COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

JOSEPH KELLY
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CALIFORNIA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

HOME PAGE
TTC.LACOUNTY.GOV

PROPERTY TAX PORTAL
LACOUNTYPROPERTYTAX.COM

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

52 May 12, 2015

Patrick Ogawa
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

May 12, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ISSUANCE AND SALE OF
2015-16 TAX AND REVENUE ANTICIPATION NOTES
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The Treasurer and Tax Collector is requesting authorization from your Board to issue Tax and Revenue Anticipation Notes (TRANs) to meet the Fiscal Year 2015-16 cash flow needs of the County General Fund. This short-term borrowing program enables the County to effectively manage the funding of its expenditure requirements and greatly reduces the need for internal borrowing. With respect to the 2015-16 TRANs, the Treasurer and Tax Collector is requesting authorization for a maximum issuance not to exceed $900,000,000.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the Resolution authorizing the issuance and sale of the 2015-16 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed $900,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2015-16 TRANs and the execution and delivery of all related financing documents. Since 1977, the County has annually issued tax-exempt TRANs in connection with its cash management program for the upcoming fiscal year. This short-term borrowing program is necessary given that the County receives certain revenues, such as property taxes, on an uneven basis throughout the fiscal year. The proceeds generated from the issuance of TRANs are maintained in a separate fund by the Auditor-Controller and transferred on a periodic basis to meet the expenditure needs of the County General Fund. The issuance of the 2015-16 TRANs will reduce the County's need for internal borrowing, and also has the added benefit of increasing the earnings of the County Treasury Pool.

Due to the County's stable financial condition and cash flows, the requested authorization for the 2015-16 TRANs will remain at $900,000,000 for the second consecutive year. As in prior years, the final par amount of the 2015-16 TRANs may be adjusted downward to meet the projected cash flow needs of the County and to ensure compliance with Federal regulations for tax-exempt financings.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #2: Fiscal Sustainability by providing sufficient financial resources to help meet the Fiscal Year 2015-16 cash flow requirements of the County General Fund.

FISCAL IMPACT/FINANCING

The borrowing cost of the 2015-16 TRANs will depend on market conditions at the time of the sale. The Resolution provides that the price and interest rate on the TRANs shall not result in a true interest cost that exceeds three percent (3%). However, the actual cost of borrowing is expected to be significantly lower and may result in a true interest cost below one half of one percent (0.50%).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Based on current conditions in the municipal note market, the 2015-16 TRANs are expected to be sold as a single series of one-year fixed-rate notes maturing on June 30, 2016. The final structure of the TRANs will be determined at the time of pricing, which is currently scheduled for early June 2015. Proceeds from the sale of the 2015-16 TRANs are expected to be available to the County on July 1, 2015.

Consistent with the County's historical practice, the Treasurer and Tax Collector is recommending a negotiated sale of the 2015-16 TRANs. Based on the results of a competitive bid process, Bank of America Merrill Lynch was selected to be the senior managing underwriter, with Citigroup appointed to serve as the co-senior manager. Up to four co-managers will be added to the underwriting syndicate for the TRANs prior to the pricing date. Orrick, Herrington & Sutcliffe LLP will serve as note counsel for this transaction.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

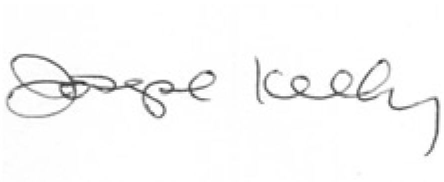
The 2015-16 TRANs are issued as part of a cash management program, which has no direct impact on current services.

CONCLUSION

Upon approval of this Resolution, it is requested that the Acting Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and

Tax Collector (Office of Public Finance).

Respectfully submitted,



Joseph Kelly
Treasurer and Tax Collector

JK:DB:JP:PP:pab

Enclosures

c: Interim Chief Executive Officer
Auditor-Controller
County Counsel
Orrick, Herrington & Sutcliffe LLP

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA PROVIDING FOR THE ISSUANCE AND SALE OF 2015-16 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $900,000,000

WHEREAS, the County of Los Angeles (the **"County"**), a political subdivision of the State of California, requires funds for the purposes authorized by Section 53852 of the California Government Code; and

WHEREAS, the County may borrow money pursuant to Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended (the **"Act"**), for the purposes authorized by Section 53852 of the Act, such indebtedness to be represented by a note or notes of the County; and

WHEREAS, pursuant to the Act, such note or notes are to be issued pursuant to a resolution of the Board of Supervisors of the County (the **"Board"**) and may be issued from time to time as provided in such resolution; and

WHEREAS, the County has determined that it is necessary and in the best interests of the County to authorize the borrowing of an amount not to exceed $900,000,000 with respect to its fiscal year ending June 30, 2016 (**"Fiscal Year 2015-16"**), such indebtedness to be evidenced by the County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes authorized hereby (the **"2015-16 TRANs"**) in an aggregate principal amount not to exceed the amount stated above in anticipation of the receipt by or accrual to the County during such fiscal year of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County; and

WHEREAS, the terms and provisions of the 2015-16 TRANs shall be as set forth in this Resolution and in the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of the County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes, a form of which has been filed with the Board (such Financing Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the **"Financing Certificate"**); and

WHEREAS, the unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2015-16 that will be available for the payment of the 2015-16 TRANs and all other notes issued by the County under the Act in such fiscal year, and the interest thereon, are reasonably estimated to be in excess of $7,500,000,000; and

WHEREAS, there has been filed with the Board a form of Continuing Disclosure Certificate to be executed and delivered by the County in connection with the issuance and sale of the 2015-16 TRANs (such Continuing Disclosure Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the **"Disclosure Certificate"**);

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles as follows:

Section 1. The foregoing recitals are true and correct and the Board hereby so finds.

Section 2. The form of Financing Certificate on file with the Board and by this reference incorporated herein is hereby approved. Subject to the provisions of Section 3 hereof, the Treasurer and Tax Collector of the County, and such other officer of the County as the Treasurer and Tax Collector may designate (collectively, the **"Treasurer"**), are, and each of them is, hereby authorized, and hereby directed, for and in the name of and on behalf of the County, to execute and deliver the Financing Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Treasurer is empowered to implement the fundamental policies established by this Resolution in a manner determined by the Treasurer to be in the best interests of the County, after giving consideration to each of the following with regard to the issuance of the 2015-16 TRANs: (i) market access; (ii) the costs to the County; and (iii) the generation of sufficient proceeds, as contemplated by this Resolution. Without limiting the foregoing, the Treasurer, subject to Section 3 hereof, may determine the maturity date or dates and amount or amounts for any and each respective series of the 2015-16 TRANs, and the Treasurer is hereby authorized to make conforming changes reflecting such maturity or maturities and amount or amounts to each of the documents approved by this Resolution, including changes to the dates and amounts to be set aside hereunder and under the Financing Certificate as the Treasurer determines are necessary or appropriate. The terms and conditions as set forth (or incorporated by reference) in the Financing Certificate, together with the terms and conditions of the 2015-16 TRANs set forth in this Resolution, shall, upon the execution and delivery of the Financing Certificate, be the terms and conditions of such 2015-16 TRANs, as if all such terms and conditions were fully set forth in this Resolution.

Section 3. The 2015-16 TRANs are hereby authorized to be issued in one or more series in an aggregate principal amount not to exceed $900,000,000. The 2015-16 TRANs shall mature on any date or dates not later than 13 months from their date of issuance, in each case as shall be established by the Treasurer and set forth in the Financing Certificate.

Section 4. In consideration of the purchase and acceptance of any and all of the 2015-16 TRANs authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the holders thereof (the "**Holders**"). The pledge made in, and the covenants and agreements to be performed by and on behalf of the County set forth in, this Resolution shall be for the equal benefit, protection and security of the Holders of any and all of the 2015-16 TRANs, regardless of the maturity or maturities of the separate series of 2015-16 TRANs, if any, shall be of equal rank without preference, priority or distinction of any of the 2015-16 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Section 5. The 2015-16 TRANs may be subject to redemption if so provided, and in the manner provided, in the Financing Certificate.

Section 6. The Treasurer is authorized to negotiate the sale of the 2015-16 TRANs issued under this Resolution from time to time at such prices (not to exceed the maximum interest rate permitted by law) as may be established by the Treasurer and set forth in an agreement or agreements between the County and the initial purchasers of all or a portion of the 2015-16 TRANs (each, a **"Contract of Purchase"**), substantially in the form submitted to and considered at this meeting of the Board and by this reference incorporated herein; *provided, however*, that (a) the price and the interest rates for 2015-16 TRANs of any series shall not result in a true interest cost (taking into consideration all applicable contracts entered into pursuant to Section 11 of this Resolution) to the County with respect to such series of 2015-16 TRANs that exceeds 3.0% per annum, and (b) the aggregate underwriters' discount (not including any original issue discount) from the principal amount of such series of 2015-16 TRANs issued shall not exceed 1.0% of the aggregate principal amount of such series of 2015-16 TRANs. The Treasurer is hereby authorized, and is hereby directed, for and in the name of and on behalf of the County, to execute and deliver each Contract of Purchase, substantially in the form on file with the Board, and any other documents required to be executed pursuant to each such Contract of Purchase, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Treasurer is hereby authorized to prepare and distribute, or cause to be prepared and distributed, one or more preliminary official statements in substantially the form presented to this meeting, with such changes as the Treasurer or any of his respective designees may approve. The Treasurer and his respective designees are and each of them acting alone is hereby authorized, for and in the name of and on behalf of the County, to approve one or more final official statements for the 2015-16 TRANs authorized hereby, each in substantially the form of the respective preliminary official statement, with such insertions and changes therein as the Treasurer or any of his respective designees may require or approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the delivery of such official statement or official statements. The Treasurer and any of his respective designees are hereby further authorized, for and in the name of and on behalf of the County, to execute and deliver a certificate or other instrument deeming each preliminary official statement to be final as of its respective date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

Section 8. All or any portion of the 2015-16 TRANs may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer determines that the savings and benefits to the County resulting from the purchase of such credit enhancement exceed the cost thereof. The form, terms and conditions of each instrument providing such credit enhancement or liquidity support shall be as approved by the Treasurer.

Section 9. The Auditor-Controller of the County (the **"Auditor-Controller"**) is hereby directed to establish or cause to be established a "2015-16 TRANs Repayment Fund" (the **"2015-16 TRANs Repayment Fund"**) and any additional subaccounts therein that the Auditor-Controller deems necessary to effectuate the purposes of this Resolution.

The term **"Unrestricted Revenues"** shall mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2015-2016 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. As provided in the Financing Certificate and in the Act, and subject to the provisions of this Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein, the County hereby pledges to the payment of the 2015-16 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 (calculated based on the maximum authorization established hereunder of $900,000,000) (the **"Pledged Revenues"**):

(a) the first $315,000,000 Unrestricted Revenues to be received by the County on and after December 20, 2015;

(b) the first $315,000,000 Unrestricted Revenues to be received by the County on and after January 1, 2016; and

(c) (1) the first $270,000,000 Unrestricted Revenues to be received by the County on and after April 1, 2016, plus (2) an amount equal to the interest that will accrue on the 2015-16 TRANs;

provided, however, that if less than $900,000,000 in aggregate principal amount of the 2015-16 TRANs are issued, then on the date of issuance of any series of 2015-16 TRANs, the set-aside amounts referred to in clauses (a) through (c) above shall be reduced *pro rata* by an aggregate amount equal to the difference between $900,000,000 and the aggregate principal amount of the 2015-16 TRANs actually issued (rounded up to the nearest one million dollars); *and provided further*, that the forgoing set-asides of Pledged Revenues may be adjusted by the terms of the Financing Certificate.

As provided in Section 53856 of the Act, the 2015-16 TRANs 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. As security for the payment of the 2015-16 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2015-16 TRANs Repayment Fund, in trust for the registered owners of the 2015-16 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit in the 2015-16 TRANs Repayment Fund the Pledged Revenues. To the extent that any amounts actually received pursuant to the set-asides requirements set forth above (as may be adjusted pursuant to the Financing Certificate) are less than the amount designated for each such set-aside, then the amount of any deficiency in the 2015-16 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit into the 2015-16 TRANs Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the 2015-16 TRANs Repayment Fund are hereby pledged to the payment of the 2015-16 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2015-16 TRANs 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 2015-16 TRANs 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 (as defined in the Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2015-16 Notes. Any amounts remaining in the 2015-16 TRANs Repayment Fund after repayment of all 2015-16 TRANs 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.

Section 10. The form of Disclosure Certificate on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver the Disclosure Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. Pursuant to Section 5922 of Chapter 12, Division 6, Title 1 of the California Government Code, as amended, the Board hereby authorizes the Treasurer, in connection with, or incidental to, the issuance or carrying of the 2015-16 TRANs, or the acquisition or carrying of any investment or program of investment by the County, to enter into any contracts, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cashflows or a series of payments, or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the Treasurer determines to be necessary or appropriate (with such terms and provisions as the Treasurer deems necessary or appropriate) to place the obligation or investment represented by such 2015-16 TRANs, such investment or program of investment, or such contract or contracts, in whole or in part, on the interest rate, cashflow or other basis determined by the Treasurer. The principal or notional amount with respect to any such contract entered into shall not exceed the greater of the aggregate principal amount of the 2015-16 TRANs or the amount of Pledged Revenues.

These contracts and arrangements shall be entered into with the parties, including without limitation the initial purchasers of any 2015-16 TRANs, selected by the means determined by the Treasurer, and shall contain the payment, security, default, remedy and other terms and conditions determined by the Treasurer, after giving due consideration for the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. The form, terms and conditions of any such contract entered into shall be as approved by the Treasurer and consistent with the purposes of this Resolution and the Financing Certificate.

The Board hereby finds and determines that the contracts authorized by this Section are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the 2015-16 TRANs and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is entered into.

Section 12. Whenever any document or instrument, including without limitation any 2015-16 TRANs, any Contract of Purchase or the Financing Certificate, or any term, provision or condition thereof, is to be approved or established by an authorized officer of the County pursuant to this Resolution, such approval or establishment shall be conclusively evidenced by such authorized officer's execution of such document or instrument or the document or instrument containing such term, provision or condition.

Section 13. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and the Financing Certificate and necessary or appropriate to carry the same into effect and to carry out its purposes.

Section 14. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the 12th day of May, 2015, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

COUNTY OF LOS ANGELES
CALIFORNIA

PATRICK OGAWA
Acting Executive Officer – Clerk of the Board of Supervisors of the County of Los Angeles

By: ______________________
Deputy

Approved as to form:

MARK J. SALADINO
County Counsel

By: ______________________
Principal Deputy County Counsel

FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS
OF ISSUANCE AND SALE OF
COUNTY OF LOS ANGELES
2015-16 TAX AND REVENUE ANTICIPATION NOTES

Dated: ____, 2015

$__________
COUNTY OF LOS ANGELES
2015-16 TAX AND REVENUE ANTICIPATION NOTES

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS OF ISSUANCE AND SALE OF 2015-16 TAX AND REVENUE ANTICIPATION NOTES

In connection with the issuance and sale of the 2015-16 Tax and Revenue Anticipation Notes (the **"2015-16 TRANs"**) by the County of Los Angeles, California, the Treasurer and Tax Collector of the County of Los Angeles (the **"Treasurer"**) hereby certifies that the 2015-16 TRANs shall be issued on the following terms and conditions:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 101. Definitions. The following terms shall for all purposes of this Certificate have the following meanings:

"Act" shall mean Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended.

"Auditor-Controller" shall mean the Auditor-Controller of the County, and any other person designated by the Auditor-Controller to act on his behalf.

"Authorized Denominations" shall mean $5,000 or any integral multiple thereof.

"Authorized Newspapers" shall mean *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.

"Board" shall mean the Board of Supervisors of the County.

"Business Day" shall mean any calendar day other than (i) a Saturday or Sunday; (ii) a day on which banking institutions are authorized or required by law to be closed for commercial banking purposes in either the State of New York or the State of California or in the state in which the Principal Office of the Paying Agent is located; or (iii) a day on which the New York Stock Exchange is closed.

"Certificate" shall mean this "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes," as from time to time amended or supplemented in accordance with the terms hereof.

"Code" shall mean the Internal Revenue Code of 1986.

"Contract of Purchase" shall mean an agreement between the County and the Original Purchaser of all or a portion of the 2015-16 TRANs, together with any amendments thereto.

"County" shall mean the County of Los Angeles, California, its successors and assigns.

"DTC" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"Event of Default" shall have the meaning assigned to such term in Section 503.

"Fiscal Year 2015-16" shall mean the County's fiscal year ending June 30, 2016.

"Fitch" shall mean Fitch Ratings, One State Street Plaza, New York, New York 10004, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Moody's or S&P) designated by the County.

"General Fund" shall mean the General Fund of the County.

"Holder" shall mean the Person in whose name any 2015-16 TRANs is registered on the Note Register.

"Maturity Date" shall mean any date of maturity of the 2015-16 TRANs as set forth in the 2015-16 TRANs and Section 203 hereof.

"Maximum Interest Rate" shall mean the maximum interest rate allowed by law.

"Mayor" shall mean the Chair, Chairperson, Chairman or Mayor of the Board.

"Moody's" shall mean Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the County.

"Note Register" shall mean the registration books for the 2015-16 TRANs maintained by the Note Registrar pursuant to Section 302.

"Note Registrar" shall mean the Treasurer or any other Note Registrar appointed by the County pursuant to this Certificate.

"Official Statement" shall mean that certain Official Statement dated _____, 2015, relating to the 2015-16 TRANs, including any approved supplement or amendment thereto.

"Opinion of Bond Counsel" shall mean a written opinion of any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on bonds issued by states and political subdivisions thereof, and duly admitted to practice law before the highest court of any state of the United States of America.

"Original Purchaser" shall mean, collectively, the Persons who are the initial purchasers from the County of the 2015-16 TRANs upon the original issuance thereof.

"Outstanding," when used with reference to the 2015-16 TRANs, shall mean, as of any date, all of the 2015-16 TRANs theretofore or thereupon being issued under this Certificate except:

(i) 2015-16 TRANs cancelled on or prior to such date;

(ii) 2015-16 TRANs for which other 2015-16 TRANs shall have been delivered in lieu of or in substitution therefor pursuant to Article III; and

(iii) 2015-16 TRANs referred to in Section 305.

"Participant" shall mean an entity which is recognized as a participant by the Securities Depository in the book-entry system of maintaining records with respect to the 2015-16 TRANs.

"Paying Agent" shall mean the Treasurer, or any other Paying Agent appointed by the Auditor-Controller pursuant to the Resolution to perform the functions of a paying agent for the 2015-16 TRANs described herein.

"Payment Date" shall mean any date on which the Paying Agent transfers an amount equal to the principal of and interest then due on the 2015-16 TRANs to the Holders thereof.

"Permitted Investments" shall mean, to the extent permitted by law:

(i) 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,

(ii) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board ("FHLB"); (b) the Federal Home Loan Mortgage Corporation ("FHLMC"); (c) the Federal National Mortgage Association ("FNMA"); (d) Federal Farm Credit Bank ("FFCB"); (e) Government National Mortgage Association ("GNMA"); (f) Student Loan Marketing Association ("SLMA"); and (g) guaranteed portions of Small Business Administration ("SBA") notes,

(iii) 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, S&P, or Fitch and "P-1," "A-1," "Fl" 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 this Certificate, and

(iv) The Los Angeles County Treasury Pool,

(v) 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 this 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,

(vi) 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 Rating Agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,

(vii) 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 this Certificate,

(viii) 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 (ii) 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 hereunder may not exceed $500,000,000, and

(ix) 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 this definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the 2015-16 TRANs, to the extent Pledged Revenue are invested in Permitted Investments described in paragraphs (iii), (v), (vii) or (ix), such investments must be rated by S&P at the respective S&P ratings described therein.

"Person" shall mean an individual, corporation, firm, limited liability company, association, partnership, trust or other legal entity, including a governmental entity or any agency or political subdivision thereof.

"Pledged Revenue" shall mean, as of any date, the Unrestricted Revenues required hereby to be deposited in the 2015-16 TRANs Repayment Fund on or prior to that date.

“Principal Office” shall mean (i) with respect to the Treasurer, the principal office of the Treasurer in Los Angeles, California, and (ii) with respect to any other Paying Agent, the principal corporate trust office of such Paying Agent.

“Rating Agency” shall mean Moody’s, S&P, Fitch or any other nationally recognized securities rating agency designated by the County.

“Representation Letter” shall mean one or more letters of representation from the County to, or other instruments or agreements of the County with, a Securities Depository in which the County, among other things, makes certain representations to such Securities Depository with respect to the 2015-16 TRANs, the payment thereof and delivery of notices with respect thereto.

“Resolution” shall mean the “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2015-16 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $__________,” adopted on _________, 2015, as from time to time amended by any Supplemental Resolution in accordance with the terms hereof.

“S&P” shall mean Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, 55 Water Street, New York, New York 10041, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Fitch or Moody’s) designated by the County.

“Securities Depository” shall mean DTC or any successor as Securities Depository for the 2015-16 TRANs appointed pursuant to Section 202.

“State” shall mean the State of California.

“Supplemental Certificate” shall mean any supplemental financing certificate amending or supplementing this Certificate in accordance with Article VII.

“Supplemental Resolution” shall mean any resolution amending the Resolution, adopted by the County in accordance with Article VII.

“Tax Certificate” shall mean the Tax Certificate, executed by the County on the date of issuance and delivery of the 2015-16 TRANs, as amended from time to time.

“2015-16 TRANs” shall mean all of the County’s 2015-16 Tax and Revenue Anticipation Notes, issued in an aggregate principal amount of $__________ and authorized pursuant to the Resolution.

“2015-16 TRANs Proceeds Fund” shall mean the 2015-16 TRANs Proceeds Fund as described in Section 401.

"2015-16 TRANs Repayment Fund" shall mean the 2015-16 TRANs Repayment Fund established in accordance with the Resolution and described in Section 402.

"Treasurer" shall mean the Treasurer and Tax Collector of the County and any other person designated by the Treasurer to act on his behalf.

"Unrestricted Revenues" means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2015-2016 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.

Section 102. **<u>Other Definitional Provisions</u>**. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and words of the feminine gender shall be deemed and construed to include correlative words of the masculine and neuter genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa. Headings of articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Unless otherwise indicated, all references herein to "Articles," "Sections" or other subdivisions are to the corresponding Articles, Sections or subdivisions of this Certificate; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Certificate as a whole and not to any particular Article, Section or subdivision hereof.

Section 103. **<u>Authority for Delivery of Certificate</u>**. This Certificate is executed and delivered pursuant to and in connection with the Resolution.

Section 104. **<u>Timing of Actions</u>**. Whenever in this Certificate there is designated a time of day at or by which a certain action must be taken, such time shall be local time in New York City, New York, except as otherwise specifically provided herein.

Section 105. **<u>Financing Certificate to Constitute Contract</u>**. In consideration of the purchase and acceptance of any and all of the 2015-16 TRANs to be issued hereunder by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the 2015-16 TRANs. The pledge made in this Certificate and the covenants and agreements herein set forth 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 2015-16 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2015-16 TRANs over any other thereof, except as expressly provided in or permitted by this Certificate.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2015-16 TRANS

Section 201. Authorization, Form and Date of 2015-16 TRANs.

1. The 2015-16 TRANs in an aggregate principal amount of not to exceed $__________ have been authorized to be issued in one or more series pursuant to the Resolution and are entitled to the benefit, protection and security thereof. The 2015-16 TRANs shall be issued in anticipation of the receipt by or accrual to the County during Fiscal Year 2015-16 of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County. Such notes shall be designated as and shall be distinguished from the notes and securities of all other issues of the County by the title "County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes."

2. As of the date hereof, the County has authorized the issuance of $__________ aggregate principal amount of 2015-16 TRANs hereby designated the "2015-16 Tax and Revenue Anticipation Notes."

3. The 2015-16 TRANs shall be issued in fully registered form, without coupons and in Authorized Denominations; provided that the 2015-16 TRANs shall initially be issued in book-entry only form pursuant to Section 202. The County hereby certifies and recites that all acts, conditions and things required by the Act, the Resolution and this Certificate to exist, to have happened, and to have been performed precedent to and during the issuance of the 2015-16 TRANs do exist, have happened and have been performed in due time, form and manner, as required by the Act, the Resolution and this Certificate. The 2015-16 TRANs shall be in substantially the form attached hereto as Exhibit I, which form is hereby approved and adopted as the form of the 2015-16 TRANs.

4. Except as otherwise provided in a Representation Letter, at and after the Maturity Date of the 2015-16 TRANs, the principal of and interest then due on the 2015-16 TRANs shall be payable in lawful money of the United States of America upon surrender of the 2015-16 TRANs at the Principal Office of the Paying Agent. The 2015-16 TRANs so surrendered to the Paying Agent on any Business Day at or prior to 12:00 noon shall be paid in funds immediately available on such Business Day. The 2015-16 TRANs so surrendered to the Paying Agent on any Business Day after 12:00 noon shall be paid on the next succeeding Business Day in funds immediately available on such succeeding Business Day.

5. The 2015-16 TRANs shall not be subject to redemption prior to their respective Maturity Dates.

Section 202. Book-Entry Notes.

1. Subject to any limitation on maximum principal amount imposed by DTC, the 2015-16 TRANs shall be initially issued in the form of a single, separate fully registered note (which may be typewritten) in the full aggregate principal amount for each maturity of such 2015-16 TRANs, and upon initial issuance, the ownership of such 2015-16 TRANs shall be registered in the Note Register in the name of Cede & Co., as nominee of DTC, the initial

Securities Depository. Except as provided in paragraph 5 of this Section, all of the 2015-16 TRANs shall be registered in the Note Register in the name of Cede & Co., or such other nominee of DTC or any successor Securities Depository or the nominee thereof, as shall be specified pursuant to a Representation Letter.

2. With respect to 2015-16 TRANs registered in the Note Register in the name of the Securities Depository, or its nominee, the County and the Paying Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in any such 2015-16 TRANs. Without limiting the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Securities Depository, the nominee of the Securities Depository or any Participant with respect to any ownership interest in the 2015-16 TRANs, (b) the delivery to any Participant or any other Person, other than a Holder as shown in the Note Register, of any notice with respect to the 2015-16 TRANs or (c) the payment to any Participant or any other Person, other than a Holder as shown in the Note Register, of any amount with respect to principal of or interest on the 2015-16 TRANs. The County may treat and consider the Person in whose name any 2015-16 TRANs is registered in the Note Register as the Holder and absolute owner of such 2015-16 TRANs for the purpose of payment of principal and interest on such 2015-16 TRANs and for all other purposes whatsoever.

3. The Paying Agent shall pay all principal of and interest on the 2015-16 TRANs only to or upon the order of the respective Holders, as shown in the Note Register on the respective Maturity Dates thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the obligations with respect to the payment of principal of and interest on the 2015-16 TRANs under this Certificate and the 2015-16 TRANs to the extent of the sums so paid. Upon delivery by the Securities Depository to the Treasurer of written notice to the effect that the Securities Depository has determined to substitute a new nominee, the word "nominee" in this Certificate shall refer to such new nominee of the Securities Depository.

4. In order to qualify the 2015-16 TRANs for the Securities Depository's book-entry system, the Treasurer has been authorized to execute and deliver, or has executed and delivered, on behalf of the County to the Securities Depository a Blanket Letter of Representations regarding such matters as shall be necessary to so qualify such 2015-16 TRANs for deposit with the Securities Depository. The execution and delivery of the Representation Letter or Representation Letters shall not in any way limit the provisions of paragraph 2 of this Section or in any other way impose upon the County any obligation whatsoever with respect to Persons having interests in the 2015-16 TRANs other than the Holders as shown in the Note Register. In addition to the execution and delivery of the Blanket Letter of Representations, the Treasurer and all other officers of the County, and their authorized representatives, are each hereby authorized to take any other actions as they deem necessary or desirable, not inconsistent with this Certificate, to qualify such 2015-16 TRANs for the Securities Depository's book-entry program.

5. In the event (a) the incumbent Securities Depository determines not to continue to act as Securities Depository for the 2015-16 TRANs or (b) the County determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate to the incumbent Securities Depository to that effect, then the County will discontinue the book-entry

system for the 2015-16 TRANs with the incumbent Securities Depository. If the County determines to replace the incumbent Securities Depository with another qualified Securities Depository, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver, subject to any limitation on maximum principal amount imposed by the successor Securities Depository, a new single, separate fully registered note (which may be typewritten) for the aggregate outstanding principal amount of the 2015-16 TRANs held by the incumbent Securities Depository, registered in the name of such successor or substitute qualified Securities Depository or its nominee, or make such other arrangement acceptable to the County and the successor Securities Depository as are not inconsistent with the terms of this Certificate. If the County fails to identify another qualified successor Securities Depository to replace the incumbent Securities Depository, then the 2015-16 TRANs shall no longer be restricted to being registered in the Note Register in the name of the Securities Depository or its nominee, but shall be registered in whatever name or names the Securities Depository or its nominee shall designate. In such event, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver to the Holders thereof, such 2015-16 TRANs as are necessary or desirable to carry out the transfers and exchanges provided in this Section and Section 302. All such 2015-16 TRANs shall be in fully registered form in the denominations authorized upon original issuance pursuant to Section 201.

6. Notwithstanding any other provision of this Certificate to the contrary, so long as any 2015-16 TRANs is registered in the name of the Securities Depository or its nominee, all notices and payments with respect to principal of and interest on such 2015-16 TRANs shall be given and made, respectively, as provided in a Representation Letter or as otherwise instructed by the Securities Depository.

Section 203. <u>Maturity Dates, Principal Amount of and Interest on the 2015-16 TRANs</u>. The 2015-16 TRANs shall be dated __________, 2015. Interest shall be paid on the Maturity Date of the 2015-16 TRANs. The 2015-16 TRANs shall bear interest from their date of original issuance payable at their stated Maturity Date and calculated at the rate set forth below per annum, on the basis of a 360-day year comprised of twelve months of 30 days each. The 2015-16 TRANs shall mature on the dates and in the principal amounts and bear interest at the respective rates as set forth in the following schedule:

Maturity Date	Principal Amount	Interest Rate
June 30, 2016	$___________	________%

ARTICLE III

GENERAL TERMS AND PROVISIONS OF 2015-16 TRANS

Section 301. <u>Execution of 2015-16 TRANs; Authentication</u>.

1. The 2015-16 TRANs shall be executed in the name of the County by the manual or facsimile signature of the Mayor of the Board and the Executive Officer-Clerk of the Board, and the County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. No 2015-16 TRANs shall be entitled to any benefit under the Resolution or this Certificate or be valid or obligatory for any purpose, unless there appears on

such 2015-16 TRANs, a certificate of authentication substantially in the form provided for herein executed by the manual signature of the Paying Agent. Such certificate upon any 2015-16 TRANs shall be conclusive evidence, and the only evidence, that such 2015-16 TRANs has been duly issued, authenticated and delivered hereunder.

2. In case any one or more of the officers who shall have signed or sealed any of the 2015-16 TRANs shall cease to be such officer before the 2015-16 TRANs so signed and sealed shall have been issued, such 2015-16 TRANs so signed and sealed may nevertheless be issued, as herein provided, as if such persons who signed or sealed such 2015-16 TRANs had not ceased to hold such offices. Any of the 2015-16 TRANs may be signed and sealed on behalf of the County by such persons as at the time of the execution of such 2015-16 TRANs shall be duly authorized to hold or shall hold the proper office in the County, although on the date borne by the 2015-16 TRANs such persons may not have been so authorized or have held such office.

Section 302. Negotiability, Transfer and Exchange.

1. The Note Registrar will keep at its Principal Office sufficient books for the registration of transfer and exchange of the 2015-16 TRANs, which shall at all times be open to inspection by the County, and upon presentation for such purpose the Note Registrar shall, under such reasonable regulations as it may prescribe, register or transfer 2015-16 TRANs on such books as hereinafter provided.

2. Any 2015-16 TRANs may, in accordance with its terms, be registered as transferred or exchanged upon the Note Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such 2015-16 TRANs for cancellation at the office of the Note Registrar accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Note Registrar. Whenever any 2015-16 TRANs shall be surrendered for transfer, the County shall execute, and the Paying Agent shall authenticate and deliver new 2015-16 TRANs for a like aggregate principal amount of the same type, with the same provisions, including maturity and interest rate, and in Authorized Denominations. The Note Registrar shall require the payment by the Holder requesting such transfer of all expenses incurred by the Note Registrar and the County in connection with such transfer and any tax or other governmental charge required to be paid with respect to such transfer.

3. The County and the Paying Agent may deem and treat the Holder of any 2015-16 TRANs as the absolute owner of such 2015-16 TRANs, regardless of whether such 2015-16 TRANs shall be 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 such Holder's order shall be valid and effective to satisfy and discharge the liability upon such 2015-16 TRANs to the extent of the sum or sums so paid, and neither the County nor any Paying Agent shall be affected by any notice to the contrary. The County agrees, to the extent permitted by law, to indemnify and hold each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Certificate, in so treating such Holder.

4. The 2015-16 TRANs shall not be exchangeable for other 2015-16 TRANs except as provided in Section 202, this Section and Section 303.

Section 303. 2015-16 TRANs Mutilated, Destroyed, Stolen or Lost. In case any 2015-16 TRANs shall become mutilated or be destroyed, stolen or lost, the County shall issue new 2015-16 TRANs of like principal amount, denomination and tenor as the 2015-16 TRANs so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2015-16 TRANs, or in lieu of and substitution for the 2015-16 TRANs destroyed, stolen or lost, upon the filing with the Paying Agent and the County of evidence satisfactory to the Paying Agent and the County that such 2015-16 TRANs have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Paying Agent and the County with indemnity satisfactory to the Paying Agent and the County and complying with such other reasonable regulations as the Paying Agent and the County may prescribe and paying such expenses as the Paying Agent and the County may incur. All 2015-16 TRANs so surrendered shall be cancelled. Any such substitute 2015-16 TRANs shall constitute original contractual obligations on the part of the County, whether or not the 2015-16 TRANs alleged to be destroyed, stolen or lost are at any time enforceable by anyone. Such substitute 2015-16 TRANs shall be equally secured by and entitled to equal and proportionate benefits with all other 2015-16 TRANs issued under the Resolution and this Certificate in any moneys or securities held by the County or the Paying Agent for the benefit of the Holders of the 2015-16 TRANs.

Section 304. Cancellation. All 2015-16 TRANs which at or after maturity are surrendered to the Paying Agent for the collection of the principal thereof and interest thereon shall be cancelled by the Paying Agent and forthwith destroyed by the Paying Agent. The Paying Agent shall deliver to the County a certificate specifying the cancellation of such 2015-16 TRANs. In all matters provided for in this Section, the County shall act through the Treasurer.

Section 305. 2015-16 TRANs Held by County. If the County shall become the Holder of any 2015-16 TRANs, such 2015-16 TRANs shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation; provided, however, that the County shall not be deemed to be the Holder of any 2015-16 TRANs held by it in a fiduciary capacity.

ARTICLE IV

ESTABLISHMENT OF 2015-16 TRANS PROCEEDS FUND AND REPAYMENT FUND AND APPLICATION THEREOF

Section 401. Use of Proceeds of 2015-16 TRANs.

1. The Auditor-Controller is hereby directed to establish the “2015-16 TRANs Proceeds Fund.” The proceeds of the sale of the 2015-16 TRANs upon original issuance shall be deposited in said 2015-16 TRANs Proceeds Fund. The County shall make disbursements from the 2015-16 TRANs Proceeds Fund to pay current Fiscal Year 2015-16 expenditures and to discharge other obligations or indebtedness of the County in accordance with Section 53852 of the Act and the instructions and agreements set forth in the Tax Certificate. Amounts on hand in the 2015-16 TRANs Proceeds Fund shall be accounted for separately from the other funds of the County and shall be invested so as to be available for the aforementioned disbursements. The

Auditor-Controller shall keep a written record of all investments and investment earnings (including any investment of earnings) of amounts in the 2015-16 TRANs Proceeds Fund, as well as a written record of disbursements from the 2015-16 TRANs Proceeds Fund.

2. Without limiting the generality of paragraph 1 of this Section, the Treasurer and his respective designees are authorized to pay the fees and reasonable expenses incurred in connection with the authorization, sale and issuance of the 2015-16 TRANs out of moneys in the 2015-16 TRANs Proceeds Fund or any account in the General Fund of the County.

Section 402. Payment and Security for the 2015-16 TRANs. Pursuant to the Resolution, the Auditor-Controller is hereby directed to establish the "2015-16 TRANs Repayment Fund" and to establish any subaccounts within the 2015-16 TRANs Repayment Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. As provided in the Act, and subject to the provisions of the Resolution and this Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein and herein, the County hereby pledges to the payment of the 2015-16 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 $___________ Unrestricted Revenues to be received by the County on and after December 20, 2015;

(b) the first $___________ Unrestricted Revenues to be received by the County on and after January 1, 2016; and

(c) (1) the first $___________ Unrestricted Revenues to be received by the County on and after April 1, 2016, *plus* (2) an amount equal to the interest that will accrue on the 2015-16 TRANs.

As provided in Section 53856 of the Act, the 2015-16 TRANs 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. As security for the payment of the 2015-16 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2015-16 TRANs Repayment Fund, in trust for the registered owners of the 2015-16 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit in the 2015-16 TRANs 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 2015-16 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit into the 2015-16 TRANs Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the 2015-16 TRANs Repayment Fund are hereby pledged to the payment of the 2015-16 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2015-16 TRANs 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 2015-16 TRANs 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 (as defined in the Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2015-16 Notes. Any amounts remaining in the 2015-16 TRANs Repayment Fund after repayment of all 2015-16 TRANs 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.

ARTICLE V

CERTAIN COVENANTS; EVENTS OF DEFAULT AND REMEDIES

Section 501. General Covenants and Representations. The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of the Act, the Resolution and this Certificate.

1. Upon the date of issuance of the 2015-16 TRANs, all conditions, acts and things required of the County by the Act, the Resolution and this Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the 2015-16 TRANs, shall exist, shall have happened and shall have been performed, in due time, form and manner, and the issue of 2015-16 TRANs, together with all other indebtedness of the County, shall be within every applicable debt and other limit prescribed by the laws of the State.

2. The County shall not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2015-16 in an amount which, when added to the interest payable thereon, shall exceed 85% 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.

3. The County shall provide, in a timely manner, notice to each Rating Agency that is then providing a rating for the 2015-16 TRANs of the following events:

(a) the substitution or appointment of a successor Paying Agent; and

(b) any material amendments to the Resolution, this Certificate, the 2015-16 TRANs or the Official Statement.

Section 502. Covenants Relating to the Code. The County shall do the following with respect to the 2015-16 TRANs:

1. The County shall comply with each applicable requirement of the Code necessary to maintain the exclusion of interest on the 2015-16 TRANs 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 2015-16 TRANs

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.

2. Notwithstanding any other provisions of this Certificate to the contrary, so long as necessary to maintain the exclusion from gross income of interest on the 2015-16 TRANs for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2015-16 TRANs and the interest thereon.

3. Notwithstanding any other provision of this Certificate to the contrary, upon the County's failure to observe or refusal to comply with the covenants contained in this Section, the Holders, and any adversely affected former Holders, shall be entitled to the rights and remedies provided to Holders under this Certificate.

Section 503. Events of Default and Remedies. The following shall be Events of Default under the Resolution and this Certificate and the term "Event of Default" whenever used in this Certificate shall mean any one or more of the following:

(a) the County fails to make any payment of the principal of, or interest on, any 2015-16 TRANs when and as the same shall become due and payable;

(b) 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, this Certificate or the 2015-16 TRANs 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% in principal amount of the 2015-16 TRANs Outstanding; or

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

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders, of the 2015-16 TRANs and their legal representatives, shall be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants herein and in the Act. Nothing herein shall preclude an individual Holder from enforcing his or her rights to payment of principal of or interest on the 2015-16 TRANs.

ARTICLE VI

PAYING AGENT

Section 601. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Certificate or of any 2015-16 TRANs or as to the security afforded by the Resolution or this Certificate, and the Paying Agent shall incur no liability in respect thereof.

Section 602. Evidence on Which Paying Agent May Act.

1. In case at any time it shall be necessary or desirable for the Paying Agent to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as Paying Agent, and in any case in which this Certificate provides for permitting or taking any action, it may rely upon any notice, resolution, request, consent, order, waiver, statement, certificate, report, opinion, bond or other paper or document to be furnished to it under the provisions of this Certificate, and any such instrument shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, acting reasonably and in good faith, by reason of the supposed existence of such fact.

2. The Paying Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Certificate, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Certificate or at the sole cost and expense of the County with the prior written consent of the County, and when determined necessary in the reasonable discretion of the Paying Agent, as the case may be, upon the written opinion of any attorney (who may be an attorney for the County or an employee of the County) believed by the Paying Agent, to be qualified in relation to the subject matter.

Section 603. <u>Compensation</u>.

1. The County shall pay to the Paying Agent from time to time such compensation as may be agreed upon in writing by the County and the Paying Agent for all services rendered under this Certificate.

2. To the extent permitted by law and approved by the Treasurer, the County may indemnify the Paying Agent and hold it harmless, against any loss, liability or reasonable expense (including the costs and expenses of its counsel and of investigating and defending against any claim of liability) arising out of or in connection with its acting as Paying Agent under this Certificate; *provided, however,* that the Paying Agent shall not be indemnified for or held harmless against any such loss, liability or expense resulting from its negligence, willful misconduct or bad faith. The provision of this paragraph 2 shall remain in full force and effect notwithstanding the resignation or removal of the Paying Agent or the termination of this Certificate.

3. Nothing in this Certificate shall require or obligate the Paying Agent to advance, expend or risk its own funds or otherwise to incur any personal financial liability in the performance or exercise of any of its duties or rights hereunder and the Paying Agent shall be fully justified and protected in taking or refusing to take any action under this Certificate or the 2015-16 TRANs unless it shall first be indemnified against any and all liability and expense which may be incurred by it by reason of such taking or refusing to take any such action (other than any liability or expense resulting from its negligence, willful misconduct or bad faith). Notwithstanding the foregoing, the Paying Agent shall not require indemnification prior to the making, when due, of any payment required at the respective Maturity Dates of the 2015-16 TRANs.

Section 604. Ownership of the 2015-16 TRANs Permitted. Subject to Section 305, the Paying Agent may become the Holder of any 2015-16 TRANs.

Section 605. Resignation or Removal of Paying Agent and Appointment of Successor. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Certificate by giving at least 60 days' prior written notice to the County. The Paying Agent may be removed at any time with or without cause by an instrument filed with the Paying Agent and signed by the County. A successor Paying Agent may be appointed by the County and shall be a commercial bank with trust powers or a trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Certificate. For purposes of this Section, a commercial bank with trust powers or a trust company shall be deemed to have capital and surplus aggregating at least $100,000,000 if it is a wholly-owned subsidiary of a corporation having capital and surplus aggregating at least $100,000,000 and such corporation provides a written guaranty, in form and substance satisfactory to the County, of the performance by the bank or trust company of its obligations as Paying Agent hereunder. Such Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it to its successor. In no event shall the resignation or removal of the Paying Agent become effective prior to the assumption of the resigning or removed Paying Agent's duties and obligations by a successor Paying Agent.

Section 606. References to Paying Agent. References in this Article VI to a Paying Agent shall be deemed to be references to any Paying Agent other than the Treasurer.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS AND CERTIFICATES

Section 701. Supplemental Resolutions and Certificates Effective Without Consent of Holders. A Supplemental Resolution of the County may be adopted, or a Supplemental Certificate may be executed, for any one or more of the following purposes, which, without the requirement of consent of Holders, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the County in the Resolution or this Certificate, as the case may be, other covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or this Certificate as theretofore in effect;

(b) to add to the limitations and restrictions in the Resolution or this Certificate as the case may be, other limitations and restrictions to be observed by the

County that are not contrary to or inconsistent with the Resolution or this Certificate as theretofore in effect;

(c) 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 this Certificate, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution or this Certificate;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or this Certificate, as the case may be, as theretofore in effect;

(e) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect as required to maintain a rating for the 2015-16 TRANs, or any portion thereof, from any Rating Agency; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders; and

(f) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders.

Section 702. Supplemental Certificate. Except as provided in Section 701, any amendment of or supplement to this Certificate and of the rights and obligations of the County and of the Holders of the 2015-16 TRANs under this Certificate, in any particular, may be made by a Supplemental Certificate and with the written consent of the Holders of at least a majority in principal amount of the 2015-16 TRANs 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 2015-16 TRANs remain Outstanding, the consent of the Holders shall not be required. No such supplement or amendment shall permit a change in the terms of maturity of the principal of any 2015-16 TRANs or of the then applicable interest rate thereon or a reduction in the principal amount thereof, or shall change the dates or amounts of the pledges set forth in Section 402, or shall reduce the percentage of Holders required to approve any such Supplemental Certificate, without the consent of all of the Holders of affected 2015-16 TRANs nor shall any such supplement or amendment change or modify any of the rights or obligations of any Paying Agent, if applicable, without its written consent thereto. The County shall provide the Rating Agencies notice of any Supplemental Certificate or Supplemental Resolution.

ARTICLE VIII

MISCELLANEOUS

Section 801. Moneys Held in Trust for One Year. Anything in this Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the 2015-16 TRANs that remain unclaimed for a period of one year after the date when such 2015-16 TRANs 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 2015-16 TRANs became due and payable, shall be repaid to the County, as its absolute property and free from trust, and the Holders shall thereafter look only to the County for the payment of such 2015-16 TRANs from lawfully available funds; provided, however, that before any such payment is made to the County, the County shall create (and shall thereafter maintain until payment of all of the 2015-16 TRANs) a record of the amount so repaid, and the County shall cause to be published at least twice, at any interval of not less than seven days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

IN WITNESS WHEREOF, I have set my hand onto this Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2015-16 Tax and Revenue Anticipation Notes on this ___ day of July, 2015.

COUNTY OF LOS ANGELES, CALIFORNIA

By: ______________________________

JOSEPH KELLY
Treasurer and Tax Collector

[Signature Page to Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2015-16 Tax and Revenue Anticipation Notes]

EXHIBIT I

[FORM OF 2015-16 TRANS]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
2015-16 TAX AND REVENUE ANTICIPATION NOTE

Interest Rate	Dated Date	Maturity Date	CUSIP Number
_____%	______, 2015	______, 2016	__________

Registered Owner: Cede & Co.

Principal Amount: ________________________________

The County of Los Angeles, a political subdivision of the State of California (herein called the **"County"**), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner hereof, or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this note at the Principal Office of the Treasurer and Tax Collector of the County, as Paying Agent (the **"Paying Agent"**), or at the Principal Office of any successor Paying Agent, in lawful money of the United States of America, the Principal Amount specified above, together with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above. Interest on this Note shall accrue from the Dated Date set forth above and shall be computed on the basis of a 360-day year comprised of 12 months of 30 days each payable at maturity.

This Note is one of a duly authorized issue of notes of the County designated as its "County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes" (herein called the **"Notes"**), issued in an aggregate principal amount of $__________ under and in full compliance with the Constitution and statutes of the State of California, particularly Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code being Sections 53850 to 53858, inclusive, as amended (the **"Act"**) and under and pursuant to the resolution of the Board of Supervisors of the County, adopted _____, 2015, entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2015-16 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $__________" (such resolution, as the same may be amended or supplemented from time to time, is herein called the "Resolution"), and is issued on the terms and conditions set forth in the Financing Certificate, dated ________, 2015, entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes (such Certificate, as the same may be amended or supplemented from time to time, is herein called the "Certificate"). Capitalized terms used and not otherwise defined shall have the meanings given such terms in the Certificate. Copies of the Resolution and the Certificate are on file at the office of the Executive Officer-Clerk of the Board of Supervisors, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof, to the Certificate and any and all supplements thereto and modifications and amendments thereof, and to the Act is made for a complete statement of such terms and conditions.

The Notes and the interest thereon are ratably 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 2015-16. In accordance with California law, the Notes are payable solely from taxes, income, revenue, cash receipts and other moneys of the County attributable to Fiscal Year 2015-16, and, to the extent not paid from taxes, income, revenue, cash receipts and other moneys of the County pledged for the repayment thereof, shall be paid with the interest thereon from other moneys of the County lawfully available therefor.

This Note is transferable, as provided in the Certificate, only upon a register to be kept for that purpose at the office of the Note Registrar by the Registered Owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Note together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the Registered Owner or such owner's duly authorized attorney, and thereupon a new fully registered note or notes of the same series, maturity and aggregate Principal Amount will be issued to the transferee in exchange therefor as provided in the Certificate upon payment of the charges therein prescribed. The County and the Note Registrar shall treat the person in whose name this Note is registered as the absolute owner hereof for all purposes whether or not this Note shall be overdue, and the County and the Note Registrar shall not be affected by any notice to the contrary.

The Notes may not be exchanged for other Notes except as provided in the Certificate.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution and the Certificate, or any supplemental resolution amending the Resolution and the Certificate, may be amended by the County; provided, however, that no such amendment shall permit a change in the terms of maturity, the principal of any Note or of the then prevailing interest thereon or a reduction in the principal amount thereof without the consent of the owners of such Notes or shall reduce the percentage of Notes the consent of the owners of which is required to effect any such amendment or change the dates or amounts of the pledges set forth in the Resolution.

It is hereby certified and recited that all conditions, acts and things required by the Act, the Resolution and the Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the Notes, do exist, have happened and have been performed, in due time, form and manner, as required by the Act, the Resolution and the Certificate, and that the Notes, together with all other indebtedness of the County, are within every debt and other limit prescribed by the laws of the State of California.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the Note Registrar for registration of transfer or exchange or to the Paying Agent for payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE

OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, THE COUNTY OF LOS ANGELES has caused this Note to be signed in its name and on its behalf by the manual or facsimile signature of the Mayor of the Board of Supervisors of the County and the Executive Officer-Clerk of the Board of Supervisors and its seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced, as of the Dated Date set forth above.

(SEAL)

COUNTY OF LOS ANGELES

By: ___________________________________
MICHAEL D. ANTONOVICH
Mayor

By: ___________________________________
PATRICK OGAWA
Acting Executive Officer-Clerk of
the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes delivered pursuant to the within-mentioned Resolution.

DATED: ________, 2015

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES,
as Paying Agent

By: ___________________________________
JOSEPH KELLY
Treasurer and Tax Collector

[FORM OF ASSIGNMENT]

For value received ______________________________ hereby sell(s), assign(s) and transfer(s) unto __________________________ the within Note and hereby irrevocably constitute(s) and appoint(s) __________________________ attorney, to transfer the same on the Note Register of the Paying Agent, with full power of substitution in the premises.

Dated: _____________________

Signature of Registered Owners: ___

Signature Guaranteed by: ___

Note: The signature on this Assignment must correspond with the name as written on the face of the within note in every particular, without alteration or enlargement or any change whatsoever and must be guaranteed by a commercial bank, trust company, or a member firm of the New York Stock Exchange.

$___________
COUNTY OF LOS ANGELES, CALIFORNIA
2015-16 TAX AND REVENUE ANTICIPATION NOTES

DISCLOSURE CERTIFICATE OF THE COUNTY

This Disclosure Certificate (this **"Disclosure Certificate"**) is executed and delivered by the County of Los Angeles (the **"County"**) in connection with the issuance of $___________ aggregate principal amount of the County's 2015-16 Tax and Revenue Anticipation Notes (the **"Notes"**). The Notes are being issued pursuant to a Resolution adopted by the County on ______, 2015 (the **"Resolution"**), and a Financing Certificate executed by the Treasurer on ______, 2015 (the **"Certificate"**). The County covenants and agrees as follows:

Section 1. **Purpose of this Disclosure Certificate**. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the **"Rule"**).

Section 2. **Definitions**. In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Commission" shall mean the U.S. Securities and Exchange Commission.

"Dissemination Agent" shall initially mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"Holders" or **"Noteholders"** shall mean the registered owners of the Notes.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Participating Underwriters" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

Section 3. **Reporting of Listed Events**.

(a) Pursuant to the provisions of this Section 3, the County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;

4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Notes;

6. 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;

7. modifications to rights of Noteholders, if material;

8. redemption or call of the Notes, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of the trustee, if material.

Certain of the foregoing events may not be applicable to the Notes.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall file a notice of such occurrence not later than ten (10) business days after such occurrence with the MSRB through its EMMA System.

Section 4. **Termination of Reporting Obligation**. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

Section 5. **Dissemination Agent**. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 6. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Resolution and the Certificate for amendments to the Resolution and the Certificate with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

Section 7. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. **Default**. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. **Duties, Immunities and Liabilities of Dissemination Agent**. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

DATED: _________, 2015

COUNTY OF LOS ANGELES, CALIFORNIA

By: ____________________________________
JOSEPH KELLY
Treasurer and Tax Collector

[Signature Page to Disclosure Certificate for the 2015-16 Tax and Revenue Anticipation Notes]

$[Principal Amount]
COUNTY OF LOS ANGELES
2015-16 TAX AND REVENUE ANTICIPATION NOTES

CONTRACT OF PURCHASE

[Pricing Date]

Board of Supervisors
County of Los Angeles
Los Angeles, California

Honorable Members of the Board of Supervisors:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), on behalf of itself and the underwriters appointed by the County of Los Angeles (the "County") and listed on Appendix I hereto (the Representative and such other underwriters being collectively referred to herein as the "Underwriters"), offers to enter into this Contract of Purchase (the "Contract of Purchase") with the County which, upon the County's written acceptance of this offer, will be binding upon the County and upon the Underwriters. This offer is made subject to the County's written acceptance hereof on or before 5:00 p.m., Los Angeles time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the County at any time prior to the acceptance hereof by the County.

SECTION 1. **Purchase and Sale of the Notes.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters agree to purchase from the County, and the County agrees to sell and deliver to the Underwriters, all, but not less than all, of the County's $[Principal Amount] in aggregate principal amount of 2015-16 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May __, 2015, 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 2015-16 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]" (the "Resolution") and subject to the terms and conditions set forth in the 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 2015-16 Tax and Revenue Anticipation Notes" (the "Certificate"). The Notes shall be dated July 1, 2015, and shall mature on the dates and shall bear interest at the rates specified in Exhibit E hereto.

The purchase price for the Notes shall be $[Purchase Price] (representing the principal amount of the Notes of $[Principal Amount].00, plus original issue premium of $[OIP], less Underwriters' discount of $[UW Discount]).

The Preliminary Official Statement of the County, dated [POS Date], including the cover page and Appendices thereto, relating to the Notes (together with any documents incorporated therein by reference and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, the "Preliminary Official Statement"), as amended to conform to the terms of this Contract of Purchase and exclusive of such changes and amendments subsequent to the date hereof as may be mutually agreed to in accordance with Section 4(b)(iii) hereof is hereinafter called the "Official Statement."

In connection with the issuance of the Notes, the County is also executing a Disclosure Certificate, dated July 1, 2015 (the "Disclosure Certificate").

SECTION 2. <u>The Notes and the Official Statement</u>.

(a) The Notes shall be as described in the Certificate and shall be issued and secured under and pursuant to the provisions of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act") and the Resolution.

(b) On or prior to the date of mailing or electronic distribution of the Preliminary Official Statement by the Underwriters, the County shall have delivered to the Representative a certificate pursuant to which the Treasurer or his authorized representative certifies on behalf of the County that such Preliminary Official Statement is deemed final by the County as of the date thereof, except for the omission of such information which is permitted to be excluded by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12").

(c) Unless otherwise notified in writing by the Representative, the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the date of Closing (as hereinafter defined).

SECTION 3. <u>Sale to Underwriters; Certain Agreements of the Underwriters</u>.

(a) It shall be a condition to the County's obligations to sell and deliver the Notes to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Notes that the entire aggregate principal amount of the Notes shall be issued, sold and delivered by the County and purchased, accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of all the Notes at prices not in excess of the initial offering prices or yields set forth on the cover page of the Official Statement, plus interest accrued thereon (if any) from the date of the Notes. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Notes.

(b) The Underwriters agree as follows:

(i) To file, on or before the date of Closing, a copy of the Official Statement, including any supplements thereto, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system; and

(ii) to take any and all other actions necessary to comply with rules of the U.S. Securities and Exchange Commission and Municipal Securities Rulemaking Board which are applicable to the Underwriters governing the offering, sale and delivery of the Notes to the ultimate purchasers.

SECTION 4. <u>Use of Documents; Certain Covenants and Agreements of the County</u>.

(a) The County authorizes the use by the Underwriters of the Resolution, the Certificate and the Official Statement, including any supplements or amendments thereto, and the information therein contained in connection with the public offering and sale of the Notes. The County ratifies and confirms the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Notes;

(b) The County covenants and agrees:

(i) To cause to be made available to the Underwriters such quantities of the Official Statement (in a "designated electronic format" (as defined in MSRB Rule G-32)) as the Underwriters may request for use in connection with the offering and sale of the Notes, without charge, within seven (7) business days of the date hereof and, in the event the date of Closing is less than seven (7) business days after the date hereof, upon request of the Representative, in sufficient time to accompany any confirmation requesting payment from any customers of any Underwriter and not later than three (3) business days prior to Closing; provided, however, that the failure of the County to comply with this clause (i) due to any circumstance outside of the control of the County shall not constitute cause for a failure of or refusal by the Underwriters to accept delivery of, or pay for, the Notes;

(ii) To apply the proceeds from the sale of the Notes as provided in the Resolution and the Certificate, subject to all of the terms and provisions of the Resolution and the Certificate, and not knowingly to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Notes, in that the County agrees to comply with the provisions of the Tax Certificate executed by the County at the time of delivery of the Notes;

(iii) If, after the date of this Contract of Purchase and until the earlier of (A) twenty-five (25) days after the "end of the underwriting period" (as defined in Rule l5c2-12) or (B) ninety (90) days after the Closing, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in the opinion of the County or the Representative so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with applicable law, to notify the Representative (and for the purposes of this clause (iii) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement as so amended and supplemented is delivered to a purchaser, not misleading or so that the Official Statement as so amended and supplemented will comply with all applicable laws;

(iv) To furnish such information and execute such instruments and take such action in cooperation with the Representative as the Representative may reasonably request (A) to (a) qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (b) determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Notes; provided, however, that the County will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state;

(v) To advise the Representative immediately of receipt by the County of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; and

(vi) To furnish to the Representative, from time to time, any additional information as the Representative may reasonably request.

SECTION 5. <u>Representations and Warranties of the County</u>. The County represents and warrants to each of the Underwriters, as of the date hereof, as follows:

(a) The County is a political subdivision duly created and validly existing under the Constitution and the laws of the State of California (the "State"), and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into this Contract of Purchase, to execute the Certificate and to adopt the Resolution, (ii) to sell, issue and deliver the Notes to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Contract of Purchase, the Resolution, the Certificate and the Official Statement; and the County has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Resolution as they pertain to such transactions;

(b) By all necessary official action of the County prior to or concurrently with the acceptance hereof, the County has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Notes, this Contract of Purchase, the Resolution, the Certificate and the consummation by it of all other transactions contemplated by the Official Statement, the Resolution, the Certificate and this Contract of Purchase; the Resolution, the Certificate and this Contract of Purchase, assuming due authorization, execution and delivery by the Representative, constitute legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of general principles of equity if equitable remedies are sought; the Notes, when issued, authenticated and delivered to the Underwriters in accordance with the Resolution, the Certificate and this Contract of Purchase will constitute legal, valid and binding general obligations of the County entitled to the benefits of, and payable from sources specified in, the Resolution and the Certificate and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of the general principles of equity if equitable remedies are sought; upon the issuance, authentication and delivery of the Notes, the Resolution will provide, for the benefit of the registered owners from time to time of the Notes, the legal, valid and binding pledge of and lien on the Pledged Moneys (as defined in the Certificate) it purports to create, subject only to the provisions of the Resolution and the Certificate permitting the application thereof on the terms and conditions set forth in the Resolution and the Certificate;

(c) To the best knowledge of the County, the County is not in material breach of or default under any loan agreement, indenture, bond or note, or other instrument evidencing any indebtedness or other material financial obligation of the County to which the County is a party, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the County under any such instrument; and the execution and delivery of the Notes, the Certificate and this Contract of Purchase and the adoption of the Resolution and compliance with the provisions on the County's part contained therein, will not in any material respect conflict with or constitute a breach or default under any State constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, ordinance, resolution, agreement or other instrument to which the County is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as provided by the Notes, the Certificates and the Resolution;

(d) All authorizations, approvals, licenses, permits, consents and orders of any State governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under, this Contract of Purchase, the Resolution, the Certificate and the Notes have been duly obtained, except for such approvals, consents and orders as are stated in the Official Statement as yet to be obtained or as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Notes;

(e) The Notes conform to the description thereof contained in the Official Statement under the caption "THE NOTES," the Resolution and the Certificate conform to the descriptions thereof contained in the Official Statement under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and the proceeds of the sale of the Notes will be applied generally as described in the Official Statement under the caption "THE NOTES - Purpose of Issue";

(f) To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed, or threatened against the County, affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Notes or the pledge of and lien on the Pledged Moneys of the County pursuant to the Resolution or in any way contesting or affecting the validity or enforceability of the Notes, the Resolution, this Contract of Purchase and the Certificate, or contesting the exclusion from gross income of interest on the Notes for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereof, or contesting the powers of the County or any authority for the issuance of the Notes, the adoption of the Resolution or the execution and delivery of this Contract of Purchase and the Certificate, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Notes, the Resolution, the Certificate or this Contract of Purchase;

(g) As of the date thereof, the Preliminary Official Statement (excluding any information relating to The Depository Trust Company, New York, New York ("DTC") and information under the caption "UNDERWRITING") did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the County's acceptance hereof and (unless an event occurs of the nature described in clause (iii) of Section 4(b) above) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If the Official Statement is supplemented or amended pursuant to clause (iii) of Section 4(b) above, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) The financial statements of, and other financial information regarding, the County in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth and (i) except as noted under the heading "Notes to the Basic Financial Statements" in Appendix B to the Official Statement, the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information with respect to the County has been determined on the basis substantially consistent with that of the County's audited financial statements included in the Official Statement; and

(k) The County has not failed to comply in the last five years, in any material respect, with any continuing disclosure undertaking pursuant to Rule 15c2-12.

SECTION 6. Closing.

(a) At 8:00 a.m., Los Angeles time, on July 1, 2015, or at such other time and date as shall have been mutually agreed upon by the County and the Representative, the County will, subject to the terms and conditions hereof, deliver the Notes to the Representative duly executed and authenticated, together with the other documents hereinafter mentioned, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Notes as set forth in Section 1 hereof by Federal Reserve wire of immediately available funds payable to the order of the County. Such delivery of and payment for the Notes is referred to herein as the "Closing."

(b) Delivery of the Notes shall be made at, or, in accordance with the operating procedures thereof, through, DTC. The Notes shall be delivered in fully registered form, without coupons, bearing CUSIP number(s) and registered in the name of Cede & Co. and shall be made available to the Representative at least one (1) business day before the Closing for purposes of inspection. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Note nor any error with respect thereto shall constitute cause for failure or refusal by the Underwriters to accept delivery of and pay for the Notes on the date of Closing in accordance with the terms of this Contract of Purchase.

SECTION 7. Closing Conditions. The Representative has entered into this Contract of Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of the Closing, the Resolution and the Certificate shall be in full force and effect and shall not have been amended, modified or supplemented; and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative in accordance with Section 4(b)(iii) hereof;

(c) At the time of the Closing, all official action of the County relating to this Contract of Purchase, the Resolution, the Certificate and the Notes, shall be in full force and effect and shall not have been amended, modified or supplemented, and the Representative shall have received, in appropriate form, evidence thereof;

(d) At the time of the Closing, there shall not have occurred any material change to the condition, financial or otherwise, or in the earnings or operations of the County, nor shall the Board of Supervisors or the Legislature of the State of California have taken official action that would prospectively result in a change in the condition, financial or otherwise, or in the earnings or operations of the County from that set forth in the Official Statement that shall have a material and adverse effect and that makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement; and

(e) At or prior to the Closing, the Representative shall have received copies of each of the following documents:

(i) The Official Statement, and each supplement or amendment, if any, thereto;

(ii) A certified copy of the Resolution and an original of the Certificate, each having been duly adopted by the Board of Supervisors or executed by the County and as being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative acting in good faith;

(iii) An approving opinion, dated the date of Closing, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the County and on which the Underwriters may rely, substantially in the form attached to the Official Statement as Appendix C;

(iv) A supplemental opinion of Bond Counsel, addressed to the County and the Representative, dated the date of Closing, in substantially the form of Exhibit B hereto;

(v) An opinion, dated the date of Closing, of County Counsel, as counsel to the County and addressed to the Representative, in substantially the form of Exhibit C hereto;

(vi) An opinion, dated the date of Closing, of Hawkins Delafield & Wood LLP, counsel for the Underwriters, addressed to the Representative, in substantially the form of Exhibit D hereto;

(vii) Evidence satisfactory to the Underwriters that the Notes shall have been rated not less than "___" by Moody's Investors Service, "___" by Standard & Poor's, a Standard & Poor's Ratings Service, and "___" by Fitch Ratings, and that none of such ratings has been revoked, suspended or downgraded;

(viii) A Tax Exemption Certificate of the County, in form satisfactory to Bond Counsel, signed by an authorized officer or designee of the County;

(ix) A certificate of the County in substantially the form of Exhibit A hereto;

(x) Evidence that the federal tax information return Form 8038-G has been prepared;

(xi) Evidence of required filings with the California Debt and Investment Advisory Commission;

(xii) Executed copies of the Disclosure Certificate;

(xiii) a preliminary Blue Sky Survey and final Blue Sky Memorandum with respect to the Notes; and

(xiv) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel, the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the County.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract of Purchase shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 9 hereof shall continue in full force and effect.

SECTION 8. Termination. The Representative shall have the right to terminate in its reasonable judgment the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes by notifying the County of its election to do so if, after the execution hereof and prior to the Closing, any one of the following shall occur:

(a) legislation shall be enacted by the Congress of the United States or favorably reported out for passage to either House of Congress by any committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on or evidenced by obligations of the general character of the Notes, which, in the opinion of Bond Counsel has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest is intended to be includable in such gross income as of the date hereof;

(b) any action shall have been taken by the U.S. Securities and Exchange Commission or by a court which would require registration of any security under the Securities

Act of 1933, as amended, or qualification of the Financing Certificate under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Notes, or any action shall have been taken by any court or by any government authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

(c) (i) the Constitution of the State shall be amended or an amendment shall qualify for the ballot, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of State law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State by an official, agency or department thereof, affecting the tax status of the County, its property or income, its notes or bonds (including the Notes) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement;

(d) (i) trading of any securities representing direct obligations of the County shall have been suspended on any exchange or in any over-the-counter market, or (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the Notes shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred any outbreak or escalation of major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated by the Official Statement, including any supplements or amendments thereto;

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Notes by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended; or

(f) the New York Stock Exchange or other national securities exchange, or any governmental authority shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in the Notes; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the case any of the events specified in clauses (i) or (ii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement, including any supplements or amendments thereto; or

(g) the purchase of and payment for the Notes by the Underwriters, or the resale of the Notes by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(h) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters or pertaining to DTC) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the County refuses a reasonable request to supplement the Official Statement to supply such statement or information or the effect of the amendment to the Official Statement is to materially and adversely affect the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes.

SECTION 9. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the County shall pay, any expenses incident to the performance of the County's obligations hereunder, including, but not limited to (i) the cost of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement; (ii) the cost of preparation and printing of the Notes; (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of any other experts, consultants or advisers retained by the County; and (v) the fees, if any, for ratings.

(b) The Underwriters shall pay (i) the fees and disbursements of counsel retained by the Representative, including such costs related to the preparation and printing of this Contract of Purchase and the reasonable cost of preparation and printing or duplication of any Blue Sky Survey relating to the Notes; (ii) fees of the California Debt and Investment Advisory Commission; (iii) costs related to on-line securities platforms, CUSIP subscription and DTC fees; and (iv) out-of-pocket and miscellaneous costs of the Representative. The Underwriters shall pay (1) all advertising expenses in connection with the public offering of the Notes; (2) all expenses incurred in qualifying the Notes for sale under state securities laws; and (3) all other expenses incurred by them in connection with the public offering of the Notes.

(c) Even if this Contract of Purchase shall be terminated by the Underwriters because of any failure or refusal on the part of the County to comply with the terms or to fulfill any of the conditions of this Contract of Purchase, or if for any reason the County shall be unable to perform its obligations under this Contract of Purchase, the County will not reimburse the Underwriters for expenses incurred in connection with the authorization and marketing of the Notes.

SECTION 10. Notices. Any notice or other communication to be given to the County under this Contract of Purchase may be given by delivering the same in writing to County of Los Angeles, Office of the Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector, and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 333 S. Hope Street, Suite 2310, Los Angeles, California 90071, Attention: Frank Lauterbur.

SECTION 11. Parties in Interest. This Contract of Purchase shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. Any remedy which the

Underwriters may have at law or in equity by reason of the breach of any representation or warranty of the County made herein shall not expire upon, nor be limited by, (i) delivery of and payment for the Notes pursuant to this Contract of Purchase, (ii) any investigations made by or on behalf of any of the Underwriters or (iii) termination of this Contract of Purchase; provided, however, that such representations and warranties are made only as of the date of this Contract of Purchase and as of the date of the Closing and are not continuing.

SECTION 12. <u>Effectiveness</u>. This Contract of Purchase shall become effective upon the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

SECTION 13. <u>Choice of Law</u>. This Contract of Purchase shall be governed by and construed in accordance with the law of the State of California applicable to contracts made and performed in such State.

SECTION 14. <u>Fiduciary Duty</u>. The County acknowledges and agrees that the purchase and sale of the Notes pursuant to this Contract of Purchase is an arm's-length commercial transaction between the County and the Underwriters and the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Contract of Purchase, and are not acting as the agents, fiduciaries, or Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) of the County and its advisors in connection with the matters contemplated by this Contract of Purchase. In connection with the purchase and sale of the Notes, the County has consulted its own advisors to the extent it deems appropriate.

SECTION 15. <u>Entire Agreement</u>. This Contract of Purchase, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Contract of Purchase) that relate to the offering of the Notes, represents the entire agreement between the County and the Underwriters with respect to the preparation of the Official Statement, and the conduct of the offering, and the purchase and sale of the Notes.

SECTION 16. <u>Representative Capacity</u>. Any authority, right, discretion or other power conferred upon the Underwriters or the Representative under any provision of this Contract of Purchase may be exercised by the Representative on behalf of the Underwriters, and the County shall be entitled to rely upon any request, notice or statement if the same shall have been given or made by the Representative. The Representative represents that it has been duly authorized by the Underwriters to execute this Contract of Purchase and to act hereunder on their behalf and to take such action as it may deem advisable in respect of all matters pertaining to this Contract of Purchase.

SECTION 17. Severability. If any provision of this Contract of Purchase shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract of Purchase invalid, inoperative or unenforceable to any extent whatever.

SECTION 18. Business Day. For purposes of this Contract of Purchase, "business day" means a day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

SECTION 19. Section Headings. Section headings have been inserted in this Contract of Purchase as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract of Purchase and will not be used in the interpretation of any provisions of this Contract of Purchase.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SECTION 20. Counterparts. This Contract of Purchase may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Very truly yours,

MERRILL LYNCH, PIERCE,
FENNER & SMITH INCORPORATED,
on behalf of itself and the other Underwriters
set forth on Appendix I hereof

By: ____
Authorized Representative

AGREED AND ACCEPTED:

This ________ day of June, 2015

COUNTY OF LOS ANGELES

By:____
Joseph Kelly
Treasurer and Tax Collector

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

By: ____
Principal Deputy County Counsel

APPENDIX I

<u>UNDERWRITERS</u>

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citigroup Global Markets Inc.
[Co-Managers to Come]

EXHIBIT A

FORM OF CERTIFICATE OF THE COUNTY

I, Joseph Kelly, Treasurer and Tax Collector of the County of Los Angeles, California (the "County"), do hereby certify as follows:

(i) I am a duly qualified and acting representative of the County and as such am familiar with the facts herein certified and am authorized and qualified to certify the same;

(ii) I am acting on behalf of the County solely in my official capacity, and not in any personal capacity whatsoever;

(iii) All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Contract of Purchase relating to the Notes, dated [Pricing Date] (the "Contract of Purchase"), by and between the County and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Representative of the Underwriters named therein;

(iv) To the best of my knowledge, the County's Official Statement dated [Pricing Date] (together with all appendices thereto, any documents incorporated therein by reference, and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, but excluding any information relating to The Depository Trust Company, New York, New York and information under the caption "UNDERWRITING", the "Official Statement"), delivered pursuant to the Contract of Purchase, as of its date and as of the date hereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) The Notes, together with interest thereon, will be payable from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2015-16 that will be available for the payment of the Notes. Pursuant to the Resolution adopted by the Board of Supervisors of the County on May __, 2015 (the "Resolution") authorizing the issuance and sale of the Notes, the County has pledged as security for the Notes unrestricted taxes, income, revenue, cash receipts and other moneys totaling the aggregate principal amount of the Notes, together with an amount sufficient to pay the interest thereon, subject only to the provisions of the Resolution and the "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes" (the "Certificate"). The amount of taxes, income, revenue, cash receipts and other moneys so pledged to secure the payment of the Notes is specified in the Resolution. Pursuant to the Act, the Resolution creates a valid pledge of and lien on the taxes, income, revenue, cash receipts and other moneys specified therein to pay the Notes and the interest thereon. The Notes are by statute general obligations of the County and, to the extent not paid from the Pledged Moneys (as defined in the

Certificate), shall be paid from any other moneys of the County attributable to Fiscal Year 2015-16 and lawfully available therefor;

(vi) The County has complied in all respects with the Act and has complied with and satisfied all the agreements and conditions on its part to be complied with or satisfied at or prior to the date of Closing pursuant to the Contract of Purchase, the Certificate and the Resolution; and

(vii) To the best of my knowledge, since the date of the Official Statement, there has been no material adverse change in the condition, financial or otherwise, of the County.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of July, 2015.

COUNTY OF LOS ANGELES

By:____________________________________

Joseph Kelly
Treasurer and Tax Collector

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

July 1, 2015

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Underwriters
Los Angeles, California

County of Los Angeles
2015-16 Tax and Revenue Anticipation Notes
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, pursuant to Section 7(e)(iv) of the Contract of Purchase, dated [Pricing Date] (the "Purchase Contract"), by and between Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), on behalf of itself, Citigroup Global Markets Inc. and ________ (collectively, the "Underwriters") and the County of Los Angeles (the "County"), providing for the purchase of $[Principal Amount] aggregate principal amount of the County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on May __, 2015 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes, dated July 1, 2015, executed by the County (the "Financing Certificate"). Capitalized undefined terms used herein have the meanings ascribed thereto in the Financing Certificate.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel to the County concerning the validity of the Notes and certain other matters, dated the date hereof and addressed to the County. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the County, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate, the Purchase Contract, 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 provide 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. 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 third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Purchase Contract and its enforceability, may be subject to bankruptcy, insolvency, reorganization, receivership, 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 therein. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement, dated [Pricing Date], relating to the Notes (the "Official Statement"), or other offering material relating to the Notes and express no opinion relating 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 are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding agreement of, the County.

3. The statements contained in the Official Statement under the captions "THE NOTES," "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and "TAX MATTERS," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Notes, the Resolution and the Financing Certificate, and the form and content of the Bond Opinion, are accurate in all material respects.

This letter is furnished by us as bond counsel to the County. No attorney-client relationship has existed or exists between our firm and you in connection with the Notes or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as underwriters of the Notes, is solely for your benefit as such underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Notes or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE COUNTY

July 1, 2015

Merrill Lynch, Pierce, Fenner & Smith Incorporated
as Representative of the Underwriters
Los Angeles, California

Re: $[Principal Amount] County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This opinion is rendered by us as counsel to the County of Los Angeles (the "County") in accordance with the requirements of Section 7(e)(v) of the Contract of Purchase dated [Pricing Date] (the "Contract of Purchase"), by and between the County and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the "Underwriters") relating to the Notes, with respect to $[Principal Amount] aggregate principal amount of County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes (the "Notes").

The Notes are issued pursuant to a resolution of the Board of Supervisors of the County adopted on May __, 2015, 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 2015-16 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]" (the "Resolution") and the document entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2015-16 Tax and Revenue Anticipation Notes," (as referred to in the Resolution, the "Certificate").

In rendering this opinion, we have examined the Resolution, the Certificate, the Contract of Purchase and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with regard to the laws of the State of California (the "State"), we are of the opinion that:

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State, and has taken all action required to be taken by it to authorize the issuance and delivery of the Notes. The County has full legal right, power and authority to conduct its business, to execute and deliver the Contract of Purchase and the Certificate, to adopt the Resolution, to issue and deliver the Notes to the Underwriters (as named and defined in the Contract of Purchase), and to perform all of its obligations under, and to carry out and effectuate the transactions contemplated by, the Resolution, the Certificate, the Notes and the Contract of Purchase. No authorization, consent, approval, order, filing, registration, qualification, election or referendum, of or by any State person, organization, court or

governmental agency or public body whatsoever, which has not been obtained or made, is required for such issuance, execution, delivery or performance or the consummation of the other transactions effected or contemplated in or by the Contract of Purchase or the Certificate by the County, except for such actions may be necessary to be taken to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of any state or jurisdiction of the United States, as to which no opinion is expressed.

2. The issuance of the Notes and the execution, delivery and performance of the Contract of Purchase, the Certificate, the Resolution and the Notes, and the delivery of the Official Statement of the County dated [Pricing Date] relating to the Notes, by the County have been duly authorized, and the issuance of the Notes, the execution, delivery and performance of the Contract of Purchase, the Certificate, the Resolution and the Notes, and compliance with the provisions thereof (a) do not in any material respect conflict with or constitute on the part of the County a violation of or default under the Constitution of the State or any existing State law, charter, ordinance, regulation, decree, order or resolution and do not in any material respect conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject, and (b) do not result in the creation or imposition of any lien or encumbrance, other than as created by the Resolution and the Certificate.

3. The County has duly authorized the consummation by it of all transactions contemplated by the Contract of Purchase and the Certificate.

4. The Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect.

5. Each of the Contract of Purchase and the Certificate was duly authorized, executed and delivered by the County and the Contract of Purchase (assuming due authorization, execution and delivery by the Representative), the Certificate, the Resolution and the Notes constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms.

6. To the best of our knowledge, no action, suit, proceeding, inquiry or investigation is pending in which service of process has been completed or threatened against the County: (a) seeking to restrain or enjoin the sale, issuance or delivery of any of the Notes, the application of the proceeds of the sale of the Notes, or the collection of revenues or assets of the County pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Notes, the Contract of Purchase, the Certificate or the Resolution, or contesting the powers of the County or its authority with respect to the Notes, the Resolution, the Certificate or the Contract of Purchase; or (b) in which a final adverse decision could (i) materially adversely affect the consummation of the transactions contemplated by the Contract of Purchase, the Certificate or the Resolution, or (ii) declare the Contract of Purchase or the Certificate to be invalid or unenforceable in whole or material part.

With respect to the opinions we have expressed, the enforceability of the rights and obligations under the Contract of Purchase, the Resolution, the Certificate and the Notes may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, by the application of equitable principles, if equitable remedies are sought, and by limitations on legal remedies imposed in actions against counties in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the Contract of Purchase, the Resolution, the Certificate or the Notes.

Very truly yours,

By: ________________________________

MARK J. SALADINO
County Counsel

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE UNDERWRITERS

July 1, 2015

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Los Angeles, California
as representative of the Underwriters named in
the Contract of Purchase referred to herein

Ladies and Gentlemen:

In connection with the execution and delivery of the County of Los Angeles 2015-16 Tax and Revenue Anticipation Notes (the "Notes"), which are being delivered to you as representatives of the underwriters (the "Underwriters") today pursuant to the Contract of Purchase dated [Pricing Date] (the "Purchase Contract"), by and between you and the County of Los Angeles (the "County"), we, in our representation of the Underwriters, have examined and relied upon the following:

(a) A resolution adopted by the Board of Supervisors of the County on May __, 2015, 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 2015-16 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]" (the "Resolution");

(b) The Financing Certificate of the Treasurer and Tax Collector of the County entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2015-16 Tax and Revenue Anticipation Notes" (the "Certificate");

(c) Executed copies of the opinions of Orrick, Herrington & Sutcliffe, LLP ("Bond Counsel") delivered to you pursuant to the Purchase Contract;

(d) An executed copy of the opinion of the County Counsel, delivered to you pursuant to the Purchase Contract;

(e) An executed copy of the Official Statement related to the Notes, dated [Pricing Date] (the "Official Statement"); and

(f) Executed copies of the certificates and other opinions of counsel delivered pursuant to the Purchase Contract.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, instruments or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of, the Official Statement and the issuance and sale of the Notes, and such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in personal and telephone conferences with your representatives, representatives of the County and Bond Counsel during which the contents of the Official Statement and related matters were discussed and reviewed.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in the preparation of the Official Statement are such, however, that we have necessarily assumed the accuracy, completeness and fairness of and take no responsibility for any of the statements made in the Official Statement. We have also assumed but have not independently verified that the signatures on all documents and certificates that we examined were genuine.

On the basis of the information developed in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law and the experience we have gained through our practice thereunder, we are of the opinion, subject to the limitations expressed herein, that as of the date hereof, we have no reason to believe that the Official Statement as of its date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than the information under the captions "Tax Matters" and "Book-Entry Only System," and any financial, demographic, economic and statistical information contained in the Official Statement, including as set forth in Appendix A – "The County of Los Angeles Information Statement," as to all of which we express no opinion) or that the Official Statement as of the date hereof (except as aforesaid) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

In addition, we are of the opinion that the Notes are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

This letter is solely for your benefit as Underwriters and it is not to be used, circulated, quoted or otherwise referred to for any purpose other than the offering of the securities covered by the Official Statement and may not be relied upon without our express written permission, except that references may be made to it in the Purchase Contract or in any list of closing documents pertaining to the delivery of the Notes.

Very truly yours,

EXHIBIT E

Maturity Date	**Principal Amount**	**Interest Rate**	**Yield**
June 30, 2016	$[Principal Amount]	___%	___%

HDW – 4/27/15 Draft

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 18, 2015

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "___"
Standard & Poor's: "___"
Fitch: "___"
(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.

$[Principal Amount][*]
COUNTY OF LOS ANGELES
2015-16 Tax and Revenue Anticipation Notes
____% Priced to Yield ____%
CUSIP[†] No. 544657___

Dated: July 1, 2015 **Due: June 30, 2016**

The County of Los Angeles 2015-16 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 2015-16 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 __, 2015 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2015-16 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 2015-16 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 2015-16. 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.

---

[*] Preliminary, subject to change.

[†] Copyright, 2015. American Bankers Association.

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, 2015.

BofA Merrill Lynch **Citi**

[Co-Managers to Come]

Dated: June __, 2015.

COUNTY OF LOS ANGELES

2015-16 TAX AND REVENUE
ANTICIPATION NOTES

BOARD OF SUPERVISORS

Michael D. Antonovich
Fifth District, Mayor

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Patrick Ogawa
Acting Executive Officer-Clerk
Board of Supervisors

COUNTY OFFICIALS

Sachi A. Hamai
Interim Chief Executive Officer

Mark J. Saladino
County Counsel

Joseph Kelly
Treasurer and Tax Collector

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.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the registered owners of the applicable Notes. Neither the County nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Notes or as included herein. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions.

TABLE OF CONTENTS

PAGE

OFFICIAL STATEMENT

$[Principal Amount][*]
COUNTY OF LOS ANGELES
2015-16 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 $[Principal Amount][*] in aggregate principal amount of County of Los Angeles 2015-16 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 2015-16 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 __, 2015 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 2015-16 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[Maximum Principal Amount]" (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 2015-16 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 2015-16 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."

---

[*] Preliminary, subject to change.

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 $[Maximum Principal Amount] aggregate principal amount of its 2015-16 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 $[Principal Amount]*. 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, 2015, 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 2015-16 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

* Preliminary, subject to change.

– "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 will be ratably secured by a pledge of "Pledged Revenues," which means, as of any date, the Unrestricted Revenues required by the Financing Certificate to be deposited in the 2015-16 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 2015-2016 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 Financing Certificate, the County pledges to the payment of the 2015-16 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 $___________ Unrestricted Revenues to be received by the County on and after December 20, 2015 through and including January 1, 2016;

(b) the first $___________ Unrestricted Revenues to be received by the County on and after January 1, 2016 through and including _______, 2016; and

(c) (1) the first $___________ Unrestricted Revenues to be received by the County on and after April 1, 2016 through and including ________, 2016, plus (2) an amount equal to the interest that will accrue on the 2015-16 TRANs.

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 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 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 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 $__ billion, as indicated in the table below. Except for Pledged Revenues, the Unrestricted Revenues will be expended during the course of Fiscal Year 2015-16, 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 Projected Borrowable Resources – Fiscal Year 2015-16" on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2015-16. 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 2015-16 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 2015-16 (1)
(In Thousands)

SOURCES:	AMOUNT
Property Taxes	
Other Taxes	
Homeowner's Exemptions	
Motor Vehicle (VLF) Realignment	
Fines, Forfeitures and Penalties	
Licenses, Permits and Franchises	
Charges for Services	
Investment and Rental Income	
Other Revenue and Tobacco Settlement	
Total:	
Less amount pledged for payment of the Notes:(2)	
Net total in excess of Pledged Revenues:	

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2015-16. Information subject to change to reflect the impact of any revisions to the 2015-16 State Budget and other matters. See "THE NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT".

(2) Based on $[Principal Amount]* aggregate principal amount of Notes, excluding 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 2015-16 State Budget (the "2015-16 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 2015-16 State Budget on the County's financial outlook. In the event the 2015-16 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 2015-16 State Budget. On January 9, 2015, the Governor released the 2015-16 Proposed State Budget (the "Fiscal Year 2015-16 Proposed State Budget"), which projects Fiscal Year 2015-16 State General Fund revenues and transfers of $114.8 billion, total expenditures of $113.3 billion and a year-end surplus of $1.5 billion (inclusive of the projected $1.4 billion State General Fund balance as of June 30, 2015 which would be available for Fiscal Year 2015-16), of which $971 million would be reserved for the liquidation of encumbrances and $534 million would be deposited in a reserve for economic uncertainties. In addition, the Fiscal Year 2015-16 Proposed State Budget projects a deposit to the Budget Stabilization Account in the amount of $2.8 billion during Fiscal Year 2015-16. The Fiscal Year 2015-16 Proposed State Budget projects that the State's multi-year budget will be balanced for the foreseeable future, but cautions that the State continues to project significant existing liability, including deferred maintenance on roads and other infrastructure and the unfunded liability for future retiree health care benefits for state employees and various pension benefits which need to be addressed.

* Preliminary, subject to change.

May Revision to the 2015-16 Proposed State Budget. [To come.] See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT - 2015-16 Proposed State Budget" for additional information on the Proposed 2015-16 State Budget and the May Revision.

LAO Overview of the May Revision. [To come.]

Impact of Fiscal Year 2015-16 State Budget on the County. Although the State budget proposals identified in the Governor's Proposed 2015-16 Budget and the May Revision thereto contains no significant funding reductions to County-administered programs, the May Revision continues to include proposals related to _________________, which could have an impact on future County budgets. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information - 2015-16 Recommended Budget – Fiscal Year 2015-16 NCC Budget Changes" attached hereto.

Additional Information. The Governor may release additional details of the proposals or updates to the Governor's Proposed 2015-16 State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2015-16 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. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.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 2014-15 and due June 30, 2015), 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 2014-15 tax and revenue anticipation notes due on June 30, 2015. 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 2010-11 through 2014-15” and “County of Los Angeles Borrowable Resources – Fiscal Year 2014-15” for the County’s historical and projected borrowable resources for purposes of Intrafund Borrowing.

The following tables set forth for fiscal years 2010-11 through 2014-15 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 2010-11 THROUGH 2014-15
(In Thousands)[1]

	2010-11	2011-12	2012-13	2013-14	2014-15
July	$ 1,438,648	$ 1,522,684	$ 1,346,913	$ 1,194,935	
August	1,097,190	1,319,842	830,197	844,344	
September	529,972	909,737	332,888	177,920	
October	64,668	419,044	39,289	43,694	
November	(90,485)	229,984	(267,888)	(16,816)	
December	321,576	440,436	378,664	358,844	
January	484,230	511,073	291,248	797,772	
February	150,599	182,090	270,061	689,240	
March	(228,785)	(272,434)	(302,319)	(6,076)	
April	(128,164)	297,983	208,117	396,747	(2)
May	628,637	564,069	806,070	[779,157]	(2)
June	568,002	821,252	892,775	[710,284]	(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 2010-11 THROUGH 2014-15
(In Thousands)

	2010-11	2011-12	2012-13	2013-14	2014-15
July	$1,283,246	$ 1,321,951	$ 1,525,334	$ 1,090,942	
August	1,120,676	1,069,843	1,123,337	1,085,015	
September	1,181,379	1,142,594	1,186,943	1,163,158	
October	1,518,338	1,449,921	1,635,585	1,637,393	
November	2,708,336	2,695,445	2,933,305	3,185,516	
December	4,786,688	4,953,904	5,174,854	5,582,245	
January	3,075,273	3,109,882	3,150,261	3,225,772	
February	1,814,620	1,854,014	1,997,817	2,164,412	
March	1,942,634	2,084,584	2,090,997	2,359,184	
April	4,225,923	4,438,428	4,504,208	4,903,834	(1)
May	2,599,025	2,715,846	2,781,891	[2,921,465]	(1)
June	1,318,666	1,740,788	1,127,721	[1,455,025]	(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 2015-16 based on the 2015-16 Recommended Budget adopted by the Board of Supervisors on April __, 2015 (the "2015-16 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2015-16 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 2013-14. Although the County believes its Fiscal Year 2015-16 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 24 of 25 years, and has done so by an average of more than $500 million. For June 30, 2015, the County projects that its cash balance will be $[449] million greater than the original May 2014 forecast of $[261] million, ending the current fiscal year at a positive $[710] million. There can be no assurances that actual results for Fiscal Year 2015-16 will not materially differ from the projections.

[General Fund Cash Flow Analysts to come.]

[Average Daily Balances to come.]

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 Financing Certificate by those who shall hold the same from time to time, this Certificate 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 Financing Certificate and the covenants and agreements in therein set forth 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 2015-16 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 covenants contained in this Section, 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 2015-16 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.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government Notes, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Notes should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes are is subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Premium

Certain of the Notes ("Premium Notes") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes note premium. For federal income tax purposes, note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Note), compounded semiannually. No portion of that note premium is deductible by the owner of a Premium Note. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner's tax basis in the Premium Note is reduced by the amount of note premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering at the price for that Premium Note stated on the cover of this Official Statement who holds that Premium Note to maturity (or, in the case of a callable Premium Note, to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

Owners of Premium Notes should consult their own tax advisers as to the determination for federal income tax purposes of the amount of note premium properly accruable in any period with respect to the Premium Notes and as to other federal tax consequences and the treatment of note premium for purposes of state and local taxes on, or based on, income.

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.

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "____," "____" and "____" 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, 2013. See also APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

UNDERWRITING

The Notes are being purchased for reoffering by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of itself and Citigroup Global Markets Inc., [Co-Managers to Come] (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $_________________ (representing the principal amount of the Notes of $_________________, plus original issue premium of $_________________, less Underwriters' discount of $_________________). 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.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2015 Notes, has provided the following sentences for inclusion: Citigroup Global Markets Inc., an underwriter of the Notes, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under the distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to 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:

GLENN BYERS
ASSISTANT TREASURER AND TAX COLLECTOR
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

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 over 9.9 million in 2012, 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 three consecutive terms commencing as of December 2002. In December 2014, the Supervisors for the First District and the Third District reached their term limits. Their successors were elected by voters in the November 2014 election, and commenced their first terms on December 1, 2014.

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. This new governance structure delegates to the Chief Executive Office (the "CEO") additional responsibilities for the administration of the County, 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. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational direction. 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 is currently undergoing significant changes to its elected leadership and senior management personnel. In November 2014, voters elected new Supervisors for the First District and the Third District, a new County Assessor and a new Sheriff. Other key management changes to County departments include a new Auditor-Controller and County Counsel appointed by the Board of Supervisors in October 2014, and a new Treasurer and Tax Collector appointed in January 2015. A new Chief Executive Officer is expected to be appointed in 2015.

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 19,000 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, 90 local and community regional parks 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 85% of the County workforce is represented by sixty (60) 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 the vast majority of County employees; the Coalition of County Unions ("CCU"), which includes twenty-three (23) collective bargaining units; and the Independent Unions (the "Independent Unions"), which encompass thirteen (13) collective bargaining units. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division negotiates sixty (60) individual collective bargaining agreements for wages and salaries and 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.

On June 25, 2013, the Board of Supervisors approved successor agreements to four Memoranda of Understanding ("MOUs") covering wages and work rules for the collective bargaining units representing Fire Fighters, Supervising Fire Fighters, Supervising Peace Officers and Supervising Beach Lifeguards. The four MOUs had two-year terms, with the MOUs for the Firefighters, Supervising Firefighters and the Supervising Beach Lifeguards expiring on December 31, 2014, and the MOU for Supervising Peace Officers expiring on January 31, 2015. All four unions received a 6% cost of living adjustment over the term of the agreements.

On July 23, 2013, the Board of Supervisors approved successor agreements to two MOUs covering wages and work rules for the collective bargaining units representing Deputy Probation Officers and Peace Officers. The MOUs for both unions had two-year terms, which expired on December 31, 2014 and January 31, 2015, respectively. Both unions received a 6% cost of living adjustment over the term of the agreements.

On November 12, 2013, the Board of Supervisors approved successor agreements to five MOUs covering wages and work rules for the collective bargaining units representing Interns & Residents, Health Investigative & Support Services, Criminalists, Coroner Investigators and Supervising Coroner Investigators. All five MOUs have a two-year term expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

On December 17, 2013, the Board of Supervisors approved successor agreements to eight MOUs covering wages and work rules for the collective bargaining units representing Appraisers, Supervising Appraisers, Operating Engineers, Automotive & Equipment Maintenance & Repairmen, Professional Engineers, Supervising Professional Engineers, Engineering Technicians and Supervising Engineering Technicians. The eight MOUs have two-year terms expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

On February 25, 2014, the Board of Supervisors approved successor agreements to twenty-four MOUs covering wages and work rules for all of SEIU Local 721 bargaining units. The MOUs all have two-year terms expiring on September 31, 2015, with each union receiving a 6% cost of living adjustment over the term of the agreements.

The County has approved successor MOUs with all of its collective bargaining units, with the exception of the Guild for Professional Pharmacists (Unit #301). Negotiations are currently suspended, but neither party has yet to declare an impasse. Non-represented employees also received the 6% cost of living adjustment that was negotiated with SEIU, CCU and the Independent Unions.

On February 25, 2014, the Board of Supervisors also approved two additional MOUs covering fringe benefits for the collective bargaining units represented by SEIU Local 721, and the Coalition of County Unions. The fringe benefit agreements, which will expire on September 30, 2015, include a 7.2% increase in the County's contribution toward employee cafeteria-style benefit plans in 2014 and 2015 to offset the higher cost of health insurance premiums. The same benefit was extended to non-represented personnel by reducing the cost of health insurance premiums for those employees participating in their respective cafeteria-style fringe benefit plans.

The new fringe benefit agreements included provisions to increase the aggregate matching contribution cap for represented employees participating in the County's deferred compensation savings plans. The County increased the Fiscal Year 2012-13 matching contribution cap of $112 million, which was in place since Fiscal Year 2008-09, to $121 million in Fiscal Year 2013-14; and $130 million in Fiscal Year 2014-15. In Fiscal Year 2015-16, there will be no maximum contribution cap, and represented employees will be eligible to receive a full County match for their deferred compensation plan savings over the entire fiscal year.

On February 25, 2014, the Board of Supervisors also approved a $500 cash bonus for all full-time permanent employees, which was paid in two equal installments on March 28, 2014 and July 30, 2014. Temporary and part-time employees received a similar cash bonus of $250, also payable in two equal installments.

The County is currently in the process of negotiating successor agreements with all of its collective bargaining units that have expired MOUs, or MOUs that are scheduled to expire in 2015.

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 the County of Los Angeles and four minor participating agencies. The four non-County agencies account for less than one percent (1%) of LACERA's membership. Through the Retirement Fund and various benefit plans, LACERA provides retirement benefits to all general and safety (sheriff, fire and lifeguard) members.

LACERA is governed by the Board of Retirement (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 (*i.e.*, law enforcement officers, firefighters, foresters and lifeguard classifications are included as "safety" employees and all other occupational classifications are included 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), 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 D) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2014 was 164,366, consisting of 74,465 active vested members, 18,001 active non-vested members, 59,229 retired members and 12,671 terminated vested (deferred) members. Of the 92,466 active members (vested and non-vested), 79,943 are general members in General Plans A through G, and 12,523 are safety members in Safety Plans A through C.

Of the 59,229 retired members, 47,867 are general members in General Plans A through E, and 11,362 are safety members in Safety Plans A and B. 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 the Plan A benefits. The Plan A retirement benefits are considerably more generous than other plan options currently available to County employees.

As of June 30, 2014, approximately 63% of active general members were enrolled in General Plan D, and over 97% 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.

In an internal survey completed by the CEO in Fiscal Year 2010-11, it was determined that the benefit structures of other public retirement plans in California differ considerably from the County's two primary contribution-based plans (General Plan D and Safety Plan B). For example, the CEO found that six of the ten largest counties in the State, and nine of the ten largest cities in the State, provide their general employees with at least 2.0% annual increases, and no reduction in benefits for those employees who retire at age 55 or younger. By comparison, the County's General Plan D requires six additional years (at age 61) before a participant can retire without a reduction in annual benefits. In addition, seven of the ten largest counties, and seven of the ten largest cities, provide their public safety personnel with annual benefit increases of 3.0%, and no reduction in benefits for employees who retire at age 50 or younger. This compares to the County's Safety Plan B, which only allows for 2.0% annual increases up through the age of 50.

2012 State Pension Reform

On August 28, 2012, the Governor and the State Legislature reached agreement on a new law that will reform pensions for

State and local government employees. AB 340, which was signed into law by the Governor on September 12, 2012, established the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension plans on and after January 1, 2013. For new employees, 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. The total employer contribution rate for new employees hired January 1, 2013 and after is 15.61% for General Plan G and 20.98% for Public Safety Plan C. The new employer contribution rates are lower than the comparative rates of 19.82% for General Plan D participants and 24.95% 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% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. Overall, 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 unisex 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 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 "2009 Actuarial Valuation"). 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.

- <u>Amortization Period</u>: 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 some 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 remains unchanged at 7.5%.

UAAL and Deferred Investment Returns

For the June 30, 2013 Actuarial Valuation (the "2013 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 12.1%, which compared favorably to the 7.50% assumed rate of return. The market value of Retirement Fund assets increased by $3.467 billion or 9.1% to $41.774 million as of June 30, 2013. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $893 million or 2.3% from $39.039 billion to $39.932 billion as of June 30, 2013. The 2013 Actuarial Valuation reported that the AAL increased by $1.927 billion to $53.248 billion, and the UAAL increased by $1.034 billion to $13.315 billion from June 30, 2012 to June 30, 2013.

Despite the strong performance of the Retirement Fund relative to the assumed rate of return, the Funded Ratio decreased from 76.1% to 75.0% as of June 30, 2013. 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 in Fiscal Year 2008-09). The $10.428 billion of actuarial investment losses incurred in Fiscal Year 2008-09 have been fully accounted for in the valuation of the Retirement Fund as of June 30, 2013.

The 2013 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2014. The County's required contribution rate has increased from 19.82% to 21.34% of covered payroll in Fiscal Year 2014-15. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 10.09% to 11.90%, and a decrease in the normal cost contribution rate from 9.73% to 9.44%.

The 2013 Actuarial Valuation did not include $1.401 billion of net deferred investment gains that were to be partially recognized in future year valuations. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 77.6% as of June 30, 2013, and the required County contribution rate would be 20.09% for Fiscal Year 2014-15.

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 $47.277 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 deferred actuarial investment gains, the Funded Ratio increased from 75.0% to 79.5% as of June 30, 2014.

The 2014 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2015. The County's required contribution rate will decrease 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 does not include $3.569 billion 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 86.0% as of June 30, 2014, and the required County contribution rate would be 16.23% for Fiscal Year 2015-16.

In Fiscal Year 2014-15, LACERA is reporting a 1.4% return on Retirement Fund assets for the five-month period ended November 30, 2014, which is below the actuarial assumed investment rate of return of 7.5%. The asset allocation percentages for the Retirement Fund as of November 30, 2014 were 26.5% domestic equity, 25.3% international equity, 22.8% fixed income, 10.7% real estate, 8.6% private equity, 2.3% commodities, 1.1% hedge funds and 2.7% cash.

A six-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 six 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 required contribution to LACERA. In Fiscal Years 2011-12 and 2012-13, the County's total contributions to the Retirement Fund were $1.027 billion and $1.119 billion, respectively. In Fiscal Year 2013-14, the County's required contribution payments increased by $144 million to $1.263 billion. For Fiscal Year 2014-15, the County is estimating retirement contribution payments to LACERA of $1.425 billion.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2015 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. The County Contribution Credit Reserve was never included in the actuarial valuation of Retirement Fund assets. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve to fund the establishment of an OPEB trust. As of June 30, 2014, 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, 2014, $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 2014 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 19.33% to 19.86% for Fiscal Year 2015-16, and the Funded Ratio would have decreased from 79.5% to 78.3% as of June 30, 2014. The exclusion of the STAR Program Reserve from the valuation assets would have required the County to increase its required contribution to LACERA by approximately $33.6 million in Fiscal Year 2015-16.

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.

New Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the existing 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 has expanded the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, will replace the requirements of GASB Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 will be implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 is not expected to materially affect the existing process for calculating the UAAL, it will require the County to recognize a net pension liability directly on the Statement of Net Position (government-wide balance sheet). The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay pension benefits. The new requirement to recognize a liability in the financial statements represents a significant and material change to the existing standards, which only require disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional requirements which will expand the existing 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 the pension benefits.

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. Retirement Plan net assets are not held in trust for such postemployment benefits and LACERA's 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 2011-12 and 2012-13, total payments from the County to LACERA for postemployment health care benefits were $424.0 million, and $441.1 million, respectively. In Fiscal Year 2013-14, payments to LACERA for retiree health care increased to $447.0 million. For Fiscal Year 2014-15, the County is estimating $462.1 million in retiree health care payments to LACERA.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") has issued two statements that address other postemployment benefits ("OPEB"), which are 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 those currently in effect for pension benefits. GASB 43 is 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"), establishes financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 is focused on the County's financial statements, and related note disclosures, and is intended to associate the costs of the OPEB with the periods in which employee services are rendered in exchange for the OPEB. 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 does not require the funding of any OPEB liability related to the implementation of this reporting standard.

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 accordance with the requirements of GASB 43, Milliman completed an OPEB actuarial valuation report as of July 1, 2010 (the "2010 OPEB Valuation"), which was issued in March 2011. In the 2010 OPEB Valuation, Milliman reported an AAL of $24.03 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability was $22.94 billion, which represented a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.86 billion, which represented approximately 29% of the County's payroll costs, and a 12% increase from the prior OPEB Valuation.

The 2010 OPEB Valuation continued to utilize the Projected Unit Credit actuarial cost method and a 5% discount rate. The economic and demographic assumptions used in the 2010 OPEB Valuation were derived from the retirement benefit assumptions used in the 2010 Actuarial Valuation and the results of the 2010 OPEB Investigation of Experience. The increase in the OPEB AAL from 2008 to 2010 was caused by several offsetting factors, which include changes to retirement benefit assumptions, cost increases due to the passage of time, demographic changes, lower than expected payroll growth, and claim cost experience gains, including lower than expected increases in health insurance premiums as of July 1, 2010 and July 1, 2011.

In May 2013, Milliman released the next OPEB actuarial valuation report ("the 2012 OPEB Valuation") as of July 1, 2012. In the 2012 OPEB Valuation, Milliman reported an AAL of $26.95 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability was $25.73 billion, which represented a 12.2% increase from the 2010 OPEB Valuation. The OPEB ARC as of July 1, 2012 was estimated to be $2.13 billion, which represented approximately 32% 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 is consistent with the funding level in Fiscal Year 2011-12.

In March 2014, Milliman released the 2013 Investigation of Experience for Other Postemployment Benefits Assumptions for the three-year period ended June 30, 2013 (the "2013 OPEB Investigation of Experience"). The actuarial assumptions derived from the 2013 OPEB Investigation of Experience will provide the basis for the next OPEB actuarial valuation report (the" 2014 OPEB Valuation") as of July 1, 2014.

For the Fiscal Year ended June 30, 2014, the County reported an OPEB ARC of $2.178 billion, which represents 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 is consistent with the funding level in Fiscal Year 2012-13.

Funding for Other Postemployment Benefits

The County is considering several funding options to reduce its OPEB AAL. 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 the first quarter of 2013, 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, 2014 was $483.8 million. Although the County did not make any contributions to the OPEB Trust in Fiscal Year 2013-14, the County may consider supplementing amounts in the OPEB Trust with additional General Fund resources in the future.

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. 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, including the County, 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. In Fiscal Years 2011-12, 2012-13 and 2013-14, the County made total DBP payments of $36.7 million, $37.6 million and $37.3 million, respectively. For Fiscal Year 2014-15, the County is estimating $41.9 million for DBP payments. The annual "pay-as-you-go" DBP payments are accounted for as an offset to the County's OPEB obligation. 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.

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 the 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

In 2011, the United States Department of Justice ("DOJ") commenced investigations into alleged discriminatory practices by the Los Angeles County Sheriff's Department, the Housing Authority of the County of Los Angeles, and the cities of Lancaster and Palmdale regarding Section 8 participants in the Antelope Valley area of the County. The DOJ found all four public agencies engaged in conduct that was intentionally discriminatory. The DOJ has proposed a consent decree which would impose an injunction prohibiting all agencies from future discrimination, and includes a requirement that $12.28 million be deposited into a settlement fund to provide for compensation of an unknown number of affected persons. No litigation has yet been filed.

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 all three 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 final Implementation Plan, which was submitted to the Courts, delineates 21 areas of proposed reforms with a total of 106 recommendations. The settlement agreement requires that the Sheriff Department comply with various recommendations by specific target dates of June 30, 2015, December 31, 2015 and December 31, 2016. Many of the recommendations mirror those of the Citizens' Commission on Jail Violence and have already been implemented or are in the process of being implemented. The County estimates the on-going costs to be approximately $51.7 million dollars per fiscal year.

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. Both the County District Attorney's Office and the Torrance Police Department are continuing their collective efforts in investigating the crime. This crime has 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 its initial phase, with many procedural and other issues still to be determined. The County expects to be indemnified by Sutherland Health Care Solutions to the fullest extent possible.

On April 8, 2014, a class action lawsuit entitled *Guillory, et al. v. County of Los Angeles* was filed in the Los Angeles Superior Court alleging that the County's administration of its General Relief program has been contrary to both State and federal law. During a period of 18-months prior to the case filing, the County corrected the alleged deficiencies and negotiated a settlement to resolve liability arising from its past practices. The lawsuit was filed so the court may certify the class, approve the settlement and oversee its administration during the four-year term of the settlement. The settlement includes programmatic commitments, a settlement fund to be distributed to sub-class members in the amount of $7.9 million, and a fee award to class counsel in an amount not to exceed $400,000.

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 that 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 $50.8 million. The total County exposure (including separate agencies governed by the same County officials) is $72.3 million. The County has reserved $68.2 million for the expected resolution of these lawsuits. A resolution with an approved calculation methodology is close to completion.

In September 2011, a lawsuit entitled *City of Cerritos et al, v. State of California, et al* was filed against the State and other defendants, including the County. The lawsuit challenges the constitutionality of the redevelopment dissolution legislation (ABx1 26). On January 27, 2012, the trial court denied the petitioners motion for a preliminary injunction. The petitioners have filed an appeal of the trial court's decision, and as of March 2013, this case had been fully briefed in the Court of Appeal. A request for oral argument was filed in January 2015, but a hearing date has not yet been set. If the petitioners prevail, the court could retroactively reinstate redevelopment agencies and require the County to return any residual property tax revenue that it received from the Redevelopment Property Tax Trust Fund (RPTTF). The County estimates the potential liability of this case to be $789 million, which is based on the distribution of the entire property tax residual, due diligence review amounts and asset sale proceeds to the County since the redevelopment agency dissolution in 2011. The Auditor-Controller's administrative costs are not included as a potential County liability because the dissolution legislation requires the Auditor-Controller to perform certain duties but allows the recovery of the administrative costs of those duties before allocating funds in the

RPTTF. The probability of the petitioners succeeding on the appeal is low, as all of the cases at the State level challenging the redevelopment agency dissolution have so far been unsuccessful. A detailed discussion of ABx1 26 and of the redevelopment agency dissolution is provided in the Budgetary Information section of Appendix A.

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 has dismissed plaintiffs' prayer for injunctive relief as moot and has determined that the County is liable for 224 violations and the LACFCD for 274 violations. A November 10, 2015 trial date has been set 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 that the maximum award of statutory penalties to be approximately $7.5 million for the County and approximately $9 million for the LACFCD, but that penalties would likely be significantly lower due to mitigating factors. Plaintiffs will also be entitled to substantial attorneys' fees. Plaintiffs have filed a notice of appeal of the dismissal of the request for injunctive relief and intend to ask the District Court to stay 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.

Accent Builders, Inc. ("ABI"), the general contractor for the construction of the La Plaza de Cultura y Artes cultural museum project, sued the County for breach of the contract. The County cross-complained against ABI and its alter-ego and subcontractor Superior Gunite, Inc. ("SGI"), for breach of contract and violation of the False Claims Act ("FCA"). SGI was dismissed from the action on January 7, 2014, after the trial court granted ABI's and SGI's demurrer as to the FCA claim. Following a bench trial, ABI obtained a damages award of $3.738 million, plus $2.028 million in attorneys' fees, costs, and prejudgment interest, resulting in a total judgment against the County of $5.766 million. The County's earlier-filed appeal of SGI's judgment of dismissal is now pending before the Court of Appeal. As of April 2015, that appeal has been fully briefed and oral argument is scheduled for May 13, 2015. The County filed its appeal of the trial court judgment in favor of ABI on December 10, 2014. Briefing deadlines have yet to be established. The County intends to appeal the measure of damages utilized by the trial court as well as the court's dismissal of the County's FCA claims against ABI. ABI has also appealed the judgment in regards to the court's reduction, by half, of the amount of attorneys' fees, costs, and prejudgment interest sought by ABI.

In January, 2014, the Board of Supervisors voted to add a Christian cross to the image of the San Gabriel Mission that is depicted on the County seal. The intent of the Board of Supervisors, as reflected in a motion to add the cross, was for the depiction of the San Gabriel mission on the County seal to be artistically and historically accurate. In February 2014, the American Civil Liberties Union, on behalf of a number of plaintiffs, filed an action entitled *Davies v. County of Los Angeles* in federal court, challenging the Board's action. The lawsuit primarily asserts that the Board's action to add a Christian cross to the County seal violates the Establishment Clause of the United States and California Constitutions by violating the principle separating the church and state. No trial date has been set for this lawsuit.

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
06/30/2009	$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%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2014.

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
2008-09	$30,498,981	-18.3%	66.8%
2009-10	33,433,888	11.6%	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%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2014.

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

Fiscal Year	Pension Payment to LACERA	OPEB Payment to LACERA	Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2008-09	805,300	365,424	320,339	$1,491,063	-4.5%
2009-10	802,500	384,034	358,165	1,544,699	3.6%
2010-11	898,803	406,937	372,130	1,677,870	8.6%
2011-12	1,026,867	424,030	-	1,450,897	-13.5%
2012-13	1,118,514	441,062	-	1,559,576	7.5%
2013-14	1,262,754	446,979	-	1,709,733	9.6%
2014-15	1,430,462	450,202	-	1,880,664	10.0%
2015-16	1,341,632 *	498,292 *		1,839,924	-2.2%

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 78.4% of the 2015-16 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 9.9% of the 2015-16 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 2015-16 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 7.9% of the 2015-16 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 2015-16 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 2014-15 is $19,836,899,568. The 2014-15 Final Adopted Budget included proceeds from taxes of $7,339,379,000, 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 repeals recent State laws that are in conflict with the measure, unless they are approved again by two-thirds of each house of the State Legislature. The State Legislative Analyst's Office asserts that Proposition 26 will make it more difficult for State and local governments to pass new laws that raise revenues and could reduce government revenues and spending statewide by billions of dollars annually.

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. Additional effects of Proposition 26 on the future financial condition of the County are unknown at this time.

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-xx of this Appendix A, $4.226 billion of the $21.119 billion 2015-16 Recommended General County Budget is received from the Federal government and $5.609 billion is funded by the State. The remaining $11.285 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 47% 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 in 2015-16 is positive largely because the County's Medicaid revenue, which is by far the County's largest source of Federal revenue, will continue to grow due to the expansion of Medicaid under the Patient Protection and Affordable Care Act (the "Affordable Care

Act"). The County also will receive increased revenue for Title IV-E Foster Care, which is the third largest Federal revenue source under the terms and conditions of California's Title IV-E waiver. The County's Federal revenue is expected to be stable through Fiscal Year 2015-16 in regard to funding received for other Federal entitlement programs, including the Temporary Assistance for Needy Families Program (CalWORKs in California), Child Support Enforcement, the Supplemental Nutrition Assistance Program (CalFresh in California); and federal discretionary programs through which the County receives its remaining Federal revenue.

The County expects that the Republican-controlled Congress will seek to reduce overall Federal spending, including reductions to Medicaid, which is the third largest Federal program after Social Security and Medicare. However, Republicans lack the two-thirds majority in both houses of Congress that would be needed to override an all but certain presidential veto of legislation that significantly reduces Medicaid spending, including legislation to repeal the Affordable Care Act. In the event that legislation was enacted resulting in reductions in Federal revenue for County-administered programs, the fiscal impact of such spending cuts is unlikely to be felt until Fiscal Year 2016-17, at the earliest.

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 in its budgetary 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 and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which created a constitutional amendment prohibiting the Legislature from reducing or removing AB 109 funding.

The 2014-15 State Budget Act estimated AB 109 funding at $1.1 billion. The California State Association of Counties (CSAC) has submitted to the State a recommendation for a long-term funding distribution formula among the counties. Based on this formula, the County would maintain its funding allocation and receive approximately $317.6 million, which would provide full 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 use 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 and 2013-14, the County General Fund received $100.8 and $118.0 million of residual taxes, respectively. In Fiscal Year 2014-15, the County expects to receive $134.0 million residual taxes. The 2015-16 Recommended Budget includes $115.0 million of residual taxes 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 PROPOSED STATE BUDGET

On January 9, 2015, Governor Brown released his Fiscal Year 2015-16 Proposed State Budget (the "Proposed State Budget"), The Proposed State Budget projects a beginning fund balance surplus from Fiscal Year 2014-15 of $1.423 billion, total revenues and transfers of $113.380 billion, total expenditures of $113.298 billion, and a year-end surplus of $1.505 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 $534 million will be deposited to the Special Fund for Economic Uncertainties. The State Budget Act continues to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $2.826 billion. The total revenues and transfers of $113.380 million in the Proposed State Budget represents a $7.892 billion, or 7.5% increase from the Fiscal Year 2014-15 State Budget Act, and reflects the continued improvement in the financial condition of the State.

The Proposed State Budget contains no reductions to County-administered programs, and includes the repayment of $533 million statewide in pre-2004 deferred State mandate payments owed to local governments. The County's estimated share of this repayment is $88 million. The Proposed State Budget also includes an increase in the base allocation for the AB 109/2011 Public Safety Realignment from $934.1 million to $1.1 billion statewide, and proposes to redirect an estimated $698.2 million statewide from the counties to the State as an offset to the potential budgetary savings realized as a result of the Medi-Cal expansion under the Affordable Care Act. The County is estimating that $100.0 million 1991 Health Realignment funding will be redirected from the County to the State in Fiscal Year 2015-16.

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 economic downturn, which started 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. Throughout the economic downturn, the County's employee labor groups agreed to zero cost-of-living adjustments (COLAs) and no salary increases. 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, has enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

The reliability of property tax revenue is due in large part to Proposition 13, which helps to 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 has not been reflected on the property tax rolls and has helped to offset a significant decrease in property values during the 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. Assessed valuation returned to growth in Fiscal Years 2011-12, 2012-13 and 2013-14, with increases of 1.4%, 2.2% and 4.7% in the Net Local Roll, respectively. For the Fiscal Year 2014-15 tax roll, the County Assessor estimates that approximately 12.5% of all single-family residential parcels, 12.9% of all residential income parcels and 18.8% 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.

For Fiscal Year 2014-15, the Assessor reported a 2014 Net Local Roll of $1.192 trillion, which represents an increase of 5.47% or $61.812 billion from Fiscal Year 2013-14. The 2014 Net Local Assessment Roll represents the largest revenue-producing valuation in the history of the County. The largest factors contributing to the projected increase in assessed valuation in Fiscal Year 2014-15 are transfers in ownership ($30.699 billion), the restoration of previous decline in value adjustments ($21.836 billion), new construction ($4.492 billion), and an increase in the consumer price index ($4.537 billion).

Starting in 2007, with the downturn in the real estate market, 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 would 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 recent improvement in the real estate market, and beginning with the Fiscal Year 2013-14 Assessment Roll, the Assessor began to review the 552,000 parcels to evaluate whether a reduced assessed value was still warranted under Proposition 13. Based on this review, the Assessor has fully restored 126,000 parcels to their Proposition 13 value, with an additonal 174,000 parcels reassessed as a result of a change in ownership. The remaining 252,000 parcels will be reviewed by the Assessor in preparation for the Fiscal Year 2015-16 Assessment Roll. The assessed value that could be restored for these parcels is currently estimated at $37.0 billion.

FISCAL YEAR 2014-15 FINAL ADOPTED BUDGET

The Fiscal Year 2014-15 Final Adopted Budget (the 2014-15 Final Adopted Budget), which was approved on September 30, 2014, appropriates $27.141 billion, which reflects a $1.042 billion or 4.0% increase in total funding requirements from Fiscal Year 2013-14. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $20.948 billion, which represents a $938.6 million or 4.7% increase from Fiscal Year 2013-14. The 2014-15 Final Adopted Budget appropriates $6.193 billion for Special Funds/District, reflecting a $103.6 million or 1.7% decrease from Fiscal Year 2013-14.

The primary changes to the NCC component of the 2014-15 Final Adopted Budget are outlined in the following table.

Fiscal Year 2014-15 NCC Budget Changes

2013-14 One-Time Budget Solutions	$ (8,798,000)
Unavoidable Cost Increases	
Health Insurance Subsidy	(30,474,000)
Pension Costs	(79,172,000)
Employee Salary Increases	(82,156,000)
Deferred Compensation Cap Increase	(8,100,000)
Various Cost Increases	(8,628,000)
Program Changes	
Sheriff Jail Violence Recommendations	(38,142,000)
Sheriff Restore Curtailments	(18,000,000)
Mental Health Inpatient Beds - COLA	(6,321,000)
Psychiatric Emergency Services	(5,438,000)
Various Assistance Cost Increases	(4,877,000)
Sheriff Unincorporated Patrol	(12,031,000)
Mental Health Services in County Jails	(10,000,000)
Enhanced Unincorporated Area Services	(9,073,000)
All Other Program Changes	(43,473,000)
Revenue Changes	
Property Taxes	254,032,000
Property Taxes - Supplemental Appointment	(19,000,000)
Property Taxes - CRA Dissolution Residual	75,000,000
Realignment Sales Tax	35,471,000
Public Safety Sales Tax	31,681,000
Registrar-Recorder Revenue Shortfall	(13,181,000)
Various Revenue Changes	680,000
Total Projected Budget Gap	$ -

Unavoidable Cost Increases

The primary drivers of unavoidable cost increases are directly related to salaries and employee benefits. For the first time since August 2008 for safety employees, and January 2009 for the remaining employees, the County approved salary increases. Over the previous five-year period, employee labor groups actively partnered with the County by agreeing to zero salary increases, which played a critical role in enabling the County to emerge from the economic downturn in a stable financial condition. The Board of Supervisors approved 6% salary increases with nearly all of its collective bargaining units, which are reflected in the higher expenditures for employee salaries in the Fiscal Year 2013-14 and 2014-15 Final Adopted Budgets. In addition to employee salaries, the County is also experiencing cost increases for employee health insurance premiums.

The increase in the County's retirement contribution rates is primarily due to the actuarial investment losses sustained by LACERA in Fiscal Years 2008-09 and 2011-12, and the reductions in the assumed investment rates of return. The impact of the actuarial investment losses sustained in Fiscal Year 2008-09 will be fully recognized and accounted for by the end of Fiscal Year 2014-15. As a result, the County anticipates that annual expenditures for retirement costs will be more stable in the future.

On June 4, 2014, the Federal Department of Justice (DOJ) issued a report, which concluded that the County was out of compliance with the terms of a 2002 MOA regarding the provision of mental health services in County Jails. The DOJ asserts that the MOA has been ineffective in achieving compliance and that a court-enforceable settlement agreement should now be substituted for the 2002 MOA. To that end, the DOJ's report identified 53 remedial measures to address deficient mental health services and suicide prevention issues. The DOJ expects the Sheriff's Department and the Department of Mental Health (DMH) to address the remedial measures through the court-enforceable agreement.

The County has not agreed to a court-enforceable agreement and is continuing to negotiate with the DOJ on each of the 53 items. Based on preliminary estimates, the multi-year budget impact to achieve full compliance with some of the remedial measures is $48.0 million. The Fiscal Year 2014-15 Final Adopted Budget included $20.0 million to fund implementation of the remedial measures.

Revenue Increases

As a result of improving economic conditions, the County's primary revenue sources are expected to show continued growth in Fiscal Year 2014-15.

The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. As noted above, the Assessor released the Fiscal Year 2014-15 Assessment Roll, which reflected a 5.47% increase in the total revenue-producing valuation from Fiscal Year 2013-14. The increase in assessed valuation provided the basis for the $254.0 million projected increase in property tax revenue in the 2014-15 Final Adopted Budget. The increase in property tax revenue was partially offset by an estimated $19.0 million reduction in supplemental property taxes due to a change in the supplemental apportionment factor. In addition to the projected growth in property tax revenue, the County has included an additional $75 million revenue increase from the property tax residual in Fiscal Year 2014-15 as a result of the redevelopment agency dissolution.

Based on current trends, and a survey of local economic forecasts, the County assumed a 4.0% growth factor in its overall sales tax projection for the 2014-15 Final Adopted Budget. Based on the 4% growth rate, the County is projecting a $67.2 million increase in Proposition 172 Sales Tax and Realignment Sales Tax in Fiscal Year 2014-15.

The increase in property tax and sales tax revenue is partially offset by a $13.2 million reduction in recording fee revenue, as the Registrar-Recorder/County Clerk is experiencing a significant drop in a variety of recording filings and a $10.6 million reduction in the utility user tax.

FISCAL YEAR 2015-16 RECOMMENDED BUDGET

The Fiscal Year 2015-16 Recommended Budget (the "2015-16 Recommended Budget"), which was approved on April 14, 2015, appropriates $26.923 billion, which reflects a $218.0 million or 0.8% decrease in total funding requirements from Fiscal Year 2014-15. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $21.119 billion, which represents a $171.0 million or 0.8% increase from Fiscal Year 2014-15. The 2015-16 Recommended Budget appropriates $5.804 billion for Special Funds/District, reflecting a $389.0 million or 6.3% decrease from Fiscal Year 2014-15.

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

Fiscal Year 2015-16 NCC Budget Changes

Assistance Caseload Changes	$ 12,912
Unavoidable Cost Increases	
Health Insurance Subsidy	(29,667)
Pension Costs	42,399
Employee Salary Increases	(160,796)
Various Cost Increases	183
Program Changes	
Rosas Settlement	(64,470)
Mental Health Services in County Jails	(23,456)
County Jails ADA Settlement	(1,208)
Diversion - Inmate Treatment Program	(10,000)
Curtailment Restoration	(6,934)
All Other Program Changes	(16,743)
Fiscal Policies	
Appropriation for Contingency	(11,594)
Deferred Maintenance	(5,000)
Revenue Changes	
Property Taxes	212,302
Public Safety Sales Tax	39,381
Various Revenue Changes	22,691
Total Projected Budget Gap	$ -

Assistance Caseload 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.

Unavoidable Cost Increases

Unavoidable cost increases are primarily the result of previously approved salaries and employee benefits increases as well as yet to be determined salary and benefit increases that are subject to negotiations with the County's collective bargaining units and would take effect in Fiscal Year 2015-16. The Board of Supervisors previously approved 6% salary increases with nearly all of its collective bargaining units, which are reflected in the higher expenditures for employee salaries in the 2014-15 Final Adopted Budget, and the 2015-16 Recommended Budget.

<u>County Jails Excessive Use of Force</u> – 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. The settlement agreement requires that the Sheriff's Department achieve compliance with the recommendations by June 30, 2015, December 31, 2015 and by December 31, 2016. Many of the recommendations expand upon those of the Citizens' Commission on Jail Violence (CCJV) and some have already been implemented, or are in the process of being implemented. The Chief Executive Office will continue to work with the Sheriff's Department to determine the level of resources that are required in order to achieve full compliance with the Rosas settlement and present final recommendations for implementing the settlement to the Board of Supervisors in June 2015.

<u>County Jails Mental Health Needs</u> – 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.

<u>Comprehensive Diversion Inmate Treatment Program</u> – Supplements $20.0 million in one-time funding in the PFU budget unit with $10.0 million of ongoing funding for this program. This funding is being set aside in anticipation of the District Attorney's report on a Comprehensive Criminal Justice Mental Health Plan.

<u>Fiscal Policies</u>

On September 30, 2014, the County updated its budget policies to require that 5% - 10% of new ongoing discretionary revenue 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 Recommended Budget, $11.6 million is being set aside in the Appropriation for Contingency, which reflects 5% of discretionary revenues. In addition, the revised budget policies required that $5.0 million be allocated for deferred maintenance needs as part of the Recommended Budget.

<u>Revenue Changes</u>

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 forecasting a 5.05 percent increase in the Net Local Roll for Fiscal Year 2015-16, which provides the basis for the $212.3 million of additional property tax revenue included in the 2015-16 Recommended Budget.

Based on current trends and a survey of local economic forecasts, the County has assumed a 5.0% growth factor in its overall sales tax projection for the 2015-16 Recommended Budget. Based on the 5% growth rate, the County is projecting a $39.4 million increase in Proposition 172 Sales Tax in Fiscal Year 2015-16. The 2015-16 Recommended Budget also reflects a $22.7 million increase in a variety of other local revenues, with the largest increase attributable to a projected $12.0 million increase in the documentary deed transfer tax.

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 millions of 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. By developing new revenue sources, implementing efficiencies and hiring freezes, and using one-time reserve funds, DHS has been able to cover its prior years' structural deficits.

The improvement in the DHS fiscal outlook from prior years is primarily due to 1) the five-year Section 1115 Hospital Financing Waiver (the "Waiver"), which became effective in November 2010, and 2) the implementation of the Affordable Care Act, effective January 1, 2014. As a result of the Affordable Care Act implementation, DHS has experienced a significant reduction in the number of uninsured patients, providing an overall fiscal benefit. Because the impact of the ACA has expanded DHS' revenue base, the budgetary pressures on DHS have been appreciably reduced. Further, 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

The Centers for Medicare and Medicaid Services ("CMS") approved the Waiver for public hospitals in California, effective November 1, 2010, which provides partial funding for uncompensated care and a new funding source for system improvements at public hospitals through the Delivery System Reform Incentive Pool ("DSRIP"). In addition, the Waiver permits the federal government to waive certain Medicaid (referred to as Medi-Cal in California) statutory requirements and allows California to receive Federal matching funds for Medi-Cal services that would otherwise not be eligible for Federal funding, thus further enhancing DHS revenues.

DHS has successfully implemented the structural and operational reforms necessary to achieve the DSRIP performance incentives and will continue to focus its efforts on maximizing this funding source. In Fiscal Year 2014-15, DHS expects to meet almost all of the DSRIP goals and outcomes with a net benefit of $223.4 million in DSRIP revenue. A mandated semi-annual report was submitted to the State in March 2015 for which DHS expects to receive a DSRIP payment by June 30, 2015. The next semi-annual report is due to the State in September 2015 with the revenue expected to be received by the end of calendar year 2015.

Renewal of Expiring 1115 Waiver

The current Waiver will expire October 31, 2015 and efforts are currently underway to ensure its renewal, effective November 1, 2015. In consultation with the counties and other stakeholders, the State developed a Waiver renewal proposal and submitted it to CMS on March 27, 2015. Discussions have started between the State and CMS and the State hopes to complete the process by the end of the current Waiver period. DHS does not anticipate large changes in the overall amount of revenue to be included in the renewal Waiver. As such, DHS has included conservative estimates in the Fiscal Year 2015-16 Recommended Budget for Waiver-related revenues as a placeholder until the Waiver negotiations are complete.

Affordable Care Act

The Affordable Care Act provided the framework for the Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The Affordable Care Act'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. The Waiver included the Low Income Health Program ("LIHP") that implemented the MCE program prior to January 2014. The LIHP was known as Healthy Way LA ("HWLA") in Los Angeles County and provided for early enrollment for many uninsured DHS patients. As the Affordable Care Act became effective on January 1, 2014, HWLA enrollees were automatically transitioned to coverage under the MCE program. HWLA and the MCE have 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 Affordable Care Act 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 will be used to determine whether there are "excess" funds available for "redirection" of realignment revenue back to the State. The amount of realignment 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 in Fiscal Year 2013-14 is 70% State and 30% County. For Fiscal Year 2014-15 and forward, the sharing ratio will be 80% State and 20% County.

As a result of AB 85, the State redirected realignment revenue of $87.5 million from the County for Fiscal Year 2013-14 and the State Budget Act redirects $238.3 million from the County for Fiscal Year 2014-15. The Governor has noted these estimated redirections are interim calculations, with a final reconciliation of the Fiscal Year 2013-14 redirection to take place no later than January 2016. DHS believes that the State has overestimated the excess funds the State has identified for redirection. In the Proposed State Budget, the State is proposing to redirect $100 from the County. Although this amount is expected to be adjusted in the Governor's May Budget Revision, any change is not expected to be material. 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 2013-14, DHS closed the year with a budgetary surplus of $192.0 million, which is net of the $87.5 million realignment revenue redirection noted above. The surplus funds are maintained in a reserve account and are available to fund DHS operations in the future, as needed.

Although the Fiscal Year 2014-15 State Budget Act included a redirection amount of $238.3 million based on estimated revenues and expenditures, DHS is estimating the redirection amount at $155.4 million and a budgetary surplus of $102.1 million (net of the $155.5 million redirection). If necessary, DHS expects to account for the $82.9 million difference in the projected realignment revenue redirection ($238.3 million minus $155.4 million) by using a portion of DHS' Fiscal Year 2014-15 budgetary surplus.

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, 2015, the balance of General Fund cash advances to the Hospital Funds was approximately $847.4 million. The timing of cash reimbursements has been impacted as both the State and the County adjust to the influx of large numbers of people entering into the ACA's expanded Medi-Cal programs. In addition, the implementation of the ACA's Hospital Presumptive Eligibility ("HPE") program allowed expedited Medi-Cal eligibility and coverage. These changes had significant impacts on processing and claiming operations at both the State and county levels. However, most of the issues that arose from the HPE implementation have now been addressed. By the end of the Fiscal Year 2014-15, or the beginning of Fiscal Year 2015-16, the County expects the remaining processing issues to be resolved, with DHS cash receipts returning to a more timely and predictable pattern.

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, 2014, the overall receivable balance was $195.9 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 2014-15 will be determined at the closing of the books at fiscal year-end.

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 then, 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-LA team has been completing licensing activities in preparation to open the hospital and anticipates treating its first patients sometime in calendar year 2015, with the full complement of hospital services available by the end of 2015 or early 2016.

To assist with the opening of the MLK Hospital, the County has agreed to provide MLK-LA Healthcare with $50.0 million of coordination start-up funds, $39.1 million of grant funding, and $82.0 million of short-term and long-term loans. In addition, the County has committed to make an annual intergovernmental transfer of up to $50.0 million for the benefit of the new hospital. For use of the County-owned hospital facility, MLK-LA

Healthcare will make annual lease payments to the County in the amount of $18.0 million. The County has initially financed the construction of the MLK Hospital with $283.8 million of short-term lease-revenue notes, which are currently outstanding. The County intends to refinance the MLK Hospital and pay-off the short-term notes through the issuance of long-term lease-revenue bonds.

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. While the County's share of the State settlement was expected to average approximately $100.0 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County may fluctuate significantly from year to year. Factors that could 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.

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, recent 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 have been withheld or made under protest. Arbitration hearings are currently being held to resolve the issues causing the payment adjustments and protests that began in 2003. The precise amount of payment adjustments to the MSA and the future availability of withheld payments are unknown at this time.

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 represents 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.

In accordance with the terms of the MSA, the annual TSRs are subject to numerous adjustments, offsets and recalculation. In Fiscal Year 2013-14, the County received $64.1 million in TSRs from the participating manufacturers. A settlement was reached in March 2013 with certain MSA participants (including California) to resolve the status of the disputed payments from 2003 to 2012, which also includes a new method for calculating future NPM adjustments. 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.

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. As of June 30, 2014, the County has received approximately $1.536 billion in TSRs and accrued interest, with approximately $1.486 billion of the collected proceeds disbursed, and $49.9 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 2015-16 Recommended Budget is supported by $4.679 billion in property taxes, $4.226 billion in federal funding, $5.609 billion in State funding, $0.197 billion in cancelled obligated fund balance, $1.319 billion in Fund Balance and $5.089 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 2014-15 Final Adopted Budget with the 2015-16 Recommended Budget.

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

Fund	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Recommended 2015-16
General Fund	$ 16,229,826	$ 16,750,817	$ 17,206,258	$ 17,782,636	$ 17,967,946
Hospital Enterprise Fund	2,268,712	2,592,117	2,803,170	3,165,359	3,151,363
Total General County Budget	$ 18,498,538	$ 19,342,934	$ 20,009,428	$ 20,947,995	$ 21,119,309

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

	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Recommended 2015-16
Requirements					
Social Services	$ 5,539,798	$ 5,572,820	$ 5,846,911	$ 6,206,407	$ 6,346,178
Health	5,600,822	5,952,459	6,208,232	6,373,399	6,501,410
Justice	4,697,762	4,985,441	5,146,062	5,442,540	5,502,991
Other	2,660,156	2,832,214	2,808,223	2,925,649	2,768,730
Total	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**
Revenue Sources					
Property Taxes	$ 3,750,746	$ 3,814,906	$ 4,177,683	$ 4,467,240	$ 4,679,006
State Assistance	4,670,351	5,168,427	5,024,219	5,366,757	5,608,584
Federal Assistance	4,712,400	5,008,928	4,342,123	4,184,128	4,225,733
Other	5,365,041	5,350,673	6,465,403	6,929,870	6,605,986
Total	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**

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

	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Recommended 2015-16
Financing Requirements					
Salaries & Employee Benefits	$ 8,895,017	$ 9,322,969	$ 9,671,291	$ 10,353,404	$ 10,822,231
Services & Supplies	6,706,121	6,869,576	7,138,148	7,362,617	7,418,228
Other Charges	3,621,050	3,734,605	3,901,664	4,082,120	3,888,469
Capital Assets	890,217	1,025,119	982,969	946,383	816,553
Other Financing Uses	640,310	615,357	619,569	263,903	544,456
Appropriations for Contingencies	-	-	-	5,000	11,594
Interbudget Transfers[1]	(1,419,532)	(1,476,794)	(1,417,786)	(1,054,758)	(1,387,140)
Gross Appropriation	$ 19,333,183	$ 20,090,832	$ 20,895,855	$ 21,958,669	$ 22,114,391
Less: Intrafund Transfers	975,236	942,276	944,775	990,638	995,082
Net Appropriation	$ 18,357,947	$ 19,148,556	$ 19,951,080	$ 20,968,031	$ 21,119,309
Provision for Obligated Fund Balance					
General Reserve	$ -	$ -	$ -	$ -	$ -
Assigned for Rainy Day Funds	-	10,000	35,033	24,274	-
Committed Fund Balance	140,591	184,378	23,315	(44,310)	-
Total Financing Requirements	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**
Available Financing					
Fund Balance	$ 1,601,571	$ 1,565,502	$ 1,497,581	$ 1,566,263	$ 1,319,284
Cancel Provision for Obligated Fund Balance	271,027	208,484	239,852	143,419	197,071
Property Taxes: Regular Roll	3,709,801	3,778,085	4,123,069	4,414,842	4,626,417
Supplemental Roll	40,945	36,821	54,614	52,398	52,589
Revenue	12,875,194	13,754,042	14,094,312	14,771,073	14,923,948
Total Available Financing	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,119,309**

[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 2015-16, from the above table would give the impression that there are more resources than are actually

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2014-15 FINAL ADOPTED TO 2015-16 RECOMMENDED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2014-15 Final Budget [1]	2015-16 Recommended Budget [2]	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 957,997.0	$ 1,033,106.0	$ 75,109.0	7.84%
General Services	831,769.0	906,359.0	74,590.0	8.97%
Public Buildings	985,554.0	772,056.0	(213,498.0)	-21.66%
Total General	$ 2,775,320.0	$ 2,711,521.0	$ (63,799.0)	-2.30%
Public Protection				
Justice	$ 5,088,427.0	$ 5,092,924.0	$ 4,497.0	0.09%
Other Public Protection	224,896.0	206,623.0	(18,273.0)	-8.13%
Total Public Protection	$ 5,313,323.0	$ 5,299,547.0	$ (13,776.0)	-0.26%
Health and Sanitation	6,369,735.0	6,473,193.0	103,458.0	1.62%
Public Assistance	6,102,852.0	6,253,762.0	150,910.0	2.47%
Recreation and Cultural Services	334,441.0	302,332.0	(32,109.0)	-9.60%
Insurance and Loss Reserve	67,360.0	67,360.0	-	0.00%
Provision for Obligated Fund Balance	(20,036.0)	-	20,036.0	-100.00%
Appropriations for Contingencies	5,000.0	11,594.0	6,594.0	131.88%
Total Requirements	**$ 20,947,995.0**	**$ 21,119,309.0**	**$ 171,314.0**	**0.82%**
AVAILABLE FUNDS				
Property Taxes	$ 4,467,240.0	$ 4,679,006.0	$ 211,766.0	4.74%
Fund Balance	1,566,263.0	1,319,284.0	(246,979.0)	-15.77%
Cancelled Prior-Year Reserves	143,419.0	197,071.0	53,652.0	37.41%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 262,465.0	$ 336,372.0	$ 73,907.0	28.16%
Homeowners' Exemption	20,500.0	19,000.0	(1,500.0)	-7.32%
Public Assistance Subventions	989,506.0	1,048,367.0	58,861.0	5.95%
Other Public Assistance	1,779,457.0	1,836,970.0	57,513.0	3.23%
Public Protection	1,186,553.0	1,217,569.0	31,016.0	2.61%
Health and Mental Health	958,162.0	1,018,136.0	59,974.0	6.26%
Capital Projects	137,193.0	102,940.0	(34,253.0)	-24.97%
Other State Revenues	32,921.0	29,230.0	(3,691.0)	-11.21%
Total State Revenues	$ 5,366,757.0	$ 5,608,584.0	$ 241,827.0	4.51%
Federal Revenues				
Public Assistance Subventions	$ 2,430,816.0	$ 2,579,752.0	$ 148,936.0	6.13%
Other Public Assistance	227,827.0	214,410.0	(13,417.0)	-5.89%
Public Protection	219,627.0	147,459.0	(72,168.0)	-32.86%
Health and Mental Health	1,259,156.0	1,242,624.0	(16,532.0)	-1.31%
Capital Projects	1,336.0	1,149.0	(187.0)	-14.00%
Other Federal Revenues	45,366.0	40,339.0	(5,027.0)	-11.08%
Total Federal Revenues	$ 4,184,128.0	$ 4,225,733.0	$ 41,605.0	0.99%
Other Governmental Agencies	25,860.0	22,150.0	(3,710.0)	-14.35%
Total Intergovenmental Revenues	$ 9,576,745.0	$ 9,856,467.0	$ 279,722.0	
Fines, Forfeitures and Penalties	214,981.0	216,285.0	1,304.0	0.61%
Licenses, Permits and Franchises	48,431.0	53,753.0	5,322.0	10.99%
Charges for Services	3,981,588.0	3,534,619.0	(446,969.0)	-11.23%
Other Taxes	194,726.0	209,479.0	14,753.0	7.58%
Use of Money and Property	126,401.0	133,776.0	7,375.0	5.83%
Miscellaneous Revenues	439,612.0	730,980.0	291,368.0	66.28%
Operating Contribution from General Fund	188,589.0	188,589.0	-	0.00%
Total Available Funds	**$ 20,947,995.0**	**$ 21,119,309.0**	**$ 171,314.0**	**0.82%**

(1) Reflects the 2014-15 Final Adopted General County Budget approved by the Board of Supervisors on September 30, 2014
(2) Reflects the 2015-16 Recommended Budget General County Budget approved by the Board of Supervisors on April 14, 2015

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2014-15 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	$ 957,997.0	$ -	$ 957,997.0
General Services	831,769.0	-	831,769.0
Public Buildings	985,554.0	-	985,554.0
Total General	$ 2,775,320.0	$ -	$ 2,775,320.0
Public Protection			
Justice	$ 5,088,427.0	$ -	$ 5,088,427.0
Other Public Protection	224,896.0	-	224,896.0
Total Public Protection	$ 5,313,323.0	$ -	$ 5,313,323.0
Health and Sanitation	$ 3,204,376.0	$ 3,165,359.0	$ 6,369,735.0
Public Assistance	6,102,852.0	-	6,102,852.0
Recreation and Cultural Services	334,441.0	-	334,441.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	(20,036.0)	-	(20,036.0)
Appropriation for Contingency	5,000.0	-	5,000.0
Total Requirements	**$ 17,782,636.0**	**$ 3,165,359.0**	**$ 20,947,995.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,467,240.0	$ -	$ 4,467,240.0
Fund Balance	1,566,263.0	-	1,566,263.0
Cancel Provision for Obligated Fund Balance	143,419.0	-	143,419.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 262,465.0	$ -	$ 262,465.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	989,506.0	-	989,506.0
Other Public Assistance	1,779,457.0	-	1,779,457.0
Public Protection	1,186,553.0	-	1,186,553.0
Health and Mental Health	910,224.0	47,938.0	958,162.0
Capital Projects	137,193.0	-	137,193.0
Other State Revenues	32,921.0	-	32,921.0
Total State Revenues	5,318,819.0	47,938.0	5,366,757.0
Federal Revenues			
Public Assistance Subventions	$ 2,405,381.0	$ 25,435.0	$ 2,430,816.0
Other Public Assistance	227,827.0	-	227,827.0
Public Protection	219,627.0	-	219,627.0
Health and Mental Health	921,403.0	337,753.0	1,259,156.0
Capital Projects	1,336.0	-	1,336.0
Other Federal Revenues	45,366.0	-	45,366.0
Total Federal Revenues	$ 3,820,940.0	$ 363,188.0	$ 4,184,128.0
Other Governmental Agencies	25,860.0	-	25,860.0
Total Intergovenmental Revenues	$ 9,165,619.0	$ 411,126.0	$ 9,576,745.0
Fines, Forfeitures and Penalties	214,948.0	33.0	214,981.0
Licenses, Permits and Franchises	48,305.0	126.0	48,431.0
Charges for Services	1,646,255.0	2,335,333.0	3,981,588.0
Other Taxes	194,726.0	-	194,726.0
Use of Money and Property	126,316.0	85.0	126,401.0
Miscellaneous Revenues	209,545.0	230,067.0	439,612.0
Operating Contribution from General Fund	-	188,589.0	188,589.0
Total Available Funds	**$ 17,782,636.0**	**$ 3,165,359.0**	**$ 20,947,995.0**

(1) Reflects the 2015-16 Recommended Budget General County Budget approved by the Board of Supervisors on April 14, 2015

COUNTY OF LOS ANGELES
RECOMMENDED 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	$ 1,033,106.0	$ -	$ 1,033,106.0
General Services	906,359.0	-	906,359.0
Public Buildings	772,056.0	-	772,056.0
Total General	$ 2,711,521.0	$ -	$ 2,711,521.0
Public Protection			
Justice	$ 5,092,924.0	$ -	$ 5,092,924.0
Other Public Protection	206,623.0	-	206,623.0
Total Public Protection	$ 5,299,547.0	$ -	$ 5,299,547.0
Health and Sanitation	$ 3,321,830.0	$ 3,151,363.0	$ 6,473,193.0
Public Assistance	6,253,762.0	-	6,253,762.0
Recreation and Cultural Services	302,332.0	-	302,332.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	-	-	-
Appropriation for Contingency	11,594.0	-	11,594.0
Total Requirements	**$ 17,967,946.0**	**$ 3,151,363.0**	**$ 21,119,309.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,679,006.0	$ -	$ 4,679,006.0
Fund Balance	1,319,284.0	-	1,319,284.0
Cancel Provision for Obligated Fund Balance	12,131.0	184,940.0	197,071.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 336,372.0	$ -	$ 336,372.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,048,367.0	-	1,048,367.0
Other Public Assistance	1,836,970.0	-	1,836,970.0
Public Protection	1,217,569.0	-	1,217,569.0
Health and Mental Health	974,299.0	43,837.0	1,018,136.0
Capital Projects	102,940.0	-	102,940.0
Other State Revenues	29,230.0	-	29,230.0
Total State Revenues	5,564,747.0	43,837.0	5,608,584.0
Federal Revenues			
Public Assistance Subventions	$ 2,555,379.0	$ 24,373.0	$ 2,579,752.0
Other Public Assistance	214,410.0	-	214,410.0
Public Protection	147,459.0	-	147,459.0
Health and Mental Health	929,866.0	312,758.0	1,242,624.0
Capital Projects	1,149.0	-	1,149.0
Other Federal Revenues	40,339.0	-	40,339.0
Total Federal Revenues	$ 3,888,602.0	$ 337,131.0	$ 4,225,733.0
Other Governmental Agencies	22,150.0	-	22,150.0
Total Intergovenmental Revenues	$ 9,475,499.0	$ 380,968.0	$ 9,856,467.0
Fines, Forfeitures and Penalties	216,010.0	275.0	216,285.0
Licenses, Permits and Franchises	53,627.0	126.0	53,753.0
Charges for Services	1,667,557.0	1,867,062.0	3,534,619.0
Other Taxes	209,479.0	-	209,479.0
Use of Money and Property	133,699.0	77.0	133,776.0
Miscellaneous Revenues	201,654.0	529,326.0	730,980.0
Operating Contribution from General Fund	-	188,589.0	188,589.0
Total Available Funds	**$ 17,967,946.0**	**$ 3,151,363.0**	**$ 21,119,309.0**

(1) Reflects the 2015-16 Recommended Budget General County Budget approved by the Board of Supervisors on April 14, 2015

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 2014-15 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 $37,114,020,795 which constitutes only 3.24% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2014-15
Southern California Edison Co.	$71,292,071
Douglas Emmett Residential	42,169,431
Tesoro Refining and Marketing Co.	30,865,127
Participants in Long Beach Unit	25,169,150
Universal Studios LLC	25,023,715
ASN Pasadena LLC	21,838,594
Chevron USA Inc./Texaco/Unocal	21,821,952
Southern California Gas Co.	21,729,934
AT&T/Pacific Bell Telephone Co.	20,880,492
EQR/ERP Limited	20,254,696
Verizon/MCI Communications Serv. Inc.	19,509,417
EXXON/Mobil Oil Corp.	17,602,415
Phillips 66	16,628,041
Prologis/AMB	15,552,713
Maguire Properties	15,265,810
Freeport-McMoran Oil & Gas LLC	13,964,406
OXY/Tidelands Oil/Vintage Production	12,926,878
Beacon Oil Co./Ultramar/Valero Energy Corp.	11,287,796
CBS Inc./Paramount Pictures Corp.	10,794,155
Boeing/Hughes Aircraft/McDonnell Douglas Corp.	10,739,130
	$445,315,923

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 assessed cash values, property tax levies and collections from Fiscal Years 2010-2011 through 2014-15.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2010-11 THROUGH 2014-15

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 %
2010-11	$997,502,481,662	$2,423,866,268	$2,369,935,057	97.77%
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	2,812,281,669	2,771,364,993 (3)	98.55%

(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 2010-11 through 2014-15.

PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2010-11 THROUGH 2014-15

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2010-11	$136,964,953,487	$1,208,208,191
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	1,022,618,631 (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) Total CRA Tax Allocations from November 2014 through April 2015.

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.

2014-15 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 13, 2014, the County issued the 2014-15 TRANs with an aggregate principal amount of $900,000,000 due on June 30, 2015. The 2014-15 TRANs are general obligations of the County attributable to Fiscal Year 2014-15 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 2014-15 for the purpose of repaying the 2014-15 TRANs on the June 30, 2015 maturity date. The deposits to the Repayment Fund will be made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2014-15 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2014	$315,000,000
January, 2015	315,000,000
April, 2015	283,462,500
Total	$913,462,500

* Includes $900,000,000 of 2014-15 TRANs principal and 1.50% 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 2010-11.

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

	2010-11	2011-12	2012-13	2013-14	Estimated 2014-15
Property Taxes	$3,733,822	$3,725,324	$4,276,875	$4,337,915	$4,424,903
Other Taxes	137,907	172,703	167,054	203,396	189,323
Licenses, Permits and Franchises	56,799	58,642	61,268	65,260	52,950
Fines, Forfeitures and Penalties	242,904	218,380	226,737	212,676	199,034
Investment and Rental Income	123,582	111,506	107,105	104,422	110,988
State In-Lieu Taxes	401,679	366,352	335,310	344,971	355,066
State Homeowner Exemptions	21,616	21,505	21,101	19,715	19,244
Charges for Current Services	1,574,709	1,678,238	1,546,370	1,582,791	1,502,436
Other Revenue*	465,163	392,137	552,414	525,570	504,357
TOTAL UNRESTRICTED RECEIPTS	$6,758,181	$6,744,787	$7,294,234	$7,396,716	$7,358,301

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 2013-14 and Fiscal Year 2014-15.

General Fund Cash Flow Statements

The Fiscal Year 20134-14 and Fiscal Year 2014-15 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 20134-14, the County had an ending General Fund cash balance of $1.025 billion. In Fiscal Year 2014-15, the County is estimating an ending cash balance in the General Fund of $682 million.

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 February 28, 2015, 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	$9.468
Schools and Community Colleges	12.141
Independent Public Agencies	2.388
Total	$23.997

Of these entities, the discretionary participants accounted for 9.96% 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 June 17, 2014, 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 April 1, 2015, the book value of the Treasury Pool as of February 28, 2015 was approximately $23.997 billion and the corresponding market value was approximately $24.019 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 February 28, 2015:

Type of Investment	**% of Pool**
U.S. Government and Agency Obligations	49.68
Certificates of Deposit	15.94
Commercial Paper	32.90
Bankers Acceptances	0.00
Municipal Obligations	0.11
Corporate Notes & Deposit Notes	1.37
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of February 28, 2015, approximately 43.90% 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, 2014, and the unqualified 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 2014-15 Final Adopted Budget included an available General Fund balance of $1,566,263,000 as of June 30, 2014.

The 2014-15 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 are recorded as other financing uses at the time they are established, and the County recognizes them as a use of budgetary fund balance. 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 of accounting, 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 as of 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 rights to tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as deferred inflows of resources and are being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is discussed in further detail in Note 11 to the 2013-14 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 as of the fiscal 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 already 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, such expenditures are adjusted to recognize the OPEB Agency assets at fiscal year end.

The tables below provide a reconciliation of the General Fund's June 30, 2014 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 2009-10 to Fiscal Year 2013-14.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2014 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$1,566,263
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	139,124
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	149,159
Accrual of liabilities for accrued compensated absences not required by GAAP	57,602
Change in revenue accruals related to encumbrances	(47,611)
Deferral of property tax receivables	(71,312)
Deferral of sale of tobacco settlement revenue	(241,498)
Change in fair value of Investments	(14,366)
Reserve for "Rainy Day" Fund	232,045
Unassigned Fund Balance - GAAP Basis	$1,769,406

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2010, 2011 2012, 2013 and 2014
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2010	June 30, 2011*	June 30, 2012*	June 30, 2013*	June 30, 2014*
ASSETS					
Pooled Cash and Investments	$1,689,490	$2,151,267	$2,010,858	$1,637,765	$1,933,794
Other Investments	5,839	16,589	11,109	5,676	4,810
Taxes Receivable	246,288	210,914	186,830	171,919	169,141
Other Receivables	1,808,478	1,763,649	1,586,097	1,777,034	1,996,683
Due from Other Funds	436,441	356,860	407,604	391,605	283,255
Advances to Other Funds	1,018,161	1,063,061	703,512	754,376	885,314
Inventories	44,279	54,145	51,616	47,375	56,790
Total Assets	$5,248,976	$5,616,485	$4,957,626	$4,785,750	$5,329,787
LIABILITIES					
Accounts Payable	$266,916	$286,597	$354,119	$321,509	$516,410
Accrued Payroll	286,407	289,546	303,615	309,926	331,045
Other Payables	454,244	1,039,126	525,438	89,852	111,019
Due to Other Funds	501,705	464,170	390,153	461,480	158,626
Deferred Revenue**	346,829	382,897	346,488	302,656	0
Advances Payable	382,476	411,508	379,847	404,975	575,567
Third-Party Payor Liability	14,588	20,198	16,015	15,702	26,207
Total Liabilities	$2,253,165	$2,894,042	$2,315,675	$1,906,100	$1,718,874
DEFERRED INFLOEWS OF RESOURCES**					$508,105
FUND BALANCES					
Fund Balance (Deficit)					
Reserved	$784,428				
Unreserved					
Designated	618,899				
Undesignated	1,592,484				
Total Unreserved	2,211,383				
Nonspendable		259,127	$259,597	$253,836	$272,007
Restricted		35,377	55,115	59,786	40,577
Committed			332,255	528,865	482,740
Assigned		763,038	405,285	376,181	538,078
Unassigned		1,664,901	1,589,699	1,660,982	1,769,406
Total Fund Balances	2,995,811	2,722,443	2,641,951	2,879,650	3,102,808
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,248,976	$5,616,485	$4,957,626	$4,785,750	$5,329,787

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2010, 2011, 2012, 2013 and 2014.
*The County implemented GASB Statement 54 "Fund Balance Reporting and Government Fund Type Definitions" in FY 2010-11. The governmental fund balances are reported in the new required GASB 54 format.
**The County implemented GASB Statement 65 "Items Previously 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 2009-10 THROUGH 2013-14 (in thousands of $)

	2009-10	2010-11	2011-12	2012-13	2013-14
REVENUES:					
Taxes	$3,864,654	$3,843,366	$3,980,409	$4,267,858	$4,520,755
Licenses, Permits & Franchises	49,079	56,656	57,144	61,412	59,886
Fines, Forfeitures and Penalties	258,842	244,787	217,972	222,226	207,094
Use of Money and Property	124,049	130,140	103,029	89,841	128,501
Aid from Other Government	7,337,716	7,506,492	7,632,814	8,182,687	8,395,672
Charges for Services	1,659,224	1,641,399	1,700,540	1,565,937	1,743,447
Miscellaneous Revenues	191,878	145,414	134,071	216,977	152,663
TOTAL	$13,485,442	$13,568,254	$13,825,979	$14,606,938	$15,208,018
EXPENDITURES					
General	$859,319	$883,854	$983,077	$979,989	$998,438
Public Protection	4,412,935	4,401,985	4,538,075	4,694,982	4,843,148
Health and Sanitation	2,421,615	2,476,524	2,689,192	2,779,870	3,204,177
Public Assistance	5,025,312	5,217,560	5,108,516	5,247,031	5,430,398
Recreation and Cultural Services	247,094	263,046	255,818	272,835	282,660
Debt Service	271,378	278,477	24,602	30,816	28,928
Capital Outlay	2,115	32,598	20,106	8,065	2,398
Total	$13,239,768	$13,554,044	$13,619,386	$14,013,588	$14,790,147
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$245,674	$14,210	$206,593	$593,350	$417,871
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($419,756)	($340,128)	($306,002)	($359,171)	($197,219)
Sales of Capital Assets	960	9,027	3,789	740	770
Capital Leases	2,115	43,523	15,128	2,780	1,736
OTHER FINANCING SOURCES (USES)-Net	($416,681)	($287,578)	($287,085)	($355,651)	($194,713)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	(171,007)	(273,368)	(80,492)	237,699	223,158
Beginning Fund Balance	3,166,818	2,995,811	2,722,443	2,641,951	2,879,650
Ending Fund Balance	$2,995,811	$2,722,443	$2,641,951	$2,879,650	$3,102,808

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2010, 2011, 2012, 2013 and 2014.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2013-14: 12 MONTHS ACTUAL
2014-15: 9 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2013-14
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 70,645	$ 39,983	$ 40,064	418,772	$ 1,416,894	$ 3,546,677
Auditor Unapportioned Property Tax	227,749	89,650	125,432	178,880	785,225	753,554
Unsecured Property Tax	135,333	146,664	104,309	135,277	115,069	61,452
Miscellaneous Fees & Taxes	8,180	22,222	40,519	21,010	12,354	9,685
State Redemption Fund	28,427	41,374	44,302	62,015	51,378	31,378
Education Revenue Augmentation	4,964	24,866	14,130	0	3,468	352,968
State Reimbursement Fund	0	0	0	0	1,850	9,685
Sales Tax Replacement Fund	840	5,314	16,433	18,812	19,092	20,909
Vehicle License Fee Replacement Fund	5,114	32,345	100,030	114,513	116,215	127,277
Property Tax Rebate Fund	1,325	6,794	5,048	582	1,402	(693)
Utility User Tax Trust Fund	6,508	2,550	4,311	6,570	9,762	16,637
Subtotal	$ 489,085	$ 411,762	$ 494,578	$ 956,431	$ 2,532,709	$ 4,929,529
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 453,037	$ 501,361	$ 486,764	479,212	$ 484,387	$ 460,742
Payroll Revolving Fund	50,725	48,613	58,909	51,023	46,862	63,231
Asset Development Fund	42,236	42,080	42,101	42,217	42,319	42,374
Productivity Investment Fund	3,532	3,525	3,516	4,921	6,303	6,266
Motor Vehicle Capital Outlays	910	910	1,002	1,035	1,035	1,028
Civic Center Parking	103	(6)	174	140	82	68
Reporters Salary Fund	278	488	401	462	372	524
Cable TV Franchise Fund	12,426	11,304	11,719	11,856	11,771	12,262
Megaflex Long-Term Disability	17,291	17,178	16,999	16,809	16,637	16,440
Megaflex Long-Term Disability & Health	7,693	7,740	7,814	7,887	7,955	8,037
Megaflex Short-Term Disability	34,493	34,798	35,165	35,366	35,658	36,109
Subtotal	$ 622,724	$ 667,991	$ 664,564	$ 650,928	$ 653,381	$ 647,081
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ (437)	$ 2,473	$ 787	6,595	$ (1,432)	$ 713
Olive View-UCLA Medical Center	2,798	739	691	7,227	(442)	791
LAC+USC Medical Center	(19,765)	2,077	1,612	10,466	820	2,236
MLK Ambulatory Care Center	452	454	454	454	454	454
Rancho Los Amigos Rehab Center	(3,915)	(481)	472	5,292	26	1,441
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (20,867)	$ 5,262	$ 4,016	$ 30,034	$ (574)	$ 5,635
GRAND TOTAL	**$ 1,090,942**	**$ 1,085,015**	**$ 1,163,158**	**$ 1,637,393**	**$ 3,185,516**	**$ 5,582,245**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	
						PROPERTY TAX GROUP
$ 764,399	$ 448,356	$ 619,297	$ 2,355,863	$ 977,193	$ 107,787	**Tax Collector Trust Fund**
1,010,774	755,277	605,574	1,006,019	390,317	130,038	**Auditor Unapportioned Property Tax**
54,018	51,531	49,196	46,604	66,836	88,531	**Unsecured Property Tax**
9,700	8,958	8,709	8,313	7,927	7,962	**Miscellaneous Fees & Taxes**
25,862	29,801	22,127	28,790	22,253	20,380	**State Redemption Fund**
337,070	102,465	90,314	337,174	75,816	160,555	**Education Revenue Augmentation**
17,462	1,180	1,180	2,259	21,018	8,563	**State Reimbursement Fund**
38,237	2,589	16,001	23,786	77,474	0	**Sales Tax Replacement Fund**
295,110	123,211	198,050	239,818	484,395	0	**Vehicle License Fee Replacement Fund**
403	1,354	1,030	(1,469)	5,336	4,969	**Property Tax Rebate Fund**
21,889	7,222	10,216	9,454	7,261	9,231	**Utility User Tax Trust Fund**
$ 2,574,924	$ 1,531,944	$ 1,621,694	$ 4,056,611	$ 2,135,826	$ 538,016	**Subtotal**
						VARIOUS TRUST GROUP
$ 476,175	$ 456,370	$ 559,710	$ 668,625	$ 550,281	$ 537,272	**Departmental Trust Fund**
51,228	53,760	58,033	46,438	46,414	53,454	**Payroll Revolving Fund**
42,391	42,423	42,816	42,983	43,002	43,122	**Asset Development Fund**
6,194	5,848	5,632	5,465	5,218	5,024	**Productivity Investment Fund**
971	958	958	929	932	933	**Motor Vehicle Capital Outlays**
253	239	73	319	239	143	**Civic Center Parking**
451	461	393	419	559	413	**Reporters Salary Fund**
12,314	12,078	12,597	12,617	12,285	12,796	**Cable TV Franchise Fund**
16,363	16,310	16,152	15,922	15,730	15,652	**Megaflex Long-Term Disability**
8,109	8,123	8,192	8,267	8,324	8,410	**Megaflex Long-Term Disability & Health**
36,325	36,663	37,097	37,542	37,841	38,302	**Megaflex Short-Term Disability**
$ 650,774	$ 633,233	$ 741,653	$ 839,526	$ 720,825	$ 715,521	**Subtotal**
						HOSPITAL GROUP
$ 1,149	$ (1,366)	$ (1,796)	$ 2,477	$ (6)	$ 554	**Harbor-UCLA Medical Center**
1,940	323	1,622	2,217	331	(464)	**Olive View-UCLA Medical Center**
(3,802)	1,479	(4,937)	1,585	4,726	6,289	**LAC + USC Medical Center**
454	455	456	456	454	453	**MLK Ambulatory Care Center**
333	(1,656)	492	962	920	1,947	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 74	$ (765)	$ (4,163)	$ 7,697	$ 6,425	$ 8,779	**Subtotal**
$ 3,225,772	**$ 2,164,412**	**$ 2,359,184**	**$ 4,903,834**	**$ 2,863,076**	**$ 1,262,316**	**GRAND TOTAL**

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	Estimate April 2015	Estimated May 2015	Estimated June 2015	
						PROPERTY TAX GROUP
$ 797,754	$ 485,268	$ 702,363	$ 2,450,098	$ 933,184	$ 171,422	**Tax Collector Trust Fund**
1,220,545	815,557	602,181	1,046,260	656,934	573,095	**Auditor Unapportioned Property Tax**
62,588	63,165	55,450	48,468	90,115	122,095	**Unsecured Property Tax**
6,295	6,249	6,278	8,646	9,198	8,868	**Miscellaneous Fees & Taxes**
27,263	26,506	22,668	29,942	32,997	24,065	**State Redemption Fund**
376,436	244,042	213,066	350,661	75,816	160,555	**Education Revenue Augmentation**
20,065	1,109	1,109	2,349	27,875	10,724	**State Reimbursement Fund**
81,132	19,768	37,033	24,737	77,474	0	**Sales Tax Replacement Fund**
455,995	105,755	204,300	249,411	547,062	0	**Vehicle License Fee Replacement Fund**
9,784	9,716	6,450	0	0	0	**Property Tax Rebate Fund**
26,938	33,672	14,099	9,832	7,261	11,403	**Utility User Tax Trust Fund**
$ 3,084,795	$ 1,810,807	$ 1,864,997	$ 4,220,404	$ 2,457,916	$ 1,082,227	**Subtotal**
						VARIOUS TRUST GROUP
$ 523,483	$ 512,255	$ 522,276	$ 668,625	$ 550,281	$ 537,272	**Departmental Trust Fund**
46,349	61,240	62,729	46,438	59,703	49,577	**Payroll Revolving Fund**
43,611	43,693	43,814	43,814	43,814	43,814	**Asset Development Fund**
6,418	6,479	6,154	6,154	6,154	6,154	**Productivity Investment Fund**
5,930	5,921	5,882	5,882	5,882	5,882	**Motor Vehicle Capital Outlays**
136	103	115	319	239	143	**Civic Center Parking**
342	345	568	419	559	413	**Reporters Salary Fund**
13,200	12,778	13,146	13,146	13,146	13,146	**Cable TV Franchise Fund**
14,494	14,466	14,320	14,320	14,320	14,320	**Megaflex Long-Term Disability**
8,851	8,894	8,948	8,948	8,948	8,948	**Megaflex Long-Term Disability & Health**
40,579	41,013	41,644	41,644	41,644	41,644	**Megaflex Short-Term Disability**
$ 703,393	$ 707,187	$ 719,596	$ 849,709	$ 744,690	$ 721,313	**Subtotal**
						HOSPITAL GROUP
$ 3,116	$ 1,924	$ (42)	$ 1,000	$ 1,000	$ 1,000	**Harbor-UCLA Medical Center**
4,729	2,071	869	1,000	1,000	1,000	**Olive View-UCLA Medical Center**
(2,825)	4,503	1,351	1,000	1,000	1,000	**LAC + USC Medical Center**
454	452	430	1,000	1,000	1,000	**MLK Ambulatory Care Center**
687	(147)	240	1,000	1,000	1,000	**Rancho Los Amigos Rehab Center**
0	0	0	1,000	1,000	1,000	**LAC+USC Medical Center Equipment**
$ 6,161	$ 8,803	$ 2,848	$ 6,000	$ 6,000	$ 6,000	**Subtotal**
$ 3,794,349	**$ 2,526,797**	**$ 2,587,441**	**$ 5,076,113**	**$ 3,208,606**	**$ 1,809,540**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2013-14: 12 MONTHS ACTUAL
2014-15: 9 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2013-14

	July 2013	August 2013	September 2013	October 2013	November 2013
BEGINNING BALANCE	$ 892,775	$ 1,194,935	$ 844,344	$ 177,920	$ 43,694
RECEIPTS					
Property Taxes	$ 42,705	$ 94,531	0	1,388	$ 44,241
Other Taxes	24,634	18,209	10,430	14,530	14,301
Licenses, Permits & Franchises	2,798	6,990	2,470	4,437	2,570
Fines, Forfeitures & Penalties	27,025	20,777	11,076	12,229	19,020
Investment and Rental Income	12,178	10,686	8,866	9,142	6,577
Motor Vehicle (VLF) Realignment	0	32,485	43,606	31,384	47,412
Sales Taxes - Proposition 172	60,221	55,156	47,519	56,790	61,134
Sales Taxes -1991 Program Realignment	63,415	12,899	50,408	59,249	121,794
Other Intergovernmental Revenue	116,189	218,021	166,129	220,412	154,995
Charges for Current Services	96,918	212,745	45,880	159,706	114,498
Other Revenue & Tobacco Settlement	79,743	51,601	24,459	53,587	26,076
Transfers & Reimbursements	11,555	467	1,836	22,934	18,282
Hospital Loan Repayment*	0	102,151	28,709	414,368	265,572
Welfare Advances	329,984	222,520	459,965	506,583	291,480
Other Financing Sources/MHSA	27,204	43,212	474	15,929	60,185
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	1,000,000	0	0	0	0
Total Receipts	$ 1,894,569	$ 1,102,450	$ 901,827	$ 1,582,668	$ 1,248,137
DISBURSEMENTS					
Welfare Warrants	$ 185,465	$ 245,877	$ 188,577	$ 219,486	$ 211,736
Salaries	397,338	390,413	385,469	384,592	388,683
Employee Benefits	230,931	238,344	201,020	246,389	244,276
Vendor Payments	526,994	316,558	349,165	372,656	295,313
Loans to Hospitals*	0	0	297,730	403,058	315,506
Hospital Subsidy Payments	201,867	211,864	140,245	9,216	(162,342)
Transfer Payments	49,814	49,985	6,045	81,497	15,475
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,592,409	$ 1,453,041	$ 1,568,251	$ 1,716,894	$ 1,308,647
ENDING BALANCE	**$ 1,194,935**	**$ 844,344**	**$ 177,920**	**$ 43,694**	**$ (16,816)**
Borrowable Resources(Avg. Balance)	$ 1,090,942	$ 1,085,015	$ 1,163,158	$ 1,637,393	$ 3,185,516
Total Cash Available	$ 2,285,877	$ 1,929,359	$ 1,341,078	$ 1,681,087	$ 3,168,700

* The net change in the outstanding Hospital Loan Balance is a decrease of $251 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	Total 2013-14
$ (16,816)	$ 358,844	$ 797,772	$ 689,240	$ (6,076)	$ 396,747	$ 1,074,220	
$ 1,044,377	$ 1,004,008	$ 194,235	$ 11,826	$ 757,203	$ 968,390	$ 175,011	$ 4,337,915
10,198	11,049	31,542	8,054	24,030	12,675	23,744	203,396
3,951	2,632	10,112	5,885	7,068	12,974	3,373	65,260
11,257	11,177	27,640	16,801	13,462	29,970	12,242	212,676
6,492	10,207	8,205	6,617	7,441	9,268	8,743	104,422
24,809	25,311	27,297	30,629	30,979	29,853	21,206	344,971
51,498	50,915	73,037	48,393	46,845	65,344	52,481	669,333
55,879	45,938	66,923	37,739	36,190	56,222	42,231	648,887
266,245	225,840	189,730	170,266	223,370	170,651	142,362	2,264,210
129,125	142,290	121,664	124,423	104,106	132,634	198,802	1,582,791
24,191	36,672	36,434	29,574	88,157	37,837	53,129	541,460
43,363	3,475	9,465	8,533	8,702	11,840	17,981	158,433
139,496	333,068	137,663	0	414,664	289,015	266,275	2,390,981
421,891	366,885	362,837	274,824	458,467	301,394	422,479	4,419,309
1,579	38,430	45,916	-	60,026	22,301	22,191	337,447
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,000,000
$ 2,234,351	$ 2,307,897	$ 1,342,700	$ 773,564	$ 2,280,710	$ 2,150,368	$ 1,462,250	$ 19,281,491
$ 213,680	$ 215,706	$ 212,626	$ 219,445	$ 221,001	$ 216,836	$ 250,233	$ 2,600,668
398,620	410,549	404,087	402,616	404,295	395,784	400,887	4,763,333
230,595	258,833	252,651	273,150	218,947	253,365	224,036	2,872,537
434,934	357,425	294,949	359,942	366,767	368,371	390,532	4,433,606
274,611	247,142	182,493	158,827	367,382	160,345	235,298	2,642,392
(68,627)	(92)	0	0	21,700	0	(2,811)	351,020
8,988	79,406	2,405	4,900	77,795	78,194	12,310	466,814
365,890	300,000	102,021	50,000	200,000	0	0	1,017,911
0	0	0	0	0	0	0	0
$ 1,858,691	$ 1,868,969	$ 1,451,232	$ 1,468,880	$ 1,877,887	$ 1,472,895	$ 1,510,485	$ 19,148,281
$ 358,844	**$ 797,772**	**$ 689,240**	**$ (6,076)**	**$ 396,747**	**$ 1,074,220**	**$ 1,025,985**	
5,582,245	$ 3,225,772	$ 2,164,412	$ 2,359,184	$ 4,903,834	$ 2,863,076	$ 1,262,316	
$ 5,941,089	$ 4,023,544	$ 2,853,652	$ 2,353,108	$ 5,300,581	$ 3,937,296	$ 2,288,301	

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
Sales Taxes - 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

December 2014	January 2015	February 2015	March 2015	Estimated April 2015	Estimated May 2015	Estimated June 2015	Total 2014-15
$ (20,557)	$ 231,055	$ 600,670	$ 552,198	$ 335,074	$ 373,487	$ 907,820	
$ 1,103,659	$ 1,049,118	$ 202,036	$ 18,856	$ 742,816	$ 952,781	$ 178,830	$ 4,424,903
11,837	12,687	10,797	35,097	19,604	9,723	24,025	189,323
3,204	4,090	2,552	5,638	10,469	5,582	5,621	52,950
10,228	10,587	21,116	16,671	15,371	29,025	12,514	199,034
13,001	9,123	8,777	9,413	6,128	5,783	6,428	110,988
31,482	29,730	28,025	28,541	30,979	29,853	22,382	355,066
53,006	53,274	77,158	43,484	47,395	63,941	56,031	701,749
30,331	30,892	55,410	26,973	28,128	48,627	33,921	464,773
184,144	238,352	111,392	205,291	135,090	218,469	134,485	2,189,389
155,869	170,027	85,530	107,062	127,197	101,929	168,661	1,502,436
72,220	7,120	(8,961)	46,750	79,862	25,947	29,936	516,436
48,295	7,449	6,824	11,400	2,411	2,865	4,949	159,536
75,489	143,308	359,454	202,662	318,394	141,419	150,060	2,233,408
280,807	490,283	326,534	439,770	352,916	340,560	386,019	4,497,162
31,413	12,239	14,472	23,191	45,111	41,889	43,119	363,858
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	$ 1,961,869	$ 2,018,391	$ 1,256,980	$ 18,861,012
$ 217,958	$ 214,960	$ 215,406	$ 217,895	$ 229,829	$ 231,179	$ 253,549	$ 2,653,724
422,307	436,989	429,261	417,606	411,846	402,755	405,272	4,971,556
240,428	283,219	277,427	242,609	270,659	322,441	248,562	3,157,698
410,662	349,375	308,645	370,823	364,183	357,082	339,332	4,588,401
236,986	210,184	110,505	167,570	303,744	105,889	213,875	2,223,665
0	0	0	(2,163)	0	0	0	243,250
10,032	88,937	8,344	23,583	73,196	64,713	10,100	454,592
315,000	315,000	0	0	270,000	0	12,079	912,079
0	0	0	0	0	0	0	0
$ 1,853,373	$ 1,898,664	$ 1,349,588	$ 1,437,923	$ 1,923,457	$ 1,484,059	$ 1,482,768	$ 19,204,965
$ 231,055	**$ 600,670**	**$ 552,198**	**$ 335,074**	**$ 373,487**	**$ 907,820**	**$ 682,031**	
$ 5,869,491	$ 3,794,349	$ 2,526,797	$ 2,587,441	$ 5,076,113	$ 3,208,606	$ 1,809,540	
$ 6,100,546	$ 4,395,019	$ 3,078,995	$ 2,922,515	$ 5,449,600	$ 4,116,426	$ 2,491,571	

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, 2014, approximately $1.576 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $494 million of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Fund, and Hospital Enterprise Funds secure the remaining $1.082 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2014-15.

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

2014-15 Payments

Funding Source	2014-15 Payment
Total 2014-15 Payment Obligations	$177,446,605
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	69,972,776
Courthouse Construction Funds	26,513,038
Special Districts/Special Funds	1,500,740
Net 2014-15 General Fund Obligations	$79,460,051

Source: Los Angeles County Auditor-Controller

The principal amount of the County's outstanding intermediate and long-term debt obligations increased to $1.645 billion as of May 1, 2015, which includes debt issuance and repayment activity in Fiscal Year 2014-15. An additional $900 million in TRANs, $37.0 million in Bond Anticipation Notes, and $380.0 million in Lease Revenue Tax-exempt Commercial Paper and Direct Placement Revolving Notes were also outstanding as of May 1, 2015. The following table summarizes the outstanding General County debt and note obligations.

SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2015 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$900,000
Bond Anticipation Notes	37,000
Lease Revenue Notes	380,000
Intermediate & Long-Term Obligations	1,645,405
Total Outstanding Principal	$2,962,405

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 13, 2014, the County issued $900 million of 2014-15 TRANs on July 1, 2014. The 2014-15 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2014-15, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2014-15 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, 2015, $37.0 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, 2016.

Lease Revenue Note Program

In April 2013, the County restructured and expanded its Lease Revenue Commercial Paper Program. Under the new Lease Revenue Note Program (the "Note Program"), the County increased the maximum authorized principal amount from $400 million to $600 million. The short-term lease revenue notes issued through the Note Program will continue to finance construction costs on various capital projects throughout the County. The Note Program consists of three Irrevocable, Direct-Pay Letters of Credit ("LOC") in the aggregate principal amount of $450 million issued by JP Morgan (Series A - $150 million), U.S. Bank (Series B - $100 million) and Wells Fargo (Series C - $200 million); and a Direct Placement Revolving Credit Facility with Bank of America (Series D - $150 million). The Note Program is secured by a lease-revenue financing structure between LAC-CAL and the County, and a portfolio of twenty-five County-owned properties pledged as collateral to secure the credit facilities. The four credit agreements, which are scheduled to terminate on April 18, 2016, provide credit enhancement and liquidity facilities to support the issuance of tax-exempt, taxable and 501c(3) eligible commercial paper and short-term direct placement revolving notes. As of May 1, 2015, $380 million of tax-exempt commercial paper and direct placement revolving notes are outstanding. The Note Program provides 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 will eventually be refinanced with the issuance of long-term bonds upon completion.

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, 2014, approximately $1.576 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 2014-15 Final Adopted Budget contains sufficient appropriations to fund the County's lease payment obligations in Fiscal Year 2014-15. 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 Property Tax Roll") decreased from 0.144% in Fiscal Year 2013-14 to 0.132% in Fiscal Year 2014-15. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Property Tax 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
2005-06	$2,387,949,433	$823,746,755,234	0.290%
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%

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 building construction required for 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 decreased to $252.6 million as of May 1, 2015 due to repayment activity in Fiscal Year 2014-15.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2014

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, 2015

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, 2014

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2014-15	$ 79,460,051	$ 69,972,776	$ 26,513,038	$ 1,500,740	$ 177,446,605
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	56,151,811	52,205,857	16,975,475	2,771,892	128,105,035
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	$ 1,189,441,832	$ 1,515,791,989	$ 354,251,413	$ 85,966,913	$ 3,145,452,145

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2014

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2014-15	$ 494,313,078	$ 851,598,655	$ 200,175,469	$ 30,422,828	$ 1,576,510,029
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	48,770,222	130,747,077	-	11,346,826	190,864,125
2040-41	60,888,169	85,416,324	-	9,070,508	155,375,000
2041-42	809,750	38,047,845	-	6,682,155	45,539,750
2042-43	25,625,000	19,481,371	-	4,173,629	49,280,000
2043-44	17,505,000				17,505,000
2044-45	8,970,000				8,970,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2014

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	$ 14,520,000	$ 14,520,000			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,058,391			$ 1,058,391	
Sheriffs Training Academy	873,727	$ 873,727			
San Fernando Court	1,463,432			1,463,432	
Total 2002 Lease Rev Bonds Ser B	$ 3,395,550	$ 873,727	$ 0	$ 2,521,823	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 762,523	$ 762,523			
Burbank Courthouse	747,895			$ 747,895	
Emergency Operations Center	1,934,257	1,934,257			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	1,465,768		$ 1,465,768		
Martin Luther King Medical Center - Trauma Center	6,136,200		6,136,200		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,336,223		4,336,223		
Rancho Los Amigos Medical Center - Parking Structure	1,618,160		1,618,160		
San Fernando Valley Juvenile Hall	960,792	960,792			
LAC/USC Medical Center Marengo Street Parking Garage	2,562,376		2,562,376		
LAX Area Courthouse	6,830,306			6,830,306	
San Fernando Valley Courthouse (Chatsworth)	5,418,870			5,418,870	
Total 2005 Lease Rev Refg Bonds Ser A	$ 32,773,370	$ 3,657,572	$ 16,118,727	$ 12,997,072	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,415,709	$ 3,415,709			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,196,263			$ 1,196,263	
Lynwood Regional Justice Center	10,260,925	$ 10,260,925			
Men's Central Jail - Twin Towers	9,698,100	9,698,100			
Van Nuys Courthouse	2,882,175			2,882,175	
Total 2006 Lease Rev Refg Bonds Ser A	$ 24,037,463	$ 19,959,025	$ 0	$ 4,078,438	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 6,915,706			$ 6,915,706	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 732,603	$ 732,603			
Patriotic Hall Renovation	1,183,022	1,183,022			
Olive View Medical Center ER/TB Unit	1,363,151		$ 1,363,151		
Olive View Medical Center Seismic	561,565		561,565		
Harbor/UCLA Surgery/ Emergency	8,542,138		8,542,138		
Harbor/UCLA Seismic Retrofit	1,317,234		1,317,234		
Hall of Justice Rehabilitation	6,107,374	6,107,374			
Total 2010 Multiple Capital Projects I, Series A	$ 19,807,087	$ 8,023,000	$ 11,784,087	$ 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)	$ 1,593,709	$ 1,593,709			
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	$ 6,754,564		$ 6,754,564		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	8,222,508		8,222,508		
Martin Luther King Jr. Data Center	261,138		261,138		
Fire Station 128	226,862				$ 226,862
Fire Station 132	366,924				366,924
Fire Station 150	569,127				569,127
Fire Station 156	337,827				337,827
Total 2012 Multiple Capital Projects II, Series 2012	$ 16,738,950	$ 0	$ 15,238,210	$ 0	$ 1,500,740
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center					
Manhattan Beach Library					
Total 2015 Multiple Capital Projects, Series A	$ 0	$ 0	$ 0	$ 0	$ 0
Total Long-Term Obligations	$ 157,256,552	$ 67,346,019	$ 61,896,755	$ 26,513,038	$ 1,500,740
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 10,151,950	$ 6,091,170	$ 4,060,780		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 10,038,103	$ 6,022,862	$ 4,015,241		
Total Intermediate-Term Obligations	$ 20,190,053	$ 12,114,032	$ 8,076,021	$ 0	$ 0
Total Obligations	$ 177,446,605	$ 79,460,051	$ 69,972,776	$ 26,513,038	$ 1,500,740

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, 2014

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	$ 20,437,430	$ 20,437,430			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 2,900,365			$ 2,900,365	
Sheriffs Training Academy	2,394,318	$ 2,394,318			
San Fernando Court	4,010,318			4,010,318	
Total 2002 Lease Rev Bonds Ser B	$ 9,305,000	$ 2,394,318	$ 0	$ 6,910,682	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 2,374,386	$ 2,374,386			
Burbank Courthouse	2,336,264			$ 2,336,264	
Emergency Operations Center	5,167,624	5,167,624			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	3,915,186		$ 3,915,186		
Martin Luther King Medical Center - Trauma Center	21,644,846		21,644,846		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	13,524,719		13,524,719		
Rancho Los Amigos Medical Center - Parking Structure	5,048,277		5,048,277		
San Fernando Valley Juvenile Hall	3,390,091	3,390,091			
LAC/USC Medical Center Marengo Street Parking Garage	7,995,085		7,995,085		
LAX Area Courthouse	52,986,043			52,986,043	
San Fernando Valley Courthouse (Chatsworth)	41,962,479			41,962,479	
Total 2005 Lease Rev Refg Bonds Ser A	$ 160,345,000	$ 10,932,100	$ 52,128,113	$ 97,284,787	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 23,875,000	$ 23,875,000			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 2,960,000			$ 2,960,000	
Lynwood Regional Justice Center	12,980,000	$ 12,980,000			
Men's Central Jail - Twin Towers	12,310,000	12,310,000			
Van Nuys Courthouse	5,200,000			5,200,000	
Total 2006 Lease Rev Refg Bonds Ser A	$ 33,450,000	$ 25,290,000	$ 0	$ 8,160,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 87,820,000			$ 87,820,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,805,955	$ 3,805,955			
Patriotic Hall Renovation	6,145,932	6,145,932			
Olive View Medical Center ER/TB Unit	7,081,718		$ 7,081,718		
Olive View Medical Center Seismic	2,917,390		2,917,390		
Harbor/UCLA Surgery/ Emergency	44,377,348		44,377,348		
Harbor/UCLA Seismic Retrofit	6,843,176		6,843,176		
Hall of Justice Rehabilitation	31,728,482	31,728,482			
Total 2010 Multiple Capital Projects I, Series A	$ 102,900,000	$ 41,680,368	$ 61,219,632	$ 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)	$ 10,317,599	$ 10,317,599			
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	$ 136,927,718		$ 136,927,718		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	166,685,702		166,685,702		
Martin Luther King Jr. Data Center	5,293,752		5,293,752		
Fire Station 128	4,598,916				$ 4,598,916
Fire Station 132	7,438,246				7,438,246
Fire Station 150	11,537,280				11,537,280
Fire Station 156	6,848,385				6,848,385
Total 2012 Multiple Capital Projects II, Series 2012	$ 339,330,000	$ 0	$ 308,907,172	$ 0	$ 30,422,828
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center					
Manhattan Beach Library					
Total 2015 Multiple Capital Projects, Series A	$ 0	$ 0	$ 0	$ 0	$ 0
Total Long-Term Obligations	$ 1,526,460,029	$ 464,283,078	$ 831,578,655	$ 200,175,469	$ 30,422,828
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 20,250,000	$ 12,150,000	$ 8,100,000		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 29,800,000	$ 17,880,000	$ 11,920,000		
Total Intermediate-Term Obligations	$ 50,050,000	$ 30,030,000	$ 20,020,000	$ 0	$ 0
Total Obligations	$ 1,576,510,029	$ 494,313,078	$ 851,598,655	$ 200,175,469	$ 30,422,828

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, 2015

Title	Outstanding Principal	Total Future Payments		2014-15 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 17,095,289	$ 93,495,000		$ 0
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	6,380,000	6,959,900		191,400
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	134,760,000	185,492,795		3,279,993
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	23,875,000	28,780,071		2,870,354
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	10,365,000	10,609,081		0
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	85,100,000	131,454,684		0
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	87,695,000	98,897,706		0
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,230,550,193	(1)	0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	8,825,228	9,365,841	(1)	0
2012 Refg COPs: Disney Parking Project	50,675,000	68,431,750		0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	338,740,000	613,552,300		0
2015 Multiple Capital Projects, Series A	153,215,000	300,161,506		0
Total Long-Term Obligations	$ 1,604,730,517	$ 2,777,750,829		$ 6,341,747
Intermediate-Term Obligations				
Equipment				
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 15,565,000	$ 16,471,375.00		$ 4,984,125
2014 Lease Rev Bonds Series A - LAC-CAL Equipment Program	25,110,000	26,379,675		5,003,400
Total Intermediate-Term Obligations	$ 40,675,000	$ 42,851,050		$ 9,987,525
Total Obligations	$ 1,645,405,517	$ 2,820,601,879		$ 16,329,272

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.

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, 2015
2014-15 Assessed Valuation: $1,215,596,526,145: (includes unitary valuation)

	Applicable %	Debt as of 5/1/15	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Los Angeles County Flood Control District	100.000 %	$ 15,105,000	
Metropolitan Water District	48.232	53,257,774	
Los Angeles Community College District	100.000	3,929,135,000	
Other Community College Districts	Various (1)	2,636,786,457	
Arcadia Unified School District	100.000	190,428,896	
Beverly Hills Unified School District	100.000	194,220,855	
Glendale Unified School District	100.000	222,759,986	
Long Beach Unified School District	100.000	781,405,702	
Los Angeles Unified School District	100.000	10,348,740,000	
Pasadena Unified School District	100.000	336,555,000	
Pomona Unified School District	100.000	233,126,050	
Redondo Beach Unified School District	100.000	220,864,621	
Santa Monica-Malibu Unified School District	100.000	310,824,194	
Torrance Unified School District	100.000	369,992,073	
Other Unified School Districts	Various (1)	2,970,384,032	
High School and School Districts	Various (1)	1,713,372,021	
City of Los Angeles	100.000	887,735,000	
City of Industry	100.000	115,425,000	
Other Cities	100.000	60,900,000	
Palmdale Water District Water Revenue Bonds	100.000	54,289,038	(2)
Palos Verdes Library District	100.000	2,420,000	
Community Facilities Districts	100.000	701,537,172	
Los Angeles County Regional Park & Open Space Assessment District	100.000	82,880,000	
1915 Act and Benefit Assessment Bonds - Estimate	100.000	97,742,600	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 26,529,886,471	
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues		(34,744,984)	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		26,495,141,487	
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			
Los Angeles County General Fund Obligations	**100.000 %**	**$ 1,898,065,518**	
Los Angeles County Office of Education Certificates of Participation	100.000	8,719,113	
Community College District Certificates of Participation	Various (3)	45,926,042	
Baldwin Park Unified School District Certificates of Participation	100.000	28,825,000	
Compton Unified School District Certificates of Participation	100.000	22,290,000	
Los Angeles Unified School District Certificates of Participation	100.000	307,180,000	
Paramount Unified School District Certificates of Participation	100.000	28,900,000	
Other Unified School District Certificates of Participation	Various (3)	133,626,333	
High School and Elementary School District General Fund Obligations	Various (3)	141,918,968	
City of Beverly Hills General Fund Obligations	100.000	175,380,000	
City of Los Angeles General Fund and Judgment Obligations	100.000	1,673,002,887	
City of Long Beach General Fund Obligations	100.000	158,875,000	
City of Long Beach Pension Obligations	100.000	40,915,000	
City of Pasadena General Fund Obligations	100.000	472,662,918	
City of Pasadena Pension Obligations	100.000	126,275,000	
Other Cities' General Fund Obligations	100.000	1,218,040,837	
Los Angeles County Sanitation Districts Financing Authority	100.000	182,240,062	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,662,842,678	
Less: **Los Angeles County Lease Revenue Bonds supported by landfill revenues**		**(5,035,237)**	
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(17,090,808)	
Cities' self-supporting bonds		(496,918,757)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,143,797,876	
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$ 4,343,547,755	
TOTAL GROSS DIRECT DEBT		$ 1,898,065,518	
TOTAL NET DIRECT DEBT		$ 1,893,030,281	
TOTAL GROSS OVERLAPPING DEBT		$ 35,638,211,386	
TOTAL NET OVERLAPPING DEBT		$ 35,089,456,837	
GROSS COMBINED TOTAL DEBT		$ 37,536,276,904	(4)
NET COMBINED TOTAL DEBT		$ 36,982,487,118	

(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 2014-15 ASSESSED VALUATION

Total Gross Overlapping Tax and Assessment Debt	2.18 %
Total Net Overlapping Tax and Assessment Debt	2.18 %
Total Gross Direct Debt ($1,898,065,518)	0.16 %
Total Net Direct Debt ($1,893,030,281)	0.16 %
Gross Combined Total Debt	3.09 %
Net Combined Total Debt	3.04 %

Ratios to Redevelopment Sucessor Agency Incremental Valuation ($159,451,721,798):

Total Overlapping Tax Increment Debt	2.72 %

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 2014 Gross Product of $640.7 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. While still working through the effects of a severe recession, the County's economy experienced strong growth in 2014 with an increase in economic output of 9.9%, as measured by Gross Product, and an increase in total taxable sales of 5.9%. 5.9%. The strong economic recovery is expected to continue in 2015, with several sectors of the local economy experiencing growth.

The County's unemployment rate averaged 8.2% in 2014, which represents an improvement from its 2013 unemployment rate of 9.9%. In 2015 and 2016, the job market is expected to show continued improvement, with a projected decline in the average unemployment rate to 7.2% and 6.6%, 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 354,400 workers employed in this sector in 2014. 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 205,000 in 2014.

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, and the Huntington Library. Construction on the new Broad Museum of Contemporary Art is near completion and will open in late 2015. The 3-story structure 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. The U.S. Census Bureau's demographic profile of the County indicates that 48.3% of the population is Hispanic and 51.7% non-Hispanic. 27.2% of the County's population are White, 15% are Asian-Pacific Islander, and 9.2% are African American. The County is also 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 98 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 76.6% of the adult population has a high school diploma or higher, and 29.7% 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 12.6% in 2010, but gradually decreased over the last four years to 8.2% in 2014. In comparison, the average unemployment rates for the State of California and the nation in 2014 were 7.5% and 6.2%, respectively. The employment situation in the County showed further signs of improvement in 2014, with estimated total net job growth of 78,700 among the various sectors of the local economy. In 2015, total non-farm employment is projected to grow by 1.9% or (79,600 jobs), resulting in a lower unemployment rate of 7.2%. Table F details the non-agricultural employment statistics by sector for the County from 2010 through 2014.

Personal Income

Total personal income grew in the County by an estimated 4.7% in 2014. The 2014 total personal income of $487.9 billion represents an estimated 25.1% of the total personal income generated in California. The LAEDC is projecting continued robust growth in personal income of 4.6% for 2015 and 5.0% for 2016. Table C provides a summary of the personal income statistics for the County from 2010 through 2014.

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 5.9% increase in total taxable sales in 2014, with continued growth of 5.2% and 5.6% projected for 2015 and 2016, respectively. The $151.2 billion of total taxable sales in the County in 2014 represents over 24% 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 2010 through 2014.

Industry

With an estimated annual economic output of $640.7 billion in 2013, the County continues to rank among the world's largest economies. The County's 2014 Gross Product represents approximately 27.7% 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 2010 through 2014.

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 LAEDC projections, international trade is expected to grow by 1.0% in 2015 to approximately $422 billion, and by 3.0% in 2016 to nearly $435 billion. 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 2014, LAX served 70.7 million passengers, representing a 6.0% increase from the previous year. The 2 million tons of air cargo handled at LAX in 2014, and the corresponding value of $91.6 billion, represents an increase of 3.9% from 2013 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, and is projecting moderate growth in 2015 with stronger growth returning in 2016 as the ports recover from a labor strike in late 2014.

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 2014, the Port handled over 8.3 million TEUs, which represents a 6% decrease in container volume from 2013.

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 2014, the port handled over 6.8 million TEUs of container cargo, which represents an increase of 1.3% from 2013.

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 473 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 2014-15 operating budget for the MTA is $5.4 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 2014, the Los Angeles region hosted a record high 29.5 million overnight visitors, representing a 3.4% increase from 2013. The newly built hotels in downtown Los Angeles, Beverly Hills and Hollywood are attracting business as well as leisure travelers to the County. According to the Los Angeles Convention and Visitors Bureau, the Los Angeles region was the third ranked destination for overseas visitors in 2014, with tourists and business travelers spending in excess of $18 billion. For the third year in a row the Los Angeles region was the one ranked destination for overseas visitors from China growing by over 20% from 2013.

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 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 to show signs of strong growth as the average median home price increased by 44% from the first quarter of 2012 to the fourth quarter of 2013 ($301,239 to $433,131). In 2014, the real estate market experienced moderate growth, as the average median home price increased by 7% to $464,865 in the fourth quarter of 2014. After a record high of 105,433 in 2009, notices of default recorded decreased by 83% to 17,883 in 2014 equaling a rate of approximately 1,490 notices per month, which represents a slight improvement over 2013 when the rate averaged 1,748 notices per month. Foreclosures, as measured by the number of trustees deeds recorded, decreased by over 87% from a cyclical high of 39,774 in 2008 to 5,124 in 2014. The number of trustees deeds recorded in 2014 represents a 29% decrease from the 7,248 recorded in 2013. The positive foreclosure trend continued in 2014, as the number of trustees deeds recorded was only 1,195 in the fourth quarter as compared to 1,334 in the first quarter of 2014. The County's residential real estate market is expected to show modest improvement in 2015.

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained relatively 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 2014-15, the County Assessor reported a Net Local Roll of $1.19 trillion, which represents a 5.5% increase from the Net Local Roll of $1.13 trillion in Fiscal Year 2013-14. The Net Local Roll in Fiscal Year 2014-15 represents a 14.3% increase from Fiscal Year 2010-11, and the fourth consecutive year of assessed valuation growth after the recent economic downturn.

The commercial real estate sector experienced modest improvement in 2014, which is expected to continue in 2015. Construction lending experienced a significant increase of 37% from $6.379 billion in 2013 to $8.750 billion in 2014. Office market vacancy rates improved from 2013 to 2014, with the average vacancy rate decreasing to 15.2% from 16.9%, which is still significantly higher than the 9.7% rate in 2007, prior to the severe economic downturn. Industrial market vacancy rates experienced modest improvement in 2014, decreasing from 1.9% in 2013 to 1.6% in 2014, which is slightly higher 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 condos represents a $1 billion private investment in Downtown Los Angeles. The University of Southern California broke ground on a new mixed-use complex adjunct to its main campus which is located just south of Downtown Los Angeles. The complex which includes six residence halls for 2,700 students, a grocery store, a fitness center, a drugstore and 115,000 square feet of additional retail space will cost the university approximately $1.1 billion to construct, is expected to be completed in 2018 and is projected to generate 12,000 new jobs during construction. The County's commercial real estate market is expected to show modest improvement in 2015.

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

	2010	2011	2012	2013	2014
Los Angeles County	$543,740	$557,500	$577,500	$583,100	$640,700
State of California	1,901,072	1,958,900	2,045,700	2,202,700	2,311,600
United States	14,526,500	15,094,000	15,653,370	16,768,100	17,420,700
Los Angeles County as a % of California	28.60%	28.46%	28.23%	26.47%	27.72%

Source: Los Angeles Economic Development Corporation - 2015 2016 Economic Forecast and Industry Outlook February 2015

TABLE B: POPULATION LEVELS

	2010	2011	2012	2013	2014
Los Angeles County	9,825,200	9,862,400	9,946,900	10,013,300	10,069,000
State of California	37,309,400	37,570,100	37,867,500	38,164,000	38,499,400
Los Angeles County as a % of California	26.33%	26.25%	26.27%	26.24%	26.15%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

	2010	2011	2012	2013	2014
Los Angeles County	$404,500	$425,700	$455,800	$466,100	$487,900
Orange County	147,400	155,300	166,600	169,800	177,700
Riverside and San Bernardino Counties	126,500	134,200	140,300	144,700	151,900
Ventura County	37,100	39,400	41,700	42,400	44,300
State of California	1,578,600	1,685,600	1,805,200	1,856,600	1,943,100
Los Angeles County as a % of California	25.62%	25.26%	25.25%	25.11%	25.11%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

	2010	2011	2012	2013	2014
Los Angeles County	$116,900	$126,400	$135,300	$142,800	$151,200
State of California	477,300	520,600	558,400	590,800	624,400
Los Angeles County as a % of California	24.49%	24.28%	24.23%	24.17%	24.22%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

TABLE E: UNEMPLOYMENT RATES

	2010	2011	2012	2013	2014
Los Angeles County	12.6%	12.3%	10.9%	9.9%	8.2%
State of California	12.4%	11.8%	10.4%	8.9%	7.5%
United States	9.6%	8.9%	8.1%	7.4%	6.2%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2010	2011	2012	2013	2014
Wholesale & Retail Trade	589.4	598.1	612.2	623.7	632.6
Health Care & Social Assistance	526.1	528.8	558.4	594.2	617.0
Government	579.6	565.5	556.8	549.2	547.4
Leisure & Hospitality	384.8	394.6	415.3	436.7	446.4
Manufacturing	373.2	366.8	367.2	366.5	354.4
Professional, Scientific & Technical Services	245.6	255.3	268.2	276.3	285.5
Administrative & Support Services	228.7	232.4	245.1	256.3	270.6
Information	191.5	191.9	191.4	197.3	205.0
Transportation & Utilities	150.5	151.8	154.4	156.9	160.1
Finance & Insurance	137.8	136.8	138.6	137.1	135.5
Educational Services	111.1	114.2	115.7	119.2	122.6
Construction	104.5	105.0	109.1	116.5	124.7
Real Estate	71.7	71.6	72.1	74.7	76.4
Management of Enterprises	53.2	55.3	56.7	57.7	60.4
Other	140.8	140.9	145.9	150.1	152.7
Total	3,888.5	3,909.0	4,007.1	4,112.4	4,191.3

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

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

Type of Activity	2010	2011	2012	2013	2014
International Air Cargo (Tons)					
Los Angeles International Airport	1,125.2	1,080.7	1,135.8	1,119.5	1,176.3
As Percentage of Total Air Cargo	67.63%	57.80%	57.85%	58.12%	58.78%
Total Air Cargo (Tons)					
Los Angeles International Airport	1,663.9	1,869.6	1,963.2	1,926.1	2,001.2
Long Beach Airport	26.1	25.4	24.4	24.4	25.5
Bob Hope Airport (Burbank)	44.4	43.9	47.4	52.9	56.3
Total	1,734.3	1,938.9	2,035.0	2,003.4	2,082.9
International Air Passengers					
Los Angeles International Airport	15,936.0	16,731.3	17,152.9	17,852.1	19,105.7
As Percentage of Total Passengers	26.98%	27.05%	26.93%	26.78%	27.04%
Total Air Passengers					
Los Angeles International Airport	59,070.1	61,862.5	63,688.1	66,667.6	70,662.2
Long Beach Airport	2,978.4	3,115.4	3,206.9	2,942.9	2,824.0
Bob Hope Airport (Burbank)	4,461.3	3,942.3	3,725.5	3,844.4	3,861.2
Total	66,509.8	68,920.2	70,620.5	73,454.9	77,347.4
Container Volume (TEUs)					
Port of Los Angeles	7,831.9	7,940.5	8,077.7	7,868.6	8,340.1
Port of Long Beach	6,263.5	6,061.1	6,045.7	6,730.6	6,820.8
Total	14,095.4	14,001.6	14,123.4	14,599.2	15,160.9

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	2010	2011	2012	2013	2014
1. Construction Lending (in millions)	$ 2,128	$ 3,258	$ 4,601	$ 6,379	$ 8,750
2. Residential Purchase Lending (in millions)	$ 22,491	$ 20,469	$ 23,675	$ 27,910	$ 31,441
3. New & Existing Median Home Prices	$ 335,363	$ 316,469	$ 330,463	$ 412,795	$ 458,939
4. New & Existing Home Sales	77,313	74,216	83,686	84,229	76,201
5. Notices of Default Recorded	68,603	64,490	49,354	20,970	17,883
6. Unsold New Housing (at year-end)	1,997	1,517	845	561	552
7. Office Market Vacancy Rates	17.0%	17.0%	16.7%	16.9%	15.2%
8. Industrial Market Vacancy Rates	3.2%	2.9%	2.1%	1.9%	1.6%

Source: Real Estate Research Council of Southern California - 4th Quarter 2014

TABLE L: BUILDING PERMITS AND VALUATIONS

	2010	2011	2012	2013	2014
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	2,439	2,370	2,756	3,599	4,286
b. Multi-Family	5,029	8,033	7,950	12,631	14,595
Total Residential Building Permits	7,468	10,403	10,706	16,230	18,881
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 922	$ 1,032	$ 1,128	$ 1,507	$ 1,740
b. Multi-Family	811	1,222	1,416	1,921	2,310
c. Alterations and Additions	1,110	1,122	674	1,193	1,429
Residential Building Valuations Subtotal	$ 2,843	$ 3,376	$ 3,218	$ 4,621	$ 5,479
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 133	$ 156	$ 38	$ 246	$ 269
b. Retail Buildings	263	223	115	385	829
c. Hotels and Motels	28	24	5	145	359
d. Industrial Buildings	56	136	169	128	122
e. Alterations and Additions	1,662	1,774	1,095	2,012	3,155
f. Other	535	806	381	669	1,507
Non-Residential Building Valuations Subtotal	$ 2,677	$ 3,119	$ 1,803	$ 3,585	$ 6,241
Total Building Valuations (in millions)	$ 5,520	$ 6,495	$ 5,021	$ 8,206	$ 11,720

Source: Real Estate Research Council of Southern California - 4th Quarter 2014

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

				No. of Employees	
	Company (in order of 2014 Ranking)	Industry	Headquarters	L.A. County	Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	35,991	173,952
2	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	17,000	65,300
3	Target Corp.	Retailer	Minneapolis, MN	15,000	366,000
4	Providence Health & Services	Health Care	Renton, WA	15,000	70,357
5	University of Southern California	Education-Private University	Los Angeles, CA	14,722	14,722
6	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	13,500	233,000
7	Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	375,000
8	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,600	300,000
9	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	10,500	168,693
10	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,243	10,243
11	Walt Disney Co.	Entertainment	Burbank, CA	10,200	175,000
12	Wells Fargo	Diversified Financial Services	San Francisco, CA	10,000	221,000
13	UPS	Transportation and Freight	Atlanta, GA	8,984	395,000
14	AT&T Inc.	Telecommunications	Dallas, TX	8,900	248,170
15	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,400	110,000
16	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,094	9,062
17	Vons	Grocery Retailer	Pleasanton, CA	7,781	25,000
18	Edison International	Electric Utility	Rosemead, CA	7,700	13,677
19	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,600	231,500
20	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	7,400	N/A
21	Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	6,117	63,000
22	Dignity Health	Hospitals	San Francisco, CA	6,100	53,000
23	American Apparel, Inc.	Apparel Manufacturer and Retailer	Los Angeles, CA	6,000	10,000
24	Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,000	20,000
25	Universal Services of America	Security Systems	Santa Ana, CA	5,960	40,000

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, September 2014

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

[TO COME]

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

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.