outstanding is not expected to be repaid with resources of the County. The financial activity of the CDC is reported on the Discretely Presented Component Units column of the government-wide financial statements. CDC issues a separate financial report that can be obtained by writing to the Community Development Commission at 700 W. Main Street, Alhambra, California 91801.

Los Angeles County Children and Families First – Proposition 10 Commission

First 5 LA (First 5) was established by the County as a separate legal entity to administer the County's share of tobacco taxes levied by the State pursuant to Proposition 10. The County's Board established First 5 with nine voting members and four non-voting representatives. Of the nine voting members, one is a member of the Board of Supervisors, three are heads of County Departments (Public Health Services, Mental Health, and Children and Family Services), and five are public members appointed by the Board. The non-voting representatives are from other County commissions and planning groups.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

Los Angeles County Children and Families First – Proposition 10 Commission-Continued

First 5 services are focused on the development and well-being of all children, from the prenatal stage until age five. First 5 is a discretely presented component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those Commissioners at will. First 5 hires its own employees, including an Executive Director and functions independent of the County. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County. The financial activity of First 5 is reported on the Discretely Presented Component Units column of the government-wide financial statements. First 5 issues a separate financial report that can be obtained by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Related Organization

Los Angeles County Office of Education (LACOE) is a legally separate entity from the County. LACOE is governed by a seven-member Board of Education appointed by the County Board of Supervisors. However, the County's accountability for LACOE does not extend beyond making appointments and no financial benefit/burden relationship exists between the County and LACOE. LACOE is deemed to be a related organization. LACOE issues a separate financial report that can be obtained by writing to the Los Angeles County Office of Education at 9300 Imperial Highway, Downey, California 90242-2890.

Basic Financial Statements

In accordance with Governmental Accounting Standards Board (GASB) 34, the basic financial statements consist of the following:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to the basic financial statements.

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for services provided among funds (other than internal service funds). These statements distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements-Continued

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 charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular program are also recognized as program revenues. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net position is classified into the following three components: 1) net investment in capital assets; 2) restricted and 3) unrestricted. Net position is reported as restricted when it has external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2015, the restricted net position balances were $3.099 billion and $84.67 million for governmental activities and business-type activities, respectively. For governmental activities, $713.34 million was restricted by enabling legislation.

When both the restricted and unrestricted components of net position are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund

The General Fund is available for any authorized purpose and is used to account for and report all financial resources not accounted for and reported in another fund.

Fire Protection District Fund

The Fire Protection District Fund is used to account for fire prevention and suppression, rescue service, management of hazardous materials incidents, ocean lifeguard services, and acquisition and maintenance of District property and equipment. Funding comes primarily from the District's statutory share of the Countywide tax levy, voter-approved taxes and charges for services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Flood Control District Fund

The Flood Control District Fund is used to account for the control and conservation of flood, storm and other waste waters, to conserve such waters for beneficial and useful purposes, and to protect the harbors, waterways, public highways and property located within the District from damage from such flood and storm waters. Funding comes primarily from the District's statutory share of the Countywide tax levy and benefit assessments (charges for services).

Public Library Fund

The Public Library Fund is used to account for free library services to the unincorporated areas of the County and to cities that contract for these services. Funding comes primarily from the District's statutory share of the Countywide tax levy and voter-approved taxes.

Regional Park and Open Space District Fund

The Regional Park and Open Space District Fund is used to account for the programs designed to preserve beaches, parks, and wild lands, to acquire and renovate new and existing recreational facilities, and to restore rivers, streams, and trails in the County. Funding comes primarily from voter-approved assessments, charges for services and long-term debt proceeds.

The County's enterprise funds consist of four Hospital Funds, Waterworks Enterprise Funds and Nonmajor Aviation Enterprise Funds. The Hospital Enterprise funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. The Waterworks Enterprise Funds provide water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. The Aviation Enterprise Funds provide airport services for five County airports. Revenues are derived primarily from airport charges and rentals. A description of each Enterprise Fund is provided below:

Harbor-UCLA Medical Center

The Harbor-UCLA Medical Center (H/UCLA) provides acute and intensive care unit medical/surgical inpatient and outpatient services, trauma and emergency room services, acute psychiatric services, pediatric and obstetric services, and transplants.

Olive View-UCLA Medical Center

The Olive View-UCLA Medical Center (OV/UCLA) provides acute and intensive care, emergency services, medical/surgical inpatient and outpatient health care services, obstetric and gynecological services, and psychiatric services.

LAC+USC Medical Center

The LAC+USC Medical Center (LAC+USC) provides acute and intensive care unit medical/surgical inpatient and outpatient services, trauma and emergency room services, a burn center, psychiatric services, renal dialysis, AIDS services, pediatric and obstetric services, and communicable disease services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Rancho Los Amigos National Rehabilitation Center

The Rancho Los Amigos National Rehabilitation Center (Rancho) specializes in the rehabilitation for victims of spinal cord injuries and strokes, pathokinesiology and polio services, services for liver diseases, pediatrics, ortho diabetes, dentistry, and neuro-science.

Waterworks Funds

The Waterworks Enterprise funds are used to account for the administration, maintenance, operation and improvement of district water systems.

Aviation Funds

The Aviation Enterprise Funds are used to account for the administration, maintenance, operation and improvement of the five airports which are owned by the County.

The following fund types have also been reported:

Internal Service Funds

The Internal Service Funds are used to account for the financing of services provided by a department or agency to other departments or agencies on a cost-reimbursement basis. The County's principal Internal Service Fund is used to account for the cost of services provided by the Department of Public Works to various other County funds and agencies.

Fiduciary Fund Types

Pension and Other Postemployment Benefit Trust Funds

The Pension Trust Fund is used to account for financial activities of the County’s Pension Plan administered by LACERA.

The Other Postemployment Benefit (OPEB) Trust Fund is used to account for the financial activities of the OPEB trust for the purpose of holding and investing assets to pre-fund the Retiree Health Program administered by LACERA.

Investment Trust Funds

The Pooled Investment Trust Fund is used to account for the net position of the County's external investment pool.

The Specific Investment Trust Fund is used to account for the net position of individual investment accounts, in aggregate. The related investment activity occurs separately from the County’s investment pool and is provided as a service to external investors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Fiduciary Fund Types-Continued

Agency Funds

The Agency Funds are used primarily to account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, and other funds. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including property taxes and departmental funds) account for assets held by the County in an agency capacity for individuals or other government units.

Basis of Accounting

The government-wide, proprietary, pension and other postemployment benefit, and investment trust funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and similar items are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers revenues to be available if collectible within one year after year-end, except for property taxes, which are considered available to the extent that they are collectible within 60 days after year-end. When property taxes are measurable but not available, the collectible portion (taxes levied less estimated uncollectibles) is recorded as deferred inflows of resources in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims (including workers' compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital lease obligations are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, ad valorem property taxes (except for redevelopment agency dissolution), sales taxes, investment income (loss), charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. When all eligibility requirements are met, except for the timing requirements, a deferred inflow of resources is reported until the time requirements have passed. All other revenues are not considered susceptible to accrual and are recognized when received, including property tax revenues derived from redevelopment agency dissolution.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's four Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Funds are from charges for services. The principal operating revenues for the Nonmajor Aviation Enterprise Funds and Internal Service Funds are charges for services and rental revenues. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 14, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

Agency funds do not have a measurement focus because they report only assets and liabilities. They do however, use the accrual basis of accounting to recognize receivables and payables.

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting, which is different from GAAP. Annual budgets were not adopted for the JPAs, Public Buildings and the LACSC debt service funds, the capital project funds and the permanent funds.

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board of Supervisors. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all budget units within the County, except for capital asset expenditures, which are controlled at the sub-object level. The total budget exceeds $27.929 billion and is currently controlled through the use of approximately 400 separate budget units. There were no excesses of expenditures over the related appropriations within any fund for the year ended June 30, 2015. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at http://ceo.lacounty.gov/budget.htm, or can be obtained from the Auditor-Controller's office.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the year must also be approved by the Board. Transfers of appropriations between objects of expenditure within the same budget unit must be approved by the Board or the Chief Executive Office, depending upon the amount transferred. The original and final budget amounts are reported in the accompanying basic financial statements. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data-Continued

Note 16 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the major governmental funds.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total FY 2014-2015 assessed valuation of the County of Los Angeles approximated $1.208 trillion.

The property tax levy to support general operations of the various jurisdictions is limited to one percent (1%) of full cash value and is distributed in accordance with statutory formulae. Amounts needed to finance the annual requirements of voter-approved debt are excluded from this limitation and are separately calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

The County is divided into 12,703 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which 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 may 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 payment and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent, if unpaid, on August 31.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the "Redevelopment Dissolution Act" was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes," are distributed as property tax revenue to the appropriate local government agencies, including the County. Oversight Boards have been established for each of the 71 successor agencies within the County. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2015, the County's share of residual property tax revenues was $189.73 million, of which $161.70 million was recognized in the County's General Fund.

Deposits and Investments

Deposits and investments as discussed in Note 5 are reflected in the following asset accounts:

Pooled Cash and Investments

As provided for by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily deposit balance during the allocation period. Each respective fund's share of the total pooled cash and investments is included among asset balances under the caption "Pooled Cash and Investments."

Pooled Cash and Investments are identified within the following categories for all County operating funds:

Operating Pooled Cash and Investments

This account represents amounts reflected in the County's day-to-day financial records. Such amounts are utilized to determine the availability of cash for purposes of disbursing and borrowing funds.

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2015 that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB 34.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Other Investments

This account represents Pension and OPEB Trust Fund investments, various JPAs, NPCs and Public Buildings (bond financed capital assets), and amounts on deposit with the County Treasurer, which are invested separately as provided by the Government Code or by specific instructions from the depositing entity.

Restricted Assets

Enterprise Funds' restricted assets represent cash and investments of certain JPAs and Public Buildings projects restricted in accordance with the provisions of the certificates of participation issued. The Internal Service Funds' restricted assets represent cash and investments restricted for debt service in accordance with the provisions of the LACCAL bond indenture. All of the above noted assets are included in the various disclosures in Note 5. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds payable.

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the average cost basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are consumed. Reported inventories are categorized as nonspendable fund balance as required by GASB 54 because these amounts are not available for appropriation and expenditure.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road; water; sewer; flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Certain buildings and equipment are being leased under capital leases as defined in GASB 62. The present value of the minimum lease obligation has been capitalized in the statement of net position and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures in the fund financial statements and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds from tax-exempt debt over the same period. For taxable debt, business-type activities interest is capitalized and not netted with interest earnings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

The County's capitalization thresholds are $5,000 for equipment, $100,000 for buildings and improvements, $1 million for software intangible assets, $100,000 for non-software intangible assets, and $25,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 6. Amortization for software and other intangible assets is included in the reporting of depreciation.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Software	5 to 25 years
Infrastructure	15 to 100 years

Works of art and historical treasures held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, encumbered, conserved, and preserved by the County. It is the County's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

Deferred Outflows and Inflows of Resources

Pursuant to GASB 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB 65 "Items Previously Reported as Assets and Liabilities," the County recognizes deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position, governmental fund balance sheets, and proprietary funds' statement of net position.

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time, except for pension related deferred inflows of resources, which will be recognized as a credit to expense.

Specific disclosures of items representing deferred outflows and inflows of resources appear in Note 20.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Advances Payable

The County uses certain agency funds as clearing accounts for the distribution of financial resources to other County funds. Pursuant to GASB 34, for external financial reporting purposes, the portions of the clearing account balances that pertain to other County funds should be reported as cash of the appropriate funds. The corresponding liability is included in "Advances Payable" because the amounts represent unearned revenue.

Compensated Absences

Vacation pay benefits accrue to employees ranging from 10 to 20 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of up to 8 days per year depending on the benefit plan. Employees can also accumulate unused holiday and compensatory time off benefits throughout the year. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued compensated absences are accrued in the government-wide financial statements and in the proprietary funds. For the governmental funds, expenditures are recorded when amounts become due and payable (i.e., when employees terminate from service).

Net Pension Liability and Related Balances

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Los Angeles County Employees' Retirement Association (LACERA) and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

Valuation Date (VD) - June 30, 2013 rolled forward to June 30, 2014
Measurement Date (MD) - June 30, 2014
Measurement Period (MP) - July 1, 2013 to June 30, 2014

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period issued.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Long-term Debt-Continued

In the governmental funds financial statements, bond premiums, discounts, and issuance costs, are recognized in the period issued. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e., portion that has come due for payment) is reported as a liability in the fund financial statements of the related fund.

Fund Balances

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Specific details related to Fund Balances appear in Note 21.

Nonspendable Fund Balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and long-term notes receivable.

Restricted Fund Balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only by changing the condition of the constraint.

Committed Fund Balance - amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally. The underlying action that imposed the limitation needs to occur no later than the close of the fiscal year.

Assigned Fund Balance - amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. Authorization to assign fund balance rests with the County’s Board through the budget process. The Board has also delegated authority to the Chief Executive Officer and County Department Heads for contracts and purchasing authority.

Unassigned Fund Balance - the residual classification for the County’s General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

The Board of Supervisors establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. For its budget, the County utilizes the GASB 54 criteria and an ordinance or resolution is equally binding, for purposes of establishing a fund balance commitment. This is done through the adoption of the budget and subsequent amendments that occur throughout the fiscal year.

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

Cash Flows

For purposes of reporting cash flows, all amounts reported as "Pooled Cash and Investments," "Other Investments," and "Restricted Assets" are considered cash equivalents. Pooled cash and investment amounts represent funds held in the County Treasurer's cash management pool. Other investments and restricted assets are invested in money market mutual funds held by outside trustees. Such amounts are similar in nature to demand deposits (i.e., funds may be deposited and withdrawn at any time without prior notice or penalty).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. NEW PRONOUNCEMENTS

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current basic financial statements.

GASB 68	Accounting and Financial Reporting For Pensions-An Amendment of GASB Statement No. 27	Improves accounting and financial reporting by state and local governments for pensions and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. (Note 2, 8, 11, 20)
GASB 69	Government Combinations and Disposals of Government Operations	Establishes accounting and financial reporting standards related to government combinations and disposals of government operations. There were no government combinations and disposals of government operations during FY 2014-2015. While GASB 69 is not applicable for the current period, the County will apply the Statement in the future, as needed.

2. NEW PRONOUNCEMENTS-Continued

GASB 71	Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68	Addresses the issue related to amounts associated with contributions made by state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement does have an impact because it clarifies the treatment of contributions subsequent to the measurement date.

Restatement of Net Position

Due to the implementation of GASB 68 and 71, the County made a change in accounting principle, which resulted in a restatement of net position due to the effects of GASB 68 and 71 and the recognition of net pension liability and related deferred outflows of resources. The adjustment to the beginning net position is presented below (in thousands):

	July 1, 2014, as previously reported	Net Position Effect of GASB 68 and 71	Net Position July 1, 2014, as restated
Government-Wide:			
Governmental activities	$ 9,316,775	$ (7,835,193)	$ 1,481,582
Business-type activities	418,406	(1,322,777)	(904,371)
Discretely Presented Component Unit	1,128,092	(21,142)	1,106,950
Proprietary Funds:			
Harbor UCLA Medical Center	(292,214)	(396,540)	(688,754)
Olive View UCLA Medical Center	(237,120)	(261,368)	(498,488)
LAC+USC Medical Center	34,432	(545,266)	(510,834)
Rancho Los Amigos National Rehab Center	(78,551)	(119,603)	(198,154)
Nonmajor Internal Service Fund Public Works	(288,920)	(288,659)	(577,579)

3. DEFICIT NET POSITION

The following funds had a net deficit at June 30, 2015 (in thousands):

	Accumulated Deficit
Government-wide-	
Business-Type Activities	$ 837,157
Enterprise Funds:	
Harbor-UCLA Medical Center	$ 680,831
Olive View-UCLA Medical Center	490,213
LAC+USC Medical Center	492,822
Rancho Los Amigos National Rehab Center	161,465
Internal Service Fund	
Public Works	607,656

The Government-wide Business-Type Activities, Enterprise and Internal Service Funds' deficits result primarily from the recognition of certain liabilities including accrued compensated absences, net pension liability, Other Postemployment Benefits (OPEB) obligation, workers' compensation, self-insurance and, for the enterprise funds, medical malpractice, and third party payors, as required by GAAP. Deficits are expected to continue until such liabilities are retired through user charges or otherwise funded.

4. ELIMINATIONS

The Regional Park and Open Space District (RPOSD), a blended component unit, is authorized to issue assessment bonds to acquire and improve recreational land and facilities. These bonds are secured by voter-approved property tax assessments. The RPOSD executed a financing agreement with the Public Works Financing Authority, another blended component unit referred to in the basic financial statements as "Joint Powers Authorities" (JPAs). Under the terms of the agreement, the RPOSD sold $510,185,000 of bonds in 1997 that were acquired as an investment by the JPAs. The JPAs financed this investment from proceeds of a simultaneous issuance of an equivalent amount of bonds as a public offering. The structure of the publicly offered JPA bonds was designed to match the RPOSD's bonds relative to the principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of RPOSD related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPAs, the RPOSD has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPAs. The 1997 bonds were partially refunded in 2004-2005 and the remaining 1997 bonds were fully refunded in 2007-2008. The transactions between the two component units have been accounted for as follows:

Fund Financial Statements

At June 30, 2015, the governmental fund financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of $82,880,000 that has been recorded in the Nonmajor Governmental Funds. The governmental fund financial statements do not reflect a liability for the related bonds payable ($82,880,000), as this obligation is not currently due. Accordingly, the value of the asset represents restricted fund balance in the Nonmajor Governmental Funds.

4. ELIMINATIONS-Continued

Fund Financial Statements-Continued

In order to reflect the economic substance of the transaction described above, an eliminations column has been established in the governmental fund financial statements. The purpose of the column is to remove the duplication of assets, fund balances, revenues and expenditures that resulted from the consolidation of the two component units into the County's overall financial reporting structure.

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within governmental activities (as appropriate under the accrual basis of accounting). The specific items eliminated were other investments and bonds payable ($82,880,000) and investment income and interest expense ($4,998,000 for each). Accordingly, there are no reconciling differences between the two sets of financial statements (after the effects of eliminations) for this matter.

The bonds payable of $82,880,000, that were publicly issued, are included among the liabilities presented in the Government-wide Financial Statements. Disclosures related to those outstanding bonds appear in Note 11 and are captioned "Assessment Bonds."

5. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2015 (in thousands):

			Restricted Assets		
	Pooled Cash and Investments	Other Investments	Pooled Cash and Investments	Other Investments	Total
Governmental Funds	$ 6,310,313	$ 55,525	$	$	$ 6,365,838
Proprietary Funds	177,090		155,084	697	332,871
Fiduciary Funds (excluding Pension and OPEB)	17,196,144	151,734			17,347,878
Pension and OPEB Trust Funds	85,364	50,817,566			50,902,930
Discretely Presented Component Units	691,490	212,111			903,601
Total	$ 24,460,401	$ 51,236,936	$ 155,084	$ 697	$75,853,118

5. CASH AND INVESTMENTS-Continued

A summary of cash and investments (by type) as of June 30, 2015 is as follows (in thousands):

Cash:	
County	
Imprest Cash	$ 10,658
Cash in Vault	1,687
Cash in Bank	400,607
Deposits in Transit	5,713
CDC	9,510
Outside Trustees	100
Total Cash	428,275
Investments:	
In Treasury Pool	24,196,820
In Specific Purpose Investment (SPI)	156,177
In Other Specific Investments	302
Held by Outside Trustees	51,377
In LACERA	50,817,566
In Discretely Presented Component Unit - CDC	202,601
	75,424,843
Total Cash and Investments	$ 75,853,118

Cash and investments are reported as follows:

Governmental Funds	$ 6,365,838
Proprietary Funds	332,871
Investment Trust Funds	15,607,299
Agency Funds	1,740,579
Pension Trust Fund (LACERA)	50,902,930
Discretely presented component unit:	
- First 5	520,768
- Community Development Commission (CDC)	382,833
Total Cash and Investments	$ 75,853,118

County Treasurer Cash

As of June 30, 2015, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was $400.61 million, $5.71 million were deposits in transit, plus $1.69 million in cash in the Treasurer's vault.

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government Code Section 53651 delineates the types of eligible securities, and the required collateral percentage, generally at 110%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portion of deposits which is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the Local Agency Security Program (LASP) of California Department of Financial Institutions. LASP confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2015.

5. CASH AND INVESTMENTS-Continued

County Investment Pool

California Government Code Sections 53601, 53635, 53534 and 53601q authorize the County Treasurer to invest the External Investment Pool (Pool) and Specific Purpose Investments (SPI) funds in obligations of the United States Treasury, federal agencies, State and local agencies, municipalities, asset-backed securities, mortgage-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard and Poor's Rating Services (S&P) or P-1 by Moody's Investors Service (Moody's), negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, floating rate notes, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securties and Exchange Commission, the State of California's Local Agency Investment Fund (LAIF), guaranteed investment contracts, interest rate swaps, and supranationals. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Eighty-five percent (85%) of the Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County's Pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund. Certain SPI have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's Pool and is reported in the Specific Investment Trust Fund in the amount of $121,357,000. The Pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer must follow.

Investments are stated at fair value, except for certain non-negotiable securities that are reported at cost, which approximates fair value, because they are not transferable and have terms that are not affected by changes in market interest rates, such as mortgage trust deeds, Los Angeles County securities, and the investments in the LAIF. The fair value of investments is determined monthly and is provided by the custodian bank. The method used to determine the value of participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

Investments in LAIF are governed by the California Government Code and overseen by a five member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2015, the total amount invested by all California local governments and special districts in LAIF was $21.50 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2015 had a balance of $69.606 billion. The PMIA is not SEC registered, but is required to

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

invest according to the California Government Code. Included in the PMIA's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling $1.45 billion at June 30, 2015. Collectively, these represent 2.08% of the PMIA balance of $69.606 billion. The SPI holdings in the LAIF investment pool as of June 30, 2015, were $42.32 million, which were valued using a fair value factor provided by LAIF.

As permitted by the Government Code, the County Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the County Treasurer may invest. The table below identifies the investment types that are authorized by the County, along with the related concentration of credit limits:

	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
Authorized Investment Type	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**
U.S. Treasury Notes, Bills and Bonds	5 years	None (1)	None	None	None	None	None	None
U.S. Agency Securities	5 years	None (1)	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years (2)	None	10%*	None	10%*	None	None (2)
Bankers' Acceptances	180 days	180 days	40%	40%	30%	$750 million*	None	P-1
Commercial Paper	270 days	270 days	40%	40%	10%	$1.5 billion*	A-1/P-1	A-1/P-1
Negotiable Certificate of Deposits (3)	5 years	3 years*	30%	30%	None	$750 million*	None	P-1/A
Corporate Medium-Term Notes (4)	5 years	3 years*	30%	30%	None	$750 million*	A	A-1/P-1/A
Repurchase Agreement	1 year	30 days*	None	$1 billion*	None	$500 million*	None	None
Reverse Repurchase Agreement	92 days	92 days	20%	$500 million*	None	$250 million*	None	None
Securities Lending Agreements	92 days	92 days	20%	20% (5)*	None	None	None	None
Money Market Mutual Funds	N/A	N/A	20%	15%*	10%	10%	AAA	AAA
LAIF	N/A	N/A	None	$50 million (6)**	None	None	None	None
Asset-Backed Securities	5 years	5 years	20%	20%	None	$750 million*	AA	AA (7)
Supranationals	5 years	5 years	30%	30%	None	None	AA	AA

1. Pursuant to the California Government Code 53601, the Board granted authority to make investments in U.S. Treasury Notes, Bills and Bonds, and U.S. Agency Securities that have maturities beyond 5 years.
2. Any obligation issued or caused to be issued on behalf of other County affiliates must have a minimum rating of A3 (Moody's) or A- (S&P) and the maximum maturity is limited to thirty years. All other Local Agencies are limited to 5 years.
3. Euro Certificate of Deposits are further restricted to a maximum maturity of one year and a maximum percentage of portfolio of 10%.
4. Floating Rate Notes are further restricted to a maximum maturity of five years, maximum of 10% of the portfolio, and maximum investment in one issuer of $750 million. The maximum maturity may be seven years, provided that the Board's authorization to exceed maturities in excess of five years is in effect, of which $100 million par value may be greater than five years to maturity.
5. The maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
6. The maximum percentage of the portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy. Bond proceeds are considered a one-time deposit, have no maximum deposit amount, and are maintained on thirty-day increments.
7. All Asset-Backed securities must be rated at least "AA" and the issuer's corporate debt rating must be at least "A".

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

*Represents restriction in which the County's Investment Policy is more restrictive than the California Government Code.

**The maximum percentage of portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy.

A summary of investments held by the Pool at June 30, 2015 is as follows (in thousands):

Pool	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity in Years
Commercial Paper	$ 6,777,947	$ 6,777,961	0.12% - 0.24%	07/01/15 - 08/28/15	0.05
Corporate and Deposit Notes	234,906	234,983	0.27% - 1.45%	09/28/15 - 01/12/18	1.41
Los Angeles County Securities	47,000	47,000	0.55% - 0.61%	06/30/16 - 06/30/17	1.85
Negotiable Certificates of Deposit	2,775,089	2,775,013	0.11% - 0.43%	07/01/15 - 04/18/16	0.16
U.S. Agency Securities	13,262,026	13,288,567	0.13% - 8.50%	07/28/15 - 07/01/20	2.83
U.S. Treasury Securities:					
U.S. Treasury Notes	100,539	99,719	1.38%	11/30/2015	0.42
U.S. Treasury Bills	999,313	998,819	0.14% - 0.24%	11/12/15 - 03/31/16	0.57
Total Investments	**$ 24,196,820**	**$ 24,222,062**			**1.63**

The unrealized loss on investments held in the Pool was $25,242,000 as of June 30, 2015. This amount takes into account all changes in fair value (including purchases, sales and redemptions) that occurred during the year. The method used to apportion the unrealized loss was based on a prorata share of each funds' cash balance as of June 30, 2015 relative to the County Pool balances. A separate financial report is issued for the Pool as of June 30, 2015.

Specific Purpose Investments and Other Specific Investments

A summary of investments held by the SPI and Other Specific Investments at June 30, 2015 is as follows (in thousands):

SPI	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity in Years
Local Agency Investment Fund	$ 42,318	$ 42,302			0.64
Los Angeles County Securities	4,655	4,655	5.00%	09/02/21	6.18
U.S. Agency Securities	109,114	109,803	0.70% - 3.40%	09/12/16 - 06/08/28	5.14
U.S. Treasury Bonds	90	85	7.25%	05/15/16	0.88
Total Investments	**$ 156,177**	**$ 156,845**			**3.95**

5. CASH AND INVESTMENTS-Continued

Specific Purpose Investments and Other Specific Investments-Continued

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity in Years
U.S. Treasury Bills	$ 302	$ 302	0.06%	12/03/15	0.43

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than three years, with the exception of commercial paper and bankers' acceptances, which are limited to 270 days and 180 days, respectively. In addition, U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities may have maturities beyond five years. The County Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

The Treasurer manages the Pool's exposure to declines in fair value by limiting its weighted average maturity target to a range between 1.0 and 2.0 years, in accordance with the Investment Policy. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

52.42% of the Pool's $24.20 billion in investments at June 30, 2015, mature in six months or less. Of the remainder, 45.07% have a maturity of more than one year. At June 30, 2015, the weighted average maturity in years for the Pool was 1.63.

The California Government Code and the Investment Policy allow the Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The Investment Policy limits the amount of floating rate notes to 10% of the Pool portfolio. The Investment Policy also prohibits the purchase of inverse floating rate notes and hybrid or complex structured investments and for the year ended June 30, 2015, there were none.

At June 30, 2015, the Pool contained floating rate notes at fair value of $381.52 million (1.58% of the Pool.) The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable securities is generally less susceptible to changes in value than fixed rate securities because the variable-rate coupon resets back to the market rate on a periodic basis. There were several variable rate notes at fair value of $5.08 million in the SPI and no variable rate notes in the Other Specific Investments.

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolios is adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

5. CASH AND INVESTMENTS-Continued

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Treasurer will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Treasurer and are held by either the counterparty, or the counterparty's trust department or agent but not in the Treasurer's name. At year-end, all Pool, SPI and Other Specific Investment securities, except for the County Improvement Bonds and Bond Anticipation Notes (BANs), certain certificates of participation issued by County entities, and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The bonds, BANs, and certain certificates of participation were held in the Treasurer’s vault and are recorded in the Los Angeles County Securities line item. The LAIF investments were held by the State of California.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by holding a diversified portfolio of high quality investments.

The Investment Policy establishes acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less that A-1 (S&P) or P-1 (Moody’s), while an issuer of long-term debt shall be rated no less that an “A.” All investments purchased during the year ended June 30, 2015 met the credit rating criteria in the Investment Policy, at the issuer level. However, while the NRSROs did rate the issuer of the investments purchased, the NRSRO did not, in all instances, rate the investment itself (e.g., commercial paper, bankers’ acceptances, corporate and deposit notes, and negotiable certificates of deposit). Accordingly, for purposes of reporting the credit quality distribution of investments, some investments are reported as not rated.

The Investment Policy also permits investments in LAIF, pursuant to California Government Code Section 16429.1. At June 30, 2015, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

The Investment Policy, approved annually by the Board, limits the maximum total par value for each permissible security type (e.g., commercial paper and certificates of deposit) to a certain percentage of the Pool portfolio. Exceptions to this are obligations of the United States government, and United States government agencies or government-sponsored enterprises, which do not have a limit. Further, the Treasurer restricts investments in any one issuer based on the issuer’s ratings from a NRSRO. For bankers’ acceptances, negotiable certificates of deposit, corporate notes and floating rate notes, and asset-backed securities, the highest issuer limit, for those issuers with ratings of P-1/Aaa (Moody’s) and A-1/AAA (S&P), was $750 million, approximately 3.10% of the Pool’s investment balance at June 30, 2015. For commercial paper, the highest issuer limit, for those issuers with ratings of P-1/Aaa (Moody’s) and A-1/AAA (S&P), was $1.5 billion, or 6.20% of the Pool’s investment balance as of June 30, 2015.

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The Pool and SPI had the following U.S. Agency and commercial paper securities in a single issuer that represent 5 percent or more of total investments at June 30, 2015 (in thousands):

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Farm Credit Bank	$ 2,076,639	8.58%	$ 10,906	6.98%
Federal Home Loan Bank	4,471,384	18.48%	66,759	42.75%
Federal Home Loan Mortgage Corporation	3,200,247	13.23%		
Federal National Mortgage Association	3,489,629	14.42%		
Atlantic Asset Sec LLC CP	1,268,997	5.24%		
Cancara Asset Sec LLC CP	1,253,791	5.18%		

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2015:

Pool	**S&P**	**Moody's**	**% of Portfolio**
Commercial Paper	Not Rated	Not Rated	28.01%
Corporate and Deposit Notes	AA-	Aa3	0.97%
Los Angeles County Securities	Not Rated	Not Rated	0.19%
Negotiable Certificates of Deposit	Not Rated	Aa2	0.21%
	Not Rated	Not Rated	11.26%
U.S. Agency Securities	AA+	Aaa	46.15%
	Not Rated	Aaa	1.27%
	Not Rated	Not Rated	7.40%
U.S. Treasury Securities:			
U.S. Treasury Notes	Not Rated	Aaa	0.41%
U.S. Treasury Bills	Not Rated	Not Rated	4.13%
			100.00%
SPI			
Local Agency Investment Fund	Not Rated	Not Rated	27.09%
Los Angeles County Securities	Not Rated	Not Rated	2.98%
U.S Agency Securities	AA+	Aaa	56.97%
	AA+	Not Rated	12.90%
U.S. Treasury Bonds	Not Rated	Aaa	0.06%
			100.00%
Other Specific Investments			
U.S. Treasury Bills	Not Rated	Not Rated	100.00%
			100.00%

5. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements

The California Government Code permits the County Treasurer to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the broker-dealer a margin against a decline in the fair value of the securities. If the broker-dealer defaults on the obligation to resell these securities to the County or provide securities or cash of equal value, the County would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest.

The County's investment guidelines limit the maximum par value of reverse repurchase agreements to $500,000,000 and proceeds from reverse repurchase agreements may only be reinvested in instruments with maturities at or before the maturity of the reverse repurchase agreement. During the fiscal year, the County did not enter into any reverse repurchase agreements.

Securities Lending Transactions

For the year ended June 30, 2015, the Los Angeles County Pool did not enter into any securities lending transactions.

Safekeeping Securities

At June 30, 2015, all Pool, SPI investments and Other Specific Investments were safe kept by Citibank N.A., except for the County Improvement Bonds and Bond Anticipation Notes (BANs), certain certificates of participation issued by County entities, LAIF and mortgage trust deeds.

The bonds, BANs, and certain certificates of participation were held in the Treasurer’s vault and are recorded in the Los Angeles County Securities line item. The mortgage trust deeds were held and administered by Bank of America.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2015, to support the value of shares in the Pool.

Cash and Investments - Held by Outside Trustees

NPC and JPAs have been established for the purpose of rendering assistance to the County to refinance, acquire, construct, improve, lease and sell properties and equipment, including the construction of buildings, and purchase of equipment, land, and any other real or personal property, for the benefit of County residents, through the issuance of bonds, certificates of participation notes (COPs) and commercial paper.

5. CASH AND INVESTMENTS-Continued

Cash and Investments - Held by Outside Trustees-Continued

The NPC and JPAs' cash is deposited and invested with the outside trustees. Investment practices are governed by the County's Investment Procedures and Guidelines, established pursuant to the California Government Code and the Los Angeles County Board of Supervisors' action.

Investments are stated at fair value. Deposits held by outside trustees as of June 30, 2015 were $100,000. The bank balance of deposits equals the carrying amount and was insured or collateralized with securities held by the entity or its agent in the entity's name. $305.55 million of investments held by outside trustees are invested in the County's investment pool. In addition, the outside trustees invested $51.38 million outside of the County's investment pool.

The following is a summary of deposits and investments held by outside trustees as of June 30, 2015 (in thousands):

	Fair Value	Principal	Interest Rate % Range	Maturity Range	Weighted Average Maturity (Years)
Money market mutual funds	$ 51,377	$ 51,377	0.01%	07/01/15	0.00
Deposits	100	100			
	$ 51,477	$ 51,477			

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2015:

Other Investments	S&P	Moody's	% of Portfolio
Money Market Mutual Funds	Not Rated	Not Rated	100.00%
			100.00%

LACERA Investment Portfolio

Narratives and tables presented for the Pension and OPEB Trust funds managed by the LACERA are taken directly from LACERA's Report on Audited Financial Statements for the year ended June 30, 2015 (certain terms have been modified to conform with the County's CAFR presentation). The interest rate risk, foreign currency risk, credit risk, concentration of credit risk, and custodial credit risk related to Pension and OPEB Trust Funds investments are different than the corresponding risk on investments held by the County Treasurer. Detailed deposit and investment risk disclosures are included in Note G and Note I of the audited financial statements.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Deposits-Custodial Credit Risk

Pension and OPEB Trust Funds investments are reported at fair value at June 30, 2015 (in thousands) and are as follows:

	Fair Value
Cash collateral on loaned securities	$ 1,033,471
Short-term investments	1,305,372
Domestic and international equity	25,077,955
Fixed income	12,881,582
Real estate*	5,480,795
Private equity	4,346,854
Hedge funds	691,537
Total	$ 50,817,566

* Refer to Note J of LACERA's Report on Audited Financial Statements for year ended June 30, 2015 for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Los Angeles County Pool at June 30, 2015 totaling $85,364,000. The Pension and OPEB Trust Funds portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of total investments or plan net position.

Deposit and Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the Board of Investments (BOI) with exclusive control over LACERA's investment portfolio. The BOI established an Investment Policy Statement. BOI members exercise authority and control over the management of LACERA's Net Position Restricted for Benefits by setting policy that the investment staff executes either internally or through the use of prudent external experts.

The Investment Policy Statement encompasses the following:
- U.S. Equity Investment Policy
- Non-U.S. Equity Investment Policy
- Private Equity Investment Policy
- Fixed Income Investment Policy
- Cash and Cash Equivalents Investment Policy
- Real Estate Investment Policy
- Commodities Investment Policy
- Corporate Governance Policy and Principles
- Derivatives Investment Policy
- Emerging Manager Policy
- Manager Monitoring and Review Policy
- Securities Lending Policy
- Placement Agent Policy
- Hedge Fund Policy

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERA seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the Pension Trust Fund at an acceptable level of risk within this asset class. To control credit risk, credit quality guidelines have been established.

The majority of the Core, Core Plus, and High Yield portfolios use the following guidelines in terms of credit quality.

Domestic Fixed Income Core and Core Plus Portfolios

A minimum of 80 percent and 70 percent of Core and Core Plus portfolios, respectively, must be invested in securities rated investment-grade by the major credit rating agencies: Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch).

In addition:
- Money market instruments must be rated at least A-2/P-2 or equivalent by at least one major credit rating agency.
- All rated securities, including Rule 144A securities, must be rated at least B- by S&P or equivalent by at least one major credit rating agency at the time of purchase.
- Unrated issues may be purchased provided, in the judgment of the Investment Manager, they would not violate LACERA's minimum credit quality criteria.
- Unrated issues and securities rated BBB+, BBB, or BBB- by S&P or equivalent, in combination, may represent up to 30 percent of the portfolio.

Domestic High-Yield Fixed Income Portfolios

By definition, high-yield bonds are securities rated below investment grade. Therefore, the majority of bonds in the high-yield portfolios are rated below investment grade by at least one of the major credit rating agencies: Moody's, S&P, and Fitch.

In addition:
- Money market instruments must be rated at least A-2/P-2 or equivalent by at least one major credit rating agency.
- At least 95 percent of all rated securities, including Rule 144A securities, must be rated at least B- by S&P or equivalent by at least one major credit rating agency at the time of purchase.
- Consistent with the preceding requirement, a maximum of 5 percent of the portfolio may be invested in issues rated below B- by S&P or equivalent; however, these issues must be rated at least CCC by S&P or Caa by Moody's.
- Unrated issues may be purchased provided, in the judgment of the Investment Manager, they would not violate LACERA's minimum credit criteria.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

LACERA's Opportunistic Credit portfolios allow for the assumption of more credit risk than other fixed income portfolios, by investing in securities which include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, and bank loans. LACERA utilizes specific investment guidelines for these portfolios that limit maximum exposure by issuer, industry, and sector, which result in well-diversified portfolios.

Credit Quality Ratings of Investments in Fixed Income Securities
As of June 30, 2015
(Dollars in Thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate Debt/Credit Securities	Pooled Funds	Total	% of Portfolio
AAA	$ 1,858,585	$ 2,205,374	$ 1,043	$ 753,165	$	$ 4,818,167	38%
AA		6,471	34,268	418,283		459,022	4%
A		2,406	33,886	1,138,907		1,175,199	9%
BAA		595		1,798,916		1,799,511	14%
BA				780,317		780,317	6%
B			3,857	909,027		912,884	7%
CAA			5,499	321,043		326,542	3%
CA				6,201		6,201	0%
C				21,706		21,706	0%
Not Rated			5,620	490,109	1,922,832	2,418,561	19%
Total Investment in Fixed Income Securities	**$ 1,858,585**	**$ 2,214,846**	**$ 84,173**	**$ 6,637,674**	**$ 1,922,832**	**$ 12,718,110**	**100%**

Custodial Credit Risk

LACERA’s contract with its primary custodian (Bank) provides that the Bank may hold LACERA’s securities registered in the Bank’s or its agent’s nominee name, in bearer form, book-entry form, a clearing house corporation, or a depository, so long as the Bank’s records clearly indicate that the securities are held in custody for LACERA’s account. The Bank may also hold securities in custody in LACERA’s name when required by LACERA. When held in custody by the Bank, the securities are not at risk of loss in the event of the Bank’s financial failure, because the securities are not property (assets) of the Bank. Cash invested overnight in the Bank’s depository accounts is subject to the risk that in the event of the Bank’s failure, LACERA might not recover all or some of its deposits. This risk is mitigated when the overnight deposits are insured or collateralized.

LACERA’s policy as incorporated in its current contract with the Bank requires the Bank to certify it has taken all steps to assure all LACERA monies on deposit with the Bank are eligible for and covered by “pass-through insurance,” in accordance with applicable law and FDIC rules and regulations. The steps taken by the Bank include paying deposit insurance premiums when due, maintaining a “prompt corrective action” capital category of “well capitalized,” and identifying on the Bank’s records that it acts as a fiduciary for LACERA with respect to the monies on deposit. In addition, the Bank is required to provide evidence of insurance and to maintain a financial institution bond, which will cover the loss of money and securities with respect to any and all property the Bank or its agents hold in or for LACERA’s account, up to the amount of the bond. To implement certain investment strategies in a cost-effective manner, some of LACERA’s assets are invested in investment managers’ pooled vehicles. The securities in these vehicles may be held by a different custodian.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Counterparty Risk

Counterparty risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

No more than 5 percent of the Core, Core Plus, or High-Yield portfolios may be invested in securities of a single issuer, except: U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and manager's approved commingled funds.

As of June 30, 2015, LACERA did not hold any investments in any one issuer that would represent 5 percent or more of total investments or plan net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

Interest Rate Risk

Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

To manage interest rate risk, the modified adjusted duration of the Domestic Fixed Income Core, Core Plus, and High-Yield portfolios is restricted to +/- 25.0 percent of the duration of the portfolios' respective benchmarks. Deviations from any of the stated guidelines require prior written authorization from LACERA.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Fixed Income Securities - Duration
As of June 30, 2015
(Dollars in Thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective (1) Duration
U.S. Government and Agency Instruments and Municipals		
U.S. Treasury	$ 1,858,585	6.36
U.S. Government Agency	2,214,846	2.53
Municipal/Revenue Bonds	84,173	9.54
Subtotal U.S. Government and Agency Instruments and Municipals	**4,157,604**	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	475,437	1.05
Commercial Mortgage-Backed Securities	317,718	0.92
Corporate and Other Credit	3,788,855	4.44
Fixed Income Swaps	3,468	N/A
Pooled Investments	1,922,832	N/A
Subtotal Corporate Bonds and Credit Securities	**6,508,310**	
Non-U.S. Fixed Income	193,816	5.77
Private Placement Fixed Income	1,858,380	4.10
Subtotal Non-U.S. and Private Placement Securities	**2,052,196**	
Total Fixed Income Securities	**$ 12,718,110**	

(1) Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bonds price caused by a change in the bond's yield. For example, a modified duration of 5 indicates that a 1 percent increase in a bond's yield will cause the bond price to decline 5 percent.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERA's authorized managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines. To mitigate foreign currency risk, LACERA has in place a passive currency hedging program, which hedges into U.S. dollars approximately 50 percent of LACERA's foreign currency exposure for developed market equities.

The following schedule represents LACERA's exposure to foreign currency risk in U.S. dollars. LACERA is invested in several non-U.S. commingled funds. This means LACERA owns units of commingled funds, and the fund holds the actual securities and/or currencies. The values shown include LACERA's pro rata portion of non-U.S. commingled fund holdings.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Securities at Fair Value
As of June 30, 2015
(Dollars in Thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
AMERICAS							
Argentine Peso	$ 6,753	$	$	$	$	$	$ 6,753
Bermudan Dollar	2,956						2,956
Brazilian Real	177,857	15,812	8			(105)	193,572
Canadian Dollar	834,224	4,769	165			7,308	846,466
Chilean Peso	17,994						17,994
Colombian Peso	6,254						6,254
Mexican Peso	112,394	40,586	953			7	153,940
Peruvian New Sol	11,670						11,670
EUROPE							
British Pound Sterling	1,719,028	25,472	761	3,529	54,022	(33,065)	1,769,747
Czech Republic Koruna	1,483						1,483
Danish Krone	151,861					(1,455)	150,406
Euro	2,558,657	92,520	26,760	161,247	295,705	(14,300)	3,120,589
Hungarian Forint	4,492						4,492
Norwegian Krone	70,914		203			264	71,381
Polish Zloty	20,698						20,698
Russian Ruble	88,714						88,714
Swedish Krona	263,162					(3,339)	259,823
Swiss Franc	742,937					(6,986)	735,951
PACIFIC							
Australian Dollar	606,176		3,020			3,132	612,328
Chinese RNB	28,184						28,184
Japanese Yen	1,863,021		6,805			18,375	1,888,201
New Zealand Dollar	14,924	1,730	225			1,282	18,161
South Korean Won	280,312		277				280,589
MIDDLE EAST							
Egyptian Pound	3,199						3,199
Israeli New Shekel	40,865		10			(1,367)	39,508
Lebanese Pound	770						770
Omani Rial	2,065						2,065
Qatari Rial	8,407						8,407
Saudi Riyal	11,121						11,121
Turkish Lira	52,172						52,172
UAE Dirham	8,925						8,925
AFRICA							
CFA Franc (W. African)	1,812						1,812
Ghana New Cedi	2,046						2,046
Kenyan Shilling	3,728						3,728
Moroccan Dirham	581						581
Nigerian Naira	11,748						11,748
South African Rand	182,208		341				182,549
Tanzanian Shilling	507						507
Tunisian Dinar	1,362						1,362
SOUTHEAST ASIA							
Hong Kong Dollar	926,476		6,399			13	932,888
Indonesian Rupiah	39,328		15				39,343
Malaysian Ringgit	51,076		16				51,092
New Taiwan Dollar	247,904		291				248,195
Philippine Peso	14,598	7,535					22,133
Singapore Dollar	192,626		2,736			(539)	194,823
Thai Baht	58,839						58,839
Vietnamese Dong	3,810						3,810
SOUTH ASIA							
Indian Rupee	231,325						231,325
Sri Lankan Rupee	311						311
Total Securities Subject to Foreign Currency Risk	**$ 11,682,474**	**$ 188,424**	**$ 48,985**	**$ 164,776**	**$ 349,727**	**$ (30,775)**	**$ 12,403,611**

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

The BOI's policies authorize LACERA to participate in a securities lending program. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn, LACERA receives cash as collateral. LACERA pays the borrower interest on the collateral received and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower.

LACERA's securities lending program is managed by two parties: LACERA's custodian bank, State Street Bank and Trust, and a third-party lending agent, Goldman Sachs Agency Lending (GSAL). State Street Bank and Trust lends LACERA's non-U.S. equities, U.S. Treasury, agency, and mortgage-backed securities. GSAL lends LACERA's U.S. equities and corporate bonds. All non-U.S. loans are collateralized at 105 percent, while the U.S. loans are collateralized at 102 percent of the loan market value.

State Street Global Advisors invests the collateral received from both lending programs. The collateral is invested in short-term, highly liquid instruments. The collateral is marked-to-market daily and if the market value of the securities on loan rises, LACERA receives additional collateral. Earnings generated above and beyond the interest paid to the borrowers represent net income. LACERA shares this net income with the two lending agents based on contractual agreements.

Under the terms of their lending agreements, both lending agents provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities" when loaned securities are not returned. In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent shall be liable to LACERA for the amount of such excess, with interest. Either LACERA or the borrower of the security can terminate a loan on demand.

At year-end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. As of June 30, 2015, there were no known violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2015.

As of June 30, 2015, the fair value of securities on loan was $1.748 billion, with a value of cash collateral received of $1.033 billion and non-cash collateral of $815.43 million. Securities lending assets and liabilities of $1.033 billion are recorded in the Pension and OPEB Trust Funds. LACERA's income, net of expenses from securities lending, was $6.55 million for the year ended June 30, 2015.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2015
(Dollars in Thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received
U.S. Equities	$ 443,668	$ 455,078	
U.S. Fixed Income	168,288	171,887	
Non U.S. Equities	1,135,566	406,506	815,428
Total	**$ 1,747,522**	**$ 1,033,471**	**$ 815,428**

Derivative Financial Instruments

LACERA’s Investment Policy Statement and Manager Guidelines allow the use of derivatives by certain investment managers. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument that represents direct ownership of an asset or an obligation of an issuer whose payments are based on or derived from the performance of some agreed-upon benchmark. Managers are required to mark-to-market derivative positions daily and may trade only with counterparties with a credit rating of A3/A-, as defined by Moody’s and S&P, respectively. Trades with counterparties with a minimum credit rating of BBB/Baa2 may also be allowed with the posting of initial collateral. Substitution, risk control, and arbitrage are the only derivative strategies permitted. Speculation is prohibited. Gains and losses from derivatives are included in net investment income. For financial reporting purposes, all LACERA derivatives are classified as investment derivatives. The following types of derivatives are permitted: futures contracts, currency forward contracts, option contracts, and swap agreements. Given that hedge fund managers may already have discretion to use derivatives in the funds they manage, LACERA's Derivatives Policy applies to hedge fund investments.

Futures Contracts

A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

Currency Forward Contracts

A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to manage currency exposure, to implement the passive currency hedge, and to facilitate the settlement of international security purchase and sale transactions.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Currency Forward Contracts-Continued

Currency Forwards Analysis
As of June 30, 2015
(Dollars in Thousands)

Currency Name	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2015
Australian Dollar	$ 495,087	$ 498,219	$ (495,087)	$ 3,132
Brazilian Real	18,987	18,882	(18,987)	(105)
British Pound Sterling	1,458,400	1,425,335	(1,458,400)	(33,065)
Canadian Dollar	598,506	605,813	(598,506)	7,307
Swiss Franc	649,001	642,015	(649,001)	(6,986)
Danish Krone	126,495	125,039	(126,495)	(1,456)
Euro	2,957,527	2,943,227	(2,957,527)	(14,300)
Hong Kong Dollar	172,549	172,563	(172,549)	14
Israeli New Shekel	55,606	54,239	(55,606)	(1,367)
Japanese Yen	1,978,955	1,997,331	(1,978,955)	18,376
Mexican Peso	14,991	14,998	(14,991)	7
Norwegian Krone	55,934	56,198	(55,934)	264
New Zealand Dollar	24,901	26,183	(24,901)	1,282
Swedish Krona	332,147	328,808	(332,147)	(3,339)
Singapore Dollar	125,124	124,585	(125,124)	(539)
Total	**$ 9,064,210**	**$ 9,033,435**	**$ (9,064,210)**	**$ (30,775)**

Option Contracts

An option contract is a type of derivative in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

Swap Agreements

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. The cash flows the counterparties exchange are tied to a notional amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

The Investment Derivatives schedule below reports the fair value balances, changes in fair value, and notional amounts of derivatives outstanding as of and for the year ended June 30, 2015, classified by type.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Swap Agreements-Continued

Investment Derivatives
As of June 30, 2015
(Dollars in Thousands)

Derivative Type	**Net Appreciation/ (Depreciation) in Fair Value For the Year Ended June 30, 2015**	**Fair Value at June 30, 2015**	**Notional Amount (Dollars)**	**Notional Amount (Units)**
Commodity Futures Long	$ (326,378)	$	$	345,062
Commodity Futures Short	122,199			(74,906)
Credit Default Swaps Bought	1,165	(1,352)	39,889	
Credit Default Swaps Written	(1,113)	1,259	77,727	
Equity Options Bought	(40)			
Equity Swaps	(7)			
Fixed Income Futures Long	10,909			297,495
Fixed Income Futures Short	(900)			(789,902)
Fixed Income Options Bought	(2,030)	1,386	609,577	
Fixed Income Options Written	2,675	(1,749)	(934,051)	
Foreign Currency Options Bought	118	78	13,663	
Foreign Currency Options Written	64	(6)	(7,184)	
Futures Options Bought	(1,866)	935	8,184	
Futures Options Written	2,376	(1,308)	(14,086)	
FX Forwards	735,286	(30,775)	9,064,209	
Pay Fixed Interest Rate Swaps	1,385	3,563	819,524	
Receive Fixed Interest Rate Swaps	(371)	(323)	56,509	
Rights	388	47		9
Total Return Swaps Bond	141	185	38,736	
Total Return Swaps Equity	(102,296)	7,834	(336,103)	
Warrants	(95)			6,167
Total	**$ 441,610**	**$ (20,226)**	**$ 9,436,594**	**(216,075)**

All investment derivative positions are included as part of Other Investments in the statement of fiduciary net position. All changes in fair value are reported as part of net increase/(decrease) in the statement of changes in fiduciary net position.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Counterparty Credit Risk

LACERA is exposed to counterparty credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to counterparty credit risk include currency forward contracts and swap agreements. To minimize counterparty credit risk exposure, LACERA's investment managers continuously monitor credit ratings of counterparties. Should there be a counterparty failure, LACERA would be exposed to the loss of the fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. LACERA requires investment managers to have Master Agreements in place that permit netting in order to minimize credit risk. Netting arrangements provide LACERA with a legal right of set off in the event of bankruptcy or default by the counterparty. LACERA would be exposed to loss of collateral provided by the counterparty. Collateral provided by the counterparty reduces LACERA's counterparty credit risk exposure.

The schedule below displays the fair value of investments with each counterparty's S&P, Fitch and Moody's credit rating by counterparty's name alphabetically.

Counterparty Credit Risk Analysis
As of June 30, 2015
(Dollars in Thousands)

Counterparty Name	Total Fair Value	S&P Rating	Fitch Rating	Moody's Rating
Bank of America N.A.	$322	A	A+	A1
Bank of New York	113	A+	AA-	A1
Barclays	35	A-	A	A2
Barclays Bank PLC Wholesale	2	A-	A	A2
Barclays Capital	204	A-	A	A2
BNP Paribas	39	A+	A+	A1
BNP Paribas SA	379	A+	A+	A1
Citibank N.A.	1,455	A	A+	A1
Credit Suisse FOB CME	1,949	A	A	A1
Credit Suisse FOB LCH	1,846	A	A	A1
Credit Suisse International	4,700	A	A	A1
Credit Suisse Securities (USA) LLC	1,887	A	A	A1
Deutsche Bank AG	13,635	BBB+	A	A3
Deutsche Bank Securities Inc	55	BBB+	A	A3
Goldman Sachs + Co,	1,418	A-	A	A3
Goldman Sachs CME	1,824	A-	A	A3
Goldman Sachs International	4,998	A-	A	A3
HSBC Bank USA	1	AA-	AA-	Aa3
JP Morgan Securities Inc.	1,579	A	A+	A3
JP Morgan	134	A	A+	A3
JP Morgan Chase Bank N.A.	119	A+	AA-	Aa3
Macquarie Bank Limited	62	A	A	A2
Morgan Stanley Bank N.A.	274	A	A+	A1
Morgan Stanley Co. Incorporated	2	A-	A	A3

5. CASH AND INVESTMENTS-Continued

LACERA Investments Portfolio-Continued

Counterparty Credit Risk-Continued

Royal Bank of Scotland PLC	11,221	BBB+	BBB+	A3
Societe Generale	2,836	A	A	A2
Standard Chartered Bank	66	A+	AA-	Aa2
Standard Chartered Bank, London	17	A+	AA-	Aa2
State Street Bank and Trust Company	1,101	AA-	AA	A1
Toronto Dominion Bank	2	AA-	AA-	Aa1
UBS AG	62	A	A	A2
UBS AG London	14,244	A	A	A2
UBS CME	447	A	A	A2
Westpac Banking Corporation	11,501	AA-	AA-	Aa2
Total	**$ 78,529**			

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. LIBOR refers to the London Interbank Offered Rate. These investments are disclosed in the following table (in thousands):

		Investment Maturities (in years)				
Investment Type	**Notional Value**	**Fair Value**	**Less Than 1**	**1 - 5**	**6 – 10**	**More Than 10**
Credit Default Swaps Bought	$ 39,889	$ (1,352)	$	$ (1,502)	$ 150	$
Credit Default Swaps Written	77,727	1,259	32	1,171	(5)	61
Fixed Income Futures Long*	297,495					
Fixed Income Futures Short*	(789,902)					
Fixed Income Options Bought	609,577	1,386	1,258	128		
Fixed Income Options Written	(934,051)	(1,749)	(1,589)	(153)	(7)	
Pay Fixed Interest Rate Swaps	819,524	3,563	(52)	(2,371)	61	5,925
Receive Fixed Interest Rate Swaps	56,509	(323)		6	(313)	(16)
Total Return Swaps Bond	38,736	185	(53)	238		
Total Return Swaps Equity	(336,103)	7,834	7,798	36		
Total	**$ (120,599)**	**$ 10,803**	**$ 7,394**	**$(2,447)**	**$(114)**	**$ 5,970**

*The notional value represents units.

Hedge Funds

The hedge fund category of investments is not a separate asset class but is comprised of strategies that: 1) invest in securities within LACERA's existing asset classes or across multiple asset classes; 2) have an absolute return objective; and 3) include the ability to use specialized techniques, such as leverage and short-selling, and instruments such as derivatives. LACERA employs two hedge fund of funds managers with specialized knowledge and expertise to construct three hedge fund portfolios. The hedge fund of fund managers identify, select, implement, and monitor these investment strategies in the portfolios consistent with LACERA's stated objectives, constraints, and Investment Policy.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds-Continued

In October 2011, LACERA began investing in hedge funds with a goal of reducing the volatility of the Pension Trust Fund without materially decreasing Pension Trust Fund returns. This initial investment consisted of a portfolio of hedge funds invested in a diversified strategy.

In December 2012, LACERA began investing in a second portfolio of hedge funds focused on opportunistic credit strategies.

These two hedge fund portfolios are each structured in a limited partnership in which LACERA is the sole limited partner, and each was created to hold the interests in the underlying hedge funds. LACERA's original fund of funds manager serves as General Partner and owns a 0.01 percent stake in each partnership.

In April 2015, LACERA began funding a third portfolio of hedge funds, managed in a diversified strategy by a second fund of funds manager. The underlying hedge funds in this portfolio are held directly by LACERA.

Each underlying fund investment in the entire hedge fund program is in a legal entity designed to limit liability for each fund's investment to the capital invested with that fund.

The investment performance for this strategy is measured separately from other asset classes. The fair value of assets invested in hedge funds as of June 30, 2015 was $692 million.

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows (in thousands):

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 2,394,042	3,523	(100)	$ 2,397,465
Easements	4,964,247	13,232	(46,180)	4,931,299
Software in progress	116,587	73,524	(92,501)	97,610
Construction in progress-buildings and improvements	661,059	256,653	(632,952)	284,760
Construction in progress-infrastructure	289,131	126,469	(123,074)	292,526
Subtotal	8,425,066	473,401	(894,807)	8,003,660
Capital assets, being depreciated:				
Buildings and improvements	4,383,647	635,517	(1,960)	5,017,204
Equipment	1,539,412	109,672	(72,060)	1,577,024
Software	569,027	136,395		705,422
Infrastructure	7,742,110	90,741	(50,799)	7,782,052
Subtotal	14,234,196	972,325	(124,819)	15,081,702

6. CAPITAL ASSETS-Continued

Governmental Activities-Continued

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Less accumulated depreciation for:				
Buildings and improvements	$ (1,624,808)	$ (77,903)	1,818	$(1,700,893)
Equipment	(1,111,949)	(98,420)	54,580	(1,155,789)
Software	(311,132)	(88,181)	1	(399,312)
Infrastructure	(3,520,072)	(171,223)	14,824	(3,676,471)
Subtotal	(6,567,961)	(435,727)	71,223	(6,932,465)
Total capital assets, being depreciated, net	7,666,235	536,598	(53,596)	8,149,237
Governmental activities capital assets, net	$ 16,091,301	1,009,999	(948,403)	$16,152,897

Business-type Activities

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	$ 152,578	480		$ 153,058
Easements	31,390	45		31,435
Construction in progress-buildings and improvements	65,740	15,233	(50,195)	30,778
Construction in progress-infrastructure	24,638	10,465	(11,645)	23,458
Subtotal	274,346	26,223	(61,840)	238,729
Capital assets, being depreciated:				
Buildings and improvements	2,585,150	72,058		2,657,208
Equipment	282,392	56,067	(11,345)	327,114
Software	58,922			58,922
Infrastructure	1,238,200	11,334		1,249,534
Subtotal	4,164,664	139,459	(11,345)	4,292,778
Less accumulated depreciation for:				
Buildings and improvements	(694,976)	(38,766)		(733,742)
Equipment	(185,637)	(30,702)	7,419	(208,920)
Software	(21,880)	(4,871)		(26,751)
Infrastructure	(534,341)	(21,889)		(556,230)
Subtotal	(1,436,834)	(96,228)	7,419	(1,525,643)
Total capital assets, being depreciated, net	2,727,830	43,231	(3,926)	2,767,135
Business-type activities capital assets, net	$ 3,002,176	69,454	(65,766)	3,005,864
Total capital assets, net	$ 19,093,477	1,079,453	(1,014,169)	$19,158,761

6. CAPITAL ASSETS-Continued

Depreciation Expense

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

Governmental activities:	
General government	$ 26,807
Public protection	162,356
Public ways and facilities	98,540
Health and sanitation	26,608
Public assistance	69,885
Education	2,959
Recreation and cultural services	21,097
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	27,475
Total depreciation expense, governmental activities	$ 435,727

Business-type activities:	
Hospitals	$ 63,263
Waterworks	22,374
Aviation	1,934
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	8,657
Total depreciation expense, business-type activities	$ 96,228

Discretely Presented Component Units

CDC

Capital assets activity for the CDC component unit for the year ended June 30, 2015 was as follows (in thousands):

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	$ 92,713		(102)	$ 92,611
Construction in progress-buildings and improvements	2,000	1,259	(944)	2,315
Subtotal	94,713	1,259	(1,046)	94,926
Capital assets, being depreciated:				
Buildings and improvements	218,417	3,592	(318)	221,691
Equipment	9,332	137	(326)	9,143
Subtotal	227,749	3,729	(644)	230,834

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units-Continued

CDC-Continued

Less accumulated depreciation for:				
Buildings and improvements	$ (139,471)	(4,298)	318	$ (143,451)
Equipment	(5,333)	(1,158)	321	(6,170)
Subtotal	(144,804)	(5,456)	639	(149,621)
Total capital assets being depreciated, net	82,945	(1,727)	(5)	81,213
CDC capital assets, net	`$ 177,658	(468)	(1,051)	$ 176,139

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2015 was as follows (in thousands):

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated- Land	$ 2,039			$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,589	125		2,714
Subtotal	14,665	125		14,790
Less accumulated depreciation for:				
Buildings and improvements	(2,193)	(242)		(2,435)
Equipment	(2,429)	(80)		(2,509)
Subtotal	(4,622)	(322)		(4,944)
Total capital assets being depreciated, net	10,043	(197)		9,846
First 5 LA capital assets, net	$ 12,082	(197)		$ 11,885

7. SERVICE CONCESSION ARRANGEMENTS (SCA)

GASB 60 "Accounting and Financial Reporting for Service Concession Arrangements (SCA)" defines an SCA as a type of public-private or public-public partnership. An SCA is an arrangement, which meets specific criteria under GASB 60, between a government (the transferor) and an operator.

The County determined that golf courses met the criteria set forth in GASB 60 (where the County is the transferor) and therefore included theses SCAs in the County's financial statements as deferred inflows of resources. GASB 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as an operator.

7. SERVICE CONCESSION ARRANGEMENTS (SCA)-Continued

Golf Courses

The County manages a public golf course system, which offers affordable greens fees, discount programs for senior citizens and students, and a junior golf program. Each golf course is leased under agreement with an operator, which provides for activities such as golf course management, clubhouse operations, and food and beverage concessions. The operators collect user fees and are responsible for the day-to-day operations of the golf courses. The operators are required to operate and maintain the golf courses, and make installment payments to the County, in accordance with their respective contracts.

As of June 30, 2015, the present value of the installment payments under contract is estimated to be $93.23 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using a discount rate of 5.12% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from two to 24 years as of June 30, 2015. The FY 2014-2015 total monthly installment payments are approximately $723,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The carrying value of the golf courses, including buildings and land, is reported at $11.90 million as of June 30, 2015.

8. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the County Employees' Retirement Law of 1937. LACERA is a cost-sharing, multi-employer defined benefit plan. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

Los Angeles Superior Court
Little Lake Cemetery District
Local Agency Formation Commission
Los Angeles County Office of Education
South Coast Air Quality Management District

New employees of the latter two agencies are not eligible for LACERA benefits.

Benefits are authorized in accordance with the California Constitution, the County Employees' Retirement Law (CERL), the bylaws, and procedures and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members.

8. PENSION PLAN-Continued

Plan Description-Continued

LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Vesting occurs when a member accumulates five years of creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

Contributions

LACERA has nine benefit tiers known as A, B, C, D, E and G, and Safety A, B and C. All tiers except E are employee contributory. Tier E is employee non-contributory. Prior to December 31, 2012, new general members were only eligible for tier D or E and new safety members were only eligible for Safety B. As of January 1, 2013, new general employees are only eligible for tier G and new safety members are only eligible for Safety C. These new tiers were added as a result of the California Public Employees' Pension Reform Act of 2013 (PEPRA) and became effective January 1, 2013. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board of Supervisors.

The following employer rates were in effect for FY 2014-2015:

July 1, 2014 – September 30, 2014	A	B	C	D	E	G
General Members	25.08%	17.95%	17.54%	18.24%	19.09%	17.81%
Safety Members	34.63%	27.92%	23.18%			

October 1, 2014 – June 30, 2015	A	B	C	D	E	G
General Members	26.99%	19.49%	19.01%	19.74%	20.95%	19.53%
Safety Members	35.91%	29.26%	25.29%			

The rates were determined by the actuarial valuation performed as of June 30, 2012 and June 30, 2013, respectively. The July 1, 2014 through September 30, 2014 rates for plan G and Safety plan C were based on a PEPRA study completed by the actuaries.

8. PENSION PLAN-Continued

Contributions-Continued

Employee rates vary by option and employee entry age from 5% to 16% of their annual covered salary.

During FY 2014-2015, the County contributed the full amount of the Actuarial Determined Contribution, as determined by the actuarial valuations, in the form of semi-monthly cash payments in the amount of $1.438 billion.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported a liability of $6.957 billion for its proportionate share of the net pension liability in accordance with the parameters of GASB 68 and 71. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, projected forward to the measurement date taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net pension liability was based on a projection of the County's future contribution effort to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the County's proportionate share was 95.897%, which was an increase of 0.239% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $658.86 million. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	$ 2,883,916	$
Changes in proportion and differences between County contributions and proportionate share of contributions		24,167
Contributions made subsequent to measurement date		1,437,555
TOTAL	$ 2,883,916	$ 1,461,722

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner in accordance with GASB 68.

8. PENSION PLAN-Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-Continued

Amounts currently reported as deferred inflows and outflows of resources, other than contributions related to pension, will be recognized in pension expense as follows (in thousands):

	Deferred (Inflows)/Outflows of Resources
Year Ended June 30:	
2016	$ (717,528)
2017	(717,528)
2018	(717,528)
2019	(717,524)
2020	3,452
Thereafter	6,907

Deferred outflows of $1.438 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Actuarial Assumptions

Valuation Timing	June 30, 2013 rolled forward to June 30, 2014
Actuarial Cost Method	Individual Entry Age Normal
Inflation	3.00%
Investment Rate of Return	7.63%, net of investment expense
Cost of Living Adjustments	Based on changes in the Consumer Price Index from the previous January 1 to the current January 1, to the nearest 0.50% to 1.00%, limited to a maximum of 3.00%.
Mortality	Various rates based on RP-2000 mortality tables and using static projection of improvement to 2025 using Projection Scale AA. See June 30, 2013 actuarial valuation for details. It can be found at www.LACERA.com.
Experience Study	Covers the three year period ending June 30, 2013.

8. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.50%, net of all expenses) was determined using a building block method in which a median, or expected, geometric rate of return was developed for each major asset class. The median rates were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages.

For the year ended June 30, 2014:

		Weighted Average Long-Term Expected Rate of Return (Geometric)	
Asset Class	Target Allocation	Asset Class	Expected Alpha
Global Equity	48.50%	7.50%	0.10%
Fixed Income	22.50%	3.50%	0.20%
Real Estate	10.00%	6.05%	0.00%
Private Equity	11.00%	9.85%	4.00%
Commodities	3.00%	4.35%	0.75%
Hedge Funds	3.00%	5.50%	0.00%
Cash	2.00%	1.75%	0.25%
TOTAL	100.00%	6.85%	0.30%

Discount Rate

The discount rate used to measure the total pension liability was 7.63%. This is equal to the 7.50% long term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.63%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.63%) or 1-percentage point higher (8.63%) than the current rate:

8. PENSION PLAN-Continued

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate-Continued

	1% Decrease (6.63%)	Discount Rate (7.63%)	1% Increase (8.63%)
Net Pension Liability	$ 13,726,733	$ 6,957,082	$ 1,302,216

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2014 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

LACERA administers a cost-sharing, multi-employer Other Postemployment Benefit (OPEB) or Retiree Healthcare Program on behalf of the County, its affiliated Superior Court, and four outside districts. The outside districts include: Little Lake Cemetery District, Local Agency Formation Commission, Los Angeles County Office of Education and the South Coast Air Quality Management District.

In April 1982, the County of Los Angeles adopted an ordinance pursuant to Government Code Section 31691, which provided for a health insurance program and death benefits for retired employees and their dependents. In 1994, the County amended the agreements to continue to support LACERA's retiree insurance benefits program regardless of the status of active member insurance.

In June 2014 , the LACERA Board approved the County's request to modify the agreements to create a new retiree healthcare benefit plan in order to lower its Retiree Healthcare Program (RHP) costs. Structurally, this means the County will be segregating all current retirees and current employees into RHP Tier 1 and placing all employees hired after June 30, 2014 into RHP Tier 2. Under the new RHP Tier 2, retirees who are eligible for Medicare will be required to enroll in that program. In addition, coverage will be available for employees or eligible survivors only.

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199 or www.LACERA.com.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funding Policy

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. The benefits earned by County employees range from 40% of the benchmark plan cost with ten completed years of service to 100% of the benchmark plan cost with 25 or more completed years of service. In general, each completed year of service after ten years reduces the member's cost by 4%. Service includes all service on which the member's retirement allowance was based.

Health care benefits include medical, dental, vision, Medicare Part B reimbursement and death benefits. In addition to these retiree health care benefits, the County provides long-term disability benefits to employees, and these benefits have been determined to fall within the definition of OPEB, per GASB 45. These long-term disability benefits provide for income replacement if an employee is unable to work because of illness or injury. Specific coverage depends on the employee’s employment classification, chosen plan and, in some instances, years of service.

The County’s contribution during FY 2014-2015 is on a pay-as-you-go basis. During FY 2014-2015, the County made payments to LACERA totaling $450.14 million for retiree health care benefits. Included in this amount was $47.30 million for Medicare Part B reimbursements and $7.30 million in death benefits. Additionally, $39.50 million was paid by member participants. The County also made payments of $39.92 million for long-term disability benefits.

OPEB Trust

Pursuant to the California Government Code, the County established an irrevocable Other Postemployment Benefit (OPEB) Trust for the purpose of holding and investing assets to pre-fund the Retiree Health Program, which LACERA administers. On May 15, 2012, the Los Angeles County Board of Supervisors entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. During FY 2014-2015, the County did not make any contributions in excess of the pay-as-you-go amounts to the OPEB Trust. As of June 30, 2015, the net position of the OPEB Trust Fund was $488.36 million.

The OPEB Trust does not modify the County’s benefit programs.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Annual OPEB Cost and Net OPEB Obligation

The County's Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The OPEB cost and OPEB obligation were determined by the OPEB health care actuarial valuation as of July 1, 2014, and the OPEB long-term disability actuarial valuation as of July 1, 2013. The following table shows the ARC, the amount actually contributed and the net OPEB obligation (in thousands):

	Retiree Health Care	LTD	Total
Annual OPEB required contribution (ARC)	$ 2,068,400	$ 78,321	$ 2,146,721
Interest on Net OPEB obligation	360,603	10,072	370,675
Adjustment to ARC	(331,875)	(8,268)	(340,143)
Annual OPEB cost (expense)	2,097,128	80,125	2,177,253
Less: Contributions made	450,140	39,920	490,060
Increase in Net OPEB obligation	1,646,988	40,205	1,687,193
Net OPEB obligation, July 1, 2014	9,616,065	231,547	9,847,612
Net OPEB obligation, June 30, 2015	$ 11,263,053	$ 271,752	$ 11,534,805

Retiree Health Care Trend Information (in thousands)

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 2,089,025	42.6%	$ 7,964,673
June 30, 2014	2,098,370	21.3%	9,616,065
June 30, 2015	2,097,128	21.5%	11,263,053

LTD Trend Information (in thousands)

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 73,069	51.5%	$ 189,072
June 30, 2014	79,795	46.8%	231,547
June 30, 2015	80,125	49.8%	271,752

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date for OPEB health care benefits, the funded ratio was 1.80%. The actuarial value of assets was $483.80 million. The actuarial accrued liability (AAL) was $27.288 billion, resulting in an unfunded AAL of $26.804 billion. The covered payroll was $6.672 billion and the ratio of the unfunded AAL to the covered payroll was 401.73%. Covered payroll represents the pensionable payroll of employees that are provided pensions through the pension plan.

As of July 1, 2013, the most recent actuarial valuation date for OPEB long-term disability benefits, the funded ratio was 0%. The actuarial value of assets was zero. The AAL was $945.69 million, resulting in an unfunded AAL of $945.69 million. The covered payroll was $6.596 billion and the ratio of the unfunded AAL to the covered payroll was 14.34%.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Funded Status and Funding Progress-Continued

The schedules of funding progress are presented as RSI following the notes to the financial statements. These RSI schedules present multi-year trend information.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial valuations for OPEB health care and OPEB long-term disability benefits were prepared by two different firms; with some differences in the methods and assumptions used. In both valuations, the projected unit credit cost method was used. The valuation for OPEB health care benefits assumed an annual investment rate of return of 3.75%, a projected general wage increase of 3.50% per annum, and an annual inflation rate of 3.00%. The valuation for OPEB long-term disability benefits assumed an annual investment rate of return of 4.35%, a projected general wage increase of 3.85% per annum and an annual inflation rate of 3.00%. The increases in salary due to promotions and longevity do not affect the amount of the OPEB program benefits. The valuation for OPEB healthcare included an actuarial asset valuation, however, the valuation for OPEB long-term disability benefits did not. Finally, both the OPEB health care and the OPEB long-term disability valuation reports used the level percentage of projected payroll over a rolling (open) 30-year amortization period.

The healthcare cost trend initial and ultimate rates, based on the July 1, 2014 OPEB actuarial valuation, are as follows:

	Initial Year	Ultimate
LACERA Medical Under 65	7.05%	4.70%
LACERA Medical Over 65	9.60%	4.70%
Part B Premiums	2.20%	4.85%
Dental (all)	0.50%	3.35%

10. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2015 (in thousands):

Year Ending June 30	Governmental Activities
2016	$ 79,406
2017	63,634
2018	45,665
2019	34,429
2020	22,720
2021-2025	57,021
2026-2030	54,209
2031-2035	28,321
2036-2040	13,880
2041-2045	13,879
2046-2050	9,022
Total	$ 422,186

Rent expenses related to operating leases were $99,549,000 for the year ended June 30, 2015.

Capital Lease Obligations

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of future minimum lease payments as of June 30, 2015 (in thousands):

Year Ending June 30	Governmental Activities
2016	$ 24,487
2017	22,430
2018	21,632
2019	21,547
2020	21,425
2021-2025	98,008
2026-2030	82,588
2031-2035	55,186
2036-2040	19,013
Total	366,316
Less: Amount representing interest	199,996
Present value of future minimum lease payments	$ 166,320

10. LEASES-Continued

Capital Lease Obligations-Continued

The following is a schedule of property under capital leases by major classes at June 30, 2015 (in thousands):

	Governmental Activities
Land	$ 18,695
Buildings and improvements	141,441
Equipment	68,240
Accumulated depreciation	(53,636)
Total	$ 174,740

Future rent revenues to be received from noncancelable subleases are $1,022,000 as of June 30, 2015.

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, and Asset Development Projects. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. The Asset Development Projects are ground leases and development agreements entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Asset Development leases cover remaining periods ranging generally from 7 to 82 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 20 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 53 years and are accounted for in the General Fund.

The land carrying value of the Asset Development Project ground leases and the Marina del Rey Project area leases is $579,026,000. The carrying value of the capital assets associated with the regional park operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2015 (in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2016	$ 39,642	$ 173
2017	39,553	178
2018	39,455	182
2019	39,308	187
2020	39,942	192
Thereafter	1,449,256	2,453
Total	$ 1,647,156	$ 3,365

10. LEASES-Continued

Leases of County-Owned Property-Continued

The following is a schedule of rental income for these operating leases for the year ended June 30, 2015 (in thousands):

	Governmental Activities	Business-type Activities
Minimum rentals	$ 38,892	$ 161
Contingent rentals	18,342	
Total	$ 57,234	$ 161

The minimum rental income is a fixed amount based on the lease agreements. The contingent rental income is a percentage of revenue above a certain base for the Asset Development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

11. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans, pension (see Note 8), OPEB (see Note 9), capital lease obligations (see Note 10) and other liabilities, which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

A summary of bonds, notes and loans recorded within governmental activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2015
Los Angeles County Flood Control District Refunding Bonds, 2.5% to 5.0%	$ 143,195	$ 2,985
Los Angeles County Flood Control District Revenue Bonds, 4.0% to 4.12%	20,540	12,120
Regional Park and Open Space District Bonds (issued by Public Works Financing Authority), 3.0% to 5.25%	275,535	88,826
NPC Bond Anticipation Notes, 0.535 to 0.596%	27,959	27,959
NPC Bonds, 1.5% to 5.0%	70,572	24,589
Marina del Rey Loans, 4.5% to 4.7%	23,500	15,790
Public Buildings Bonds and Notes, 2.0% to 7.618%	1,305,873	917,049
Lease Revenue Obligation Notes, 0.06% to 0.12%	308,596	308,596
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 5.25% to 6.65%	319,827	404,351
Total	$ 2,495,597	$ 1,802,265

11. LONG-TERM OBLIGATIONS-Continued

A summary of bonds and notes recorded within business-type activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2015
NPC Bond Anticipation Notes, 0.535% to 0.596%	$ 19,041	$ 19,041
NPC Bonds, 1.5% to 5.0%	14,703	6,841
Public Buildings Bonds and Notes, 2.0% to 7.618%	914,292	814,882
Lease Revenue Obligation Notes, 0.06% to 0.12%	33,264	33,264
Waterworks District Loans, 2.28%	8,869	8,414
Aviation Loan, 2.95%	2,000	2,000
Total	$ 992,169	$ 884,442

Assessment Bonds

The Regional Park and Open Space District issued voter approved assessment bonds in 1997, some of which were advance refunded in FY 2004-2005 and the remainder in FY 2007-2008, to fund the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the District. As discussed in Note 4, the bonds were purchased by the Public Works Financing Authority (Authority) and similar bonds were issued as a public offering. The bonds issued by the Authority are payable from the pledged proceeds of annual assessments levied on parcels within the District's boundaries.

The bonds mature in FY 2019-2020. Annual principal and interest payments of the bonds are expected to require less than 50% of annual assessment revenues. Total principal and interest remaining on the bonds is $91,698,000, not including unamortized bond premiums. Principal and interest for the current year and assessment revenues were $35,733,000 and $80,090,000, respectively.

Principal and interest requirements on assessment bonds are as follows (in thousands):

Year Ending June 30	Governmental Activities Principal	Interest
2016	$ 32,270	$ 3,422
2017	11,715	2,313
2018	12,320	1,692
2019	12,955	1,039
2020	13,620	352
Subtotal	82,880	$ 8,818
Add: Unamortized bond premiums	5,946	
Total assessment bonds	$ 88,826	

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds

The County has issued certificates of participation (COPs) through various financing entities that have been established by, and are component units of, the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. During FY 2014-2015, the County issued lease revenue bonds of $153,215,000. The proceeds from these bonds, plus the associated premium of $27,354,000 less issuance costs of $870,000, were used to finance $74,673,000 of various capital improvements, to redeem $100,000,000 of outstanding lease revenue obligation notes, and to fund debt service reserves of $5,026,000. The debt is only issued for Governmental Activities.

The County has pledged net revenues from the Calabasas Landfill for the payment of the Calabasas Landfill Project Revenue bonds, included here in the Public Buildings COPS, issued in 2005 and maturing in 2022. To the extent that the net available revenues are insufficient to cover the debt payments in any fiscal year, the County has pledged to make the debt payments from any source of legally available funds. The County paid $3,199,000 and credit reserves of $217,000 were used to pay for the current fiscal year debt payment of $3,416,000. Total principal and interest remaining on the bonds is $25,910,000.

Principal and interest requirements on COPs (Flood Control District Refunding bonds and Revenue bonds, NPC bonds, and Public Buildings Bonds and COPs for Governmental Activities and NPC bonds and Public Buildings Bonds and COPs for Business-type Activities) are as follows (in thousands):

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 55,562	$ 58,375	$ 29,576	$ 49,918
2017	42,188	55,620	21,777	47,815
2018	28,820	56,527	17,271	45,413
2019	26,814	56,229	16,908	44,613
2020	27,985	55,953	17,771	43,755
2021-2025	184,126	182,801	101,263	202,847
2026-2030	150,072	129,790	128,143	166,814
2031-2035	133,936	85,703	163,549	119,152
2036-2040	132,268	43,373	206,712	59,379
2041-2045	70,808	6,990	84,567	5,161
Subtotal	852,579	$ 731,361	787,537	$ 784,867
Add: Accretions	59,025			
Unamortized bond premiums	45,139		34,186	
Total certificates of participation and bonds	$ 956,743		$ 821,723	

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the Los Angeles County Securitization Corporation (LACSC) under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of $319,827,000 and a residual certificate in exchange for the rights to receive and retain 25.9% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2015 were $131,514,000. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be $1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.7% interest rate at the time of the sale, was $309,230,000. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

Principal and interest requirements (in thousands) for the Tobacco Settlement Asset-Backed bonds are as follows:

Year Ending	Governmental Activities	
June 30	Principal	Interest
2016	$	$ 19,918
2017		19,919
2018		19,919
2019		19,919
2020		19,919
2021-2025	35,925	88,463
2026-2030	46,370	79,132
2031-2035		69,311
2036-2040	62,196	51,136
2041-2045	53,157	30,883
2046	97,824	5,391
Subtotal	295,472	$ 423,910
Add: Accretions	108,879	
Total tobacco settlement asset-backed bonds	$ 404,351	

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes

Notes and Loans

Bond Anticipation Notes (BANS) are issued by the Los Angeles County Capital Asset Leasing Corporation (LACCAL) to provide interim financing for equipment purchases. BANS are purchased by the County Treasury Pool and are payable within five years. In addition, the BANS are issued with a formal agreement that, in the event they are not liquidated within the five-year period, they convert to capital lease obligations with a three-year term secured by County real property. During FY 2014-2015, LACCAL issued additional BANS in the amount of $25,886,000, as reflected in Governmental Activities and $14,114,000 as reflected in Business-type Activities.

Marina del Rey loans were obtained from the California Department of Boating and Waterways for the restoration and renovation of the marina seawall. The loans are secured by Marina del Rey lease revenue and by Los Angeles County Music Center parking revenues.

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of $3,410,000 and $5,473,000 from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 47% of the annual surcharge revenues. During FY 2014-2015, the County obtained additional loans of $758,000. As of June 30, 2015, total loans drawn are $3,396,000 on the Sepulveda Feeder Interconnection project and $5,473,000 on the Marina del Rey Waterline Replacement project.

In July 2014, the Board approved the Whiteman Airport Leasehold Interest Acquisition Project, with a total Project cost of $4,020,000. To partially finance the acquisition, the Aviation Fund obtained an Airport Development Loan from the State of California Department of Transportation, Aeronautics Program for $2,000,000 with an annual interest rate of 2.95%. The Airport Development Loan will be repaid over 17 years with revenue generated by rental income.

Lease Revenue Obligation Notes

Lease revenue obligation notes (LRON) provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON are secured by three irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON and a revolving credit facility with an additional bank supporting the issuance of direct placement revolving notes. This program is secured by twenty-four County-owned properties pledged as collateral in a lease-revenue financing structure with the LACCAL. The LOCs and the revolving credit facility were issued for a three-year period and have a termination date of April 18, 2016. The County has the option to extend the LOCs and the revolving credit for an additional one-year period or to some other term mutually agreed to with the participating banks.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes-Continued

The aggregate maximum principal amount of the three LOCs is $450,000,000, which consists of $150,000,000 of callable Series A (JP Morgan), $100,000,000 of Series B (U.S. Bank), $200,000,000 of Series C (Wells Fargo) and $150,000,000 direct placement revolving credit facility of Series D (Bank of America). The County is responsible for the payment of a non-refundable letter of credit fee for each LOC and a non-refundable commitment fee for the revolving credit facility on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for Series A is equal to 0.54% of the maximum principal amount of the LOC. For Series B and C, the letter of credit fee is equal to 0.6% of the maximum principal amount of the LOC. The commitment fee is equal to 0.3% of the $150,000,000 maximum principal amount of the revolving credit facility for Series D (Bank of America). As of June 30, 2015, $341,860,000 of LRON issued under the program were outstanding, including $80,000,000 of Series A, $100,000,000 of Series B, and $161,860,000 of Series C.

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. During FY 2014-2015, the County redeemed $100,000,000 and reissued $266,957,000 for Governmental Activities and redeemed $38,140,000 and reissued $12,903,000 for Business-type Activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional $62,000,000 of new County LRON, which is reported as $41,639,000 for Governmental Activities and $20,361,000 for Business-type Activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2015 is $341,860,000, which is reported as $308,596,000 for Governmental Activities and $33,264,000 for Business-type Activities. The average interest rate on LRON issued in FY 2014-2015 was 0.087%.

Principal and interest requirements on NPC BANS, Marina del Rey Loans and LRON for Governmental Activities and NPC BANS, Waterworks District Loans, Aviation Loan and LRON for Business-type Activities are as follows (in thousands):

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 311,503	$ 711	$ 38,461	$ 155
2017	26,757	673	14,571	242
2018	911	634	469	231
2019	952	593	480	220
2020	995	550	492	208
2021-2025	5,686	2,037	2,643	855
2026-2030	5,541	637	2,981	517
2031-2035			2,622	148
Total notes, loans, and LRON	$ 352,345	$ 5,835	$ 62,719	$ 2,576

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

	Governmental Activities		Business-type Activities	
Debt Type	Principal	Interest	Principal	Interest
Assessment bonds	$ 82,880	$ 8,818	$	$
Certificates of participation and bonds	852,579	731,361	787,537	784,867
Tobacco settlement asset-backed bonds	295,472	423,910		
Notes, loans, and LRON	352,345	5,835	62,719	2,576
Subtotal	1,583,276	$1,169,924	850,256	$ 787,443
Add: Accretions	167,904			
Unamortized premiums on bonds payable	51,085		34,186	
Total bonds and notes	$1,802,265		$ 884,442	

Long-term liabilities recorded in the government-wide statement of net position include accreted interest on zero coupon bonds and unamortized bond premiums.

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. At June 30, 2015, there were no outstanding bonds and certificates of participation considered defeased.

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2015 (in thousands):

	Balance July 1, 2014	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2015	Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 1,565,577	487,697	469,998	$ 1,583,276	$ 399,335
Add: Unamortized premium on bonds payable	27,908	27,354	4,177	51,085	3,679
Total bonds and notes payable	1,593,485	515,051	474,175	1,634,361	403,014
Interest accretion on capital appreciation bonds payable	170,583	2,803	5,482	167,904	11,205

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

	Balance July 1, 2014	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2015	Due Within One Year
Other long-term liabilities:					
Capital lease obligations (Note 10)	$ 174,121	866	8,667	$ 166,320	$ 8,529
Accrued compensated absences	1,238,514	134,651	80,901	1,292,264	68,458
Workers' compensation (Note 18)	1,862,683	399,635	361,133	1,901,185	379,847
Litigation and self-insurance (Note 18)	170,159	63,072	63,989	169,242	134,669
Pollution remediation obligation (Note 19)	18,194	1,997	133	20,058	3,537
Net pension liability, as restated (Note 2, 8)	8,919,900		2,955,663	5,964,237	
OPEB obligation (Note 9)	8,220,387	1,384,022		9,604,409	
Third party payor	26,745	80,670	67,184	40,231	40,231
Total governmental activities	$ 22,394,771	2,582,767	4,017,327	$ 20,960,211	$1,049,490
Business-type activities:					
Bonds and notes payable	$ 876,778	50,136	76,658	$ 850,256	$ 68,037
Add: Unamortized premium on bonds payable	35,084		898	34,186	1,282
Total bonds and notes payable	911,862	50,136	77,556	884,442	69,319
Other long-term liabilities:					
Accrued compensated absences	182,476	22,390	13,519	191,347	11,990
Workers' compensation (Note 18)	255,814	52,370	41,470	266,714	45,915
Litigation and self-insurance (Note 18)	104,983	10,242	17,614	97,611	28,139
Net pension liability, as restated (Note 2, 8)	1,505,903		513,058	992,845	
OPEB obligation (Note 9)	1,627,225	303,171		1,930,396	
Third party payor (Note 14)	419,357	175,878	128,735	466,500	14,807
Total business-type activities	$ 5,007,620	614,187	791,952	$ 4,829,855	$ 170,170

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the Public Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences, pension and OPEB, and litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds and Notes. Accretions decreased during FY 2014-2015, thereby decreasing liabilities for Bonds and Notes by $2,679,000 for governmental activities. Note 18 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance.

Discretely Presented Component Unit

Long-term debt obligations and corresponding activity for the CDC discretely presented component unit for the year ended June 30, 2015 was as follows (in thousands):

	July 1, 2014	Additions	Maturities	Balance June 30, 2015	Due Within One Year
Governmental activities:					
Bonds and notes payable	$ 25,389		3,488	$ 21,901	$ 2,507
Compensated absences	697	1,048	926	819	737
Capital lease obligations	1,919		648	1,271	656
Claims payable	4,369	531	531	4,369	233
Net pension liability, as restated (Note 2)	13,731		8,901	4,830	
OPEB obligation		3		3	
Total governmental activities	$ 46,105	1,582	14,494	$ 33,193	$ 4,133
Business-type activities:					
Bonds and notes payable	$ 38,651	3	590	$ 38,064	$ 610
Compensated absences	424	744	602	566	509
Net pension liability, as restated (Note 2)	9,695		6,285	3,410	
Total business-type activities	$ 48,770	747	7,477	$ 42,040	$ 1,119
Total long-term obligations	$ 94,875	2,329	21,971	$ 75,233	$ 5,252

12. SHORT-TERM DEBT

On July 1, 2014, the County issued $900,000,000 of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.12%. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2014. The notes matured and were redeemed on June 30, 2015.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2015, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $42,729,000 and limited obligation improvement bonds totaling $5,311,000. The bonds were issued to finance the cost of various construction activities and infrastructure improvements, which have a regional or direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County and are payable solely from special taxes and benefit assessments collected from property owners within the districts. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County and neither the full faith and credit of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

The County functions as an agent for the districts and bondholders. Debt service transactions related to the various bond issues are reported in the agency funds. Construction activities are reported in the Improvement Districts' Capital Projects Fund.

Industrial Development and Other Conduit Bonds

Industrial development bonds, and other conduit bonds, have been issued to provide financial assistance to private sector entities and nonprofit corporations for the acquisition of industrial and health care facilities, which provide a public benefit. The bonds are secured by the facilities acquired and/or bank letter of credit and are payable solely from project revenue or other pledged funds. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2015, the amount of industrial development and other conduit bonds outstanding was $164,560,000.

Redevelopment Refunding Bonds

The County of Los Angeles Redevelopment Refunding Authority, a joint powers authority between the County and the Public Works Financing Authority, was established to issue bonds that would enable successor agencies to former redevelopment agencies within the County to refund their outstanding tax allocation bonds in order to achieve debt service savings and to provide significant economies of scale through reduced costs of issuance and lower interest rates. The bonds are secured by a lien on future tax revenues of successor agencies. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2015, the amount of redevelopment refunding bonds outstanding was $349,317,000.

14. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Medi-Cal Demonstration Project

In November 2010, the Centers for Medicare and Medicaid Services (CMS) approved, pursuant to Section 1115(a) of the Social Security Act, a Medi-Cal Demonstration Project, which affects many aspects of Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State draws down federal matching funds. The Medi-Cal Demonstration Project covers the period November 1, 2010 to October 31, 2015, with a temporary extension to December 31, 2015.

Revenues for the public hospitals are comprised of: 1) Fee-For-Service (FFS) cost-based reimbursement for inpatient hospital services for Medi-Cal patients who are not enrolled in managed care; 2) Medi-Cal Disproportionate Share Hospital (DSH) payments; and 3) distribution from a pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP), which was capped Statewide at $236.0 million in FY 2014-2015. The non-federal share of these payments is provided by the public hospitals rather than the State, through certified public expenditures (CPE). For the inpatient hospital FFS cost-based payments, each hospital provides its own CPE.

The federal medical assistance percentage (FMAP), which establishes the matching amount (known as federal financial participation or FFP) for the FFS cost-based reimbursement for the traditional Medi-Cal population was 50% and 100% for the expansion population for FY 2014-2015. The FMAP for DSH remains at 50%.

For the DSH and SNCP distributions, the CPEs of all the public hospitals in the State are used in the aggregate to draw down the federal match. It is therefore possible for one hospital to receive the federal match that results from another hospital's CPE. In this situation, the first hospital is referred to as a "recipient" hospital, while the second is referred to as a "donor" hospital. A recipient hospital is required to "retain" the FFP amounts resulting from donated CPEs.

All CPEs reported by each hospital will be subject to State and federal audit and final reconciliation. If, at the end of the final reconciliation process, it is determined that a hospital's claimed CPEs resulted in an overpayment of federal funds to the State, the hospital may be required to return the overpayment whether or not the County's hospital received the federal matching funds.

The County also provides funding for the State's share of the DSH program by transferring funds to the State. These transferred funds, referred to as intergovernmental transfers or "IGTs" are used by the State to draw down federal matching funds. The combined IGTs sent to the State by each Hospital Enterprise Fund, plus the matching federal funds, are utilized by the State to provide supplemental funding for the Medi-Cal Demonstration Project.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

The Medi-Cal Demonstration Project restricts the amount of IGTs that may be used for DSH payments. A hospital's IGT may be used to draw federal DSH funding, but only with respect to DSH payments made to that hospital, and the gross amount of such IGT funded payments (non-federal plus federal match) may not exceed 75% of the hospital's uncompensated care costs. The gross IGT funded DSH payment must be "retained" by the recipient hospital fund.

The County recognizes the funding received under the Medi-Cal Demonstration Project by each hospital as net patient services revenue, unless mentioned otherwise, as reflected in the statement of revenues, expenses, and changes in fund net position. The IGT payments are reflected as nonoperating expenses by each hospital in the statement of revenues, expenses, and changes in fund net position.

The IGTs made during FY 2014-2015 are for services provided in FYs 2013-2014 and 2014-2015. The amounts reported below also include IGTs returned by the State for overpayment. The estimated Medi-Cal Demonstration Project net revenues for inpatient services, DSH and SNCP include amounts collected and accrued for FY 2014-2015 as adjusted for over/under-realization of revenues for FY 2005-2006 through FY 2013-2014. The amounts below are in thousands:

	Program Revenues			
	Medi-Cal FFS	DSH	SNCP	Intergovernmental Transfers Expense
Harbor-UCLA	$ 65,168	$ 61,348	$ 34,017	$ 18,301
Olive View-UCLA	49,123	22,219	13,541	27,725
LAC+USC	181,611	88,809	45,827	51,596
Rancho	33,468	28,980	17,196	4,370
Total	$ 329,370	$ 201,356	$ 110,581	$ 101,992

Besides these revenues, the Medi-Cal Demonstration Project provides support for public hospital systems in the following areas:

Delivery System Reform Incentive Pool

The Medi-Cal Demonstration Project establishes the Delivery System Reform Incentive Pool (DSRIP), which ties federal funding to the achievement of milestones in care delivery improvements. To obtain funding under the DSRIP, public hospital systems submitted a five-year plan showing how they will accomplish desired results, and will be required to achieve significant milestones that were approved by the State and CMS. The amounts below, in thousands, were recorded as "other operating revenues" in FY 2014-2015:

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project-Continued

Delivery System Reform Incentive Pool-Continued

	DSRIP Gross Revenues	Intergovernmental Transfers Expense
Harbor-UCLA	$ 123,108	$ 91,920
Olive View-UCLA	34,917	34,984
LAC+USC	170,945	108,325
Rancho	119,372	7,603
Total	$ 448,342	$ 242,832

In addition, the General Fund received $35.41 million for DSRIP. These amounts were recorded as Intergovernmental Revenue Federal on the governmental fund statements.

Managed Care for Seniors and Persons with Disabilities (SPDs)

Under the Medi-Cal Demonstration Project the State of California requires Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) to enroll in managed care plans, rather than using a fee for service system, in an effort to provide more coordinated care and contain costs. In FY 2014-2015, an estimated $260.26 million of SPD gross revenues were recorded as part of net patient service revenue.

The Medi-Cal Demonstration Project requires the County make IGTs to the State to fund the non-federal share of Medi-Cal inpatient payments for the SPD managed care population and expenses associated with such IGTs were $97.81 million in FY 2014-2015.

Coverage Expansion - Low Income Health Program or Healthy Way LA

Under the Medi-Cal Demonstration Project, counties had the option to expand coverage by operating a Low Income Health Program (LIHP). Under this plan, the County is able to cover individuals up to 133% of the federal poverty level (FPL), known as the Medicaid Coverage Expansion (MCE) population for a particular group of services, and receive federal matching funds for the amount expended. The LIHP or the Healthy Way LA (HWLA) - Matched program in Los Angeles, was in effect through the end of 2013 and effective January 1, 2014, coverage under the federal health care reform or the Patient Protection and Affordable Care Act (ACA) of 2010 went into effect.

Estimated revenues recorded for the HWLA program in FY 2014-2015 for services provided during FYs 2011-2012 through 2013-2014 are $7.82 million for patient care services and $8.66 million for administrative services.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Affordable Care Act

The ACA is the new health care reform law in America. The MCE program provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138% of the FPL. Beginning January 1, 2014, the Hospital Presumptive Eligibility program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

The FMAP for the Medicaid Coverage Expansion Program is 100%. In FY 2014-2015, an estimated $661.35 million in MCE revenues and $129.44 million in Medi-Cal Managed Care Rate Supplement revenues related to MCE were recorded as part of net patient service revenue.

Medi-Cal Physician State Plan Amendment (Physician SPA)

Prior to July 1, 2005, Medi-Cal inpatient physician professional services (as well as non-physician practitioner services) provided by the County were reimbursed as part of an all-inclusive fixed contract rate per-diem. Effective July 1, 2005, public hospitals were no longer paid a fixed rate but were reimbursed under a Medi-Cal Demonstration Project. The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. California State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Rather than limiting Medi-Cal reimbursement for physician professional services to a fixed schedule, effective July 1, 2005, California State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Net revenues of $44.22 million were recognized during FY 2014-2015 and included adjustments for the over/under-realization of revenues associated with FY 2005-2006 and FYs 2012-2013 through 2014-2015.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics (CBRC)

CBRC reimburses 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, Multi-Service Ambulatory Care Centers (MACC) and health centers (excluding clinics that provide predominately public health services). The Department-wide CBRC revenues in FY 2014-2015 were $191.06 million. As of June 30, 2015, the County estimated that approximately $153.38 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a noncurrent asset in the proprietary fund statements of net position for each hospital.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Cost Report Settlements

All of the FY 2010-2011 CBRC audit reports were issued and total audit settlements of $39.0 million were paid to the County. The Department of Health Services (DHS) appealed to the Office of Administrative Appeals regarding certain audit adjustments. The informal level appeal hearing between DHS and the Medi-Cal auditors before a hearing auditor was held during October 2015. Prior to and during that process, a number of the disputes for FY 2010-2011 were resolved. The hearing results, known as a Report of Findings, will be issued sometime next year. DHS has formal level appeals pending for FYs 2004-2005, 2005-2006, 2007-2008 and 2009-2010. The formal level appeals for FY 2008-2009 were largely resolved and the settlement should be completed before the end of 2015. The financial impact of the formal level appeals is not yet known at this time.

The State auditors are in the process of auditing the FY 2011-2012 CBRC cost reports and audit reports are anticipated during December 2015 and January 2016. The audit of FY 2013-2014 has also started.

Medi-Cal Managed Care Rate Supplement

The State received approval from CMS to continue the various Medi-Cal Managed Care rate supplements paid to L.A. Care for the period October 1, 2013 through June 30, 2014. The supplement is funded by an IGT made by the County. The County does not receive managed care payments directly from the State; rather, the State contracts with L.A. Care and Health Net, which then subcontract for services with various provider networks.

In addition, in order to receive the supplemental payment, the County is required by Welfare and Institutions Code Section 14301.4, to pay the State Department of Health Care Services a 20% administrative fee that is assessed on the full amount of the IGT. This amount is also recorded as part of IGT.

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2014-2015, including prior year over/under realization, are as follows (in thousands):

	Program Revenues	Intergovernmental Transfers Expense
L.A. Care	$ 87,448	$ 54,024
Health Net	7,890	4,800
Totals	$ 95,338	$ 58,824

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Revenues from the various Medi-Cal programs (i.e., FFS, DSH, CBRC, AB 915, Construction Renovation/Reimbursement Program, etc.) represent approximately 81% of the hospitals' patient care revenue for the year ended June 30, 2015.

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2015 (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	$ 2,316,039	$1,163,320	$ 2,759,610	$ 583,390	$ 6,822,359
Less: Allowance for uncollectible amounts	1,843,016	955,359	2,243,910	309,207	5,351,492
Accounts receivable - net	$ 473,023	$ 207,961	$ 515,700	$ 274,183	$ 1,470,867

Charity Care

Charity care includes those uncollectible amounts, for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through the Department's Ability-to-Pay program, through other collection efforts by the Department, by the Treasurer and Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter. The total amount of such charity care provided by the hospitals for the year ended June 30, 2015 is as follows (in thousands):

Estimated cost of charity care	$ 504,734
Charity care at established rates	571,742
Charges forgone	342,166

Realignment

As a result of the ACA, the State of California (State) adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment Funds will be redirected to support Social Services programs based on a formula. The redirection is based on the assumption that the counties will decrease their cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio is 80% State and 20% County. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected. In 2014-15, the State withheld $238.23 million, from the County's Health Realignment account to help support the Social Services programs.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Realignment-Continued

This withheld redirection amount is expected to be reconciled against actual revenues and expenses for FY 2014-2015 within two years, with the potential final redirection amount being less than or equal to $238.23 million. The redirection amount will be subject to the State's review and approval. The financial impact of the potential redirection of realignment funding in future years is not yet known.

Martin Luther King, Jr. Community Hospital

The County and the University of California ("UC"), with the State, have created a wholly independent, non-profit 501(c)(3) entity, the Martin Luther King, Jr. - Los Angeles Healthcare Corporation, to operate a new hospital at the MLK-MACC site. The new hospital will: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010. The new MLK Community Hospital opened on May 14, 2015.

On December 27, 2013, the County, in its General Fund, established the Martin Luther King, Jr. Community Hospital Financial Assistance budget to provide funding to the MLK-LA Healthcare Corporation for hospital opening activities provided by the County. On April 25, 2014, the County executed a lease agreement with MLK-LA Health Corporation to occupy the Inpatient Tower and related ancillary and support buildings on the MLK Medical Center campus. As part of the lease agreement, the County committed to provide MLK-LA Healthcare Corporation with loans up to the aggregate amount of $82.0 million for pre- and post-hospital opening activities. The fund balance of the General Fund includes the outstanding MLK-LA Health Corporation loan balance of $62.0 million in non-spendable for long-term receivables, and the remaining $20.0 million is assigned for future loans.

15. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for "internal balances" that are reflected between the governmental and business-type activities. The majority of the interfund balances resulted from the time lag between the time that (1) goods and services were provided; (2) the recording of those transactions in the accounting system; and (3) payments between the funds were made. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2015.

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2015 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	$ 13,189
	Flood Control District	2,629
	Public Library	4,757
	Regional Park and Open Space District	2,032
	Nonmajor Governmental Funds	260,293
	Harbor-UCLA Medical Center	63,542
	Olive View-UCLA Medical Center	33,106
	LAC+USC Medical Center	64,088
	Rancho Los Amigos Nat'l Rehab Center	10,514
	Waterworks Enterprise Funds	873
	Nonmajor Aviation Funds	9
	Internal Service Funds	5,955
		460,987
Fire Protection District	General Fund	3,226
	Flood Control District	1
	Nonmajor Governmental Funds	642
	Rancho Los Amigos Nat'l Rehab Center	1
		3,870
Flood Control District	General Fund	1,978
	Regional Park and Open Space District	1
	Nonmajor Governmental Funds	4,513
	Waterworks Enterprise Funds	469
	Nonmajor Aviation Funds	90
	Internal Service Funds	12,691
		19,742
Public Library	General Fund	4,598
	Fire Protection District	5
	Nonmajor Governmental Funds	40
		4,643

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Regional Park and Open Space District	General Fund	$ 9
Nonmajor Governmental Funds	General Fund	102,093
	Fire Protection District	17
	Flood Control District	153
	Public Library	500
	Nonmajor Governmental Funds	19,771
	Harbor-UCLA Medical Center	257
	Rancho Los Amigos Nat'l Rehab Center	378
	Internal Service Funds	18,438
		141,607
Harbor-UCLA Medical Center	General Fund	61,737
	Fire Protection District	13
	Nonmajor Governmental Funds	26,645
	Olive View-UCLA Medical Center	273
	LAC+USC Medical Center	2,233
	Rancho Los Amigos Nat'l Rehab Center	2,877
	Internal Service Funds	2
		93,780
Olive View-UCLA Medical Center	General Fund	38,599
	Fire Protection District	160
	Nonmajor Governmental Funds	18,059
	Harbor-UCLA Medical Center	291
	LAC+USC Medical Center	8,729
	Rancho Los Amigos Nat'l Rehab Center	2,269
		68,107
LAC+USC Medical Center	General Fund	27,410
	Fire Protection District	27
	Nonmajor Governmental Funds	60,706
	Harbor-UCLA Medical Center	17,827
	Olive View-UCLA Medical Center	19,953
	Rancho Los Amigos Nat'l Rehab Center	25,469
		151,392

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	$ 14,306
	Fire Protection District	37
	Harbor-UCLA Medical Center	6,895
	Olive View-UCLA Medical Center	2,157
	LAC+USC Medical Center	1,362
		24,757
Waterworks Enterprise Funds	General Fund	38
	Flood Control District	2
	Nonmajor Governmental Funds	74
	Internal Service Funds	2,224
		2,338
Nonmajor Aviation Funds	Nonmajor Governmental Funds	1
	Internal Service Funds	47
		48
Internal Service Funds	General Fund	17,806
	Fire Protection District	379
	Flood Control District	19,777
	Nonmajor Governmental Funds	34,428
	Harbor-UCLA Medical Center	682
	Olive View-UCLA Medical Center	145
	LAC+USC Medical Center	45
	Rancho Los Amigos Nat'l Rehab Center	1,156
	Waterworks Enterprise Funds	3,590
	Nonmajor Aviation Funds	140
		78,148
Total Interfund Receivables/Payables		$ 1,049,428

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the Public Library and the four hospitals. Other transfers primarily consisted of payments from the various operating funds (principally the General Fund) to debt service funds in accordance with long-term debt covenants. In addition, special revenue funds that are statutorily restricted made transfers to other funds to augment funding for programs operated in the General Fund.

Interfund transfers to/from other funds for the year ended June 30, 2015 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	$ 234
	Public Library	47,623
	Nonmajor Governmental Funds	97,916
	Harbor-UCLA Medical Center	207,536
	Olive View-UCLA Medical Center	73,715
	LAC+USC Medical Center	62,902
	Rancho Los Amigos Nat'l Rehab Center	32,972
	Internal Service Funds	36
		522,934
Fire Protection District	Nonmajor Governmental Funds	9,076
Flood Control District	Nonmajor Governmental Funds	3,084
	Internal Service Funds	2,711
		5,795
Public Library	General Fund	1,945
	Nonmajor Governmental Funds	4,429
		6,374
Nonmajor Governmental Funds	General Fund	389,342
	Fire Protection District	312
	Nonmajor Governmental Funds	202,688
	Harbor-UCLA Medical Center	54,497
	Olive View-UCLA Medical Center	39,856
	LAC+USC Medical Center	116,907
	Rancho Los Amigos Nat'l Rehab Center	136
	Waterworks Enterprise Funds	103
	Internal Service Funds	5,726
		809,567
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	1,095
	LAC+USC Medical Center	16,654
		17,749
Olive View-UCLA Medical Center	Nonmajor Govermental Funds	144
	LAC+USC Medical Center	18,145
		18,289

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Rancho Los Amigos Nat'l Rehab Center	LAC+USC Medical Center	$ 21,520
Waterworks Enterprise Funds	Internal Service Funds	63
Internal Service Funds	Nonmajor Governmental Funds	9
Total Interfund Transfers		$ 1,411,376

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term and long-term advances to assist the Hospital Funds in meeting their cash flow requirements. The County estimates that a portion of Hospital revenue is not collectible within one year and has identified long-term receivables in each Hospital Enterprise Fund. To assist the Hospital Funds in meeting their cash flow requirements, the General Fund provided a $141.70 million long-term advance and classified a corresponding amount of fund balance as nonspendable balance.

Advances from/to other funds at June 30, 2015 are as follows (in thousands):

Receivable Fund	Payable Fund	Short-Term	Long-Term	Total
General Fund	Harbor-UCLA Medical Center	$ 132,717	$ 43,695	$ 176,412
	Olive View-UCLA Medical Center		12,131	12,131
	LAC+USC Medical Center	29,688	70,028	99,716
	Rancho Los Amigos Nat'l Rehab Center	128,313	15,843	144,156
	Internal Service Funds	2,434		2,434
		293,152	141,697	434,849
Flood Control District	Internal Service Funds	6,047		6,047
Nonmajor Governmental Funds	Internal Service Funds	12,172		12,172
Waterworks Enterprise Funds	Internal Service Funds	1,347		1,347
Total Interfund Advances		$ 312,718	$ 141,697	$ 454,415

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental fund statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance in other financing sources.

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

- For the General Fund, obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- In conjunction with implementing GASB 45, the County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2015.

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (in thousands):

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District
Fund balance - budgetary basis	$ 1,750,126	$ 82,767	$ 136,226	$ 38,914	$ 233,840
Budgetary fund balances	1,460,697	166,548	239,957	23,609	97,271
Subtotal	3,210,823	249,315	376,183	62,523	331,111
Adjustments:					
Accrual of estimated liability for litigation and self-insurance claims	138,101	(144)	2,670	674	
Accrual of compensated absences	60,107				
Unamortized balance of sale of tobacco settlement revenue	(237,055)				
Change in revenue accruals	(156,250)	(16,539)	(4,942)	(2,485)	(867)
Change in OPEB	174,097	10,190		1,656	
Subtotal	(21,000)	(6,493)	(2,272)	(155)	(867)
Fund balance - GAAP basis	$ 3,189,823	$ 242,822	$ 373,911	$ 62,368	$ 330,244

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2015, there were contractual commitments of approximately $62.74 million for various general government construction and software and approximately $276.74 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2015, LACERA had outstanding capital commitments to various investment managers, approximating $4.210 billion. Subsequent to June 30, 2015, LACERA funded $266 million of these capital commitments.

17. OTHER COMMITMENTS-Continued

Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2015, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	$	$	$ 457,427	$ 457,427
Fire Protection District	31,943			31,943
Flood Control District	27,009			27,009
Public Library			11,145	11,145
Regional Park and Open Space District	88,430			88,430
Nonmajor Governmental Funds	101,509	7,386	9,734	118,629
Total Encumbrances	$ 248,891	$ 7,386	$ 478,306	$ 734,583

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as aviation, employee fidelity, boiler and machinery in certain structures, art objects, catastrophic hospital general liability, volunteer, special events, public official bond, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The County also has insurance on most major structures. Losses did not exceed coverage in FY 2012-2013, FY 2013-2014 or FY 2014-2015.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation, medical malpractice, law enforcement, theft and damage to property including natural disasters, errors and omissions, and torts. Expenditures are accounted for in the fund whose operations resulted in the loss. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The County utilizes actuarial studies, historical data, and individual claims reviews to estimate these liabilities. The liabilities include estimable incremental claim adjustment expenses, net of salvage, and subrogation of approximately 10% of the total liabilities. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

18. RISK MANAGEMENT-Continued

As indicated in the following table, the County's workers' compensation balance as of June 30, 2015 was approximately $2.168 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2015. Approximately $75,202,000 of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2015, the County's best estimate of these liabilities is $2.435 billion. Changes in the reported liability since July 1, 2013 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year-End
2013-2014				
Workers' Compensation	$ 2,096,349	$ 370,226	$ (348,078)	$ 2,118,497
Other	282,020	39,680	(46,558)	275,142
Total 2013-2014	$ 2,378,369	$ 409,906	$ (394,636)	$ 2,393,639
2014-2015				
Workers' Compensation	$ 2,118,497	$ 452,005	$ (402,603)	$ 2,167,899
Other	275,142	73,314	(81,603)	266,853
Total 2014-2015	$ 2,393,639	$ 525,319	$ (484,206)	$ 2,434,752

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $175.62 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

19. POLLUTION REMEDIATION

GASB 49 establishes accounting and reporting guidelines for the recognition and measurement of a pollution remediation obligation (liability).

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

19. POLLUTION REMEDIATION-Continued

As of June 30, 2015, the County's estimated pollution remediation obligation totaled $20,058,000. This obligation was associated with the County's government-wide governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liability was determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust the estimated obligation when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligation.

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide financial statements and the proprietary funds as of June 30, 2015 are described as follows:

- The deferred outflows of resources, included on the government-wide statement of net position, relates to the unamortized losses on refunding of debt and changes in the net pension liability as discussed in Note 8. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

- The deferred inflows of resources, included on the government-wide statement of net position, relates to the future installment payments of service concession arrangements as discussed in Note 7 and from changes in the net pension liability as discussed in Note 8.

Government-wide statements
Statement of Net Position (in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Unamortized losses on refunding of debt	$ 17,530	$	$ 17,530
Pensions	1,249,917	211,805	1,461,722
Total government-wide deferred outflows of resources	$ 1,267,447	$ 211,805	$1,479,252
Deferred inflows of resources:			
Service concession arrangements	$ 93,233	$	$ 93,233
Pensions	2,457,357	426,559	2,883,916
Total government-wide deferred inflows of resources	$ 2,550,590	$ 426,559	$2,977,149

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Fund financial statements
Statement of Net Position (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total	ISF Funds
Deferred outflows of resources-Pensions	$ 63,506	41,859	87,299	19,141	$211,805	$46,216
Deferred inflows of resources-Pensions	$128,045	84,412	175,688	38,414	$426,559	$93,034

Deferred outflows and inflows of resources balances in the governmental fund financial statements as of June 30, 2015 are described as follows:

- The intra-entity sales of future tobacco settlement revenues are reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.

- Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. The County has included two such items, which are property tax revenues to be collected beyond the 60 day accrual period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Governmental Fund financial statements
Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources - Tobacco settlement revenues	$					237,055	$ 237,055
Deferred inflows of resources:							
Tobacco settlement revenues	$ 237,055					$	237,055
Property tax revenues	114,473	27,444	8,299	4,462	5,889	9,777	170,344
Other long-term receivables	83,581	815	99			109	84,604
Total governmental funds deferred inflows of resources	$ 435,109	28,259	8,398	4,462	5,889	9,886	$ 492,003

21. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2015 (in thousands) are as follows:

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
Fund Balances:						
Nonspendable:						
Inventories	$ 48,186	10,419		1,443		
Long-term receivables	224,198					
Permanent fund principal						2,185
Total Nonspendable	272,384	10,419		1,443		2,185
Restricted for:						
Purpose of fund		232,403	373,812	11,004	330,244	1,711,287
Purpose of utility user tax	45,888					
Grand Avenue project	4,600					
Sheriff Pitchess landfill	3,206					
La Alameda project	2,000					
Capital projects						160,979
Debt service						503,821
Endowments and annuities						203
Total Restricted	55,694	232,403	373,812	11,004	330,244	2,376,290
Committed to:						
Purpose of fund						40,530
Capital projects and extraordinary maintenance	93,291					71,504
Health services-tobacco settlement	46,154					
Budget uncertainties	86,698					
Low to moderate income housing	181					
Assessor tax system	9,300					
Health services operations	16,000					
Interoperable and countywide communication	2,229					
Services to unincorporated areas	13,461					
Financial system	21,995					
Reopening jail beds	12,147					
Department of children and family services	8,840					
Health services future financial requirements	6,513					
Public works-permit tracking system	5,855					

21. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	Public Library	Regional Park and Open Space District	Nonmajor Governmental Funds
TTC remittance processing and mailroom equipment	5,600					
Information technology enhancements	2,564					
Live scan	2,000					
Board budget policies and priorities	965					
TTC unsecured property tax system	463					
Sheriff unincorporated patrol	90					
Total Committed	334,346					112,034
Assigned to:						
Purpose of fund			99	49,921		111,449
Future purchases	490,386					
Capital projects						40,814
Imprest cash	1,568					
Total Assigned	491,954		99	49,921		152,263
Unassigned	2,035,445					
Total Fund Balances	$ 3,189,823	242,822	373,911	62,368	330,244	2,642,772

Reserve for “Rainy Day” Fund

On June 22, 2009, the Board established a Reserve for “Rainy Day” fund. The Reserve for “Rainy Day” fund was established and maintained to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10% of on-going locally generated revenue. Transfers of three percent (3%) should be made into the Reserve each year, if feasible, until the 10% cap is met.

When the Reserve cap of 10% is exceeded, the excess may be available for specified one-time purposes such as capital projects, unfunded retiree health obligations, efficiency measures and information technology initiatives. The objective is to avoid on-going commitments with funding that may not be sustainable in an economic downturn.

The County’s “Rainy-Day” fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for “Rainy Day” funds in the amount of $306,319,000 is reported as unassigned fund balance in the General Fund.

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes ("TRANS")

On July 1, 2015, the County issued $900,000,000 in 2015-2016 TRANS, which will mature on June 30, 2016. The TRANS are collateralized by taxes and other revenues attributable to the 2015-2016 fiscal year and were issued in the form of Fixed Rate Notes at an effective interest rate of 0.29%.

Lease Revenue Obligation Notes

On August 17, 2015, the Los Angeles County Capital Asset Leasing Corporation issued an additional $8,000,000 in Lease Revenue Obligation Notes (LRON) with an initial weighted average interest rate of 0.05%. On October 6, 2015, the Corporation issued an additional $23,000,000 in LRON with an initial weighted average interest rate of 0.04%. Also, on October 30, 2015, the Corporation issued an additional $15,000,000 in LRON with an initial weighted average interest rate of 0.03%. The proceeds are being used to fund capital requirements of various capital projects. The LRON are secured by a long-term lease of County real estate and a letter of credit.

Public Works Financing Authority - Lease Revenue Refunding Bonds 2015 Series B and Series C

On September 2, 2015, the authority issued $218,340,000 in lease revenue refunding bonds, maturing from 2020-2033, with yields ranging from 0.09% to 2.67%. Proceeds from the sale of the bonds will be used to refinance outstanding lease revenue obligations related to the 2005 Calabasas Landfill bonds and the 2005A and 2006B Master Refunding Bonds.

Medicaid Demonstration Project Renewal

On October 31, 2015, the State Department of Health Care Services and the federal Centers for Medicare & Medicaid Services announced a conceptual agreement that outlines the major components of California's 1115 Medicaid waiver renewal, along with a temporary extension to December 31, 2015 of the existing waiver while the details of the renewal are determined through the official Special Terms and Conditions. The conceptual agreement includes the following core elements:

- Global Payment Program - for services to the uninsured in designated public hospital systems;
- Public Hospital Redesign and Incentives in Medi-Cal (PRIME) – delivery system transformation and alignment incentive program for designated public hospitals and district/municipal hospitals;
- Dental transformation incentive program;
- Whole Person Care pilot program – a county-based, voluntary program to target providing more integrated care for high-risk, vulnerable populations;
- Independent assessment of access to care and network adequacy for Medi-Cal managed care beneficiaries;
- Independent studies of uncompensated care and hospital financing.

22. SUBSEQUENT EVENTS-Continued

Medicaid Demonstration Project Renewal-Continued

In addition, the waiver extension and renewal will continue certain programs currently authorized in the Medi-Cal Demonstration Project waiver, including the Drug Medi-Cal Organized Delivery System, Coordinated Care Initiative, and Community-Based Adult Services. The County will continue to participate in the new 1115 waiver. However, the financial impact on future fiscal years has not yet been determined.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

	06/30/2014[1]
Pension Plan's fiduciary net position as percentage of total pension liability	86.804%
County's proportionate share of the collective net pension liability	$6,957,082
County's proportion as percentage of the collective net pension liability	95.897%
Covered-employee payroll[2]	$6,865,817
County's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	101.329%

Schedule of County's Contributions
(Dollar amounts in thousands)

	2015
Actuarially Determined Contribution (ADC)	$1,494,465
Less: Contributions in relation to the ADC	1,494,465
Contribution Deficiency (excess)	$ 0
Covered-employee payroll[2]	$7,261,852
Contributions as a percentage of total covered-employee payroll	20.580%

(1) Historical information is required only for measurement periods for which GASB 68 and 71 is applicable.
(2) Covered-employee payroll represents total payroll of employees that are provided pensions through the pension plan.

Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

None

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of Funding Progress-Other Postemployment Benefits
(Dollar amounts in thousands)

Retiree Health Care

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2010	$ 0	$ 22,939,800	$ 22,939,800	0%	$ 6,695,439	342.62%
July 1, 2012	0	25,733,300	25,733,300	0%	6,619,816	388.73%
July 1, 2014	483,800	27,287,900	26,804,100	1.8%	6,672,228	401.73%

Long-Term Disability

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	$ 0	$ 951,797	$ 951,797	0%	$ 6,547,616	14.54%
July 1, 2011	0	1,018,898	1,018,898	0%	6,650,674	15.32%
July 1, 2013	0	945,687	945,687	0%	6,595,902	14.34%

(1) Covered payroll represents the pensionable payroll of employees that are provided pensions through the pension plan.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

COUNTY OF LOS ANGELES

CALIFORNIA

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final opinion in substantially the following form:

[Delivery Date]

County of Los Angeles
Los Angeles, California

County of Los Angeles
<u>2016-17 Tax and Revenue Anticipation Notes</u>
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles (the "County") in connection with the issuance of $800,000,000 aggregate principal amount of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes"), issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 10, 2016 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes, dated July 1, 2016, executed by the County (the "Financing Certificate"), and Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code. Capitalized undefined terms used herein have the meanings ascribed thereto in the Financing Certificate.

In such connection, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate, an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Financing Certificate and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution, the Financing Certificate and the Tax Certificate, and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes, and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1.The Notes constitute the valid and binding obligations of the County.

2.The Financing Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County.

3.Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES

CALIFORNIA

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the "Notes"). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on this website is not incorporated herein by reference.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and other payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the County's designated agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the County's designated agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the DTC account of the County's designated agent.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Notes will apply.

12. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Notes are not subject to redemption prior to maturity.

NONE OF THE COUNTY OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTES FOR REDEMPTION.

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COUNTY OF LOS ANGELES • 2016-17 TAX AND REVENUE ANTICIPATION NOTES

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